HLB Mann Judd Corporate

Australian Financial Services Licence Number 253134

Independent Expert Report

FOY Group Ltd

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28 June 2017

The Directors
FOY Group Limited
Suite 102, Level 1, 1 Spring Street
CHATSWOOD NSW 2067

Dear Independent Directors,

INDEPENDENT EXPERT'S REPORT

1. Introduction

On 9 February 2016, FOY Group Limited ("FOY" or the "Company") and Integrated Green Energy Limited ("IGE") entered into a new Business Sale Agreement ("Business Sale Agreement") for FOY to acquire the certain business assets of IGE ("Business") in exchange for the issue of FOY Shares ("Shares") and options ("Options") ("IGE Acquisition"). A previous Business Sale Agreement announced on 18 March 2015 (and amended by Deed of Variation announced 10 June 2015) was terminated.

Deed of Variations to the Business Sale Agreement were executed on 8 September 2016 and 23 January 2017, amending the BSA to provide FOY ownership of the Technologies rather than the previous licensing arrangement, to reflect the likely schedule of events and to amend the exercise price of the IGE Consideration Options and Milestone Options to $0.40.

The Business comprises of:

- Development, commercialisation and exploitation of licensed technologies, including waste to energy conversion technology; and
- Construction and development of plants utilising this technology based on and including IGE's facility located at Berkeley Vale (approximately 100km north of Sydney), as well as a proposed plant to be located at Hume, Australian Capital Territory ("ACT Commercial Plant").

The following assets ("IGE Assets") used in the Business form part of the Business Sale Agreement:

- Ownership of three specific technologies:
    - Waste plastics to fuel conversion ("WPTF Technology");
    - Biomass to fuel conversion ("BTF Technology"); and
    - Biomass to energy conversion ("BTE Technology") (collectively the "Technologies");
- A waste plastics to diesel and petrol conversion module, based on a pilot plant, located at Berkeley Vale with a design capacity of 50 tonnes per day ("fstpd") of waste feedstock ("BKV Commercial Plant") as well as the pilot plant;
- The IGE management team to operate the Berkeley Vale facility including the primary developer of the intellectual property on which the Licences are based; and
- Other assets used exclusively in the Business, including feedstock contracts, the property lease at Berkeley Vale and goodwill.

The IGE Acquisition also involves FOY assuming the rights and obligations of IGE under loan agreements it has with Fandola Investments Pty Ltd and Rebelly Healthcare (Shanghai) Ltd, and the granting of security in favour of Fandola over all of the Company's assets in accordance with the terms of the loan agreements, a Novation Deed and General Security Deed.

FOY has established a 100% wholly owned subsidiary in the United Stated of America ("US"), Green Energy US, Inc. FOY with its US business partner, GEP Fuel and Energy Indiana, LLC, has formed a company called Integrated Green Partners LLC ("IGP"). IGP will earn revenue through the design and

implementation of a 1,500 tonnes per day plant. FOY has also signed a funding commitment for the construction of 4 sites in the United Kingdom. The funding will help in the design and construction of 4, 200 tonnes per day plants.

ASX has advised that the IGE Acquisition constitutes a change to the nature and scale of activities of FOY, requiring it to seek Shareholder approval for the IGE Acquisition and to re-comply with Chapters 1 and 2 of the Listing Rules. Accordingly, FOY is seeking Shareholder Approval for the IGE Acquisition (and a number of related matters) at the Shareholders Meeting.

2. Summary and opinions

The Directors of FOY have engaged HLB Mann Judd Corporate (NSW) Pty Limited ("HMJC") to prepare a Report expressing an opinion as to whether the Proposed IGE Acquisition is fair and reasonable and in the best interests of the non-associated FOY shareholders.

Our Report is prepared pursuant to Section 208 and 606 of the Corporations Act and is to be included in a notice of meeting and explanatory memorandum prepared by FOY to be sent to shareholders.

2.1. Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission ("ASIC") Regulatory Guide 111 'Content of Expert Reports' ("RG 111") and Regulatory Guide 112 'Independence of Experts' ("RG 112").

In arriving at our opinion, we have assessed the terms of the proposed Transactions as a whole and have considered:

- how the value of a FOY Share prior to the Transaction on a controlling basis compares to the value of a share in FOY post the Transaction, held in the combined group, on a minority basis;
- the likelihood of a superior alternative offer being available to FOY;
- other factors which we consider to be relevant to the Shareholders in their assessment of the Transaction; and
- the position of shareholders should the Transaction not proceed.

2.2. IGE Acquisition

2.2.1. Fairness

We have assessed the value of a FOY Share on a minority basis after the IGE Acquisition. The assessed value of a post transaction FOY share is less than the assessed value of a FOY prior to the transaction, and therefore, we have concluded that the IGE Acquisition is **not fair**. We have also conclude that the granting of security in favour of Fandola over all of FOY's assets under the General Security Deed is **not fair**.

Refer to Section 8 of this Report for further detail.

2.2.2. Reasonableness

After considering the advantages and disadvantages of the IGE Acquisition for Non-Associated Shareholders, as set out in Section 8 of this Report, in our opinion the IGE Acquisition is **reasonable** to Non-Associated Shareholders in the absence of any other relevant information and/or a superior proposal. We also conclude that the granting of security in favour of Fandola over all of FOY's assets under the General Security Deed is **reasonable** to Non-Associated Shareholders.

2.3. Related Parties Securities

2.3.1. Fairness

We have compared the effective issue price of the Shares and exercise price of the Options to be issued to Fandola and Rebelly Healthcare to the value of a FOY Share on a minority basis after the IGE Acquisition. Considering the issue price is lower than the valued price of a FOY share, we have concluded that the Related Parties Securities are **not fair** to the Non-Associated Shareholders.

Refer to Section 9 of this Report for further detail.

2.3.2. Reasonableness

After considering the advantages and disadvantages of the Related Parties Securities for Non-Associated Shareholders, as set out in Section 9 of this Report, in our opinion the Related Parties Securities are **reasonable** to Non-Associated Shareholders in the absence of any other relevant information and/or a superior proposal.

2.4. General

In preparing this Report, we have considered the interests of FOY shareholders as a whole. Accordingly, this Report only contains general financial advice and does not consider the personal objectives, financial situations or requirements of individual shareholders.

The impact of approving the Transaction on the tax position of FOY shareholders depends on the individual circumstances of each investor. FOY shareholders should read Section 2.7 of the NOM and consult their own professional advisers if in doubt as to the taxation consequences of the Transaction.

The ultimate decision whether to approve the Transaction should be based on each FOY shareholder's assessment of their own circumstances. If FOY shareholders are in doubt about the action they should take in relation to the Transaction or matters dealt with in this report, shareholders should seek independent professional advice.

For our full opinion on the Transaction and the reasoning behind our opinion, we recommend that FOY shareholders read the remainder of our Report.

3. Proposed Transaction

The proposed transaction contains the following key elements.

3.1. Consideration

The consideration being paid for the IGE Assets is securities in FOY, which will be issued initially when the BKV Commercial Plant is built to its 50 fstpd capacity (and the other conditions to completing the IGE Acquisition are met) and secondly when the performance target described below ("Performance Target") is met.

The number of Consideration Shares and Options ("Consideration Securities") and Milestone Shares and Options ("Milestone Securities") will comprise 73.318% of the total Shares in the capital of FOY on a fully diluted basis (that is, on the basis that all Options and other convertible securities are exercised and converted into Shares) calculated at the time of Completion (and on the assumption that the Consideration Securities and Milestone Securities have already been issued).

The number of securities to be issued as consideration for the IGE Assets are as follows:

When issued	Type of security	Defined term	Total Percentage interest after the relevant issue	What the percentage calculation is based on	Number of securities[1]
Completion	Shares	Consideration Shares	59.738%[2] of issued Shares	Issued Shares includes the Consideration Shares and Shares issued under the Fundraising	209.7 million
Completion	Options	Consideration Shares	79.639% of granted Options, or such number as is adjusted to ensure that the total convertible securities on issue do not exceed the total Shares on issue	Granted Options includes Consideration Options and Options issued under the Fundraising	148 million
Performance Target achieved	Shares	Consideration Shares	59.738% of issued Shares	Issued Shares includes the Consideration Shares, Milestone Shares and Shares issued under the Fundraising.[3]	23.2 million
Performance Target achieved	Options	Consideration Shares	87.344% of granted Options	Granted Options includes Consideration Options, Milestone Options and Options issued under the Fundraising.[4]	112.9 million

The Performance Target is achieving EBITDA of $5,000,000 per annum from operating the Technologies or applications of the technology developed by certain key executives, during any 6 month period ending on either 30 June or 31 December (pro-rata) between Completion and 30 June 2020. The number of Milestone Shares and Milestone Options, and the terms of the Performance Target, cannot be varied without the prior approval of ASX and the Shareholders.

All securities issues to the IGE shareholders as consideration for the IGE Assets will be subject to an ASX imposed restriction agreement restricting the ability to dispose of those securities for a period of 12 or 24 months.

In addition to seeking Shareholder approval for the IGE Acquisition, Shareholder approval is also being sought for a number of further resolutions in respect of the issue of shares and options to the following related parties ("Related Parties Securities"):

Name of related parties	Balance of loan	Shares to be issued	Options to be issued
Fandola Investments Pty Ltd ("Fandola")	$550,000	3,052,500	3,052,500
Rebelly Healthcare (Shanghai) Ltd ("Rebelly Healthcare")	$200,000	1,110,000	1,110,000

[1] Rounded to the nearest 100 thousand Shares or Options.
[2] At completion of the IGE Acquisition, IGE Shareholders and their Associates will together hold more than 59.738% of the total issued Shares, as some IGE Shareholders already hold Shares at the date of the Notice of EGM. Refer to Sections 8.3 – 8.8 of the Notice of EGM.
[3] The percentage will not be grossed up for changes to capital after Completion.
[4] The percentage will not be grossed up for changes to capital after Completion.

3.2. Fandola

On 10 March 2016, IGE, FOY and Fandola entered into a secured loan agreement pursuant to which Fandola agreed to advance IGE $550,000 on certain terms. IGE has granted security over all of its assets to Fandola under the General Security Deed ("GSD"). The Fandola Loan Agreement provides that on Completion, the parties must enter into a deed of novation pursuant to which the Fandola Loan and General Security Deed will be novated to FOY ("Novation Deed"). Fandola is a company controlled by Mr. Paul Dickson, a Director of FOY.

The effect of the novation is that the loan previously owing to Fandola by IGE will become payable by FOY and the security granted by IGE in favour of Fandola by IGE will now be granted by FOY as the property subject of the loan will be owned by FOY. Under the Novation Deed, the only recourse Fandola has against FOY in relation to the outstanding amount under the Fandola Loan Agreement is the issue of Shares and Options calculated using the formula set out in Section 2 of annexure B of the Notice of EGM. It is important to note that once the Fandola Loan Agreement is novated to FOY, the outstanding amounts under the Fandola Loan Agreement is repayable upon Fandola making a demand to FOY. Based on a term of 1 year, the maximum number of Shares and Options which FOY must issue to Fandola is 3,052,500 and 3,052,500 Options.

Full terms and conditions of the Fandola Loan Agreement are set out in Section 2 of annexure B of the Notice of EGM.

Shareholder approval is being sought by FOY under Listing Rule 10.1 and section 208 of the Corporations Act as FOY will be granting a financial benefit to a Related Party. That is, on Completion and novation of the Loan Agreement, FOY will grant security over its assets to Fandola (a Related Party of FOY under section 228(4) of the Corporations Act on the basis that it is an Associate of and is controlled by Mr Paul Dickson. Completion of the IGE Acquisition is conditional on shareholder approval being obtained for this resolution.

Listing Rule 10.11 provides that, unless a specified exception apply, a company must not issue or agree to issue Equity Securities to a Related Party without the approval of ordinary shareholders. A "related party", for the purposes of the Listing Rules, has the meaning given to it in the Corporations Act, and includes the Directors of a company and entities controlled by Directors of a company. The Shares and Options are Equity Securities for the purposes of the Listing Rules.

The granting of security to Fandola over the Company's assets is also considered a potential disposal of a substantial asset under ASX Listing Rule 10.1, for which shareholder approval is required.

3.3. Rebelly Healthcare

On 10 March 2016, IGE, FOY and Rebelly Healthcare entered into a loan agreement pursuant to which Rebelly agreed to advance IGE $200,000 on certain terms ("Rebelly Loan Agreement"). The Rebelly Loan provides that on Completion, the parties must enter into a deed of novation pursuant to which the Rebelly Loan Agreement will be novated to FOY ("Rebelly Novation Deed").

The effect of the novation is that the loan previously owing to Rebelly by IGE will become payable by FOY. Under the Novation Deed, the only recourse Rebelly has against FOY in relation to the outstanding amount under the Rebelly Loan Agreement is the issue of Shares and Options calculated using the formula set out in Section 3 of annexure B of the Notice of EGM. Rebelly Healthcare is a substantial shareholder in IGE and post Completion of the IGE Transaction and the issue of Shares and Options under the novation of the Rebelly Loan Agreement, Rebelly Healthcare will have a relevant interest in 20.35% in FOY on a fully diluted basis.

3.4. *Proposed Fundraising Activities*

Subject to Shareholder approval of the IGE Acquisition, the Company intends to conduct the following fundraising activities ("Proposed Fundraising"):

- Offer – an offer of 75m Shares (at a minimum of $0.20 per Share post- consolidation) ("Offer Shares") to raise up to $15m ("Offer").

The Company is preparing a prospectus to meet the requirements of Chapters 1 and 2 of the Australian Securities Exchange ("ASX") Listing Rules (refer Section 4.2) and facilitate the Proposed Fundraisings.

The primary purpose of the Proposed Fundraising is to raise funds for the IGE Acquisition and Proposed Fundraising costs, capital expenditure to design and construct a plant in the ACT Commercial Plant with a capacity of 200 fstpd, commissioning costs for the BKV Commercial Plant and working capital. The Proposed Fundraising may also assist the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

In addition to seeking Shareholder approval for the IGE Acquisition, Shareholder approval is also being sought for the following:

(a) Change to the nature or scale of the Company's activities through the IGE Acquisition ("Activities Change");

(b) The issue of Shares to Fandola and Rebelly Healthcare;

(c) The issue of Offer Shares under the Offer; and

(d) The issue of Shares and options to Michael Palmer[5], David McIntosh and Kilroy Genia, Directors of FOY ("Director Securities").

The table below provides details on the impact which the issue of the Consideration Securities, the Offer, the Related Parties Securities the Director Securities and the Milestone Securities are expected to have on FOY's capital structure, following completion of the IGE Acquisition, Proposed Fundraising and related matters.

Point in time	**Number of Securities in FOY**			
	Shares Issued	**Total Shares on Issue**	**Options Issued**	**Total Options on Issue**
As at the date of this Notice	-	68,989,550	-	33,062,235
Offer	75,000,000	143,989,550	-	33,062,235
Issue of Fandola Investments Pty Ltd and Rebelly Healthcare (Shanghai) Ltd securities	4,162,500	148,152,050	4,162,500	37,224,735
Issue of securities to non-related lenders	6,183,699	154,335,749	-	37,224,735
Consideration Securities (assuming the Offer is fully subscribed and all issues described above take place)	209,700,000	364,035,749	148,000,000	185,224,735
Issue of Clark, Dickson, Palmer, Genia and McIntosh Securities	2,632,787	366,668,536	615,000	185,839,735
Milestone Securities (assuming the Offer is fully subscribed and all issues described above take place)	23,200,000	389,868,536	112,900,000	298,739,735

Source: FOY Group Extraordinary General Meeting notice to the market

[5] Michael Palmer resigned as a Non-Executive Director and Managing Director of FOY in September 2015.

The table below sets out FOY Board's proposed use of funds generated from the fundraising.

Use	Amount
IGE Transaction and Fundraising costs	$750,000
Capital expenditure for the design and construction of the Integrated Green Partners, LLC modules and commercial facilities	$1,500,000
Acquisition of land in Hume, Australian Capital Territory	$2,953,075
Acquisition of land in Berkeley Vale, New South Wales	$402,500
Loan Repayments (including interest)	$1,256,706
Examination and progression of opportunities in other territories	$700,000
Establish subsidiary and office China	$2,000,000
Interest on CPNs and Loan from TVI Pacific Inc	$56,155
Payment of commissioning expenses to IGE	$1,900,300
Working capital	$3,481,264
Total amount of funds to be raised	**$15,000,000**

Source: FOY Group Extraordinary General Meeting notice to the market

The IGE Transaction and Fundraising costs above includes brokerage charges estimated by FOY management to be $240,000 in relation to the capital raise.

The resolutions to approve the IGE Acquisition (involving the acquisition of the IGE Assets, the issue of the Consideration Securities and the Milestone Securities) and Related Parties Securities are conditional on the resolution in relation to the Activities Change being approved.

The IGE Acquisition is not expressly conditional on the Offer proceeding and may theoretically proceed even if funds are not raised under the Offer. However the resolutions relating to the IGE Acquisition and Related Parties Securities Convertible Securities are conditional on ASX confirming that FOY has re-complied with Chapters 1 and 2 of the Listing Rules. If sufficient funds are not raised under the Offer, it is likely that FOY will not be able to re-comply with Chapters 1 and 2 of the Listing Rules.

The resolution to approve the Offer and Director Securities are conditional on approval of the Activities Change, IGE Acquisition and Related Parties Securities.

Further details of the IGE Acquisition, Related Parties Securities, and related resolutions are set out in the Notice of Extraordinary General Meeting and Explanatory Memorandum to be held on or around 25 July 2017 ("Notice of EGM").

3.5. Conditions

The following are conditions precedent to the IGE Acquisition completing under the Business Sale Agreement:

(a) ASX Approval – ASX resolves to re-admit and quote FOY's Shares (other than any restricted securities) on the ASX, subject to completion of the IGE Acquisition under the Business Sale Agreement and satisfaction of any other conditions usual to ASX re-admission;

(b) Shareholder Approval – FOY's Shareholders approve all resolutions in relation to the IGE Acquisition;

(c) Due diligence – FOY must be satisfied, acting reasonably, with its due diligence enquiries in relation to the Business. The Company currently expects these due diligence enquiries will be on-going while it prepares the prospectus for its Proposed Fundraising;

(d) Key Executives – before the date of the prospectus certain key executives of IGE enters into a consultancy contract with FOY on terms acceptable to FOY which, in respect of Bevan Dooley, includes a term of 3 years;

(e) No material adverse change – there has been no material adverse change affecting the Business or the financial or trading position or prospects of the Business from the date of the Business Sale Agreement;

(f) Transaction documents – The Property Lease and New Property Purchase Agreement assignment and the Licence Assignment Agreements have become unconditional (save any condition that is dependent on Completion);

(g) Assignment or novation of material contracts – certain material agreements, assignments and novation deeds must be agreed and executed before Completion, on terms reasonably acceptable to FOY;

(h) Regulatory approvals – all necessary approvals from ASX, ASIC and any other regulatory agency or third party for completion of the acquisition of the Business must be received;

(i) First plant – construction of the BKV Commercial Plant must be complete and an unqualified completion certification is issued to the satisfaction of FOY by an appropriately qualified independent expert selected by FOY;

(j) Shareholder confidentiality agreement – before the date of the Offer prospectus, each Shareholder of IGE signs a Shareholder Confidentiality Agreement; and

(k) IP Assignment Deed – an assignment deed in a form acceptable to FOY assigning licensors under Licences all intellectual property rights that are licensed under the Licenses which are owned by either of Bevan Dooley or Adrian Lake.

If any one or more of the conditions above is not satisfied by 30 November 2017, the Business Sale Agreement will automatically terminate and the IGE Acquisition will not proceed (unless each of IGE and FOY agree to extend that date or to waive the relevant condition).

4. Basis of Assessment

4.1. Corporations Act

4.1.1. Related Party

Section 208 of the Corporations Act provides that a company must obtain Shareholder approval before giving a financial benefit to a related party.

IGE is a related party of FOY under section 228(4) or section 228(7) of the Corporations Act, on the basis that it is controlled by a Director of FOY (namely Paul Dickson, who currently holds 49.5% of the Shares in IGE) or is acting in concert with that controlling Director on the understanding that the Director will receive a financial benefit (in this case, the issue to Dickson of his proportion of the Consideration Securities and Milestone Securities) if FOY gives a financial benefit to IGE (being the sale of the Business to FOY).

Furthermore, BTOLA is a related party of FOY under section 228(4) of the Corporations Act as BTOLA is controlled by Bevan Dooley, a Director of FOY.

Section 219 of the Corporations Act provides that the Explanatory Statement is required to set out, amongst other things, all information that is reasonably required by Shareholders, in order to decide whether or not it is in the company's interest to pass the proposed resolution, and is known to the company or to any of its Directors.

4.1.2. Interest greater than 20%

Section 606 of the Corporations Act provides a general prohibition against any person increasing their relevant interest in the voting Shares of a public company from:

- 20% or below to more than 20%, or
- A starting point that is above 20% and below 90%.

Under section 610 of the Corporations Act, the calculation of a person's voting power in the company involves determining the voting Shares in the company in which the person, and the person's associates, have a relevant interest.

Following the IGE Acquisition, IGE and its associates would increase their voting Shares in the Company from below 20% to greater than 20%. However, section 611 item 7 of the Corporations Act provides an exemption to this general prohibition where the increase is approved in a general meeting by Shareholders of the company.

Section 611, item 7 also states that the members of the company must be given all information known to the person proposing to make the acquisition or their associates, or known to the company, that was material to the decision on how to vote on the resolution.

4.2. ASX Listing Rules

4.2.1. Significant change to nature or scale of activities

The ASX has advised the Company that the IGE Acquisition constitutes a significant change to the nature or scale of the Company's activities to which ASX Listing Rule 11.1 applies. Accordingly, FOY is required to:

- Obtain Shareholder approval for the IGE Acquisition; and
- Meet the requirements in ASX Listing Rules Chapters 1 and 2 as if the Company were applying for admission to the official list of the ASX.

4.2.2. Substantial asset from related party

In addition, ASX Listing Rule 10.1 states that where a company proposes to acquire a substantial asset from, or dispose of a substantial asset to, a related party, the company must obtain the prior approval of the non-associated Shareholders. Listing Rule 10.1 describes a substantial asset as an asset that has a value, in the ASX's opinion, of at least 5% or more of the Shareholders' funds in the entity as set out in the latest accounts of the company.

Under such circumstances Listing Rule 10.10 requires the notice of meeting to include a report on the transaction from an independent expert. The report must state whether the transaction is fair and reasonable to holders of the entity's ordinary securities whose votes are not to be disregarded.

Based on the above, the Directors of FOY are seeking Shareholder approval for the:

- Acquisition of the Business from IGE for the purpose of ASX Listing Rule 10.1 (acquisition of a substantial asset from a related party or their associates) and ASX Listing Rule 11.1 (significant change to the nature or scale of activities) and section 208 of the Corporations Act (giving a financial benefit to a related party); and

- Issue of the Consideration Securities and Milestone Securities as consideration for the Business for the purpose of section 611 item 7 of the Corporations Act.

The Directors of FOY are also seeking Shareholder approval for the:

- The issue of the Related Parties Securities (Shares and Options) to Fandola and Rebelly Healthcare in satisfaction of the amounts owing to the named parties, in accordance with terms and conditions as set out in the Loan Agreements and Deeds of Novation;
- The issue of Offer Shares under the Offer; and
- The issue of Director Securities (Shares and Options) to Michael Palmer, David McIntosh and Kilroy Genia, (Directors of FOY).

4.2.3. Potential disposal of a substantial asset

The security granted to Fandola under the General Security Deed is granted over all of FOY's assets. The giving of such security by FOY in favour of Fandola is deemed, under Listing Rule 10.1, to be a disposal of assets to which ASX Listing Rule 10.1 may apply. FOY considers that this disposal is likely to constitute "giving a financial benefit" to a Related Party. An independent expert is required to opine on whether the granting of security to Fandola is fair and reasonable to FOY's Non-Associated Shareholders.

The Directors of FOY are seeking Shareholder approval, in Resolution 2 of the Notice of EGM, to grant security in favour of Fandola over "all present and after acquired property of FOY", for the purposes of Listing Rule 10.1 and section 208 of the Corporations Act.

To meet its regulatory obligations and to ensure that FOY's Shareholders are fully informed, FOY's Independent Directors have engaged HLB Mann Judd Corporate (NSW) Pty Ltd ("HMJC") to prepare this Independent Expert's Report ("Report").

