



FOY Group Limited

ABN 23 003 669 163

Notice of Extraordinary General Meeting, Explanatory Statement and Independent Expert's Report

Time: 11.00 AM (Sydney Time)
Date: Tuesday, 15 November 2016
Place: Suite 3a, 18 Smith St, Chatswood, NSW 2067.

Your Independent Directors unanimously recommend that Shareholders **VOTE IN FAVOUR** of the Resolutions, in the absence of a superior proposal.

The Independent Expert has concluded that the IGE Transaction is “unfair but reasonable” to Shareholders not Associated with the IGE Parties.

This is an important document and requires your prompt attention. The matters raised in this document will directly affect your holding of FOY Shares. You are advised to read this document in its entirety before deciding how to vote on the Resolutions to implement the IGE Transaction.

If Shareholders are in any doubt as to how they should vote on the Resolutions they should seek advice from their professional advisers.

CORPORATE DIRECTORY

Directors

Mr Paul Dickson (Non Executive Chairman)
Stuart Clark (Managing Director)
Mr David McIntosh (Non Executive Director)
Bevan Dooley (Non Executive Director)
Mr Clifford James (Non Executive Director)
Mr Kilroy Genia (Non Executive Director)

Company Secretary

Mr Joshua Herbertson

Registered Office

Suite 3a, 18 Smith Street
Chatswood NSW 2067
Telephone :+61 2 8920 2300

Web Address

www.foygroup.com.au

ABN

ABN 23 003 669 163

ASX Code

ASX: FOY

Share Registry

Boardroom Pty Limited
Level 7, 207 Kent Street
Sydney NSW 2000
Telephone: 1300 737 760

Solicitors

Thomson Geer
Level 25, 1 O'Connell Street
Sydney NSW 2000

Auditors

Hall Chadwick
Level 40, 2 Park Street
Sydney, NSW, 2000

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Extraordinary General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 11.00am (Sydney Time) on Tuesday, 15 November 2016 at Suite 3a, 18 Smith Street Chatswood NSW 2067.

YOUR VOTE IS IMPORTANT

The business of the Extraordinary General Meeting affects your Shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the Extraordinary General Meeting on the date and at the place set out above.

VOTING BY PROXY

Any Shareholder entitled to attend and vote at this Meeting is entitled to appoint a proxy to attend and vote instead of that Shareholder.

The proxy does not need to be a Shareholder.

A Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of that Shareholder's votes.

To vote by proxy, please complete and sign the enclosed Proxy Form and return in person at the registered office of FOY, Suite 3a, 18 Smith Street, Chatswood, NSW 2067 Australia

Please note that the Proxy Form must be received by FOY not later than 11.00am (Sydney Time) on Sunday, 13 November 2016.

Proxy Forms received later than this time will be invalid.

ENTITLEMENT TO ATTEND AND VOTE

FOY may specify a time, not more than 48 hours before the Meeting, at which a "snap-shot" of Shareholders will be taken for the purposes of determining Shareholder entitlements to vote at the Extraordinary General Meeting.

Directors have determined that the Shareholders eligible to attend and vote at the Extraordinary General Meeting are those persons who are registered as holding Shares of FOY as holding Shares of FOY at 7:00pm (Sydney Time) on Sunday, 13 November 2016. Accordingly, transfer of Shares registered after that time will be disregarded for determining entitlements to attend and vote at the Extraordinary General Meeting.

LETTER FROM THE INDEPENDENT DIRECTORS OF FOY GROUP LIMITED (“FOY”)

14 October 2016

Dear Shareholder,

FOY directors and management have been working tirelessly to establish a revised business model to complement the historical trading activity of the Company. Significant progress has been made on all fronts, including the realignment of the company mission and vision. Central to this work has been taking the necessary steps to achieve re-listing of the entity on the ASX after we voluntarily de-listed in July 2015. The timing for this re-listing is now imminent. It is now necessary, as more than 12 months has elapsed since the previous extraordinary general meeting, to ask shareholders to again pass certain resolutions even though they were previously unanimously passed on 30 July 2015.

The original business sale agreement between FOY and Integrated Green Energy Limited (**IGE**) was announced to the market on 18 March 2015 (**Original Business Sale Agreement**). It was subsequently announced on 9 February 2016 FOY that FOY had entered into a new Business Sale Agreement with IGE to acquire certain assets (**Business Sale Agreement**) and confirmed that the Original Business Sale Agreement had been terminated in its entirety to remove any ambiguities from the transaction.

As announced on 8 September 2016, a variation deed to the Business Sale Agreement was executed to reflect the progress made with the ACT development, the likely schedule of events and to amend the exercise price of the IGE Consideration Options and Milestone Options to \$0.40.

The enclosed Notice of Meeting and Explanatory Statement focuses primarily on the proposed transaction between FOY and IGE. This letter is presented by those directors on the FOY Board who are not Associated with IGE and, for the purposes of this Notice of Meeting and Explanatory Statement