4.3. ASIC Regulatory Guide 111

In preparing our Report we have had regard to the guidelines set out in Australian Securities & Investments Commission ("ASIC") Regulatory Guide 111 "Content of expert reports" ("RG 111"). Neither the Corporations Act nor the ASX Listing Rules define the term "fair and reasonable"; however RG 111 provides that each of these criteria be assessed individually and not as a compound phrase. RG 111 states that:

- An offer is "*fair*" if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer. The comparison is made assuming 100% ownership of the target, irrespective whether the consideration is cash or scrip, and further assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length ("*Fair Value*");
- An offer is "*reasonable*" if it is "*fair*"; and
- An offer may be reasonable if, despite being "*not fair*", the expert believes there are other sufficient reasons for Shareholders to accept the offer in the absence of any higher bid before the close of the offer.

Our approach has therefore been to consider whether or not the IGE Acquisition and Related Parties Securities are "fair" to the FOY Shareholders not associated with the respective transactions ("Non-Associated Shareholders") in the manner outlined in Sections 8.2 and 9.1 respectively.

A valuation of this nature should also meet the requirements of a "Valuation Engagement" as defined by APES 225 Valuation Services ("APES 225") issued by the Accounting Professional & Ethical Standards Board.

We have also considered whether the IGE Acquisition and Related Parties Securities are "reasonable" to the Non-associated Shareholders by considering other factors relating to the IGE Acquisition and Related Parties Securities which are likely to be relevant to the Non-Associated Shareholders in their decision of whether or not to approve the IGE Acquisition and Related Parties Securities.

4.4. Purpose

This Report has been prepared by HMJC for inclusion in FOY's Notice of EGM to assist Non-Associated Shareholders to decide whether or not to approve the IGE Acquisition and Related Parties Securities. The sole purpose of this Report is to express our opinion as to whether the IGE Acquisition and Related Parties Securities are fair and reasonable to the Non-Associated Shareholders.

The Report may not be used for any other purpose, or by any other party, and HMJC will not accept any responsibility for its use outside this purpose. No extract, quote or copy of this Report, in whole or in part, should be reproduced without the prior written consent of HMJC, as to the form and context in which it appears.

4.5. Limitations

Our opinion is based on market, economic and other factors existing at the date of this Report. Such conditions can change significantly in short periods of time.

Our Report is based upon financial and other information provided by FOY's and IGE's representatives, contractors, advisors, agents and/or related parties ("Providers"). In forming our opinion we have reviewed and relied upon this information, unless otherwise stated.

The information provided was evaluated through analysis, enquiry and review for the purposes of forming an opinion as to whether the IGE Acquisition and Related Parties Securities are fair and reasonable. Our enquiries and procedures do not constitute an audit, extensive examination, verification or "due diligence" investigation. None of these assignments has been undertaken by HMJC for the purposes of this Report.

In forming the opinion expressed in this Report, the opinions and judgments of management of FOY and IGE have been considered. Although this information has been evaluated through analysis, enquiry and review to the extent practical, inherently such information is not always capable of independent verification.

In forming our opinion, we have considered the interest of Non-Associated Shareholders as a whole. This Report therefore does not consider the financial situation, objectives or needs of individual Shareholders. It is not practical to assess the implications of the IGE Acquisition and Related Parties Securities on individual Shareholders as their financial circumstances are not known.

The decision of Shareholders as to whether or not to approve the IGE Acquisition is a matter for individuals based on, amongst other things, their risk profile, liquidity preference, investment strategy and tax position. Individual Shareholders should therefore consider the appropriateness of our opinion to their specific circumstances before acting on it. As an individual's decision to approve or reject the IGE Acquisition and Related Parties Securities may be influenced by his or her particular circumstances, we recommend that individual Shareholders, including residents of foreign jurisdictions, seek their own independent professional advice.

Our opinion is based solely on information available as at the date of this Report as set out in Section 10.6 of this Report. We note that we have not undertaken to update this Report for events or circumstances arising after the date of this Report, other than those of a material nature and contemplated by RG 111 which occur prior to the date of the EGM.

5. Profile of FOY

5.1. Overview

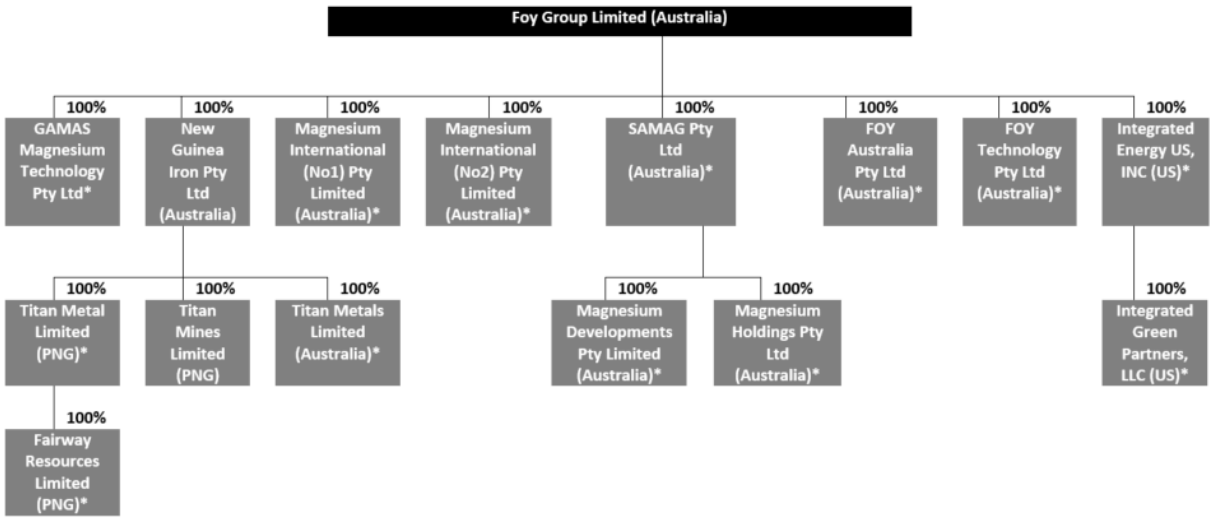
The Company was incorporated in December 1988 and subsequently listed on the ASX in November 1989. The Company has undertaken several name changes since incorporation, and was renamed FOY Group Limited in August 2015.

FOY's principal activity is its Amazon Bay iron sands project in PNG (refer Section 5.3.1).

The Board has determined that, with the continued decline in commodity prices and the poor financial market interest in junior exploration companies, the most secure method of sourcing the ongoing funding required to develop its resource exploration assets, specifically the Amazon Bay project, is through internal funding by way of a cash flow project. This has resulted in the Board pursuing the IGE Acquisition and Proposed Fundraising.

5.2. Corporate Structure

The corporate structure of FOY and its associated entities (including dormant subsidiaries) is set out below:



Source: FOY management.
* dormant subsidiaries.

5.3. Titan Mines

5.3.1. Overview

FOY's primary asset is the vanadium-rich titano-magnetite iron sands project at Amazon Bay, located approximately 200km south-east of Port Moresby in PNG. FOY owns a 100% equity interest in Titan Mines Limited ("Titan Mines") which, in turn, has a 90% interest in Amazon Bay. In February 2014, Canadian-listed resource company TVI Pacific Inc. ("TVI") gained a 10% direct interest in Amazon Bay through a joint-venture arrangement.

Historical exploration at Amazon Bay had identified over 100km of PNG coastline that was considered prospective for vanadium-rich titano-magnetite iron sands. FOY undertook a regional airborne geophysics survey to test the extent of exploration targets beyond the known mineralisation reported by historical exploration.

Two areas with significant magnetic anomalies at Barracouta and Threadfin were targeted for initial drilling.

Preliminary metallurgical studies undertaken in 2010 on material from Amazon Bay indicated a concentrate grade of 52.3% iron (Fe), 1.02% vanadium (V_2O_5) and 17.3% titanium (TiO) may be produced through grinding, cleaning and metallurgical separation techniques.

FOY commissioned two studies in 2012:

- Potential Drilling Program - an independent expert, Mr Chris Young ("Young"), was engaged by FOY in April 2012 to review all existing exploration data on Amazon Bay and select the most promising area to drill for a resource to JORC standards. Young selected the 30km long Threadfin area and designed an initial drill program to fully scope the area. An exploration target of approximately 630m tonnes was estimated to exist in the Threadfin area.
- Executive Desktop Study - MSP Resource Development Consultants were engaged to review historical data collected on Amazon Bay to determine the appropriate product mix for development. Metallurgical processing developments in Australia and Indonesia indicated it is feasible to separate the Amazon Bay style of mineralisation into three products (vanadium, titanium and iron) which would increase the project value and the likelihood of project development.

In August 2013, FOY commissioned Engenium Pty Ltd to undertake a scoping study on Amazon Bay. The study assessed the project location and resources, previous studies undertaken, metallurgical test work, process methodology, dredging, processing, shipping, infrastructure, project financials, comparison with other iron sands projects, and forward work project and overall project timeline. The scoping study indicated it would take approximately three years to obtain the first ore commencing with a bankable feasibility study up to completion of construction works and production.

The studies have identified power as a major operating cost to develop Amazon Bay. However, as there is no local grid supply, the project would be dependent on diesel-generated power, which is prohibitively expensive. Therefore, the Company has requested IGE to provide the PNG authorities with a proposal to introduce an IGE power generating technology to reduce operating costs from the supply of power provided by IGE.

In September 2013, the Company received notification from the PNG Mineral Resources Authority that an exploration licence for Amazon Bay North (EL2149) had been granted, covering an area of 588 square km, and that EL1623 at Sandbank Bay had been renewed. EL1623 was subsequently relinquished in November 2014.

In February 2014, the PNG Mineral Resources Authority advised the Company that EL2281 (Maruta) had been granted, covering 652 square km and lying immediately east of EL1396 (the key tenement of Amazon Bay) and covering more than 50km of coastline prospective for iron sands.

In July 2014, FOY was advised that its exploration license for Amazon Bay (EL1396) had been renewed.

In mid-2014, further sampling programs were undertaken in the Margarida and Deba areas resulting in 600kg of samples undergoing metallurgical testing. In addition, preliminary sampling and exploration activities were undertaken in the Maruta tenement following its grant in February 2014.

In late-2014, FOY completed a comprehensive Environmental Management Plan ("EMP") at Amazon Bay required by the PNG Department of Conservation. The EMP covered the environmental regulatory concerns and requirements that needed to be addressed prior to the issue of a drill permit.

FOY continues to have ongoing dialogue with both the PNG Government and the MRA regarding its future strategy for the Amazon Bay Project. However, with the demand and pricing of iron ore at the current depressed levels, the Company has sought to introduce a significant new initiative to the project to ensure it can remain viable and worthy of further expenditure.

5.3.2. Tenements Portfolio

An overview of FOY's tenement interests is set out below:

Tenement	Title	Commodity	Interest %	Area km^2
Amazon Bay	EL1396	Fe, Ti, V	90%[1]	192
Amazon Bay North	EL2149	Fe, Ti, V	100%	590
Maruta	EL2281	Fe, Ti, V	100%	652

Source: Technical Review of Mineral Interests and Valuation by Terence Willsteed & Associates dated 31 May 2015; Addendum to Independent Technical Report dated 11 May 2017.
EL: Exploration license.
[1]TVI has a direct interest of 10% in Amazon Bay, with Titan Mines holding the balance of 90%.

Details of the tenements are set out in an Independent Technical Review of Mineral Interests and Valuation Report by Terence Willsteed & Associates ("TWA") dated 31 May 2015, prepared in accordance with the VALMIN Code ("TWA Report"), for the purposes of inclusion in an Independent Experts Report undertaken by Moore Stephens Sydney Corporate Finance Pty Ltd.

TWA has subsequently prepared an updated technical assessment and valuation of FOY's tenements in an Addendum to the Independent Technical Review of Mineral Interests and Valuation dated 11 May 2017, as requested by HMJC for the purposes of this Report ("TWA Addendum"). Copies of the TWA Report and TWA Addendum are provided in Appendix C.

5.4. Board and Senior Management

Paul Dickson – Non-Executive Chairman

Mr Dickson has more than 20 years of experience in business management. His initial start as a management cadet with TNT progressed into broad, multifunctional senior roles across a range of disciplines both in Australia and overseas, including finance, logistics, operations, sales, marketing, and systems general management. Mr Dickson's role since 2008 has been as business founder and owner of Dickson & Dickson Healthcare Limited, a public company competing in the healthcare (medical products) sectors in Australia, New Zealand and South Africa.

Mr Dickson holds a Bachelor of Commerce from the University of NSW and a Master of Logistics at Sydney University.

Stuart Clark – Managing Director

Mr Clark has 32 years commercial, finance and management experience. Mr Clark was educated at the University of New South Wales and gained his qualifications as a chartered accountant whilst working at Pricewaterhouse Coopers both in Australia and Scotland and subsequently held senior finance roles for both public and private companies including Nudie Foods, Global Television, Hoyts and the Walt Disney Company. He was previously finance director and company secretary for ASX-listed ComOps Limited and was most recently Chief Operating Officer for Dickson & Dickson Healthcare Limited. He was appointed Managing Director of FOY on 25 August 2016.

Mr Clark holds a Bachelor of Commerce from the University of New South Wales, is a member of the Institute of Chartered Accountants and is a Graduate of the Australian Institute of Company Directors.

Bevan Dooley – Non-Executive Director

Mr Dooley brings to FOY Group 15 years of experience in the energy, fuel and chemical processing industries. Mr Dooley has a solid engineering and management background that leads to a deep understanding of processing techniques for energy conversion, as well as the energy and fuels market in Australia and Asia. In 2001 Mr Dooley co-founded Australian Biodiesel Group Ltd, an entity that listed on ASX in 2005. Mr Dooley held various roles with Australian Biodiesel Group Ltd, including technical director, Chief Executive Officer and Director. Since 2009 Mr Dooley has held board positions on proprietary companies commercialising fuel and energy technologies.

Mr Dooley has been integral in the design, construction, commissioning and ongoing management of many energy, fuel and chemical processing facilities in Australia and around the world. Mr Dooley and his team have developed the core technologies within the IGE group, the entity with which FOY Group has signed its term sheet.

Mr Dooley holds a Bachelor of Mechanical Engineering (Hons) from the Queensland University of Technology.

Clifford James – Non-Executive Director

Mr James is a geologist and business executive with over 35 years of technical and financial experience in the natural resource sector. His work has taken him throughout North America, Africa and Asia where he held senior positions in oil, gas and mining companies. Since 1993, Mr James has spearheaded TVI Pacific Inc's activities in the Philippines.

Mr James holds a Bachelor of Science (Hons), a Master of Science and a Doctorate in Geology.

Kilroy Genia – Non-Executive Director

Mr Genia has broad experience in both private and government enterprises having spent nine year holding various Ministerial positions within the PNG cabinet, including Minister of Justice, Defence, Foreign Affairs and Trade.

David McIntosh – Non-Executive Director

David is the Principal of McIntosh & Associates, a boutique accounting firm consisting of three qualified accountants plus support staff. McIntosh & Associates provides accounting, audit, business structure, planning and taxation services and advice to large corporations, resident and non-resident individuals and a diverse array of small to medium companies and other entities. David is a Chartered Accountant and the holder of a Certificate of Public Practice and the holder the following degrees: Master of Commerce (Accounting), Bachelor of Engineering (Chemical), Graduate Diploma (Chartered Accountant). His qualifications include being a Chartered Accountant, Registered Auditor (Superfunds), Tax Agent, and an ASIC Agent. Prior to moving into finance David gained exposure in the area of chemical engineering through his work with Shell Oil Company and Environment Australia.

5.5. *Financial performance*

The following table summarises FOY's historic financial performance for the four years ended 30 June 2013, 30 June 2014, 30 June 2015, 30 June 2016 and the half year ended 31 December 2016:

FOY	Period ended				Half year to
$'000	30 Jun 13	30 Jun 14	30 Jun 15	30 Jun 16	31 Dec 16
Revenue					
Revenue	15	-	-	-	-
Financial income	18	3	5	-	-
Other income	1,329	2,309	148	50	-
Expenses					
Cost of sales	(112)	-	-	-	-
Administrative expenses	(405)	(476)	(209)	(186)	(104)
Consultants expenses	(641)	(473)	(334)	(445)	(414)
Depreciation and amortisation	(9)	(11)	(10)	(8)	(1)
Due diligence and transaction costs	-	-	(972)	(385)	(149)
Employment expenses	(256)	(174)	(80)	(111)	(55)
Finance costs	(18)	(55)	(105)	(9)	-
Foreign currency movements	-	(59)	(5)	0	-
Insurance expenses	(84)	(54)	(34)	(38)	(23)
Occupancy expenses	(45)	(45)	(50)	(91)	(47)
Other expenses	(132)	(75)	(92)	(118)	-
Doubtful debt provision	(28)	(50)	-	-	-
Impairment expense	(4,374)	(8,178)	(410)	-	-
Share based payment expense	(58)	(31)	(12)	-	-
Loss before income tax expense	**(4,801)**	**(7,367)**	**(2,160)**	**(1,341)**	**(793)**
Income tax benefit	699	1,259	-	-	-
Net Loss for the year	**(4,102)**	**(6,108)**	**(2,160)**	**(1,341)**	**(793)**
Other comprehensive income					
Items that may be subsequently classified to profit and loss					
Exchange differences arising in translation of foreign operations	5	(687)	140	(400)	175
Total comprehensive income for the year, net of tax	**(4,097)**	**(6,795)**	**(2,020)**	**(1,741)**	**(618)**

Source: FOY's audited financial statements (2013, 2014, 2015 & 2016) and audit reviewed half year report for 31 December 2016.
Note: Numbers may not add due to rounding.

We note the following with regard to FOY's financial performance:

- Revenue in FY13 relates to sales generated by the magnetite operations which have subsequently been sold.
- Other income in FY13 was largely attributable to the sale of the Myrtle Springs magnetite operations ($1 million) and an exclusivity fee paid by TVI of approximately $300,000.

- Other income in FY14 mainly comprises the gain on the disposal of a 10% direct interest in Amazon Bay.
- Other income in FY15 predominantly reflects a research and development claim.
- The decrease in consultants and employment expenses from FY13 to FY15 reflects FOY downsizing its operations and reducing the number of consultants and staff.
- The impairment expense in FY13 relates to the relinquishment of two tenements at Poi and Domara (held by Titan Metals).
- During FY14, the Golden Peak and New Britain North tenements (held by Titan Metals) were relinquished in order to focus on the more prospective assets, resulting in an impairment of $3.3 million. The remaining impairment expense for FY14 reflects the reassessment of the carrying value of the remaining capitalised exploration and evaluation expenditure.
- The impairment expense in FY15 relates to the relinquishment of two further tenements at South New Britain (held by Titan Metals) and Sandbank Bay (held by Titan Mines) to focus on the more prospective assets.
- In FY16 FOY recorded a net loss of $1.34 million, which was lower than that of previous years as FOY benefited from favourable foreign exchange differences and no additional impairment charge was recorded.
- Consultants expenses have been incurred in FY16 and in FY17 as a result of the joint venture between FOY and GEP Fuel and Energy Indiana, LLC. These costs include legal and due diligence costs relating to the executing the joint venture contract, in addition to fees incurred for the proposed use of facilities in both the USA and Australia.

5.6. *Financial position*

The following table summarises FOY's historic financial position as at 30 June 2013, 30 June 2014, 30 June 2015, 30 June 2016 and half year ended 31 December 2016:

FOY	As at				
$'000	30 Jun 13	30 Jun 14	30 Jun 15	30 Jun 16	31 Dec 16
Cash and equivalents	662	33	305	43	40
Trade and other receivables	1	432	56	17	25
Other assets	77	80	43	47	191
Mineral rights	17,195	12,924	12,924	12,924	12,924
Exploration and evaluation assets	7,533	3,068	2,840	2,442	2,542
Intangibles	-	-	-	16	32
Property, plant and equipment	42	28	10	2	1
Total assets	**25,509**	**16,565**	**16,178**	**15,491**	**15,755**
Trade and other payables	492	623	1,032	1,437	1,741
Provisions	27	26	-	-	-
Loans from related parties	546	394	658	348	438
Non-financial liability	1,654	-	-	-	-
Non-current liabilities	1,281	-	-	-	-
Total liabilities	**4,001**	**1,043**	**1,690**	**1,785**	**2,179**
Net assets	**21,508**	**15,523**	**14,488**	**13,706**	**13,576**
Issued capital	106,949	107,727	108,851	109,809	110,297
Share reserves	1,958	2,089	2,101	2,101	2,101
Acquisition reserve	(300)	(600)	-	-	-
Foreign currency reserve	1,240	553	692	292	468
Accumulated losses	(100,093)	(106,201)	(97,156)	(98,496)	(99,290)
Shareholders equity before non-controlling interest	**9,753**	**3,568**	**14,488**	**13,706**	**13,576**
Non-controlling interest TVI	-	200	-	-	-
Non-controlling interest Titan Mines Limited	11,755	11,755	-	-	-
Total equity	**21,508**	**15,523**	**14,488**	**13,706**	**13,576**

Source: FOY's audited financial statements (2013, 2014, 2015 & 2016) and reviewed half year report for 31 December 2016.
Note: Numbers may not add due to rounding.

We note the following with regard to FOY's historic balance sheets:

- The lower cash balances from 30 June 2014 reflect the challenges experienced to raise capital in recent times.
- Trade and other receivables increased at 30 June 2014 primarily due to the research and development tax concession receivable of $269,765. This amount was no longer outstanding as at 30 June 2015.
- Titan Mines had been consolidated into the financial statements of FOY from FY13 on the basis that FOY controlled Titan Mines. In FY15, FOY acquired the remaining 50% of Titan Mines.
- Mineral rights and exploration and evaluation assets have been impaired in FY15 as noted in Section 5.5.
- Loans from related parties from 30 June 2013 relate to amounts from TVI. From 30 June 2016 FOY has also recorded liabilities in relation to IGE.

- The non-financial liability of $1.7 million at 30 June 2013 reflects the joint venture arrangements between FOY and TVI in relation to Amazon Bay and New Britain. Under the joint venture agreements, TVI committed to fund $1.3 million at New Britain and $2.0 million at Amazon Bay.
- Non-current liabilities at 30 June 2013 relate to deferred tax liabilities. The elimination of the deferred tax liability at 30 June 2014 is a result of the impairment of exploration assets and mineral rights.
- The Share reserve is used to record fair value movements of convertible redeemable preference shares and options issued.
- The acquisition reserve relates to option payments to acquire the remaining 50% interest in Titan Mines. The 30 June 2013 accounting treatment was incorrect, and was restated and corrected in the 30 June 2014 accounts. The restated position is shown above.
- The non-controlling interest reflects TVI's 10% interest in its Amazon Bay contribution.
- The loss of non-controlling interest TVI was due to the Company reviewing and amending its previously adopted accounting treatment in 2016 and restating the balance in 2015.
- During FY17, FOY paid a 5% deposit for the block of land in Hume, ACT. The total price of land is $3.1m and the cash from the capital raise will be used to settle the balance. This deposit is currently sitting in other assets.
- Trade and other payables increased at 31 December 2017 due to the consulting fees incurred in relation to the formation of the joint venture with GEP Fuel and Energy Indiana, LLC in the USA. Legal costs have also been incurred in relation to the submitted proposals for the proposed use of land in both USA and Australia.
- The remaining 31 December 2016 balances reflect the state of FOY's minimal trading activities in FY17 and the drawing down of the related party loans.

5.7. Going concern

The following note has been extracted from the independent auditor's review report attached to the FOY 31 December 2016 half year report (emphasis added):

> "*We draw attention to Note 1 in the financial report which indicates that the group incurred a loss of $792,695 and has a net cash outflows from operating activities of $394,899 for the half year ended 31 December 2016. As stated in Note 1 these conditions, along with other matters as set forth in Note 1 indicate that a material uncertainty exists that may cast significant doubt about the group's ability to continue as a going concern and therefore, the group may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report. Our conclusion is not modified in respect of this matter.*"

The following note has also been extracted from note 1, basis of preparation, within the half year report:

> "*During the half year ended 31 December 2016, the Group incurred an operating loss before tax of $792,695 and net cash outflows from operating activities of $394,899 as disclosed in the statement of profit or loss and the statement of cash flows, respectively. The continuing viability of the group and its ability to continue as a going concern and meet its debts and commitments as they fall due are dependent upon the Group being successful with fundraising and other options outlined below.*
>
> *a) The ability of the Group to raise additional funds from shareholders and new investors. The Group has successfully raised $509,500 through an interim placement during the period. The purpose of the placement was to fund the Company's immediate needs for its Amazon Bay Project in Papua New Guinea, general working capital requirements and to fund expenses associated with advancing the proposed transaction with Integrated Green Energy Limited.*
>
> *b) Completion of the proposed transaction with Integrated Green Energy Limited, fundraising on the basis of a further placement and rights issue to develop the project and re-comply with Chapters 1 and 2 of the ASX Listing Rules.*

c) *Continuation of the close and effective monitoring of the Group's operating expenditure.*

d) *Consideration of options that might include the sale of part of the business.*

As a result, there is material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial statements.

However, the Directors believe that the Group will be successful in achieving favourable outcomes on the above matters and that it will have sufficient funds to pay its debts and meet its commitments for at least the next 12 months from the date of this financial report, and accordingly, have prepared the financial report on a going concern basis. At this time, the directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report at 31 December 2016. As such, no adjustments have been made to the financial statements relating to the recoverability and classification of the asset carrying amounts or classification of liabilities that might be necessary should the Group not continue as a going concern."

5.8. Capital structure

FOY currently has ordinary Shares and Options in its capital structure.

5.8.1. Shares

FOY had 69 million ordinary Shares on issue at 4 May 2017, with the Top 20 Shareholders holding approximately 70.26% of the issued Shares as indicated below.

Name of Shareholder	Ordinary Shares Held	
	Number	Percentage
Current Shareholders		
CITICORP NOMINEES PTY LIMITED	15,091,117	21.87%
MR PAUL GREGORY DICKSON	6,779,311	9.83%
NEEMS HOLDINGS PTY LTD	3,520,000	5.10%
TVI PACIFIC INC	2,758,621	4.00%
M & C PALMER INVESTMENTS	2,533,795	3.67%
CHAVOO PTY LTD	2,369,656	3.43%
ISAWILL PTY LTD	2,285,434	3.31%
MCINTOSH & ASSOCIATES PTY LTD	1,668,288	2.42%
BDIC PTY LTD	1,379,311	2.00%
EAGLE 1620 PTY LTD	1,379,311	2.00%
REBELLY HEALTHCARE (SHANGHAI)	1,379,311	2.00%
CORMI HOLDINGS PTY LTD	1,254,651	1.82%
MS CORALIE PALMER	965,518	1.40%
DONNACHAIDH INVESTMENTS	859,599	1.25%
J P MORGAN NOMINEES AUSTRALIA	806,931	1.17%
MR LUIGI REGHELIN	800,000	1.16%
MR PATRICK CHIDAMBARAM	720,667	1.04%
CHAD JANKELOWITZ	689,656	1.00%
MR CLIFFORD M JAMES	689,656	1.00%
ZERO NOMINEES PTY LTD	544,332	0.79%
Total top 20 Shareholders	**48,475,165**	**70.26%**
Other shareholders	20,514,385	29.74%
Total current Shareholders as of Last Observed Day	**68,989,550**	**100%**

Source: FOY Management provided share register

The Directors collectively hold a direct and indirect interest in 13.275 million Shares, representing approximately 19.24% of the issued Shares.

5.8.2. Options

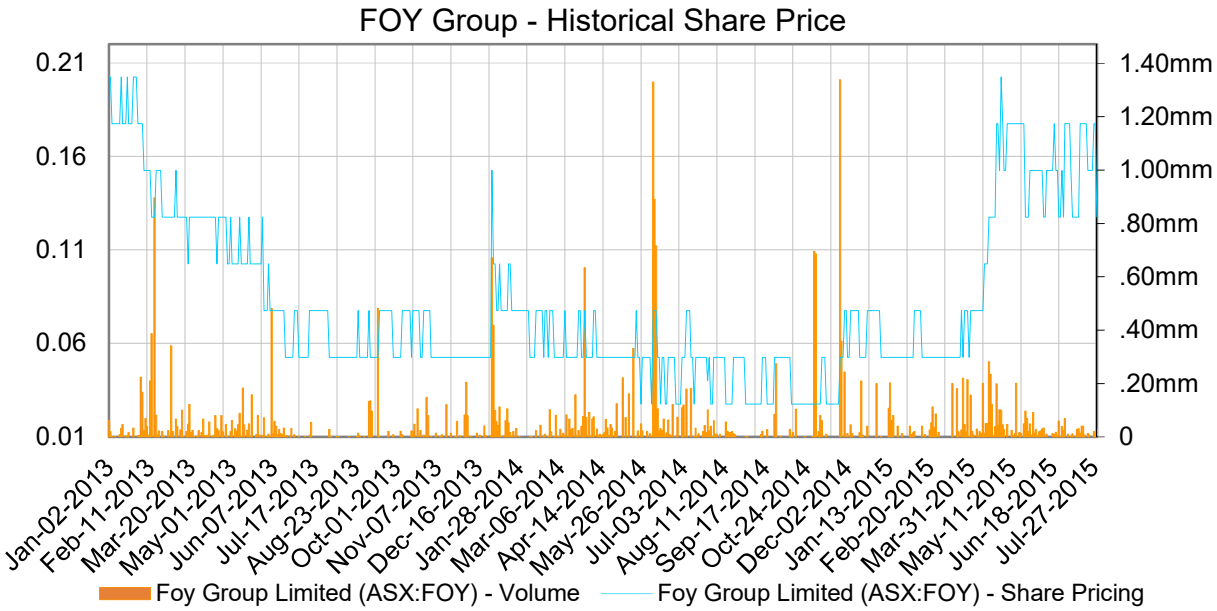
On 4 May 2017, FOY had 33.1 million unlisted Options outstanding.

Number of options	Exercise price	Expiry date
182,281	$1.000	30/06/2017
182,281	$1.250	30/06/2017
182,281	$1.250	30/06/2018
182,281	$1.750	30/06/2018
32,333,111	$0.200	31/12/2019
33,062,235		

Source: FOY Management provided option register

5.9. Share Price Performance

The chart below illustrates FOY's daily closing Share price and volumes traded from 1 January 2013 to 30 July 2015 when FOY Shares were placed in a trading halt and have not subsequently traded on market.



Source: S&P Capital IQ

We observe the following in relation to FOY's Share price history during the above period:

- From July 2013 to 3 July 2014, being the day prior to FOY's announcement of exclusive negotiations with IGE ("Last Trading Day"), FOY's Share price traded within the core range of $0.03 to $0.15.
- From the Last Trading Day until the day FOY Shares were placed in a trading halt (30 July 2015), Shares have traded between $0.03 and $0.20. They last traded at $0.13.
- On 14 February 2013, over 895,000 FOY Shares were traded, coinciding with the ASX announcement of an issue of FOY Shares to TVI in a Share placement.
- On 4-6 June 2014, an aggregate of 2.9 million Shares were traded ("June 3-Day Trades"). FOY released an announcement to the ASX advising that they are unaware of any information which could explain the increase in Share trading volume.

- On 24 November 2014, FOY conducted its Annual General Meeting where it presented the IGE Acquisition to Shareholders. On 25 November 2014, 1.3 million FOY Shares were traded (there were no trades on 24 November 2014).

An analysis of the trading liquidity of FOY's Shares in the 12 months to the Last Trading Day is set out below:

Period	Closing Share Price Low $	Closing Share Price High $	VWAP $	Cumulative volume '000
1 week	0.125	0.175	0.17	12
1 month	0.125	0.175	0.16	264
3 months	0.125	0.175	0.16	1,414

Source: S&P Capital IQ

The above analysis indicates that the market for FOY's Shares to the Last Trading Day were relatively illiquid.

On 30 July 2015, FOY Shares were placed in a trading halt pending the outcome of a Shareholders' meeting to consider resolutions concerning a significant change to the Company's activities as a result of the IGE Acquisition. Following receipt of Shareholder approval, FOY Shares were placed in suspension until the Company complied with Chapters 1 and 2 of the Listing Rules in accordance with Listing Rule 11.1.3. Delays in completing the IGE Acquisition and Proposed Fundraisings have meant that FOY Shares continue to be suspended until it re-complies with ASX admission requirements.

On 17 August 2015 the Company undertook a 25:1 Share capital consolidation.

5.10. Iron Sands Industry

5.10.1. Overview

Amazon Bay is a vanadium-rich titano-magnetite iron sands project in PNG. Iron sand is a grade of sand which is typically black or dark grey in colour with heavy concentrations of iron, and is produced by the natural weathering of certain types of volcanic rocks which contain variable amounts of magnetite (iron oxide) minerals within their matrix.

Iron sand is a 'titano-magnetite' which is a compound of the elements iron, titanium and oxygen. The magnetite minerals may contain other significant elements such as vanadium which can potentially add value as a by-product.

Although iron sand is found internationally, it occurs predominately on the west coast of New Zealand's north island. Other locations include the south coast of Java in Indonesia, PNG, Fiji (around the island of Viti Levu) and around South East Asia. Bluescope Steel Limited operates two iron sand mines in New Zealand. The 'Waikato North Head' mine primarily supplies iron sands for Bluescope's New Zealand steel-making operations at the Glenbrook Steelworks and 'Taharoa' mine supplies iron sands for export.

5.10.2. Marketability of iron sands

The demand for iron and, in turn, iron sands is primarily driven by Chinese demand for steel. Iron sand deposits are not all equally suitable for steel making due to the presence of various critical impurities, or the need for some high-energy grinding to adequately liberate the titano-magnetite. In assessing the grade of the concentrate it is preferable for a higher proportion of iron and lower portion of impurities such as titanium. The presence of titanium means that it contains less iron than magnetite concentrate produced from hard rock sources, and accordingly may be less marketable and realise lower prices.

The quality of the concentrate at Amazon Bay compared to other iron sands projects is summarised on pages 9 and 14 of the TWA Report.

The Amazon Bay concentrate best results to date are 52.3% iron (with titanium levels of 17%). The current estimate at Amazon Bay is 51% iron (with titanium levels of 13%). The iron levels of Amazon Bay are below that of similar projects. In addition, the levels of titanium impurity in the concentrate at Amazon Bay is well above the comparable projects.

Traditional iron ore blast furnaces are limited to the amount of titanium they can handle. Iron-ore feedstocks with greater than 6% titanium affect conventional blast furnace operation and restrict capacity.

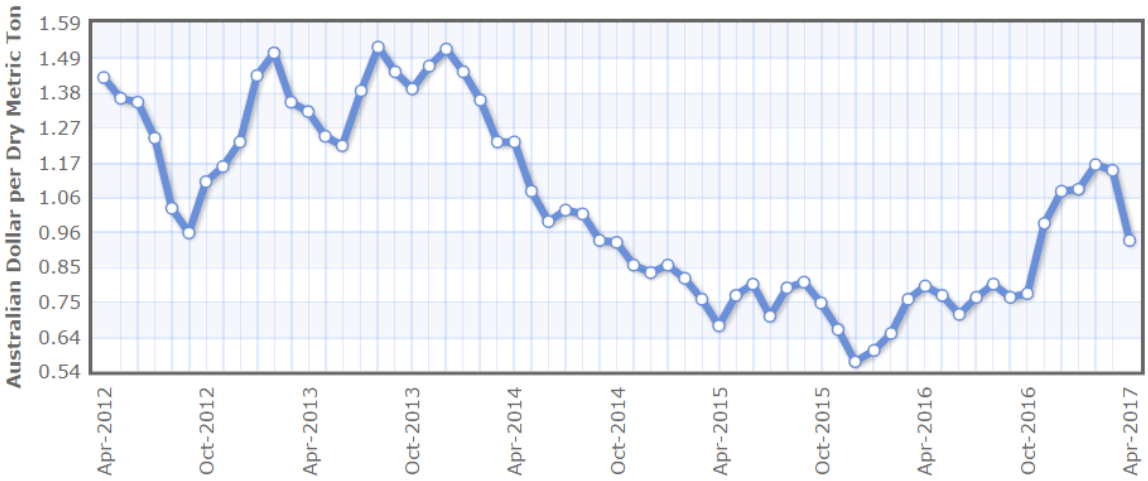
Due to the relatively higher titanium levels of Amazon Bay, greater expenditure would be required to remove the impurities. The Amazon Bay level of titanium would make it difficult to sell to conventional Chinese steel mills which appear to have an upper limit of approximately 2% titanium. Specialised steel mills in China do accept higher titanium content, up to approximately 8%. This could potentially limit the ore FOY could sell to each mill.

However, we understand that the concentrate at Amazon Bay has relatively high vanadium levels which may be attractive to some iron-ore consumers. These types of magnetites have been bought in the past by Chinese mills simply for their vanadium content.

5.10.3. Impact of iron ore price

The price of iron ore is a key factor in the viability of iron sands projects. The key factors which drive the iron ore price are the demand for steel from China and the supply of iron from the larger producers being Rio Tinto, BHP and Vale.

We set out below a graph showing the spot iron ore price from April 2012 until April 2017.



Source: The Steel Index (IMF); A dry metric tonne unit is 1% of iron (Fe) contained in a tonne of ore, excluding moisture. China import Iron Ore Fines 62% FE spot (CFR Tianjin port), Australian Dollar per Dry Metric Ton.

There has been a significant reduction in the dry metric tonne price of iron ore from a high of A$1.52 per tonne in August 2013 to a low of A$0.56 per tonne in December 2015, before recovering partially to trade around A$0.75 per tonne in July 2016.

A consequence of the significant decline in the iron ore price is that iron ore producers have engaged in constant price cutting to move their production volumes in an increasingly competitive environment, with some producers operating at a loss.

Falling iron ore prices has also resulted in a larger supply of cheaper, higher quality iron ore resulting in reduced demand for lower quality iron ore and iron sands.

6. Profile of IGE

6.1. Overview

IGE is an unlisted public company, incorporated in February 2013 in New South Wales as a shelf company. In October 2014, a number of investors joined with the original developers of the Technologies using IGE as the investment vehicle for the purpose of raising the capital required to develop and commercialise the Technologies.

The Technologies were developed, and the intellectual property rights in the Technology owned, by UTOF and BTOLA. BTOLA and UTOF granted a license to use, commercialise and exploit each Technology to IGE in October 2014, in consideration for the sum of $1.00.

UTOF constructed a pilot plant, on which the BKV Commercial Plant is based, to test the WPTF Technology. The pilot plant was subsequently transferred to IGE (and has now been moved to Queensland to test the BTE Technology). IGE provided the funds for the construction of the BKV Commercial Plant, which incorporates the WPTF Technology. On Completion, FOY has agreed to reimburse IGE for all reasonable costs incurred with respect to the commissioning of the BKV Commercial Plant up to an amount approved by the Directors. The BKV Commercial Plant was commissioned in May 2015.

IGE's directors are Paul Dickson, Bevan Dooley, Adrian Lake and Stuart Clark. Paul Dickson and Bevan Dooley were also appointed as Directors of FOY on 24 November 2014.

The IGE Shareholders fall into three main categories:

- The developers of the Technology (and their friends and family);
- Early supporters of the Technology; and
- Seed capitalists.

Mr Bevan Dooley, BTOLA and each of the shareholders of UTOF (being together the principal developers and licensors of the technology) collectively hold 17.099% of the shares in IGE. Mr Dooley is a Director of FOY.

The largest single shareholder of IGE, with 49.462% of IGE's issued share capital is Mr Dickson (via Fandola), a seed capitalist who has contributed significant cash investment to IGE. Mr Dickson is the Chairman of FOY.

In addition to the technology developers and Mr Dickson, there are several other IGE shareholders, as set out in the Table below:

IGE Shareholder	Respective Proportion[6]	Associates (other than IGE Shareholders)	Current FOY Securities
Fandola Investments Pty Ltd	49.462%	Paul Dickson	6,779,311 Shares and 6,779,311 Options
Bevan Dooley and Btola Pty Ltd[7]	6.106%	UTOF	1,379,311 Shares and 1,379,311 Options
Rebelly Healthcare (Shanghai) Ltd	26.390%		1,379,311 Shares 1,379,311Options
Adrian Phillip Lake	3.664%	UTOF	
Adrian Phillip Lake	3.664%	UTOF	
CVO Family Investments Pty Ltd	3.664%	Andrew Kelly and UTOF	
Healey Enterprises Australia Pty Ltd	3.664%	Rodney Healey and UTOF	
Alpha Darling Pty Ltd	2.620%	Benjamin Robertson	
Svenska Seamans	1.650%		
E2E Consulting Pty Ltd ATF The Influence Investment Trust	1.227%	Andrew Kenyon	233,333 Shares 233,333 Options
Garry Ohlson	0.776%		
The Kylin Unit Trust	0.369%		
Martin Ohlson	0.194%		
Adrian Bunter	0.194%		
Powell-Trestrail Family Trust	0.019%		
Total % interest in IGE	**100%**		

IGE aims to exploit the following market drivers:

- Demand for diesel and petrol is continual;
- Cheaper imports are rationalising the fuel manufacturing market;
- Bio-diesel is not a viable replacement for diesel;
- The abundance of plastics make it a viable feedstock for fuel manufacture;
- Cost of processing and contamination sees only about 20% of plastics are recycled; and
- Smaller margins are hurting less competitive fuel manufacturing companies.

The ability of IGE to create a competitive advantage is dependent on IGE's ability to produce diesel and petrol to Australian Fuel Standards, using waste plastics as a feedstock, at a price competitive to the oil majors, with minimal environmental impact.

[6] The Respective Proportion is the percentage shareholding in IGE which the relevant IGE Shareholder has (rounded to three decimal places) and also represents the proportion of the Consideration Securities and (if the Performance Target is met) Milestone Securities that IGE Shareholder will be issued.
[7] As Bevan Dooley controls and is the sole shareholder of BTOLA, their voting power will be aggregated for the purpose of this section. Mr Dooley holds 3.664% of the shares in IGE directly and BTOLA holds 2.442% of the shares in IGE.

The feedstock is waste plastic generated from commercial and domestic use. Currently this waste plastic is dumped in landfills, with a relatively small percentage recycled.

IGE has entered into a contract with Odyssey Waste Control Pty Ltd for the supply of waste plastic as feedstock for the BKV Commercial Plant on a best endeavours basis. IGE also advises that it is in discussions regarding potential off-take contracts for the fuel produced, but as yet nothing binding has been signed.

The recycling of this waste plastic avoids landfill dumping costs and prolongs the life of the landfills, providing significant environmental benefit to the large population centres.

The BKV Commercial Plant has been designed with the objective of producing diesel and petrol which meets Australian Fuel Standards. Due diligence completed by the Company has determined there is a ready market for these standard commodities.

At the maximum throughput of the ACT Commercial Plant of 200 fstpd of feedstock, the estimation completed by IGE indicates that approximately 50m litres of diesel and 16m litres of petrol may be produced annually (assuming the ACT Commercial Plant works as anticipated) which equates to less than 0.2% of Australia's annual fuel consumption. The target market for the diesel and petrol products are mid-size transport operators and mid-size fuel blenders and distributors. It is anticipated that these products would be sold at a small discount to the prevailing market price.

6.2. Technology

Plastics are essentially long chain polymers of hydrogen, oxygen and carbon. Depolymerisation is a process whereby the long chains in plastic are broken apart into smaller chains. Other inorganics are often added to change the base properties of the plastic. One of the by-products of depolymerisation can be petroleum products. The depolymerisation process simulates the natural geological process thought to be involved in the production of fossil fuels.

There have been numerous attempts to commercialise an industrial plastic depolymerisation process as it has the potential to turn plastic waste products into a valuable commodity. The main issue that has plagued such attempts is the wide variety of plastics in use. Each plastic polymer is different, requiring similar but different processes to achieve depolymerisation. As a result, the cost to produce fossil fuels by plastic depolymerisation has been greater than the cost of traditional fossil fuel production.

The Technology utilises a process which efficiently breaks down plastics into petrol, diesel and producer gas. The producer gas is used to power the process, resulting in the commercial production of petrol and diesel.

Importantly, the Technology does not produce bio-diesel. Bio-diesel is a niche product with lower demand than normal diesel. IGE does not compete with bio-diesel producers as IGE has both a different feedstock and produces a different product.

The WPTF Technology is the closest to full commercialisation (via the operation of the commercial plants on a commercial scale). The WPTF Technology depolymerises waste plastics to lower molecular weight hydrocarbons by subjecting them to heat. In the correct conditions, these lower molecular weight hydrocarbons will fall into the range of crude oil, from which LPG, petrol and diesel can be fractionated. In particular, the commercial plants will produce petrol, diesel and LPG. While the general process of depolymerising plastics to fuels has been known for some decades, the WTPF Technology as incorporated in the BKV Commercial Plant addresses several issues which have previously hindered the commercial viability of the process. We understand that these improvements include:

- Dealing with common contaminants by removing ash and depolymerising heavy hydrocarbon was contaminants into fuel range hydrocarbons;
- Producing ready-made fuel by cleaning, scrubbing and fractionating it directly off the kiln; and
- Using multiple functionalities which produce operating efficiency, including feeding non-condensable waste gas into an indirectly fired gas turbine (“IFGT”) which provides heat to the system, can generate power and burns off gas at a sufficient temperature to destroy noxious compounds.

The BTE Technology has been trialled at a small scale but it likely to require around 12 – 18 months of development before it is ready to market. The BTE Technology uses high yielding energy crops, such as Bana Grass, as fuel for an IFGT which results in a more efficient and economical process. Waste heat from the IFGT is re-injected into the kiln to provide a heat source for the combustion of Bana Grass.

The BTF Technology has not as yet been trialled at any scale and at this stage is largely lab based and theoretical. This process uses superheated steam to gasify the biomass, followed by a catalytic process to convert the biomass into liquid fuels.

6.3. Assignment of Technology

The Technologies were developed by BTOLA Pty Ltd ("BTOLA") and UTOF Pty Ltd ("UTOF" and together "the Licensors") and their principals Bevan Dooley (a Director of BTOLA, UTOF and now FOY Group) and Adrian Lake (a Director of UTOF).

In October 2014 IGE acquired the rights to use and commercialise these Technologies under a Licence, although the ownership of the intellectual property remained with BTOLA and UTOF. IGE funded the construction of the BKV Commercial Plant to its current capacity of 50 fstpd.

The Business Sale Agreement allows for the assignment or novation, ("the transfer") of the Technologies to FOY by BTOLA and UTOF.

BTOLA previously filed a number of patent applications in relation to the WPTF Technology. We have been advised by Management that FOY have confirmed that the trade secrets and know-how, as well as all industrial copyright, relating to the Technology have been professionally recorded and will be transferred to FOY at Completion. FOY has engaged a professional engineering architect to compile the necessary documents to effectively review the Technologies..

Management advised that on 23 November 2016, an International Patent Application under the Patent Cooperation Treaty was filed with the Australian Patent Office in relation to the Technologies. The granting of a patent does not guarantee that FOY's intellectual property is protected and that others will not develop similar technologies that circumvents such patents. FOY have advised they believe that the value of the Technologies lies primarily in the industrial copyright, trade secrets and know-how relating to the Technologies ("Soft IP"), rather than the prospective patent. FOY has documented Soft IP to preserve its value for future duplication of the BKV Commercial Plant and to protect against losing key management in the future.

6.4. BKV Commercial Plant and ACT Commercial Plant

The Company will be acquiring the BKV Commercial Plant which is designed to convert waste plastics to fuel. Under the Business Sale Agreement, the BKV Commercial Plant will have the capacity to process 50 fstpd of feedstock. The BKV Commercial Plant has been designed on the basis of data collected from a pilot plant operating at the same location. FOY announced the completion of the first phase of commissioning of the BKV Commercial Plant on 18 May 2015.

IGE is currently seeking the approval of the New South Wales Environmental Protection Authority ("NSW EPA") and the Australian Capital Territory Environmental Protection Authority ("ACT EPA") for the operation of its Business. There is no guarantee that the NSW EPA or ACT EPA will grant IGE an approval to operate its Business in these jurisdictions.

While the timeframe for the ACT and BKV Commercial Plants remains unclear at this point FOY and IGE continue to be in discussion with the respective regulators regarding the licensing requirements of the facilities, and have been advised that to operate the plants as a plastics to fuel conversion facilities, it will have to produce empirical data from a like plant in a like jurisdiction. The FOY Board envisages the operation of its planned overseas Commercial Plants will provide the baseline data that will assist with its future plant developments.

Under the Business Sale Agreement, a Commercial Plant, at the discretion of FOY's Board, must meet the following commissioning requirements by 31 December 2018 ("Commissioning Test"):

- Operating so as to process not less than 35 tonnes of plastic materials per day for not less than 8 days in any calendar month; and
- Producing at least 245,000 litres in the same calendar month of petroleum products (being saleable on-road diesel and petrol) which meet or are blended with petroleum diesel to meet all applicable Australian standards and regulatory requirements.

If the Commissioning Test has not been met by 31 December 2018, the Company may terminate and unwind the transactions under the Business Sale Agreement for nominal consideration (subject to receiving Shareholder and other regulatory approvals at that time).

On Completion, FOY has agreed to reimburse IGE all reasonable expenses incurred by IGE with respect to the commissioning of the BKV Commercial Plant up to a limit to be approved by FOY's Board of Directors. The value of these funds is at the discretion of the FOY Board, subject to substantiation by IGE.

The BKV Commercial Plant, whilst based on an operating pilot plant, is the first commercial scale plant of its type and does not have a long operating history. As such, there remains an inherent risk that the BKV Commercial Plant and the ACT Commercial Plant may not fully deliver the financial benefits anticipated by FOY.

6.5. Key risks

The key risks of the Business include, but are not limited to, the following:

- The technologies may not work as planned when scaled up to the satisfaction of the industry or regulation levels;
- The intellectual property rights owned by BTOLA and UTOF may be challenged by competitors or other third parties, which may prevent or delay IGE from undertaking its Business Plan;
- The ability of feedstock suppliers to supply the required quality and quantity of feedstock;
- IGE's inability to attract new clients in numbers sufficient to grow the Business as outlined in its Business Plan;
- IGE may not accurately forecast future infrastructure requirements which could result in excess or insufficient capacity;
- Obtaining the necessary governmental permits can be a particularly complex, time consuming and costly process. The Business may fail to obtain the governmental permits necessary to operate its plants and advance its operations;
- IGE may be exposed to currency risk as the price of outputs (petrol and diesel) and is based on the TGP which, in turn, is driven by the crude oil price denominated in US Dollars;
- IGE is exposed to movements in supply and demand for fuel products, to commodity prices and to deterioration in economic and financial conditions; and
- IGE's activities will have a considerable production expense. Increased costs could result from a number of factors outside IGE's control.

6.6. *Financial performance*

IGE's unaudited financial performance for the financial years ended 30 June 2016 and 31 December 2016 is summarised below:

IGE	Year ended		Half year ended	
$'000	30 Jun 15	30 Jun 16	31 Dec 15	31 Dec 16
Revenue				
Trading Profit	(9)	41	32	100
Interest Income	1	1	1	-
Total Income	(8)	42	33	100
Expenses				
R&D Expenses	(657)	(477)	(204)	(252)
Interest Expense	-	(25)	(20)	-
Other Expenses	(617)	(1,305)	(591)	(559)
Loss before income tax expense	**(1,282)**	**(1,765)**	**(782)**	**(711)**
Income tax benefit	342	321	342	277
Net Loss for the year	**(940)**	**(1,444)**	**(440)**	**(434)**

Source: Management accounts.
Note: Numbers may not add due to rounding.

We note the following regarding IGE's historic financial performance:

- IGE was incorporated in February 2013 with limited operations to date, as most of the development and operating activities have been undertaken by the Licensors.
- IGE has generated $99,542 of income for the half year ended 31 December 2016 with a net loss of $434,364. The net loss for the twelve months ended 30 June 2016 was $1,443,622.
- It continues to incur significant administration and R&D expenses in advancing its operations and commercialising the Technologies.

6.7. *Financial position*

IGE's historic financial position as at 30 June 2015, 30 June 2016 and 31 December 2016 are summarised below:

IGE	As at		
$'000	30 Jun 15	30 Jun 16	31 Dec 16
Cash and equivalents	222	26	60
Trade and other receivables	4	307	5
Other assets	346	334	116
Property, plant and equipment	293	390	333
Total assets	**865**	**1,058**	**514**
Trade and other payables	518	1,334	1,313
Provisions	6	12	36
Loans from related parties	239	353	553
Total liabilities	**763**	**1,699**	**1,902**
Net liabilities	**102**	**(641)**	**(1,388)**

Source: Management accounts.
Note: Numbers may not add due to rounding.

We note the following regarding IGE's historic financial position:

- Assets primarily comprised cash and property, plant and equipment.
- Liabilities comprised accounts payable, financial liabilities, current tax liabilities and provisions. The increase being attributable to IGE deferring settlement of the said liabilities with a view to managing its cashflow.
- Loans from related parties comprise a loan totalling $200,000 advanced to IGE by Fandola to assist with IGE's cashflow, and a separate loan from Rebelly (outstanding balance of $225,000 as at 31 December 2016).
- Property, plant and equipment reflect the costs incurred in constructing the BKV Commercial Plant in addition to depreciation.
- IGE has also executed a contract of sale to acquire the property located 11 Apprentice Drive Berkeley Vale NSW 2261 at which the Business is conducted, for consideration of approximately $500,000. A 20% deposit has been paid in August 2015 and the balance due and payable in 2 years' time. This is reflected in the other assets balance.
- IGE has a net liability position as at 31 December 2016.

6.8. Industry overview

6.8.1. Fuel

6.8.1.1. Manufacturing

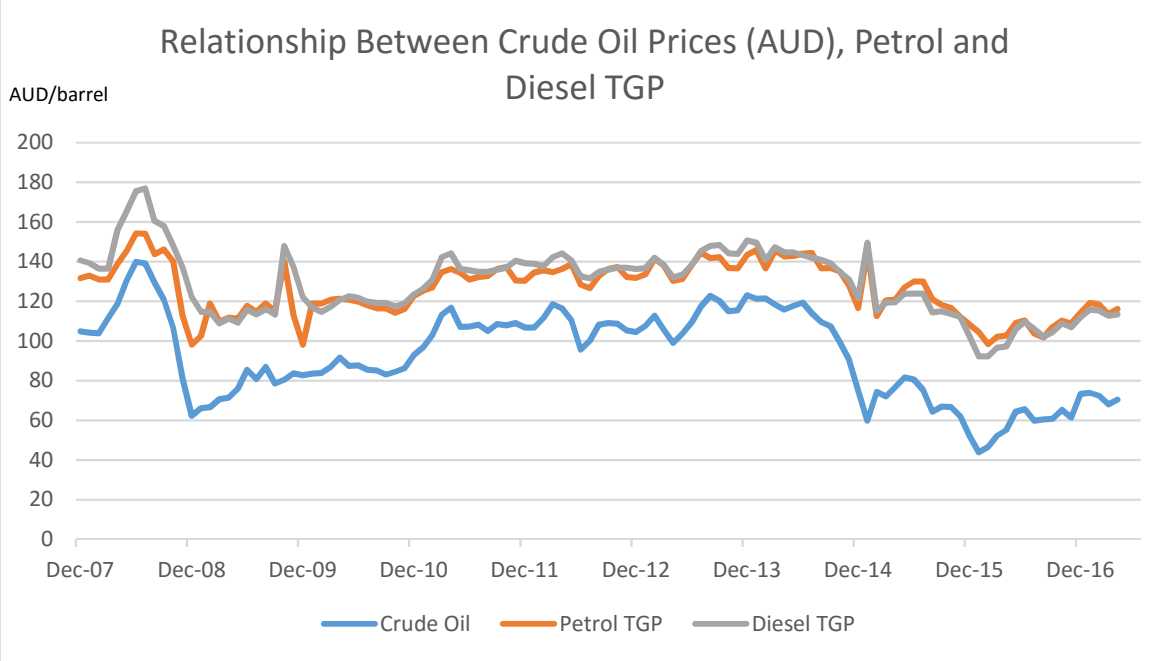
The fuel manufacturing industry in Australia is highly concentrated with the top four producers responsible for 86% of market share. The industry runs on high volumes, low margins and is capital intensive. This generally makes it difficult for minor operators to reach sufficient economies of scale.

Recent years have seen the top four producers being challenged by new refineries operated in the Asia-Pacific region which are typically capable of more efficient production. This has resulted in the closure of significant Australian refineries and a reduction in the revenues of the local industry.

Key external drivers for the industry include:

- Global crude oil prices - production competition between OPEC and the United States combined with modest demand growth has seen major falls recently in crude oil prices. The profitability of the alternatives fuel industry is largely driven by the crude oil prices, with inefficient or under-capitalised operators in particular struggling with lower crude oil prices;
- Foreign exchange rates - the Australian manufacturing industry competes with wholesalers importing products that have already been refined. The strength of the Australian Dollar determines the US Dollar equivalent cost of refining product in Australia; and
- Electricity prices - refining petrol is a highly energy-intensive process. Lower electricity costs decrease input costs for refiners, allowing for greater profits. Electricity costs are expected to decrease in the short to medium term. We note that IGE uses producer gas, a by-product in its depolymerisation process, instead of electricity to fuel its plant and accordingly any movements in electricity prices are unlikely to materially impact IGE's profitability.

The relationship between global crude oil prices (in A$) and the petrol / diesel TGP is shown below. TGP represents the wholesale petrol / diesel price in Australia.



Source: Australian Institute of Petroleum, www.indexmundi.com.

We note the following key observations in relation to the above prices[8]:

- There is historically a strong correlation between the crude oil price (A$) and the TGP, which has remained so up to December 2016;
- Crude oil has traded in the core range of A$43 to A$123 per barrel from 2010 to late 2016, falling during January 2016 as low as A$40 per barrel, before partially recovering to the price range of A$45 to A$73 in March to December 2016; and
- The crude oil price per barrel has fluctuated between A$75 (US$44) and A$61 (US$54) per barrel up to May 2017, with projected prices to remain at around US$55 during 2017[9].

6.8.1.2. End users

IGE's main outputs are petrol and diesel, which operate in two similar but distinct markets.

The predominant end-user of the petrol market is household vehicle transport. The petrol is provided to the end-user through integrated fuel wholesalers and retailers, non-integrated wholesalers and retailers and export markets.

The retail market (including integrated fuel wholesalers) has high entry barriers due to the strong market share of the incumbents and high levels of infrastructure required. As such, IGE plans to focus on the wholesale industry and fuel blenders and distributors.

The diesel market has a more diverse end-user profile, which includes the household vehicle transport, commercial transport, mining, construction and agriculture sectors.

The diesel market has comparatively lower entry barriers due to the more diverse mix of users and higher focus on the wholesale market. IGE's target market is transport operators and the broader wholesale market.

[8] Source: US Energy Information Administration, National Australia Bank, Commonwealth Bank and Westpac Banking Corporation. Data retrieved via ExchangeRates.org.uk, http://www.exchangerates.org.uk/commodities/OIL-AUD-history.html
[9] Source: http://pubdocs.worldbank.org/en/174381493046968144/CMO-April-2017-Full-Report.pdf

6.8.1.3. Market size and demand drivers

Total sales of petroleum products were 55.2 billion litres in Australia for 2014-2015 and 55.4 billion litres for 2015-2016. For 2015-16, this is split into petrol sales of 20.4 billion litres and diesel sales of 23.9 billion litres, with other petroleum products making up the extra 10.9 billion litres. Key drivers for the:

- Petrol market include the number of motor vehicles in Australia and real household discretionary income; and
- Diesel market include the performance of the industries that use diesel, and in particular the transport, mining and construction industries[10].

6.8.2. Plastic Waste

Australia generated over 2.3m tonnes of plastic waste in 2008-09. Traditionally in Australia, when a plastic reaches the end of its useful life it is disposed to landfill or is recycled. In this period, 520,900 tonnes were recycled[11].

Importantly, the tonnage recycled is not necessarily sourced from the plastics consumed in that year, with a number of plastic products having a useful life in excess of 1 year. There is currently no reliable data on the profile of plastic products going to landfill and accordingly it is not possible to determine what portion of plastics remain in use and what portion are disposed of into landfill.

IGE plans to source the plastic feedstock from the following participants in the waste market:

- Waste management enterprises - generally collect waste from business for a fee and deposit at landfill operators. The landfill operators charge a fee based on weight. Accordingly if IGE can divert some of this waste, the waste management enterprises can reduce their landfill fees;
- Plastic aggregators - sort plastics for use by plastic reprocessors. IGE intends sourcing from the aggregators plastics that cannot be provided to the reprocessors and which would otherwise be sent to landfill; and
- Plastic reprocessors - value add plastic waste by converting it into other usable plastics. IGE intends on sourcing from the reprocessors contaminated or otherwise unrecyclable plastics which would otherwise have to be sent to landfill.

7. Valuation of FOY before the IGE Acquisition

7.1. Value definition

HMJC's valuation of FOY before the IGE Acquisition has been made on the basis of fair market value defined as the price that could be realised in an open market over a reasonable period of time given the current market conditions and currently available information, assuming that potential buyers have full information, in a transaction between a willing, but not anxious seller and a willing, but not anxious, buyer acting at arm's length.

7.2. Valuation methodology for FOY – before the IGE Acquisition

In selecting an appropriate valuation methodology, we considered the applicability of a range of generally accepted valuation methodologies. These included:

- Discounted Cash Flow;
- Capitalisation of Future Maintainable Earnings;
- Net Asset Value; and
- Quoted Share Price.

[10] Source: https://industry.gov.au/Office-of-the-Chief-Economist/Publications/Documents/aps/2016/Australian_Petroleum_Statistics_239_June2016.pdf, table 3A.
[11] Source: http://www.environment.gov.au/system/files/resources/b4841c02-229b-4ff4-8b3b-ef9dd7601d34/files/waste-recycling2011.pdf, table 4-9.

Further details of each methodology are contained in Appendix B.

FOY's principal asset is its Amazon Bay exploration tenements. These tenements are still at the exploration stages and are yet to generate any revenue. The future profitability and operational life of such assets, if any, depend on the outcome of exploration and evaluation programs that are not predictable.

In the circumstances, we consider that the most appropriate valuation method for FOY is the assessment of the fair value of its underlying net assets as a going concern. We have used the net assets of the Company based on the audit reviewed half year report as at 31 December 2016, as set out in Section 7.3.2 as the basis for our valuation.

In accordance with the ASIC Regulatory Guide 112 "Independence of experts" ("RG 112"), if specialist advice is required on a particular matter for the purposes of a Report, the expert should retain an independent specialist to provide this advice. Accordingly, TWA has been engaged as an independent specialist to prepare a valuation of FOY's exploration assets. Copies of the TWA Report and TWA Addendum are attached as Appendix C.

The TWA Report and TWA Addendum were prepared in accordance with the Australasian Institute of Mining & Metallurgy's ("AusIMM") Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (known as the "VALMIN Code").

We have satisfied ourselves as to TWA's qualifications and independence from both FOY and IGE and have placed reliance on the TWA Report and TWA Addendum.

The valuation methodology adopted by TWA is outlined in its reports. The methods used include an assessment of the:

- Appraised value;
- Value of comparative projects;
- Conceptual economic estimates; and
- Farm-in transactions for Amazon Bay.

7.3. Net Asset Valuation of FOY – before the IGE Acquisition

Our estimation of the fair value of FOY Shares before the IGE Acquisition, adopting the net asset valuation methodology, is set out below:

$'000	Section	Low	High
Fair value of FOY's tenements	7.3.1	9,000	19,800
Book value of other assets and liabilities	7.3.2	(1,890)	(1,890)
Post 1 January 2017 adjustments	7.3.3	(705)	(705)
Equity value of FOY (control)		**6,405**	**17,205**
Number of Shares (000's)		68,990	68,990
Value per Share ($)		**0.093**	**0.249**

Source: FOY financial statements at 31 December 2016 and relevant information
Note: Values may not add due to rounding.

In determining the fair value of FOY's tenements we have adopted the value of Amazon Bay on a 100% equity interest basis as determined by TWA and outlined in the TWA Addendum dated 11 May 2017, then calculated FOY's 90% equity interest in Amazon Bay.

We have used the audit reviewed financial position of FOY as at 31 December 2016 as the basis to determine the values of all other assets not accounted in Section 7.3.1.

Based on the above, we have estimated the fair value of a FOY Share on a control basis before the IGE Acquisition to be in the range of $0.093 and $0.249.

7.3.1. Fair value of FOY Group's tenements

In determining the fair value of FOY Group's tenements we have:

- Adopted the value of Amazon Bay on a 100% equity interest basis as determined by TWA in the TWA Addendum; and
- Calculated FOY Group's 90% equity interest in Amazon Bay based on TWA's valuation.

	Ref	Low	High
Fair value of Amazon Bay ($'000)	Note 1	10,000	22,000
FOY's equity interest		90%	90%
Value of FOY's 90% equity interest		**9,000**	**19,800**

Note: Numbers may not add due to rounding.
[1] TWA has assessed the fair value of Amazon Bay based on various methods - refer to Appendix C.

7.3.2. Book value of other net assets as at 31 December 2016

We have used the audit reviewed financial position of FOY as at 31 December 2016, as details in Section 6.3 as the basis to determine the values of all other net assets not accounted in Section 7.3.1 as noted below.

$'000	31 Dec 16
Cash and equivalents	40
Trade and other receivables	25
Other assets	36
Intangibles	32
Property, plant and equipment	156
Total other assets	**289**
Trade and other payables	(1,741)
Financial liabilities	(438)
Total other liabilities	**(2,179)**
Book value of other net assets/(liabilities)	**(1,890)**

Source: FOY's audit reviewed half year report for the period ended 31 December 2016.
Note: Numbers may not add due to rounding.

7.3.3. Post 1 January 2017 adjustments

We have adjusted for material movements in the fair value of other net assets since 1 January 2017, by evaluating the subsequent events and budgeted (to the EGM date) financial performance of FOY, as noted below:

	Ref	$'000
Transaction and operating costs	7.3.3.1	(675)
Tenement based costs	7.3.3.2	(30)
Total Post 1 January 2017 adjustments		**(705)**

Note: Numbers may not add due to rounding.

7.3.3.1. Transaction costs

FOY's management estimates that the operating and transaction costs during this period in relation to the Proposed Transaction and associated fundraising activities are expected to be approximately $675,000. The operating costs are indicative of cash flows relating to the day to day operations of FOY. The transaction costs include legal and other professional fees but exclude stamp duty, underwriting fees, and ASX relisting fees that would only be incurred if the Proposed Transaction is approved at the EGM.

7.3.3.2. Net operational costs

FOY's management have incurred tenement based costs of approximately $30,000 from 1 January 2017.

8. Evaluation of the IGE Acquisition

The valuation of a FOY Share on a minority basis after the IGE Acquisition requires us to determine a value of the IGE assets. In evaluating the possible valuation methodologies to apply to the IGE assets, we have considered the valuation guidelines set out in RG 111 and summarised in Appendix B.

The appropriateness of valuation methodologies outlined in Appendix B are considered below:

- **Discounted Cash Flow (*"DCF"*)** - In our view, the DCF method is most appropriate to value a business in the growth stage. We have reviewed the IGE Business Plan, cash flow forecasts and the underlying assumptions prepared by IGE management. Based on this review, we note that any forecasts of revenue, profits and cash flows for the Business are highly uncertain and involve a considerable amount of speculation, given that the Technologies are in the process of being commercialised and IGE has not yet generated any material revenue. As a result, in our opinion, it is not possible to determine with any certainty the future cash flow projections on a reasonable basis in a manner in accordance with the requirements of RG 111.
- **Capitalised Future Maintainable Earnings ("*CFME*")** - Valuation of IGE on a CFME basis is not appropriate as IGE has limited historical financial data, no history of profitability and is not currently profitable.
- **Net Asset Value (*"NAV"*)** - IGE has a business model with potential for future growth which the assets on the balance sheet do not adequately capture. While the net asset value recorded on the balance sheet may not be a fair representation of the future value of IGE business being acquired it is a relevant consideration of value.
- **Quoted Price** - As IGE is not a publicly listed company, no quoted Share prices are available.
- **Recent offers or potential acquirers** - We are not aware of any recent offers or other parties interested in acquiring IGE.

Based on the above considerations, we believe that the most appropriate valuation methodology to consider the value of a FOY Share on a minority basis after the IGE Acquisition IGE is a sum of parts approach with an allowance for the IGE assets based on the Net Asset Value approach. This is set out below.

8.1. Valuation of FOY after the IGE acquisition

8.1.1. Valuation of FOY – after the IGE acquisition and proposed fundraising

The value of FOY using the net assets valuation methodology is reflected below. This assumes the proposed offer is successful and all $15m in securities are fully subscribed under the offer.

	Section	Low	High
Equity value of FOY (control) ($'000)	7.3	**6,405**	**17,205**
Book value of IGE	6.7	(1,388)	(1,388)
Capital raising	3.4	15,000	15,000
Fund raising costs (including brokerage charges) (net of tax effect)	3.4	(525)	(525)
IGE project commissioning costs	3.4	(1,900)	(1,900)
		17,592	**28,392**
Number of shares ('000)	7.3	**68,990**	**68,990**
IGE acquisition	3.4	209,700	209,700
Related parties securities	3.4	4,163	4,163
Issues to non-related lenders	3.4	6,184	6,184
Issue of Clark, Dickson, Palmer, Genia and McIntosh securities	3.4	2,633	2,633
Capital raising	3.4	75,000	75,000
		366,670	**366,670**
Value per share (assume successful capital raise) ($)		**0.048**	**0.077**
Minority discount	8.1.2	**29%**	**23%**
Value per share (minority basis) ($)		**0.034**	**0.060**

The assessed value per FOY share after the IGE acquisition assuming the capital raising is successful is in the range of $0.034 to $0.060. Refer to Section 8.2 below for further comments.

8.1.2. Minority Discount

Empirical data suggests the long term average control premium paid for Australian listed companies is in the range of 30% to 40%. If the transaction is successful, current shareholders will remain minority shareholders in FOY.

We have therefore adjusted our valuation of a share in the proposed merged entity to reflect a minority interest holding. A minority interest discount is the inverse of a premium for control and is calculated using the formula [1-(1/1+control premium)]. We consider an appropriate minority interest discount to be in the range of 23% to 29%.

8.1.3. Valuation of FOY – after the IGE acquisition and no fundraising

The value of FOY using the net assets valuation methodology is reflected below. This assumes that the proposed fundraising does not proceed and no funds are raised under the offer, and accordingly certain expenses and application of funds will also not be incurred.

	Section	Low	High
Equity value of FOY (control) ($'000)	7.3	**6,405**	**17,205**
Book value of IGE	6.7	(1,388)	(1,388)
Capital raising	3.4	-	-
Fund raising costs (excluding brokerage charges) (net of tax effect)	3.4	(357)	(357)
IGE project commissioning costs	3.4	-	-
		4,660	**15,460**
Number of shares ('000)	7.3	**68,990**	**68,990**
IGE acquisition	3.4	209,700	209,700
Related parties securities	3.4	4,163	4,163
Issues to non-related lenders	3.4	6,184	6,184
Issue of Clark, Dickson, Palmer, Genia and McIntosh securities	3.4	2,633	2,633
Capital raising	3.4	-	-
		291,670	**291,670**
Value per share (assume unsuccessful capital raise) ($)		**0.016**	**0.053**
Minority discount	8.1.2	**29%**	**23%**
Value per share (minority basis) ($)		**0.011**	**0.041**

The assessed value per FOY share after the IGE acquisition assuming the capital raising is not successful is in the range of $0.011 to $0.041. Refer to Section 8.2 below for further comments.

8.1.4. Share options

The value of the options have been considered, however considering the options are out of the money (both in the pre-acquisition and post-acquisition scenario above) we have assumed that they will not be exercised as part of the IGE and Related parties securities transactions, and therefore will have no impact on the valuations above.

8.2. Fairness

We have considered the valuation guidelines set out in RG 111 and summarised in Appendix B. Pursuant to RG 111 the transaction is "fair" if the value of the consideration is equal to, or greater than the value of the securities purchased. The comparison is shown in the table below:

$	Section	Low	High
Value of one FOY share held prior to the transaction	7.3	0.093	0.249
Value of one FOY share after acquisition and capital raise	8.1.1	0.034	0.060
Value of one FOY share after acquisition and no capital raise	8.1.3	0.011	0.041

As the assessed value of a FOY share post the IGE transaction is less than the assessed valuation of a FOY share prior to the transaction, in our opinion, the transaction is **not fair** to FOY shareholders when assessed based on the Guidelines set out in RG 111.

We have therefore also concluded that the interdependent granting of security in favour of Fandola under the General Security Deed which is partly the subject of Resolution 2 of the Notice of EGM, is also **not fair**.

8.3. Reasonableness

For the purposes of RG 111, an offer is considered to be reasonable if it is fair. However, even if it is not fair it may be reasonable if there are sufficient reasons for the Shareholders to accept the offer.

After considering the advantages and disadvantages of the IGE Acquisition for Non-Associated Shareholders, in our opinion the IGE Acquisition is **reasonable** to Non-Associated Shareholders in the absence of any other relevant information and/or a superior proposal. We also conclude that the interdependent granting of security in favour of Fandola over all of FOY's assets under the General Security Deed is reasonable to Non-Associated Shareholders.

8.3.1. Advantages

The primary advantages to Non-associated Shareholders of approving the IGE Acquisition are as follows:

8.3.1.1. Limited alternative sources to funding

As a junior exploration company, FOY does not currently generate any revenue and relies solely on equity capital raisings and shareholder loans to fund its operations. The ability to continue as a going concern is dependent on FOY being able to raise sufficient funds to continue its operations, in conjunction with other possible initiatives.

Management believes that FOY has exhausted the equity raising options available to a "pure play" exploration company with a small market capitalisation. The scarcity of capital is demonstrated by the waiver by the Directors, including the Managing Director, to their entitlement to all remuneration during the period required to complete the IGE Acquisition and until the Company is operating on a cash flow positive basis.

Based on our discussions with FOY management, FOY is likely to find it challenging to raise further funding solely for exploration activities for the following reasons:

- Poor current prospects for junior iron-ore companies - the significant fall in iron-ore prices and the poor current prospects for junior iron-ore companies makes meaningful equity raisings for FOY's exploration activities highly unlikely in the short to medium term. This is exacerbated by it being considered uneconomic to proceed to a bankable feasibility study on Amazon Bay under current market conditions. At the present date, share market investors have little or no interest in subscribing for capital in junior exploration companies with little or no prospect of obtaining the funding necessary to proceed to feasibility plans and mine plans to commence profitable mining;
- Recent capital raisings from parties associated with IGE and other sophisticated investors seeking exposure to IGE – we understand that recent capital raisings by FOY have been supported by parties associated with IGE (in particular Paul Dickson who is the Chairman of, and shareholder in, IGE) and other sophisticated investors seeking exposure to IGE. We understand that these capital raisings would not have been possible in the absence of the IGE Acquisition; and
- Debt funding not available - FOY is currently unable to obtain independent debt funding for its exploration activities.

The Independent Directors have confirmed that they have actively sought alternative sources of funding for FOY's exploration activities, and have found no sources of capital willing to meaningfully fund FOY in the absence of the change of business direction. Without such capital, FOY may be required to cease all exploration activities and wind-up the Company.

8.3.1.2. Projected cashflow positive IGE to provide funding for Amazon Bay

The Board determined that, for the reasons outlined above, the most desirable way to source ongoing funding required to explore Amazon Bay is through internal funding, by way of a cash flow positive project. Although IGE's BKV Commercial Plant is still under construction and commercialisation activities are still in progress, IGE management believes there are strong prospects for BKV Commercial Plant to generate positive cash flow in the near term, noting that it is challenging to create a reasonable forecast of revenue, profits and cash flows without a considerable amount of speculation, recognising that the Technologies are in the process of being commercialised and IGE has not yet generated any revenue of substance.

8.3.1.3. Acquire operating business with upside potential

IGE constitutes a significant change to the nature and scale of FOY's activities and provides the Company with an alternative business direction allowing shareholders to participate in any potential upside arising from the IGE Acquisition, noting the risks involved (refer to Section 6.5).

8.3.1.4. Possible access to capital

Completion of the IGE Acquisition provides FOY with an opportunity to seek potential funding via the Proposed Fundraisings to raise additional capital to be available for the Company, the expansion of IGE and for general working capital purposes. Although the IGE Acquisition is not expressly conditional on a minimum amount of funds being raised under the Proposed Fundraisings, it is conditional on the ASX re-admitting and quoting FOY's shares on the ASX. If sufficient funds are not raised under the Proposed Fundraisings, there is a risk that FOY will not be able to re-comply with Chapters 1 and 2 of the ASX Listing Rules in which case the re- admittance and quotation on the ASX would not occur. Under these circumstances, the IGE Acquisition would not proceed.

8.3.1.5. Increased investor interest and improved liquidity

The IGE Acquisition may increase FOY's market capitalisation and may attract greater interest from sharemarket investors, particularly as the Business achieves key commercial milestones. The IGE Acquisition combined with the Proposed Fundraising could enhance the liquidity in FOY Shares and may result in a Share price "re-rating".

8.3.1.6. 100% scrip consideration

100% of the consideration for the IGE Acquisition is being paid for with FOY Shares and there are no cash payments to the IGE shareholders, thereby aligning the interests of the vendor of the Business with the Non-Associated Shareholders.

8.3.2. Disadvantages

The primary disadvantages to Non-associated Shareholders of approving the IGE Acquisition are as follows:

8.3.2.1. Dilution in shareholding and loss of control

The IGE Acquisition would result in the dilution of the shareholders' aggregate interest and voting power in FOY from 100% to between 27.00%[12] and 42.66%[13], following the issue of Consideration Securities but before the issue of Milestone Securities.

8.3.2.2. Controlling stake in FOY

Immediately following completion of the IGE Acquisition and Proposed Fundraisings, the IGE shareholders will collectively have voting power of 61.08%, which assumes that no Option holders have exercised their Options. Although the recipients of the Consideration Securities and Milestone Securities are multiple parties, we note that Dickson has a 49.46% ownership in IGE.

Prior to the IGE Acquisition, Dickson owns 6.8 million Shares in FOY (representing a 9.8% undiluted interest). After the IGE Acquisition, Dickson's interest in FOY could potentially increase to 39.75%

[12] This assumes that no Non-Associated Option holders exercise their Options but all IGE shareholders exercise their Options. However, as most if not all IGE shareholders' Options will be restricted securities escrowed for up to 24 months from the date of re-quotation of FOY's Shares on ASX, any exercise of these Options during this period will be in breach of the restriction agreements to be entered into between each of the IGE shareholders and FOY. As such, the IGE shareholders' voting power is unlikely to be increased to this level until the end of the escrow period (and this also assumes that no other Option holders have exercised their Options during that time).

[13] This assumes that all Non-Associated Option holders exercise their Options but no IGE shareholders exercise their Options.

following issue of the Consideration Securities and Milestone Securities and exercise of Options by IGE shareholders only. At this shareholding, Dickson would be able to block special resolutions and may also deter others from making a future takeover bid for the Company.

8.3.2.3. Risk of failure

The inherent risks attached to investing in technologies without operating history by the incumbent is high. Shareholders should consider the risks of the IGE Business as set out in Section 3.4 of the Notice of EGM and Section 6.5 of this Report. We note that, as set out in Section 6.4 should the commissioning requirements not be met by 31 December 2018, the Company may terminate and unwind the IGE Acquisition under the Business Sale Agreement for nominal consideration (subject to receiving shareholder and other regulatory approvals at that time). However, significant capital and operating expenditure is required by FOY prior to this date.

8.3.2.4. Possible failure to raise capital

The IGE Acquisition is not conditional on the successful Proposed Fundraisings or alternative capital raisings. A risk exists that, even if the IGE Acquisition is approved, the Company may not be able to raise capital to fund the Company, the expansion of IGE, and for general working capital purposes.

8.3.2.5. Possible failure to remove ASX suspension

If the IGE Acquisition is approved the Company will be suspended from trading on the ASX until it meets the admission requirements of ASX Listing Rules Chapters 1 and 2. Although completion of the IGE Acquisition is conditional on a re-quotation of FOY's Shares on the ASX, a risk exists that the Company may not be able to meet the requirements of the ASX for re-quotation of its Shares. Should this occur, the Shares cannot be traded on the ASX until such time as those requirements are met, or the IGE Acquisition is terminated for not satisfying the re-quotation condition, leaving Non-Associated Shareholders with a minority interest in an unlisted public company and no liquidity.

8.3.2.6. Possible divergent objectives of Non-Associated Shareholders

FOY's alternative business focus on the Technologies may not be consistent with the objectives of all Non-Associated Shareholders, particularly those who bought Shares in the Company for exposure to its mining exploration assets in the first instance.

8.3.2.7. No future proposals

If the IGE Acquisition is approved, Non-Associated Shareholders would be restricted in their ability to entertain possible alternative proposals with a view to possibly achieving a more beneficial outcome. However, as noted in Sections 5.7 and 8.3.1.1, if the IGE Acquisition is not approved, FOY may not have the ability to continue as a going concern in the absence of a capital raising, which we understand is unlikely in the short to medium term as a junior iron-ore exploration company with a small market capitalisation, given current market conditions.

8.3.2.8. Ability to obtain additional debt funding

The granting of security to Fandola may impact on the ability of FOY to attract other sources of debt funding which require pledging of security. In addition, we note that FOY advises us that no alternative transactions are currently being considered.

8.4. Conclusions

In our opinion the IGE Acquisition is **not fair but reasonable** to Non-Associated Shareholders of FOY in the absence of any other relevant information and/or a superior proposal.

9. Evaluation of the issue of Related Parties Securities

9.1. Fairness

Issue of the Related Parties Securities is conditional on Completion of the IGE Acquisition. To assess fairness of the Related Parties Securities we are required to compare the effective issue price of the Shares and free attaching Option, and the exercise price of the Options, to the value of a FOY Share on a minority basis after the IGE Acquisition.

Name of related parties	Balance of loan	Shares and free attaching options to be issued	Effective issue price of Shares and free Option	Options to be issued	Exercise price of Options
Fandola Investments Pty Ltd ("Fandola")	$550,000	3,052,500 (shares) 3,052,500 (options)	$0.18	3,052,500	$0.18
Rebelly Healthcare (Shanghai) Ltd ("Rebelly Healthcare")	$200,000	1,110,000 (shares) 1,110,000 (options)	$0.18	1,110,000	$0.18

Based on our valuation of FOY shares on a minority basis after the IGE transaction in Section 8.2, the shares being issued to related parties appears above the valued price, and therefore, we must conclude that the Related Parties Securities are **not fair**.

9.2. Reasonableness

For the purposes of RG 111, an offer is considered to be reasonable if it is fair. However, even if it is not fair it may be reasonable if there are sufficient reasons for the Shareholders to accept the offer.

After considering the advantages and disadvantages of the Related Parties Securities for Non-Associated Shareholders, in our opinion the Related Parties Securities is **reasonable** to Non-Associated Shareholders in the absence of any other relevant information and/or a superior proposal. We also conclude that the interdependent granting of security in favour of Fandola over all of FOY's assets under the General Security Deed is reasonable to Non-Associated Shareholders.

9.2.1. Advantages of approving the issue of Related Parties Securities

The primary advantages to Non-associated Shareholders of approving the IGE Acquisition are as follows:

9.2.1.1. Extinguishment of debt

The principal advantage of the issue of Related Parties Securities is that it will extinguish indebtedness of $750,000 owing to Fandola and Rebelly Healthcare, converting this liability into ordinary Shares, with a free attaching option at the value of 18 cents per FOY Share and free attaching option, plus Options with an exercise price of 18 cents per Share.

9.2.1.2. Preservation of working capital

FOY proposes to raise additional capital of $15 million under the Proposed Fundraising in order to fund the IGE Acquisition and proposed fund raising costs, acquisition of land in Hume, ACT and Berkeley Vale, NSW, establish a subsidiary and office in China, capital expenditure for the design and construction of IGP modules and working capital. If the Related Parties securities are not approved and FOY is required to settle the amounts owing to the Fandola and Rebelly Healthcare, FOY's available capital would reduce by approximately $750,000.

9.2.2. Disadvantages

The primary disadvantages to Non-associated Shareholders of approving the Related Parties Securities are as follows:

9.2.2.1. Increase in significant shareholding

The principal disadvantage of the issue of Related Parties Securities is that Fandola and Rebelly Healthcare and their associates will, upon completion of the IGE Acquisition along with the issue of the Shares and assuming conversion of the Options, own up to 60.10% of FOY, thereby giving them an influential shareholding position in the Company. However, we note that after the IGE Acquisition, Paul Dickson's interest in FOY could potentially increase to 39.75% following issue of the Consideration Securities and Milestone Securities and exercise of Options by IGE shareholders only. At this shareholding, Dickson would already have a large, influential shareholding in the Company. As such, the additional increase in voting power from the issue of Related Parties Securities to Fandola would not materially change Dickson's influence over the Company.

9.3. Conclusions

In our opinion the Related Parties Securities are **not fair but reasonable** to Non-Associated Shareholders of FOY in the absence of any other relevant information and/or a superior proposal.

10. Qualifications, declarations and consents

10.1. Qualifications

The principle persons responsible for preparing this report on behalf of HMJC are Nicholas Guest and Simon James. HMJC is a wholly owned entity of HLB Mann Judd's New South Wales Partnership. HMJC holds an Australian Financial Services Licence in accordance with the Corporations Act 2001 and its authorised representatives are qualified to provide this Report.

Simon James is a Partner of HLB Mann Judd's New South Wales Partnership and a director and representative of HMJC. Simon has more than 20 years' experience in providing corporate financial advice in relation to mergers and acquisitions and valuation services including the preparation of expert reports. Simon is an Associate of Chartered Accountants Australia and New Zealand and holds a Bachelor of Arts (Honours in Accountancy) and a Master of Business Administration.

Nicholas Guest is a Partner of HLB Mann Judd's New South Wales Partnership and an authorised representative of HMJC. Nicholas has more than 10 years' experience in the preparation of independent expert reports and valuations of business entities in a wide range of industry sectors. Nicholas is an Associate of Chartered Accountants Australia and New Zealand and holds a Bachelor of Commerce. Nicholas holds the CA BV Specialist designation. Nicholas has relevant experience and professional qualifications appropriate to the services being provided.

10.2. Declarations

FOY has agreed to indemnify and hold harmless HMJC, its Directors, officers, employees, servants, agents or affiliated organisations ("Associates") or any other person who is sought to be made liable against any and all losses, claims, damages and liabilities arising out of or related to the performance of these services and which arise from reliance on information received which is provided by the Providers or material information any of the Providers had in their possession and was not provided to us.

We provided draft copies of this report to FOY for their comments as to factual accuracy, as opposed to opinions, which are the responsibility of us alone. Changes made to this Report as a result of review by FOY have not changed the methodology or conclusions reached by us.

10.3. Disclaimers

It is not intended that this Report should be used or relied upon for any purpose other than to assist Non-associated Shareholders to decide whether or not to approve the IGE Acquisition. HMJC expressly disclaims any liability to any FOY Shareholder who relies or purports to rely on the Report for any other purpose and to any other party who relies or purports to rely on the Report for any purpose whatsoever.

Other than this Report, neither HMJC nor its related entities has been involved in the preparation of the Notice of EGM or any other document prepared in respect of the IGE Acquisition. Accordingly, we take no responsibility for the content of the Notice of EGM as a whole or other documents prepared in respect of the IGE Acquisition.

10.4. Independence

The authorised representatives of HMJC responsible for our Report have not in the past provided financial advice to FOY.

Prior to accepting this engagement, HMJC considered its independence with respect to FOY with reference to ASIC Regulatory Guide 112 and APES 225. In HMJC's opinion, it is independent of FOY. An employee of a HMJC related entity holds shares in FOY, however this shareholding is not material to the strategic decisions of the entity, therefore, has no impact to the acceptance of the engagement.

We will receive a professional fee based on time spent in the preparation of this Report, estimated at approximately $17,500 exclusive of GST and expenses. We will not be entitled to any other pecuniary or other benefit, direct or indirect, in connection with the preparation of this Report. Our fee is not contingent upon the success or failure of the IGE Acquisition. None of HMJC, its directors or any related entity or person has a financial interest in the in the outcome of the IGE Acquisition.

Neither HMJC, its related entities, any Director thereof, nor any individual involved in the preparation of the Report receive any commissions or other benefits in connection with the preparation of this Report, except for the fees referred to above.

10.5. Consents

HMJC consents to the inclusion of this Report in the form and context in which it is included with the Notice of EGM to be issued to the Shareholders of FOY. Neither the whole nor the any part of this Report nor any reference thereto may be reproduced or included in any other document without the prior written consent of HMJC as to the form and context in which it appears.

10.6. Sources of information

In preparing our Report we have had access to the following principal sources of information:

- Draft Notice of EGM to be held on or around 31 May 2017;
- Annual Reports for FOY for the years ended 31 June 2013, 2014, 2015 and 2016;
- The Half Yearly Report for FOY for the six months ended 31 December 2016;
- Independent Technical Review of Mineral Interests and Valuation Report by Terence Willsteed & Associates (TWA) dated 31 May 2015;
- Addendum to the Independent Technical Review of Mineral Interests and Valuation dated 11 May 2017;
- IGE Business Plan;
- IGE Assumptions and 10 year Financial Projections;
- IGE management accounts for the years ended 30 June 2015 and 30 June 2016;
- IGE management accounts for the half years ended 31 December 2016 and 31 December 2015;

- ACT Commercial Facility CAPEX;
- Business Sale Agreement between FOY and IGE executed 5 February 2016;
- Variation deed: Business Sale Agreement;
- Draft Deed of Novation (Loan Agreement & Security Deed) between FOY and IGE;
- Loan Agreement between Fandola Investments Pty Ltd, IGE and FOY;
- Loan Agreement between Rebelly Healthcare (Shanghai) Ltd, IGE and FOY;
- FOY Shareholder list;
- IGE Shareholder list;
- FOY Group Limited ASX announcements;
- Other publically available information;
- S&P Capital IQ;
- Discussions and other correspondence with management and/or other representatives of FOY and IGE;
- FOY Group Limited Board Meeting Minutes July 16 – April 17;
- FOY company website (www.foygroup.com.au);
- National Packaging Covenant Industry Association's 2012-13 National Plastics Recycling Survey; and
- IBISWorld Industry Report C1701 Petroleum Refining and Petroleum Fuel Manufacturing in Australia.

10.7. Limitations and reliance on information

The information provided was evaluated through analysis, enquiry and review for the purposes of forming an opinion as to whether the IGE Acquisition is fair and reasonable. Our enquiries and procedures do not constitute an audit, extensive examination, verification or "due diligence" investigation. None of these assignments have been undertaken by HMJC.

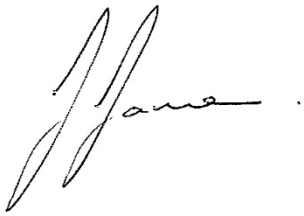
In forming the opinions expressed in this Report, the opinions and judgments of management of FOY and IEG have been considered. Although this information has been evaluated through analysis, enquiry and review to the extent practical, inherently such information is not always capable of independent verification.

Statements and opinions contained in this Report are given in good faith. In the preparation of this Report, HMJC has relied upon information provided by the Providers. In forming our opinion we have reviewed and relied upon this information and have no reason to believe that the information provided is not reliable, accurate and complete. Also, we have no reason to believe that material facts or information have been withheld by the Providers.

With respect to tax implications of the IGE Acquisition, it is recommended that individual Shareholders obtain their own tax advice, tailored to their own particular circumstances. Furthermore, the advice provided in this Report does not constitute legal or taxation advice to the Shareholders, or any other party.

We note that we have not undertaken to update this Report for events or circumstances arising after the date of this Report, other than those of a material nature and contemplated by RG 111 which occur prior to the date of the EGM.

Yours faithfully
HLB MANN JUDD CORPORATE (NSW) PTY LTD
Licensed Investment Advisor (AFSL Licence number 253134)



Simon James
Director and Authorised Representative
HLB Mann Judd

Nicholas Guest
Authorised Representative
HLB Mann Judd

HLB Mann Judd Corporate

Australian Financial Services Licence Number 253134

APPENDIX A – Financial Services Guide

FINANCIAL SERVICES GUIDE

Dated 28 June 2017

1. HLB Mann Judd Corporate (NSW) Pty Ltd

HLB Mann Judd Corporate (NSW) Pty Ltd ABN 94 003 918 125 ("HMJC" or **"we"** or **"us"** or **"our"** as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

2. Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ("**FSG**"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as a financial services licensee.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our **Australian Financial Services Licence, No. 253134**;
- remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

3. Financial services we are licensed to provide

We hold an Australian Financial Services Licence which authorises us to provide reports for the purposes of acting for and on behalf of clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate restructures or share issues, securities valuations or reports and to provide general financial product advice for the following classes of financial products:

(i) debentures, stocks or bonds issued or proposed to be issued by a government;

(ii) interests in managed investment schemes excluding investor directed portfolio services;

(iii) securities; and

(iv) superannuation;

to retail and wholesale clients.

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

4. General financial product advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared for the shareholder group as a whole without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product and there is no statutory exemption relating to the matter, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

5. Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

Except for the fees referred to above, neither HMJC, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

6. Remuneration or other benefits received by us

HMJC has no employees. All personnel who complete reports for HMJC are either partners of, or personnel employed by, HLB Mann Judd's New South Wales Partnership. None of those partners or personnel is eligible for bonuses directly in connection with any engagement for the provision of a report.

7. Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

8. Associations and relationships

HMJC is wholly owned by HLB Mann Judd (NSW) Pty Limited. Also, all directors of HMJC are partners in HLB Mann Judd's New South Wales Partnership. Ultimately the partners of HLB Mann Judd's New South Wales Partnership own and control HMJC.

From time to time HMJC, HLB Mann Judd (NSW) Pty Ltd or HLB Mann Judd's New South Wales Partnership may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of their business.

We have confirmed that there are no employees in HMJC or its related entities with a material interest in FOY that would impact any recommendations.

9. Complaints resolution

9.1 Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. Complaints must be in writing, addressed to The Complaints Officer, HLB Mann Judd Corporate (NSW) Pty Ltd, Level 19, 207 Kent Street NSW 2000.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within **7 days** and investigate the issues raised. As soon as practical, and not more than **one month** after receiving the written complaint, we will advise the complainant in writing of the determination.

9.2 Referral to external disputes resolution scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ("FOS"). FOS is an independent organisation that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service Limited
GPO Box 3, Melbourne VIC 3001
Toll free: 1300 78 08 08
Facsimile: (03) 9613 6399

10. Contact details

You may contact us using the details at the foot of page 1 of this FSG.

APPENDIX B – Valuation Methodologies

RG 111 provides guidance on the valuation methods that an independent expert should consider when valuing a company. These methods include the:

- Discounted cash flow method and the estimated realisable value of any surplus assets ("DCF");
- Application of earnings multiples (appropriate to the business or industry in which the entity operates) to the estimated future maintainable earnings or cash flows of the entity ("CFME"), added to the estimated realisable value of any surplus assets;
- Amount that would be available for distribution to security holders on an orderly realisation of assets ("Net Asset Value");
- Quoted price for listed securities, when there is a liquid and active market and allowing for the fact that the quoted price may not reflect their value, should 100% of the securities be available for sale;
- Recent genuine offers, if any, received by the target for any business units or assets as a basis for valuation of those business units or assets; and

Discounted future cash flows

The DCF method estimates the net present value ("NPV") of future cash flows expected to be generated from the business including a terminal value. The terminal value is the assessed value of the business after the projection period. The NPV is calculated by discounting future cash flows and the terminal value using a discount rate which reflects the risks associated with the cash flow stream.

Cash flows subject to discounting are operating cash flows on an ungeared basis (i.e. before interest and debt repayments) less tax payments, working capital requirements and capital expenditure. Cash flows on an ungeared basis are used to enable the enterprise value to be determined irrespective of the level of debt funding. The equity value may then be calculated by adding surplus assets to, and subtracting debt from, the enterprise value.

Capitalisation of future maintainable earnings

The CFME method involves capitalising the earnings of a business at a multiple which reflects the growth prospects of the business and the risks inherent in the business. A multiple may be applied to, amongst others, earnings before interest, tax, depreciation and amortisation ("EBITDA") or net profit after tax ("NPAT").

This method determines the enterprise (or business) value where a multiple is applied to earnings before interest (e.g. EBITDA). The equity value may then be calculated by adding surplus assets to, and subtracting debt from, the enterprise value.

If the transaction value is known or the enterprise value has been estimated, the CFME method may be "reversed" to determine the required earnings or earnings multiple to support the enterprise value.

Net assets/Realisation of assets

The Net Asset Value method is based on the value of the assets of a business less certain liabilities adjusted to a market value.

The Net Asset Value method is most relevant when a company is not producing economic returns, a significant portion of a company's assets are liquid, for asset holding companies, or where other common valuation methods are unable to be utilised.

Quoted share price

Where the shares can be readily traded through a market such as the ASX, recent prices at which Shares are bought and sold can usually be taken as the market value per share. The quoted price of a listed share is observable and objective in terms of value. With the advent of continuous disclosure, such market value should include all factors and influences that impact upon the ASX price.

However, in the absence of a deep, well-informed market exhibiting good liquidity, this method has significant limitations.

Shares in a company normally trade at a discount to the underlying value of the company as a whole, reflecting the fact that portfolio shareholdings do not give shareholders management control or direct access to cash flows.

Price of recent offers

The attributable value based on any recent genuine offers received provides strong indications of the value of the assets.

APPENDIX C – TWA Documents

TWA Addendum dated 11 May 2017

TWA Report dated 31 May 2015

TERENCE WILLSTEED

CONSULTING MINING ENGINEERS

BE(MIN)HONS BA FAUSIMM MSME MAICD

11 May 2017

HLB Mann Judd
Level 19, 207 Kent St
Sydney, NSW, 2000

Dear Sirs,

ADDENDUM TO THE INDEPENDENT TECHNICAL REVIEW OF MINERAL INTERESTS AND VALUATION

Terence Willsteed & Associates ("TWA") prepared an Independent Technical Review and Valuation for the Papua New Guinean (PNG) Titaniferous Iron Sands Projects held by FOY Group Limited formally Foyson Resources Limited ("FOY"), through its subsidiary company Titan Mines Limited ("TML") for the purposes of inclusion in the Independent Experts Report ("IER") undertaken by Moore Stephens Sydney Corporate Finance Pty Ltd dated 31 May 2015.

An updated technical assessment and valuation of the FOY Mineral Assets are now required by HLB Mann Judd for an IER for FOY for the purposes of a proposed acquisition of certain business assets from Integrated Green Energy Limited ("IGE") and an issue of FOY shares to related parties ("the Proposed Transaction"). Attached is an outline the purpose and scope of our report.

Relevant background and confirmations

We confirm that:

- Terence Willsteed is the author of this report. Mr Willsteed is a Consulting Mining Engineer, with the qualifications BE[Min]Hons BA FAusIMM MSME
- Mr Willsteed has the relevant qualifications, experience, competence and independence to be considered an Expert under the definitions of the VALMIN Code and he is a Competent Person as defined in the JORC Code. He is also qualified as an Expert pursuant to the requirements of ASIC Regulatory Guide 111.97
- Mr Willsteed continues to be independent of FOY and has no prior association with FOY other than in respect of their preparation of the earlier reports referred to above.
- This report may be attached to the IER.

It is further confirmed that this report is prepared in accordance with the relevant requirements of the Australian Securities Exchange Limited (ASX), the Australian Securities & Investment Commission (ASIC) and the VALMIN Code of the Australasian Institute of Mining & Metallurgy. The VALMIN Code sets out the

principles and matters which should be taken into account in preparation of a technical expert report concerned with mining assets. ASIC Practice Note 42 provides guidance to ensure that the expert report is independent of the commissioning party and that the assessments contained within the report are at the highest possible level, in accordance with professional standards.

FOY has confirmed that all material information currently available has been provided for a proper assessment to be carried out and that the information is complete, accurate and true to the best of its knowledge.

Mr Willsteed has considered the requirements of Regulatory Guide 112 Independence of Experts' Reports issued by ASIC and confirms that it is not aware of any circumstances, which compromise its independence to undertake this assignment.

AMAZON BAY IRON SANDS PROJECT

Summary of Engenium Prefeasibility Scoping Study original conceptual financial model:

The following assumptions have been derived from the Engenium Pre-feasibility Study:

- Base case ore mining rate of 15 Mt per annum, producing 1.56 Mt of Iron Sands per annum.
- Stripping Ratio 0:1.
- Project life of 25 years.
- Mass recovery of 10.4%.
- Concentrate is saleable at 52% iron content, 17.3% TiO2 and 1.2% V2O5.
- Iron ore fines (62% Fe) price of (US $70-$80/t CFR China) over life of mine.
- Discounting of 40% on iron ore price for titanium content.
- Vanadium credits of US $20//t concentrate product. Exchange rate of 0.85 USD/AUD over life of mine
- PNG royalty of 2%
- 100% of the estimated contingency expended.
- No allowance has been made for plant relocation or transport barge logistics capital expenditure.
- Financed case for 1.56 Mtpa product assuming 70% of capital at 10% interest per annum.

Assuming that 50% of the 3 km radius around the processing plant can be dredged at an average resource depth of 10 m, it was projected that the 25 year production life could be achieved utilising the base case logistics infrastructure and with no requirement for additional logistics or relocation capital expenditure.

It is expected that the shipping cost would be in the range of $15/t. The price assumption is based on spot iron ore pricing for 62% Fe fines CPR China. The vanadium credit and titanium discount assumption were based on information from similar studies.

The Key Conceptual Projections from the original Engenium Pre-feasibility Scoping Study are:

- estimated direct capital costs of $116.9M for the 1.56 Mtpa case (accuracy of 35%)
- estimated operating costs of $26.41/t product for the 1.56 Mtpa case (accuracy of 35%)
- adjusted results of financial modelling for the study showed that a NPV of $190 million could be achieved for the Conceptual Project base case on the basis of mining recovery 50% of the mineralisation target
- in terms of capital and operating cost estimates, the most viable option suggested is to be the case of 1.56 Mpta with initial operation pumping concentrate within a 3 km radius of the land based processing site, and transhipment with barge to a geared Supramax carrier.

Amendments to the Engenium Prefeasibility Scoping Study to the original conceptual financial model:

Independent Experts Report 31 May 2015

The key conceptual projections and assumptions from the Engenium Study were reviewed for the purpose of the IER prepared for Moore Stephens and took into consideration the following project, economic and market factors:

- Commodity projections have been significantly reduced by the major trading banks indicating a possible average iron price of US $55-60 / t for 2015-16 due to oversupply conditions but with eventual rise and stability thereafter.
- The effect of currency depreciation is balancing these possible adjustments. Vanadium pentoxide price has remained in a US $5 to $6 per kg price range after higher prices up to US $70 / kg in 2004-2005. It is expected that prices will commence to firm as world production is eclipsed by consumption.
- FOY Management have estimated additional exploration costs of $5m to $8m in order to define the resource to JORC standard.
- FOY Management have considered the fall in iron ore prices and consider that Iron ore fines (62% Fe) price of US $60 CFR China over life of mine is a more appropriate current benchmark.

- FOY Management have considered the historical Vanadium price and consider Vanadium credits of US $25//t concentrate product over the life of the mine to be a more appropriate benchmark.
- FOY Management have considered that an exchange rate of 0.80 USD/AUD over life of mine is an appropriate benchmark.
- FOY Management have confirmed that the PNG Royalty rate should be increased to include the additional 0.5% royalty payable to the vendors of TML as part of the contractual agreement to purchase 100% of TML executed in March 2015.

It is considered that the assumptions listed above, used for the valuation report dated 31 May 2015, are still appropriate at the date of this addendum.

CONCLUSIONS AND VALUATION OF THE AMAZON BAY PROJECT

The valuation for the purposes of the IER at 31 May 2015 taking into account the conceptual projections and assumptions at that date and allowing for the 25% discount rate and estimated accuracy range, suggested a valuation range of the Engenium Study proposals of between $10 million to $22 million.

Based on the parameters outlined for appraised Amazon Bay expenditure, the minimal amount of exploration that has occurred on the project in the past 12 months, and the lack of movement in the assumptions as outlined in the report, the following value ranges are considered for the Amazon Bay Project:

- **Low**: **$10 million** based on the lower ranges of the comparative, attributable investment and appraised values and conceptual financial analysis.
- **High: $22 million** based on the upper range of the conceptual project financial estimates and the middle range of comparative values of similar projects.
- **Most likely**: **$16 million** as the middle of the valuation ranges.

QUALIFICATIONS

Terence Willsteed is a Mining Engineering Consultant, who has had considerable experience in the valuation of mining interests and investments, and in advising both prospective purchasers and sellers of such interests and investments. Mr Willsteed holds the following qualifications:

BE[Min]Hons, BA, FAusIMM, MSME, MAICD
Consulting Mining Engineer

Mr Willsteed has had extensive experience in the mining industry over 50 years, the last 40 years of which have been as a consultant to the industry. He holds a First Class Mine Managers Certificate of Competency, and has been extensively involved in mineral project evaluation and management.

DECLARATION

This report has been prepared for inclusion in the Independent Expert's Report. This report is designed to assist shareholders to assess the value of the FOY Projects and was not prepared for any other purpose. The valuation does not provide an opinion as to share or corporate value but values the exploration and mine development projects only.

The statements and opinions contained in this report are given in good faith but, in the preparation of this report, Mr Willsteed has relied substantially on information provided by the Directors and Management of FOY. We do not have reason to doubt the information so provided.

Neither the whole nor any part of this report, nor any references thereto, may be included in or with or attached to any document, circular, resolution, letter or statement without the prior written consent of Mr Willsteed.

DISCLAIMER OF INTERESTS

At the date of this report, Mr Willsteed does not have, nor has had any relationship with FOY.

Mr Willsteed has no relevant interest in, nor any interest in the acquisition or disposal of any securities or assets of FOY. Mr Willsteed has no pecuniary or other interest that could be regarded as being capable of affecting its ability to give an unbiased opinion in relation to the valuation of the mineral interest of FOY.

Mr Willsteed has not received or will receive any pecuniary or other benefits, whether direct or indirect or in connection with the preparing of this report other than normal consultancy fees based on fee time at normal professional rates plus out-of-pocket expenses.

Yours faithfully,

T V WILLSTEED

TERENCE WILLSTEED & ASSOCIATES

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PRINCIPAL: T V WILLSTEED, BE(MIN)HONS BA FAUSIMM MSME MAICD
T V WILLSTEED & ASSOCIATES PTY LTD

ABN: 44 001 859 712

31 May 2015

Moore Stephens Sydney Corporate Finance Pty Ltd
Level 15, 135 King Street
Sydney, NSW, 2000

Dear Sirs,

INDEPENDENT TECHNICAL REVIEW OF MINERAL INTERESTS AND VALUATION

Terence Willsteed & Associates [TWA] have prepared an Independent Technical Review and Valuation for the Papua New Guinean (PNG) titaniferous ironsands projects held by Foyson Resources Limited (FOY), through its subsidiary company Titan Mines Limited (TML).

This report provides for the changes of economic conditions since a previous valuation dated 23 January 2014.

The Valuation is required for inclusion in an Independent Expert Report provided by Moore Stephens Corporate Finance Pty Ltd related to the completion of the IGE (Integrated Green Energy Ltd) transactions.

The TWA review and valuation will not provide an opinion on share value or corporate capital value.

The technical review and valuation has been prepared by T V Willsteed, Consulting Mining Engineer, BE[Min]Hons BA FAusIMM MSME based on the technical and geological data provided by FOY.

The Technical Review Report has been prepared to generally conform to the JORC and VALMIN Codes of AusIMM and will review and value the following project areas in PNG:

Amazon Bay Iron Sands Project

Amazon Bay	EL 1396
Amazon Bay North	EL 2149
Maruta	EL 2281

Note: EL - Exploration Licence

TWA has previously prepared a wide range of Independent Expert and Specialist's reports relating to the requirements of the both the Australian Stock Exchange Limited (ASX) and the Australian Securities and Investments Commission [ASIC]. A list of TWA independent reports issued for prospectus and information memoranda is available on request.

To complete the assessment, we requested from FOY and their advisors:

- The most recent reported results of investigations for the Amazon Bay project.
- Copies of recent independent assessments of the projects including resource statements and projections.
- Details of agreements relating to transactions and joint venture interests involving the projects.
- Current and previous investigations and economic analyses.
- Records of expenditure on the project areas and by previous tenement holders.
- Data on proposed expenditure commitments and budgets for the project areas.

It has not been considered necessary to include site visits for the assessment but to rely on information

supplied by FOY and on assessments prepared by TWA and other independent consultants for equivalent projects. Reliance has been placed on FOY project resource estimation, geological interpretation and data.

FOY has confirmed that:

- All material information currently available has been provided for a proper assessment to be carried out and that the information is complete, accurate and true.
- A status report and tenement schedule has been provided relating to the property title.
- All relevant agreements entered into by FOY and TML have been supplied.
- Information relating to current and future indigenous interests, taxation and royalties, market restrictions, environmental impacts, legal claims and other similar issues of economic importance, as far as they are known to FOY and TML, has been made available.

To conform with the VALMIN Code, FOY has confirmed that it will indemnify TWA for liability arising from reliance on the information provided, or for available information not provided by FOY.

This report is prepared in accordance with the relevant requirements and listing rules of the Australian Securities Exchange Limited (ASX), the Australian Securities & Investment Commission [ASIC] and the VALMIN Code of the Australasian Institute of Mining & Metallurgy. The VALMIN Code sets out the principles and matters, which should be taken into account in preparation of a technical expert report concerned with mining assets. ASIC Practice Note 42 provides guidance to ensure that the expert report is independent of the commissioning party and that the assessments contained within the report are at the highest possible level, in accordance with professional standards.

TWA has considered the requirements of Regulatory Guide 112 Independence of Experts' Reports issued by ASIC and confirms that it is not aware of any circumstances, which compromise its independence to undertake this assignment.

AMAZON BAY IRON SANDS PROJECT

SUMMARY

FOY currently holds a 100% interest in TML a PNG incorporated company. TML currently holds the following interests in tenements contained within the Amazon Bay Ironsands project located in south east PNG.

- EL 1396 Amazon Bay 90% interest
- EL 2149 Amazon Bay North 100% interest
- EL 2281 Maruta 100% interest

The remaining 10% interest of EL 1396 was acquired by TVI Pacific Inc. (TVI) following completion of Phase One of the Amazon Bay Joint Venture Agreement in early 2014. TVI is a substantial shareholder of FOY and at the date of this report held a 26.01% shareholding in FOY.

BACKGROUND

In September 2007, FOY (previously known as MIL Resources Limited) entered into agreements to acquire up to a 90% interest in TML which held the Amazon Bay Ironsands project through the provision of A$22.5 million to fund TML's exploration and evaluation programmes.

FOY initially acquired a 25% interest with a commitment to fund A$1.25 million towards completion of the Stage 1 programme. FOY, at its election, could increase its interest to 51% following completion of the Stage 2 programme by providing additional funding of A$1.25million. In order to progress beyond a 51% interest, an additional commitment of A$10 million of project expenditure was required to increase FOY's interest to 75% and subsequently a further commitment of A$10 million would increase the interest to 90%.

In May 2012 FOY announced that it had entered into a three year option agreement to acquire the remaining 50% of TML through a cash payment of A$10 million, a net smelter royalty of 1.5% and the issue of 25 million FOY shares to the vendors of TML on exercise of the option.

In July 2012, FOY entered into strategic discussions with TVI. As a result of these discussions, TVI became a substantial shareholder in FOY and a number of joint venture agreements were entered into between FOY and TVI to progress the PNG tenements including those at Amazon Bay.

Concurrently, FOY renegotiated the option agreement with the vendors to acquire the remaining 50% of TML. The exercise price of the option is a A$10 million cash payment, the issue of FOY shares equal to 2.16% of the issued capital of FOY and an 0.5% gross revenue royalty on all concentrate sold. The option period currently is due to expire in July 2015 with a two year extension available at FOY's request. If the

extension is requested FOY must exercise the option no later than July 2017, otherwise it needs to return its shares in TML to the vendors for nil consideration.

In March 2015, FOY acquired the remaining 50% of the shares in TML for an immediate cash consideration of $150,000 plus a commitment to pay a royalty from the proceeds of any production from the Amazon Bay iron sands Project.

The acquisition provides FOY with a 100% interest in the Amazon Bay iron sands Project (other than for the 10% interest held by TVI Pacific Inc. in EL1396).

The parties agreed that this arrangement facilitated the development of the Amazon Bay Project by giving FOY the flexibility to control the Project and maximise its future value.

The parties have agreed to terminate all existing agreements including the Amazon Bay Option Agreement. The new agreement removes the obligation of the Company to pay the Option Exercise consideration of $10 million and the issue of new shares equivalent to 2.16% of the total issued capital in the Company.

The parties have terminated the existing royalty deed and entered into a new royalty deed whereby the 0.50% royalty is now calculated on the gross revenue actually received by Titan from the sale or disposal of minerals extracted from exploration licences 1396, 2149 and 2281 and any other tenement granted over any part of or adjacent to those licences.

The revised royalty arrangements allow the vendors of the 50% interest in TML to participate in the upside of the Amazon Bay Project, should it be developed in the future.

AMAZON BAY

Amazon Bay is a mineral exploration target estimated to contain 3 to 4 billion tonnes [t] of vanadium rich magnetite ironsands spanning over 200 kilometres [km] of coastline. TML currently holds exploration licences covering 1434 square kilometres [sq. km]

Work to date has focused on scoping out the potential size of the exploration target and detailed metallurgy. A number of scoping studies and a pre-feasibility study on project development, processing, and capital requirements have been completed.

Exploitation of Amazon Bay is expected to involve conventional sand mining using a floating dredge followed by concentration on site by gravity, magnetic and electrostatic separation to produce a concentrate of particle size [-300 +75 microns]. Concentrate would be loaded onto ships of up to 60,000 t capacity by barges, submarine pipeline, single point mooring buoy or direct via jetty and conveyor. Steel makers could use direct reduction to produce a vanadiferous pig iron and a titanium bearing slag, both of which could be processed to produce iron, vanadium and titanium. Concentrates could also be processed in a dedicated hydrometallurgical plant proposed to employ technology currently under development.

TENEMENTS

TML was originally granted EL 1396 in December 2005. The exploration license has been renewed every two years in accordance with PNG requirements. TML was most recently granted an Extension of Term in June 2014 for EL 1396 (covering 192 sq. km) for the two year period expiring 19 December 2015.

FOY through TML, has expanded its Ironsands interests by lodging new exploration license applications adjacent to the main tenement EL 1396 Amazon Bay which were identified as potential extensions of the Amazon Bay iron sand deposits.

In July 2012, an application was lodged for Amazon Bay North (ELA 2149) seeking to extend the exploration target by 590 sq. km. This was subsequently granted in October 2013 becoming EL 2149. In March 2013, additional exploration licenses were applied for covering Maruta (ELA 2281) which was granted in February 2014 becoming EL 2281 covering 652 sq. km

TML licences cover an area exceeding 1,434 sq. km of vanadiferous titanomagnetite ironsands potential which includes contiguous targets striking over 200 km of coastline.

TML Tenement Summary (Fe, Ti, V)

Amazon Bay	EL 1396	192 sq. km
Amazon North	EL 2149	590 sq. km
Maruta	EL 2281	652 sq. km

Note: ***Fe*** *(Iron),* ***Ti*** *(Titanium),* ***V*** *(Vanadium)*

LOCATION AND ACCESS

The Amazon Bay Project is located on the southern coastline of PNG east of Port Moresby for approximately 200 km. Approximately 100 km of this coastline comprises black sand beaches fronting coastal plains up to 8 km wide. In the coastal plain/strandline environment the tenement is prospective for vanadiferous titanomagnetite ironsands.

Access to Amazon Bay is by air from Port Moresby to Alotau, the capital of Milne Bay Province, thence approximately 120 km southwest by road to Mullins Harbour and then by boat about 47 km west to Magarida.

PNG COUNTRY BACKGROUND

PNG is a diverse and in places extremely rugged country hosting a population of 6.1 million people of Melanesian, Micronesian, Papuan, Negrito and Polynesian culture of dominantly Christian faith. PNG operates a parliamentary democracy, based on the Westminster model and its business language is English. Its capital, Port Moresby, is one of the few major cities in PNG and hosts a modern CBD, international airport, shipping port, modern banking facilities and transportation.

PNG's major industrial sectors include: mining, crude oil, petroleum refining, copra, palm oil, timber, construction, fisheries and tourism. Its major markets are Australia, China, Japan and Singapore.

PNG is richly endowed with natural resources and has a long history of mining. PNG has produced world class mines and ore deposits, such as Bougainville, Lihir, Misima, Ok Tedi and Porgera. Recent developments have seen the discovery of medium size ore deposits, including Ramu Nickel, Tolukuma, Kainantu, Hidden Valley, Frieda River and Simberi.

PNG's government is proactive toward the mining sector which is administered by the Mineral Resources Authority [MRA]. The MRA was established by an Act of Parliament in 2005 to promote the orderly exploration for and development of the country's mineral resources and oversee the administration of the Mining Act 1992 and associated Acts.

REGIONAL GEOLOGY

The most modern geological event which can be recognized is the formation of the broad coastal plains which host Amazon Bay. The alluvium which forms the plains is derived from the immediate hinterland, but the huge volume of detritus is also partly derived by weathering of pre-existing unconsolidated sediment, specifically from the southern portions of the Domara River Beds which have now been completely removed by erosion.

The coastal sediment was deposited, in a process which is still continuing, either on a submerged erosion surface which was formed during fault movements, or more probably on a gently sloping block which is intermittently sinking. The age of the coastal plains is unknown, but it seems likely that the beach forming processes have operated during the last 100,000 years.

MINERALISATION

The depth of the sand mass at high water mark is at least 10 metres [m], as shown by hand auger drill holes. The width of the beach sand material has been assumed to be the inland limit of the vegetation banding, which corresponds with the break in slope between the foothills and the near level coastal plain. On this basis the beach sands are a maximum of 1.6 km wide at Baibara, 8 km wide at Table Bay and 3.2 km wide at Cape Rodney and Paramana Point.

High-grade titanomagnetite bands have been outlined by shallow drilling at Deba and Omanu Point. These are up to 5 km long bands paralleling the present coastline and up to 180m wide inland from high water mark, with a low grade basal layer of coarse pebbles up to 3.6m below the surface. Previous exploration assumed that high-grade bands occur inland from the major coastal bands, but insufficient drilling precluded calculations of size or grade of these.

Ironsands mineralisation targets have been estimated from regional geological maps which indicate the area within the three exploration licenses held by TML are likely to contain coastal strandlines and ironsands of the order of 367 sq. km.

If assuming an in-ground density of 1.75 t per cubic m and indicated continuity of magnetic mineralisation in the coastal strandlines, the ironsands mineralisation exploration target contained in the 367 sq. km would be approximately 640 million t per vertical metre, or 6.4 billion t to 10m deep.

REVIEW OF PREVIOUS EXPLORATION

The Amazon Bay ironsands resource was first identified by AOG during an aerial inspection in late 1969. AOG carried out preliminary studies on the Amazon Bay ironsands in 1970 and 1971.

A reconnaissance sampling programme conducted by AOG involved the drilling of approximately 785 holes by hand augering equipment for a total of 1,940m. This work resulted in the defining of a potential resource to 9m depth of 445 million t of heavy mineral sands containing approximately 10% magnetics. Subsequent sampling in the Deba Village grid area inferred a resource to 9m depth of 21 million t of heavy mineral sands containing 13% magnetics [non-JORC compliant].

CSIRO test work demonstrated that the titanomagnetite-bearing material could be extracted by screening, gravity and magnetic separation methods to produce a low-grade concentrate, typically containing around 30% Fe. Subsequent extraction of the -74 micron fraction gave a concentrate of 40% Fe. This was consistent with the determination that the largest grains typically contain only around 20% Fe. The explanation for these observations is that the smaller grains contain a smaller percentage of gangue silicates as a result of natural liberation. The concentrates contained 10 to 18% TiO2 and 0.7% V2O5, the titanomagnetite phase contains up to 56.5% Fe.

To determine the potential to upgrade all of the magnetic concentrate AMDEL conducted liberation grinding test work. This demonstrated that the grade could be increased from around 30% Fe to around 40% Fe when the pre-concentrate was ground from 700 to 120 micron and further concentrated.

Thereafter, reduction and smelting test work was carried out by the CSIRO. This involved reducing the titanomagnetite with carbon monoxide at 800℃ then melting the direct reduced iron [DRI] at 1,570℃ to produce pig iron and titaniferous slag. The pig iron contained 2.8% C and 1.9% V2O5 and the slag 32% TiO2. A key aspect of this work was the identification of a slag composition suitable for smelting.

TML EXPLORATION

TML carried out field studies near Deba Village in 2006 during which bulk samples were taken by hand auger to replicate samples taken by AOG. Preliminary test work which included grinding, heavy media and magnetic separation, chemical analyses and petrographic studies was carried out. This work indicated the grade of magnetic concentrates increased from around 30% Fe to 46% Fe when the material was ground from 700 to 50 micron.

This result is consistent with the expectation that grinding to a finer size will yield a higher grade of concentrate. Subsequent to FOY's involvement at Amazon Bay in 2007, the principal work completed includes a 3,072 line km airborne geophysics survey which identified significant magnetic and radiometric anomalies with an exploration target estimated to be between 3 to 4 billion t of magnetite-rich ironsands. The objective of the airborne magnetics and ironsands sampling was to scope out the extent of the exploration targets within the Amazon Bay EL's beyond the known mineralisation reported by AOG.

Two significant magnetic anomalies, Barracouta and Threadfin were targeted for initial auger drilling. Ironsands sampling over magnetic anomalies at Barracouta and the surrounding areas comprised the drilling of 35 auger holes from surface to a maximum depth of 6m and the excavation of 4 pits from which a total of 112 samples were collected.

Sample sites at Threadfin were selected in areas of high magnetic anomalism identified by the airborne survey. A total of 154 samples were collected from 72 auger holes drilled to a maximum depth of 10m. In addition, 10 high-grade surface grab samples were collected.

A total of 1311 kilograms [kg] of ironsand samples from Barracouta and Threadfin were submitted for metallurgical test work where composite samples were prepared for metallurgy, processing and marketing studies.

A Resource Potential Drilling Programme proposal [May 2012] prepared by Chris Young Consulting Pty Ltd [Young] notes that it is apparent the major zones of high magnetic response such as at Threadfin and Barracouta are likely to be related to strongly magnetic ultramafic bedrock possibly ophiolite (oceanic crustal material). Ophiolite type rocks are a likely source for the titanomagnetite mineralisation itself.

Following analysis of the aeromagnetic data and previous reconnaissance drill sampling, Young concludes that Two Resource Blocks are identified; Block A where there is room for plus 500 million t of iron sands (titanomagnetite) and Block B where there is room for plus 250 million t of iron sands.

The Threadfin area appeared to provide reasonable continuity of dune foundation for increases of 50 million tonnes of mineralised sand. A programme of air-core drilling totalling some 20,200m was recommended on lines spaced at 1,600m intervals and with drill holes at 80m intervals, for this area.

METALLURGICAL STUDIES

Initial metallurgical investigations indicated that:

- Iron and titanium recoveries from raw sand may be around 50%
- Major contaminants are likely to be 9% SiO2, 3% Al2O3, 5% CaO and 1% MgO
- Grind grade studies showed no increase in Fe or Ti grade when grinding finer than P80 of 53

microns through 38 to 20 microns

- After cleaning of the magnetic concentrate by high intensity magnetic and electrostatic separation, quantitative mineralogy indicated it should be possible to produce a final concentrate grade >46% Fe, 0.9% V2O5, 19% TiO2, 7% SiO2, 3% Al2O3, 5% CaO and 1% MgO.

Given that work had achieved concentrate grades as high as 51% Fe, 1.02% V_20_5 and 20% $Ti0_2$ with residual silicate gangue mineralisation of 6% to 9% silica and 2% to 2.5% alumina, further work involved the optimisation of the pre-concentrate route with the aim of minimising the content of liberated siliceous gangue and also reviewing an appropriate low grade refining process that may suit the Amazon Bay concentrate.

Perth based Independent Metallurgical Operations Pty Limited [IMO] were engaged to review and recommend an appropriate split pyrometallurgical and hydrometallurgical refining route specific for low grade treatment in comparison with other more energy intensive pyrometallurgical reduction routes. They have concluded that the best concentrate grade was achieved by rougher wet magnetic separation, followed by three stage cleaning to deliver a concentrate grade of 52.3% Fe (72.2% Fe_3O_4) and 17.3% TiO_2 from a head grade of 63.3% Fe_3O_4 and 20.6% TiO_2.

IMO's conclusions were that the treatment of the natural sands with limited grinding and similar treatment to that employed in typical mineral sands beneficiation resulted in a final concentrate containing of 47.3% Fe (65.3% Fe3O4) and 20% TiO2 and a combined silica and alumina grade of 8.75%. The adoption of a simplified treatment route based on grinding below 150 micron and staged magnetic separation resulted in an improved TiO2 rejection to that achieved via limited grinding and natural sands treatment. The best concentrate grade was achieved by rougher and cleaner magnetic beneficiation, resulting in a final concentrate grade of 49.5% Fe, 19.1% TiO2, 4.8% SiO2, and 2.0% Al2O3. Fine dry magnetic separation reached an efficiency limit at the finer grind size and adoption of the same treatment via finer grinding, below 75 micron and staged wet magnetic separation achieved the best concentrate grade at 52.3% Fe, 17.3% TiO2, 3.5% SiO2, and 1.8% Al2O3.

The results achieved indicate that the level of residual TiO2, is controlled by the relative proportion of exsolved ilmenite and titanium bearing silicate locked at fine size within the titanomagnetite.

MARKETING OF CONCENTRATES

Even with current demand for iron ore, to sell Amazon Bay concentrates based on pig iron production alone may require grades >55 to 57 % Fe. It is expected the buyer of Amazon Bay concentrates will recover Fe, V and possibly Ti.

China produces Fe, V and Ti from titanomagnetite and would be targeted for the sale of Amazon Bay concentrates.

Sichuan Province in China contains vanadium bearing titanomagnetite resources where typical "iron ore" consists of titanomagnetite [35%], ilmenite [12%] and gangue [50%]. Gravity, magnetic and electrostatic separations produce concentrates containing:

- 51% Fe, 0.6% V2O5, 13% TiO2, 5% SiO2, 5% Al2O3, 1% CaO and 3% MgO.
- Chengde Iron and Steel in Sichuan processes titanomagnetite concentrates to produce iron and steel with vanadium and titanium recovered as V2O5 and TiO2.

Marketing options which have been considered are:

- Amazon Bay concentrate best results to date are 52.3% Fe due to the presence of titanite in titanomagnetite.
- Industry consensus is, unless a concentrate grade > 55 to 57% Fe is produced, it will be difficult to achieve a project based on production of pig iron alone.
- Project economics indicate a reasonable return should be possible for Amazon Bay by recovering all three elements [Fe, Ti and V].
- Chengde Steel recovers Fe, Ti and V from titanomagnetite concentrates containing 51% Fe.
- Pipestone Lake, Manitoba, Canada developed a laboratory process to recover Fe, Ti and V from titanomagnetite.
- CSIRO Minerals proposed two "high energy" options to recover Fe, Ti and V from concentrates.
- Adaptation of Austpac Resources EAMS and EARS processes may provide a "low energy" route to recover Fe, Ti and V.
- ProMet has developed a synthetic rutile slag process for titanomagnetite which permits recovery of Fe, Ti and V.
- Hydrometallurgical processing to extract V, Ti and Fe units utilising technology similar to the

TIVAN process is under development.

In the context of the review of the market availability and competition for the possible sale of Amazon Bay concentrates other titanomagnetite projects which have been under exploration and development are reported to be:

- Indo Mines Ironsands at Jogjakata contain 270 million t at 14% Fe; particle size is 500 to 600 microns which will require grinding to <45 microns prior to concentration to 55% Fe and 0.4% V for processing in Indonesia to pig iron. Vanadium slag will be sold as a by-product and titaniferous slag is expected to be sold as construction material.
- Aconcagua Resources ironsands at Fierro Inca in Ecuador contains 250 million t which could produce a high grade titanomagnetite concentrate with particle size -300 +100 um and grade 50% Fe, 17% Ti, and 0.3% V (70% Fe_2O_3, 27% TiO_2, 0.5% V_2O_5 and 1% SiO_2). Plans to process into steel in Ecuador are now on hold.
- Aurox hard rock Balla project in Western Australia contains 450 million t and will produce 6 million tpa concentrates containing 57% Fe and 1% V_2O_5. Contracts with Chengde Iron and Steel and Rockcheck Steel provide for payment of iron units only, based on price of Hamersley iron high grade fines.
- Aricom hard rock Kuranakh project in Siberia containing 120 million t planned to produce 1 million tpa of 62.5% Fe and 0.8% V_2O_5 concentrates ground to 20 microns and 300,000 tpa ilmenite of 50% TiO_2, for sale to China.
- Windimurra Vanadium, Reed Resources Ballambie and the Yellow Rock Gabanintha hard rock projects in Western Australia propose to produce vanadium only.
- Speewah Metals Limited, 3.6 billion t magnetite deposit with titanium/vanadium in the Speewah Dome, Western Australia, propose to produce concentrates at 50% Fe, 2.2% V_2O_5 and 14.8% TiO_2, with metallurgical test work indicating acid leach process recovery of +90% of Ti, V and Fe in high grade products.

Existing titanomagnetite projects based on production of steel have been reported as:

- Chengde Steel hard rock project in China produces Fe, V_2O_5 and TiO_2.
- New Zealand Steel's ironsands reserves at Waikato contain 150 million t and at Taharoa [200 million t] with particle size -300+100 microns and minimum contaminants which permits gravity then magnetic separation to produce concentrate containing 57% Fe, 5% Ti and 0.3% V [80% Fe_2O_3, 8% TiO_2 and 0.5% V_2O_5] without grinding. NZ Steel:
  - Processes 1.2 million tonnes per annum [tpa] Waikato sands into steel at Glenbrook
  - Slag containing 15% V is sold as a by-product
  - Slag containing 33% TiO_2 is stockpiled.
  - Ships 1 million tonnes per annum [tpa] 57% Fe ironsands from Waikato to Asia.
- Highveld Steel and Vanadium hard rock project in South Africa produces Fe and V.
- Panzhihua New Steel and Vanadium hard rock project in China produces Fe and V.

Chengde Iron and Steel Group Co [Chengde] is one of the world's largest low-cost vanadium producers, making vanadium slag as a by-product of steel production using a feedstock of vanadium-rich titanomagnetite concentrate. Chengde's steel plant, located in Hebei Province, was to be expanded form 4.4 million tpa to 8 million tpa steel. Chengde is part of the Tangshan Iron and Steel Group Ltd, one of the top three steel producers in China.

MARKET OPTIONS

MSP Resource Development Consultants carried out an Executive Desktop Study which provided the following observations and conclusions.

Pyrometallurgical Route

In considering pyrometallurgical processing routes, the following observations have been made:

- The contained grade of TiO_2 above 15% makes it difficult to sell to conventional Chinese steel mills which appear to have an upper limit of approximately 2% TiO_2. Specialised steel mills in China do accept higher grade TiO_2 content in cases up to approximately 8% TiO_2 content. In summary, there will be marketable challenges in selling concentrates to China due to the high TiO_2. This will potentially limit the ore FOY can sell to each mill, resulting in a large customer base and increased marketing costs.

- Mineralogy test work to date strongly indicates there is little potential to produce a titanomagnetite iron sands concentrate with ≥57% Fe and ≤8% TiO_2, as produced by New Zealand Steel (NZS) and therefore the Amazon Bay resource is judged more suited to a titanium slag production with pig iron by-product than for a pig iron and vanadium slag production. However, existing western titanium slag producers have dedicated ore resources

around which their operations have been developed. Moreover, a ≥35% TiO2 content is required.

- An early study prepared by Promet Engineers in 2007, titled "Vanadiferous Magnetite -Ilmenite Sands", recommended that the best prospect for proceeding with developing Amazon Bay was to produce a high grade magnetite ilmenite concentrate (ideally >35% TiO2) and smelt to produce a titanium slag and pig iron. They suggested the FASTMELT iron making process to be the most suitable and most economic process for either pig iron or titanium slag production, subject to locating the facility close to a substantive electrical supply grid.

Amazon Bay titanomagnetite would be attractive to iron ore consumers for its high Vanadium content and anecdotally, these types of magnetites have been bought in the past by Chinese mills simply for their Vanadium. Traditional iron ore blast furnaces are in general technically limited in the amount of titanium they can handle. Producers using conventional blast furnaces state that they can only use feedstock's containing a maximum of 6% TiO2. Generally consumers only add about 5-8% by weight of iron sands into their blast furnaces to supplement hematites or hard rock magnetites.

Iron ore feedstock's with greater than 6% titanium affect conventional blast furnace operation and restrict capacity, thus Amazon Bay material would generally only be sold into the traditional furnace market as a supplement. Some Chinese iron producers such as Chengde have developed their blast furnaces and fluxes to accept ores with up to 12% TiO2 however these would be the exception not the rule. Alternative consumers are those that have direct reduction/smelting/melting processes which could utilise a feedstock comprised predominantly of titanomagnetite iron sands.

A Direct Reduced Iron "DRI" material can be fed either directly to a basic oxygen furnace or electric furnace to complete the reduction to pig iron. There are a number of reliable DRI technologies available in the market able to treat high titanium magnetites however the critical portion of the pig iron production process with respect to high titanium feedstock's is the smelting or melting stage.

The treatability of Amazon Bay material by Direct Reduction should not be an issue and the titanium content plays no part in the reduction reactions involved. The reduction process would upgrade the magnetite feed from 52% Fe to nominally 70% Fe. After reduction the melting of the DRI can be achieved solely using electrical energy to generate heat or can be achieved using gaseous/solid reductants with oxygen to supply the heat source. Those DRI plus smelting processes involving oxygen and combustion in the smelting process will reportedly struggle because of viscosity issues caused by the elevated titanium content typical of iron sands. A reduction process using electric arc smelting, whether it be AC or DC avoids the high titanium chemistry issues associated with the burning of fuels and would be able to treat Amazon Bay material.

Those processes most likely suitable for Amazon Bay have been summarised below and all use electric based heating in the final pig iron production step and use no combusting fuels for heat generation.

- Midrex Direct Reduction Shaft Furnace plus EAF
- Midrex Fastmelt plus EAF
- Outotec Fluid Bed reactor (Circofer or Circored) plus EAF

Electric smelting lends itself to locations where mains electrical power is cheap, where cheap electrical power can be generated close by using coal or gas if an efficient co-generation system can be incorporated into the reduction and smelting circuit. A number of other proprietary processes exist that combine DRI with an electric furnace that also utilises the combustion of recycled gases, coals and other fuels and these reportedly produce increased viscosity and tapping issues with the slag.

There should not be a limit to the titanium content of the iron sands that can treated if the process used is DRI+electric melting however the capability of each of these technologies to treat Amazon Bay material can only be determined by physical test work.

It is noted that Ilmenite slag plants have been operating using DRI/Electric Arc Furnace technology for 60 years and operate using material with 35-55% Titanium and 20% Fe. These plants produce a saleable pig iron as the by-product.

Hydrometallurgical Route

The alternative option are hydrometallurgical routes for extraction of vanadium, titanium and iron units from the Amazon Bay heavy mineral concentrates by utilising technology similar to those currently under research and development referred to as the TIVAN process or Process Research Oretech (PRO).

The process generally comprises acid or chloride leaching, solvent extractions and precipitation and has the ability to recover all three key commodities in the concentrates being T_iO_2, V_2O_5 and Fe_2O_3 in the form

of titanium dioxide, vanadium pentoxide and iron oxide.

While there are no current operating process plants using the technology, the individual components of the process flow sheet have been utilised on a production scale around the world for decades and TIVAN claim that the inherent risk of employing these unit operations together to produce a vanadium pentoxide flake is low.

Similar technology is also being considered and developed by Speewah Metals for their Speewah titanium/vanadium/hematite resource located in the Kimberley region of Western Australia. The technology is referred to as Process Research Oretech (PRO).

MARKETING SUMMARY

Mineral processing test work conducted by FOY appears to have followed a logical progression of analysis and investigated magnetic, grinding, electrostatic and flotation methods. Flow sheets and the processing method selected from that test work is used as the basis for subsequent plant design, capital/operating cost estimates.

The last round of test work completed by IMO used a combination of multiple wet magnet stages and grinding to -75 microns to treat a heavy mineral concentrate that produced a magnetite with a grade of 52.3% Fe.

The quality of that concentrate is shown against various other potential iron sands projects. The mass yield of the Amazon Bay concentrate was estimated at 10.1 % from ore. The concentrate has low Alumina content but also a uniquely high Vanadium grade at 1.2% which should increase the titanomagnetites attractiveness to potential buyers.

Project location	% Mass yield From ore to Concentrate	%Fe	% Si02	%Al203	%Ti02	V205
Amazon Bay	10.1	52.3	3.5	1.8	17.3	1.19
New Zealand	-	57	3.8	3.6	7.8	0.5
Java	14	55	5.4	3.9	8.3	0.5
Chili	-	57	2.5	2.1	10.2	0.5
Ecuador	-	52	0.9	0.8	25.4	0.5
Fiji	6.25	58	1.50	5.20	6.50	0.65
Peru	-	63	5	1.5	3.7	0.4

In summary, pyrometallurgical processing of the Amazon Bay concentrates would require additional downstream processing at the mine site comprising fine grinding, magnetic and electrostatic separation and possible flotation to produce a high Fe-TiO_2 grade concentrate, which would have constrained application in existing Chinese mills and/or would require the development of a dedicated high capital, energy intensive iron making process.

FOY could develop a hydrometallurgical facility in Darwin or in the Asian region. FOY could produce a gravity and magnetic concentrate at Amazon Bay, which would be loaded onto vessels and transported to Darwin or the Asian region for downstream processing at the hydrometallurgical facility to produce vanadium pentoxide, titanium dioxide and iron oxide concentrates.

Using the test work methods that produced the 52.3% Fe product an alternative production flow sheet has been proposed based on the direct treatment of dredged ore by magnetic separation, followed by grinding and additional multiple stages of magnetic separation on the -75um mill product. The alternative flow sheet does not require the production of a heavy mineral concentrate. The flow sheet is based on a mining rate of 15Mtpa, production of 1.5Mtpa of concentrate and assumes a mass yield from ore to final product of 10%.

The New Zealand Iron & Steel project provides the development model for many iron sands projects and historically a concentrate under 58% Fe was seen as unsellable. In the iron market economy driven by Chinese demand the iron grade threshold for sale has fallen and 50-55% Fe iron sands are being sold into China on a regular basis from Indonesia.

Published data from the Tex report between 2004 and 2009 showed that New Zealand Iron & Steel

discounted their iron sands concentrates by an average of 37% compared to the Pilbara Benchmark 62% Fines price. Trans Tasman Resources suggest a discount for titanomagnetites of 15% and the true figure may lie in-between at about 20%. The price discount for the Amazon Bay concentrate will need to be established.

Other salient points are:

- Considerable additional mineral processing works will need to be undertaken to confirm the proposed production flow sheet.

- The resource has a Vanadium content that is at least twice that of other iron sands projects and provides a valuable credit if the iron sands are sold to suitable Chinese steel mills

- The larger proportion of iron sands resources require some form of grinding to liberate gangue particles and increase the Fe grade. Amazon Bay test work should focus on this aspect to determine if a realistic grind size can yield a market acceptable product before pursuing non-traditional processing routes. Particle size will have a significant effect on stockpile drainage and transport.

- The CSIRO carried out preliminary investigations of smelting which showed a TiO2 slag content of only 35%. This is probably under the grade that would interest pigment slag consumers. The test work should be repeated using a group such as Outotec and if successful then the economics of that route used as a marketing tool

VALUATION OF AMAZON BAY PROJECT

VALUATION METHODOLOGY

The range of values which can be estimated for the mineral interests are based on current market prices for equivalent properties, the geological potential of the properties taking into account the possibility of outlining potential resources, and the probability of present value being derived from recognised areas of mineralisation and production. The valuation also takes account of previous and planned expenditure and commitments, and the expenditures and investment made by other parties to earn, acquire or retain their interests. The range of value estimated for each project allows for the sensitivity of the project values to expected variations in commodity prices and exchange rates, and for the changes in property market value with changing investment expectations, and valuations estimated for acquisition and listing for similar projects in the same geological environment.

Where production is in progress or planned based on quantified reserves and resources, financial analyses derive the net present value for the projects. The valuation of exploration tenements, particularly those without any quantifiable resource, is highly subjective but a number of value indicator methods have been developed and are outlined below. To determine a fair market value for the mineral exploration interests under review, various methods are normally considered including Appraised Value Method, Comparable Transaction Method, Farm-In Commitment Method, and In-situ Mineral Valuation.

Appraised Value Method

The Appraised Value Method is considered one of the methods most applicable to appraising the value of exploration properties, which have neither viable ore reserves nor any commercial production possibilities on which to establish a value. Accordingly, the real value of an exploration property is its potential for the existence of an economically viable ore body. An objective way to value a property's exploration potential is to equate it to the cost of exploration work that is warranted to assess that potential.

Appraising an exploration property with this method assumes that a direct relationship exists between the amount of exploration work performed on the property and the value of that property and that an exploration programme will either enhance or diminish the value of the property.

Past and future expenditures on a property of merit will produce a current dollar value for that property that is at least equal to the total amount expended. Any expenditure considered as contributing to the value of the property are those, which are judged to be relevant, prudent, and which were incurred in accordance with normally accepted industry practices.

Evaluating the results of an exploration programme and their relevance to the appraisal process involves assessing such parameters as, the geological environment of the property and its exploration potential, the exploration procedures utilised and their applicability to the style of mineralisation being sought or expected, the overall scope of the work performed or planned, the effectiveness of the work conducted, and the depth and experience of the management team involved in area selection and exploration programme planning and implementation.

As a result of this evaluation process, the valuer must decide as to what degree the exploration efforts have enhanced or diminished the value of the property. Only those expenditures deemed relevant to the overall value of the property are retained and used in the valuation process. In cases where inconclusive results are obtained, a subjective judgement may be made by the appraiser either on the basis of his own experience or in consultation with other technical experts. It is important to consider the intention of the owners regarding their exploration plans for the property and in this regard any funds committed to exploration work in the future budget period must be taken into account when arriving at an appraised value.

The expenditure on a project considered to be effective in terms of advancing the prospectivity of the areas is used, in conjunction with a subjective prospectivity enhancement multiplier, to derive a value of the project, which takes into account the valuer's judgment of prospectivity and the value of the database. Future planned committed expenditure is also considered as a measure of the estimated investment value of the property, to which a future exploration multiplier can be applied. In this review, we take into account expenditure of previous explorers and their joint venture partners and also past and current expenditure on the Project.

Comparable Transaction Method

One of the better methods in determining property value is by conducting a comparable transaction analysis with other recent transactions on equivalent properties, preferably within similar geographic and geological environments, with the same exploration potential and style of mineralisation, and at the same stage of development. Such a transaction should be between parties dealing at arm's length. The date of the comparable transactions should be as close as possible to the property's valuation date as the time-related factors can affect the value. These transactions can be through a direct cash payment, a farm-in or option agreement or a combination of the above. Similar transactions can be compared and expressed in a number of ways, for instance, dollars per unit area, price paid per unit of mineral commodity in the ground, or on expenditure commitments.

Comparison of recent transactions of equivalent properties provides one of the better yardsticks to measure the value of the property because it relates the price to that which an informed investor would be willing to pay to obtain a similar property. In those cases where the transactions were not directly comparable, either a premium or a discount to the value is made as deemed appropriate.

Farm-In Commitment Analysis

An exploration property may have significant untested geological potential requiring a large exploration expenditure that the owner of the property cannot meet and as such will seek a joint venture partner to help with the exploration financing. It also may happen that an initial low budget exploration programme results in a significant discovery that requires the owner to seek a joint venture partner that can provide the financing necessary to develop it fully. In cases such as these, the Appraised Value Method tends to undervalue the property because of the low level of past exploration expenditures relative to the overall potential of the property.

A more appropriate approach in these instances is to consider the terms of an arm's length transaction for a farm-in option or agreement by a third party to earn an equity interest in the property. Such agreements can be used to calculate a value for the property. The terms of these agreements usually consist of a series of optional expenditure commitments over a number of years. The farm-in participants usually earn an equity interest in the project by paying all of the exploration expenditures during the earn-in period. Normally all expenditure commitments must be met in order to earn the equity. However, such farm-in commitments are not absolutely binding as usually there are rights to withdraw or in some cases there may be staged expenditure requirements earning an escalating equity interest.
A review of the terms of the agreement, as well as the geological potential of the property must be made in order to determine the value of a farm-in commitment and to assess the probabilities that some or all of the expenditure commitments will be met, particularly in a staged earn-in situation. In these cases a discount factor reflecting the estimated probabilities can be applied to the expenditure commitments.

In-situ Mineral Valuation

This method consists of valuing the commodity content of a tenement before it is mined. It is subjective, and therefore it is important that the valuation is based on considerable experience. The current market price of the commodity is discounted for factors such as mining losses, complexity of mineralogy, mining conditions, political risk, regional infrastructure support, etc.

OTHER VALUATION CRITERIA

For the valuation of the FOY mineral interests, the following factors are considered:

- Tenements are granted or close to grant. The minimum commitment expenditures and working conditions are subject to the terms of title.
- Prospectivity and development progress on the FOY projects as have been summarized in this report.

- Estimates of previous attributable expenditure on the tenement areas, based on the accumulated information available from past exploration programmes and proposed future expenditure, are considered, as well as the terms of farm-in agreements entered into with joint venture partners.
- Equivalent farm-in expenditures are discounted for the normal time periods of expenditure.
- Comparable project expenditure are assessed in the light of the equivalence to the project under review.
- The grouping of tenements and contiguous tenure over the FOY-Titan Metal project area provides additional advantage for a substantial exploration and development programme.
- The sensitivity of the valuation, particularly relating to the risk factors listed below, is allowed for by estimating a range of valuation for each sector of the project.
- A long-term exchange rate of US$0.80 to the Australian dollars is projected.

ESTIMATION RISKS

Estimation risks are to be taken into account in assessing mineral projects, the principal risks being summarised as follows:

Mining and Exploration Risks

The successful exploitation of mineral exploration resources and the design and construction of efficient mining facilities has inherent risks which can be hampered by force majeure circumstances, cost over-runs, inconsistent grades and other unforeseen events. The technical risks attached to resource project development and production is unknown until economic resources are outlined.

General Economic Conditions

Production from mineral resources is subject to international market conditions, exchange rates and normal cost inflation. These matters would be considered if economic resources are outlined.

Environmental Impact Constraints

Exploration and development of any resources will be dependent on the projects meeting environmental guidelines. Development permits are to be approved subject to compliance with the environmental management programme.

Indigenous Title and Heritage Site

The effect of various legislation is that mining tenement and exploration permit applications and any existing mining tenements or exploration permit renewal application may be affected by indigenous title negotiation processes. There are no such title issues recorded for the FOY projects.

Land Access

A mining company may be required to seek consent of landholders to obtain access to resources and for exploration. Legislation could restrict access to tenements. Some restrictions are foreseen at this stage, allowing for the fact that the Company plans to acquire all agricultural areas affected by the operations.

VALUATION ESTIMATES

Although significant exploration and technical investigations have been carried out on the Amazon Bay heavy mineral sands mineralisation targets over a number of exploration phases and in the recent period, engineering and economic programmes, a resource statement has not been declared to JORC standards for the Project. At this stage a substantial technical and economic data base has been established and preliminary financial analysis have been carried out on conceptual basis which are considered suitable for consideration in establishments of a comparative valuation range. Of equal importance, a range of values of comparative projects have also been included to aid in the establishment of the possible market valuation range for the Amazon Bay Project, with the comparative possible estimation criteria allowed for. These projects are of similar size and mineralisation, but are following different development routes and are at various stages of development. For use in the valuation of the FOY-TML project, the following valuation criteria have been summarised from the recorded data bases relating to the Project and for acquisition agreements and for a range of valuations for projects which are similar to the Amazon Bay project.

APPRAISED EXPENDITURE

An analysis of previous expenditure on the FOY-TML project areas has been carried out to indicate an attributable value of the current data base and established facilities which would support proposed exploration and development programmes. The summary of the recorded expenditure is estimated where possible for the project area, with an estimate of its current value.

It is estimated that FOY-TML and previous explorers had spent in excess of A$5 million exploring and investigating the Amazon Project since 1970, with over $3.5 million having been spent by FOY to date. In addition, the exploration commitment relating to the granted FOY-TML mineral tenements during their current two year term total about $3 million per year and $130,000 per year for licence application.

FOY has reported that the actual expenditure on the current two year term is significantly less than the

expenditure commitment due to delays experienced with the grant of relevant environmental and subsequent drilling permits. As a result of these delays, it is expected that the comprehensive drilling program planned to define the JORC resource in the current licence period will be deferred into the next exploration licence period. FOY has confirmed that the Minerals Resource Authority are aware of the delays and the Company expects to lodge amendments to the work programme in due course.

COMPARABLE VALUE

In New Zealand, **Blue Scope Steel** has coastal sand deposits comprising titanomagnetite, which are somewhat similar to FOY project in the close association of titanium and magnetite. Resources at Waikato North Head total more than 1 billion t averaging 20% iron, with proven reserves of 70 million t grading 33.8% titanomagnetite. This would provide 19 million t of concentrate containing 59% iron. Sand is extracted by bucket wheel excavators and conveyed to gravity circuits and magnetic separators, which provide titanomagnetite concentrates, which is then pumped 18 km as a slurry to Glenbrook mill for processing to steel products by BlueScope Limited. Resources at Taharoa total 625 million t averaging 30% titanomagnetite, with proven reserves of around 10 million t grading 55% titanomagnetite. This would yield about 5 million t of concentrate containing 57.5% iron and 8% titanium dioxide. Taharoa titanomagnetite has been exported directly to the Asian market and reported NZ$53 million revenue for the year to 30 June 2008. An acquisition offer of NZ$258 million for the Taharoa iron sands operation was made in 2008, but was withdrawn due to refusal of consent by the Overseas Investment Commission.

A number of transaction valuations and economic assessments of mineral sand projects have been recorded in recent years that provide a market based assessment of heavy mineral projects. These are not directly comparable to the FOY deposition and mineralisation, but are an indication of industry values.

- Valuation of **RGC's Murray Basin assets**
  - Resources: 3.0% HM cut-off 32.2 million t at 18.2% HM including 30% ilmenite,17.5% rutile, 9.6% zircon and 42.5% other
  - Valuation: $45 million to $65 million.
  - Unit value: $1.69/t resource and $9.3/t HM.
- Acquisition of **RZM Project interests**
  - Resources: 135.2 million t at 3.2% HM including 44.6% ilmenite, 11.3% rutile, 11.3% zircon, 0.8% leucoxene of which Inferred Resource was 115 million t.
  - Valuation: $30 million.
  - Unit value: $0.22/t resource and $6.93/t HM.
- The **Toliara Mineral Sound Project** at feasibility study stage located in Madagascar is held by World Titanium Resources. (WTR). Reported ore resources are 160 million t at 8.2% HM with an estimated mine life to produce 400,000 ilmenite and 40,000 tpa zircon rutile concentrate from 8 million tpa ore. WTR is currently under acquisition offer which values the company at $14.5 million and the mineral sand resources at $0.09/t. This offer apparently will be rejected.

Independent valuations were completed in 2005 and 2010 by TWA of two ironsands mineral deposits located in **inland placer sands and beach sand in Chile.** The deposits contained confirmed resources of 3 billion t with approximately 10% heavy magnetic minerals. Processing test work confirmed possible product grade of 56% Fe, 10% T_iO_2 and 0.4% V_2O_5. A valuation range of $15 million to $16 million has been estimated at an early stage of assessment.

Indo Mines Limited, has earned an interest in the **Kulon Progo iron sands** deposit at Yogyakarta, Indonesia by the expenditure of $4 million and the issue of shares based on the confirmation of a global resource estimate of 600 million t at 10.8% Fe, containing 273 million t at 14.2% Fe of measured, indicated and inferred resources. Scoping and feasibility study activity increased the Indo Mines interest to 70% and cost an additional $18 million, and outlined mineral resources of 160 million t at 14.2% Fe, which are currently valued at $0.15/t

Amex Resources Limited's Mba Delta Ironsand Magnetite Project covers more than 132 sq. km at the mouth of Ba River, on the northwest coast of Fiji's main island Viti Levu. The resource occurs as a flat lying blanket of fine to coarse magnetite-bearing sand approximately 15 km long by up to 4 km wide. It is developed from surface to depths of up to 9.4m, and averages 4.3m in thickness. The Mba Delta hosts a significant deposit of ironsand, over which Amex is currently completing Bankable Feasibility Studies. The iron mineralisation at Mba is contained within a 'vanadiferous titano-magnetite. An Indicated Resource of 220 million t at 10.9% Fe is estimated. A valuation of the Mba Delta project by PCF Securities [April 2012] for Amex estimated a DCF value of $220 million, based on production of

750,000 tpa of concentrate at 58% Fe. Recent market value of Amex indicates a value range of $0.3 to $0.5 / t resource for the MBA Project.

Other vanadium and iron ore projects with a range of iron-titanium content of similar size and grade as the Amazon Bay resources are hard rock projects at feasibility study to predevelopment stages which indicate the following order of current financial values.

TNG Limited Mount Peake Vanadium Project (Northern Territory) is at feasibility study stage, with reported production resources of 160 million t at 0.3% V2O5, 5.3% TiO2 and 23%Fe and current market which indicates resource value range of $0.3 to 0.5 / t. TNG estimated NPV is quoted at $2.65 billion (March 2013).

Windimurra Vanadium, (Western Australia) held by Atlantic Limited which has suspended production following fire in the beneficiation plant. Reconstruction involves a vanadium plant design and flow sheet to target production of ferro vanadium. With 5000tpa of contained vanadium, ore resources of 127 million t at 0.47 % V2O5 are reported. Current market value is from $23 to $39 million which indicates resource value of $0.18 to $0.3/t resources.

Balla Mine (Western Australia) held by Rutila Resources, has 318 million t of ore resources reported at 46%Fe, 0.64% V2O5 and 13.7% TiO2 Current market value is $12 to $19 million which relates to a revenue value of $0.04 to 0.06 / t resources.

Speewah Project (Western Australia), held by King River Copper has a large vanadium titanium magnetite resource quoted as 4700 million t at 14.7%Fe, 0.30$ V2O5 and 2% Ti. Current market capital is estimated at $5 to 6 million.

Gabanintha Project (Western Australia) held by Yellow Rock Resources has a higher grade vanadium titanium magnetic resource with indicate and inferred resources of 126 million t at 0.7% V2O5, 32.3% Fe and 8.6% TiO2 to 100m depth. Current market value is $7.6 million with project valuation estimates of $46 to $76 million.

Taking these and other projects into consideration the most comparable in terms of grade and quality are considered below:

	Amazon Bay (Foyson Resources)	***MBA Delta (Amex Resources)***	***Sigatoka (Dome Gold Mines)***
Stage:	Exploration	Development	Pre feasibility conducted
Location	PNG	FIJI	Fiji
JORC resources	N/A	220MT @10.9% Fe (Indicated)	JORC (131.6MT)B (Indicated and Inferred)
Fe (Iron)	51.00%	58.50%	58.00%
V2O5 (Vanadium)	0.65%	0.60%	0.40%
Ti02 (Titanium)	13.00%	6.50%	6.60%
Sio2 (Silocon)	5.00%	1.50%	4.50%
Al203 (Aluminium Oxide)	5.00%	5.20%	3.70%
CaO (Calcium Oxide)	1.00%	0.37%	
Other projects	No	Yes	Yes
Market Capitalisation	**$3m**	**$56m**	**$41m**
NPV *	**Indicative $22.5m**	**$455m****	**$282m****
Ratio Market Cap to NPV	**Mid Range 7.50**	**8.13**	**6.88**

* Based on latest feasibility study for each entity

** Based on USD to AUD Rate Conversion of 0.85

FARM-IN COMMITMENT ANALYSIS

In July 2012, FOY entered into strategic discussions with TVI. As a result of these discussions, TVI became a substantial shareholder in FOY and a number of joint venture agreements were entered into between FOY and TVI to progress the PNG tenements including those at Amazon Bay.

The joint venture agreement at Amazon Bay, required TVI to spend A$2million prior to 31 December 2013, in order to earn a 10% interest in the Project. Further, TVI had the right but not the obligation to spend a further A$5.5million, prior to 31 December 2014, to earn a further 20% interest in the Project.

The joint venture agreement if TVI proceeded with both phases implied a value of A$47.5 million for the Amazon Bay project.

FOY announced in February 2014 that TVI had spent the required A$2million to earn a 10% interest in the project. On 26 July 2014, TVI notified FOY that decided not to proceed with the additional investment of A$5.5 million to earn a further 20% interest in the project on the basis it preferred direct investment into

FOY corporate.

Taking this into consideration, the fact that TVI spent the required $2 million to earn their 10% interest, and discounting for the poor commodity prices, an indicative value range for Amazon Bay between $12 and $18 million would be supported.

ECONOMIC STUDIES

Because they are near surface and unconsolidated, minerals sands deposits can be mined by wet or dry excavation methods. Dredging is the most commonly used wet mining method in current practice in the Industry. The sand is pumped to the wet concentrator where primary processing of the sands occurs. In the wet concentrator the heavy mineral fraction is recovered by screening and gravity separation. Typically concentrates with between 75% and 99% heavy minerals are produced and the quartz, clay and 'trash' components are rejected and returned to the mined out pond.

This concentrate is then sent to the dry plant which upgrades the mineral components using various combinations of magnetic and electrostatic techniques. The dry plant will produce separate concentrates of the individual mineral components of the orebody and products and quantities will vary mainly dependent upon the original mineralogical proportions of the individual orebody and wet and dry plant efficiencies in recovery of individual mineral components. Production from the dry plant can also vary in grade depending upon market requirements.

The infrastructure support for the project should include transportation access, power supply, development facilities, operations support facilities including workshops, handling, ship loading, and personnel accommodation. All the mined out land would be rehabilitated. As the proposed mining methods would use hydraulic mining there would not be any chemical contamination or environmental impacts that could prevent a positive environmental qualification of the projects.

FOY engaged **Mineral Technologies of Downer EDi Mining**, to undertake a Scoping Study [April 2010] for the proposed Amazon Bay titanomagnetite project based on the mineralisation exploration target to an accuracy of ±50%. The project included new ironsand dredges, floating concentrator plant, beneficiation plant, and product storage and shipping facilities. The design product delivery rate was 2.5 million tpa.

The scoping study identified that the capital cost of the Amazon Bay Project Concentrate Production was likely to be in the range of $300 million to $600 million with a most likely cost in the region of $415 million.

The capital cost of the milling and flotation circuit if they are required is in the order of $35 million. The cost of the electrostatic circuit is approximately $8 million. The cost versus benefit of these processes would be considered in future studies.

The annual operating cost of the concentrate production project was estimated to be in the range of $50 million to $115 million with the most likely operating cost to be in the region of $77 million per annum. Approximately half of the annual operating costs are diesel fuel costs. If upgrading processes are considered, the reagents required for floatation cost in the order of $12 million per annum. Consideration would be given to optimising these processes.

For the hydrometallurgical processing option, FOY **engaged MSP Resource Development Consultants [MSP]** to prepare an Executive Desktop Study [June 2012]. It was proposed to export the concentrates to a dedicated hydrometallurgical plant located in the Asian region. The plant would employ components of various flow sheets currently under development, which incorporates the following process stages:

- Atmospheric Leaching
- Counter Current Decantation
- Solvent Extraction
- Vanadium Pentoxide Flaking
- Acid Regeneration
- Iron Precipitation
- TiO2 Production.

The concept of processing vanadiferous titanomagnetite ore via a hydrometallurgical route is considered new and innovative and, to date, whilst there is no process plant currently in operation, several parties claim that the process technologies incorporated in the flow sheet have been utilised previously internationally and the inherent risk of employing these unit operations together to produce a vanadium pentoxide flake is low.

MSP developed a high-level Base Case for establishing the project and developed capital and operating costs to an order of magnitude of ± 50%. These costs were incorporated in a financial model to assess the overall commercial viability of the project.

The key parameters for the model were based on a hydrometallurgical plant located in the Asian region.

In addition to the capital cost of the Amazon Bay mining and processing facilities and infrastructure outlined above, capital estimates for the hydrometallurgical plant are considered at a low level accuracy to be:

	$ million
Port Facility	20
Infrastructure	40
Hydrometallurgical Plant	500

Design parameters for the hydrometallurgical plant were estimated to be:

Plant Project Rate	tpa	450
Concentrate Feed	mtpa	3,226
Concentrate Grade		
TiO_2	%	18.5
V_2O_5	%	0.80
Fe	%	44.6
Plant Recovery		
Titanium Dioxide	%	91.1
Vanadium Pentoxide	%	94.6
Iron [Fe]	%	97.0
Product Quality		
TiO_2	+%	67.0
V_2O_5	+%	80.0
Fe	+%	66.0
Product Output		
Titanium Dioxide Concentrate	ktpa	811
Vanadium Pentoxide Concentrate	ktpa	30.5
Iron Concentrate	mtpa	2.12

The overall concentrating and hydrometallurgical processing operating costs were based on available data contained in the public domain and factored accordingly for the Desktop Study concepts developed by **MSP** indicated the following total operating costs

	$/t Feed	$/t HMC	$/t
Total Operating Costs [$/t]	20.9	168.6	183.56

FINANCIAL ANALYSIS

A conceptual financial analysis was carried out for comparative purposes applicable to the Amazon Bay project based on the scoping studies carried out by **Downer EDI Mining** in April 2010 but was not completed to indicative cash flow analysis standards because the heavy mineral content was not estimated to ore reserve standards and the assessments of economic mineral products, separation processes and marketability were at a preliminary stage.

Initial investigations suggested the following preliminary financial estimation bases for a concentrate only production operation;

Production rate: 25 million tpa sand
2.5 million tpa HM magnetic concentration 52% Fe,
17% TiO_2 and 1.0% V_2O

Costs: Operating $31/t product
Administration $5/t product

Capital Expenditure: $415 million

The cost and revenue estimates were based on recent sand mining project developments, modified to provide for the simpler magnetite-ilmenite production scenario.

A conceptual financial value range of $35 million to $80 million was suggested for the project, at its early

stage of development, which allowed for the unconfirmed resource status of the database, and the ±50% accuracy of the cost estimates, over a project life of 10 to 20 years, using high discount rates and conservative sensitivity analysis.

The **MSP Desktop Study** progressed this analysis further to provide for the processing of the concentrate in a hydrometallurgical facility with the recovery and production of high grade titanium vanadium and iron oxide products.

This study indicates additional capital expenditure of $560 million, total operating costs of $183/t products and revenue of $280/t of products. A substantial conceptual positive net cash flow is estimated over the life of the project. Allowing high discount rates and conservative sensitivity factors, the provision of +50% estimation accuracy, the lack of confirmed resources and the early stage of technical and economic investigations, the conceptual value range of the Amazon Bay project with the processing of high grade products can be projected to increase to $70 million to $100 million.

Engenium Pty Ltd was engaged to complete a Prefeasibility Scoping Study in August 2013 related to the production of ironsands concentrates.

This study is summarized as follows:-

Production: Mineral sand 15mtpa
Product 1.56mtpa

The process flow sheet would comprise of:

- dredging slurry to be pumped to a floating concentrator plant to be processed;
- initial trommel and trash screening;
- primary wet low intensity magnetic separation (LIMS) cleaned by spirals to remove non-magnetic and lower density gangue material;
- grinding to liberate magnetite from gangue in composite particles;
- secondary and cleaner wet LIMS stages;
- final product dewatering; and
- storage of concentrate for load out.

Two logistics options to transport primary concentrate from the floating concentrator to the land based facility were considered for the Project:

- initial operation pumping primary concentrate from floating concentrator located within a 3km radius of the land based processing site (base case), and;
- subsequent operation utilising barges to transport the floating concentrator primary concentrate to the port processing site.

Due to the shallow depth of water close to the shore, conventional ship loading was not considered. Options which were instead considered for ship loading included transhipment via:

- barge to non-geared Handymax vessel with floating cranes (base case),
- barge to geared Supramax, and
- slurry pipeline to a single buoy mooring point.

The infrastructure required for the Project at the port and processing facilities were considered and would include an administration area, store and workshop, laboratory, power supply and distribution, fuel farm, camp, wastewater treatment, fire suppression, marine fleet and mobile equipment.

The capital cost estimate encompassed development capital costs to be expended from the commencement of the Project execution phase through to completion of the facilities commissioning and commencement of operations.

Summary of Engenium Prefeasibility Scoping Study amended conceptual financial model:

The following assumptions have been derived from the Engenium prefeasibility study:

- Base case ore mining rate of 15 Mt per annum, producing 1.56 Mt of ironsands per annum.

- Stripping Ratio 0:1.
- Project life of 25 years.
- Mass recovery of 10.4%.
- Concentrate is saleable at 52% iron content, 17.3% TiO2 and 1.2% V2O5.
- Iron ore fines (62% Fe) price of US $70-$80/t CFR China over life of mine.
- Discounting of 40% on iron ore price for titanium content.
- Vanadium credits of US $20//t concentrate product. Exchange rate of 0.85 USD/AUD over life of mine
- PNG royalty of 2%
- 100% of the estimated contingency expended.
- No allowance has been made for plant relocation or transport barge logistics capital expenditure.
- Financed case for 1.56 Mtpa product assuming 70% of capital at 10% interest per annum.

Assuming that 50% of the 3 km radius around the processing plant can be dredged at an average resource depth of 10 m, it was projected that the 25 year production life could be achieved utilising the base case logistics infrastructure and with no requirement for additional logistics or relocation capital expenditure.

It is expected that the shipping cost would be in the range of $15/t. The price assumption is based on spot iron ore pricing for 62% Fe fines CPR China. The vanadium credit and titanium discount assumption were based on information from similar studies.

Commodity projections have been significantly reduced by the major trading banks indicating a possible average iron price of US $55-60 / t for 2015-16 due to oversupply conditions but with eventual rise and stability thereafter.

The effect of currency depreciation is balancing these possible adjustments. Vanadium pentoxide price has remained in a US $5 to $6 per kg price range after higher prices up to US $70 / kg in 2004-2005. It is expected that prices will commence to firm as world production is eclipsed by consumption.

The Key Conceptual Projections from the Engenium Pre-feasibility Scoping Study are:

- estimated direct capital costs of $116.9M for the 1.56 Mtpa case (accuracy of 35%)

- estimated operating costs of $26.41/t product for the 1.56 Mtpa case (accuracy of 35%)

- adjusted results of financial modelling for the study showed that a NPV of $190 million could be achieved for the Conceptual Project base case on the basis of mining recovery 50% of the mineralisation target

- in terms of capital and operating cost estimates, the most viable option suggested is to be the case of 1.56 Mpta with initial operation pumping concentrate within a 3 km radius of the land based processing site, and transhipment with barge to a geared Supramax carrier.

The key conceptual projections and assumptions from the Engenium Study have been reviewed taking into consideration the following project, economic and market factors:

- FOY management have estimated additional exploration costs of $5m to $8m in order to define the resource to JORC standard.

- FOY management have considered the fall in iron ore prices and consider that Iron ore fines (62% Fe) price of US $60 CFR China over life of mine is a more appropriate current benchmark.

- FOY management have considered the historical Vanadium price and consider Vanadium credits of US $25//t concentrate product to be a more appropriate benchmark.

- FOY management have considered that an exchange rate of 0.80 USD/AUD over life of mine is reflective of the current market and forecast position.

- FOY management have confirmed that the PNG Royalty rate should be increased to include the additional 0.5% royalty payable to the vendors of TML as part of the contractual agreement to purchase 100% of TML executed in March 2015.

Further, taking into consideration the current market outlook, the fact that the project is still at an exploration stage and providing for the unconfirmed nature of the mineralisation and data base, it is considered reasonable to apply a high discount rate of 25% to the valuation.

Taking into account the above conceptual projections and assumption, allowing for the 25% discount rate and estimated accuracy range, a value range of the **Engenium Study** proposals is suggested to be between $10 million to $22 million. In this case a value of $14 million is considered a reasonable estimation.

SUMMARY VALUATION OF AMAZON BAY PROJECT

Based on the parameters outlined for appraised Amazon Bay expenditure, the value of comparative projects and the conceptual financial analysis, the following value ranges are considered for the Amazon Bay Project.

An appraised and farm-in commitment value range of $12 million to $18 million is suggested based on actual and planned Amazon Bay project investment as an upgrade providing for an enhancement factor of 1.2.

Comparative project valuations for vanadium, titanium magnetite projects of similar grade and size, but with various technical backgrounds and state of development have been summarized above. Allowing for the technical and economic issues a comparative value range of $10 million to $40 million is possible.

The conceptual valuation ranges from $10 million to $22 million as outlined in the above analyses estimates.

In summary the considered ranges of project valuations is as follows:

- **Low**: **$10 million** based on the lower ranges of the comparative, attributable investment and appraised values and conceptual financial analysis.
- **High: $22 million** based on the upper range of the conceptual project financial estimates and the middle range of comparative values of similar projects.
- **Most likely**: **$16 million** as the middle of the valuation ranges.

QUALIFICATIONS

Terence Willsteed & Associates is a Mining Engineering Consultancy, which has had considerable experience in the valuation of mining interests and investments, and in advising both prospective purchasers and sellers of such interests and investments. The persons responsible for this report is:

T V Willsteed	**BE[MIN]HONS, BA, FAUSIMM, MSME, MAICD** Consulting Mining Engineer

Mr Willsteed is the Principal of Terence Willsteed & Associates. He has had extensive experience in the mining industry over 50 years, the last 40 years of which have been as a consultant to the industry. He holds a First Class Mine Managers Certificate of Competency, and has been extensively involved in mineral project evaluation and management.

DECLARATION

This report has been prepared for inclusion in the Independent Expert's Report. This report is designed to assist shareholders to assess the value of the FOY Projects and was not prepared for any other purpose. The valuation does not provide an opinion as to share or corporate value but values the exploration and mine development projects only.

The statements and opinions contained in this report are given in good faith but, in the preparation of this report, TWA has relied substantially on information provided by the Directors and Management of FOY. We do not have reason to doubt the information so provided.

Neither the whole nor any part of this report, nor any references thereto, may be included in or with or attached to any document, circular, resolution, letter or statement without the prior written consent of TWA.

DISCLAIMER OF INTERESTS

At the date of this report, TWA and Terence Willsteed does not have, nor has had any relationship with FOY.

TWA has no relevant interest in, nor any interest in the acquisition or disposal of any securities or assets of FOY. TWA have no pecuniary or other interest that could be regarded as being capable of affecting its ability to give an unbiased opinion in relation to the valuation of the mineral interest of FOY.

Neither TWA nor T V Willsteed has received or may receive any pecuniary or other benefits, whether direct or indirect or in connection with the preparing of this report other than normal consultancy fees based on fee time at normal professional rates plus out-of-pocket expenses.

Yours faithfully,

T V WILLSTEED
Principal

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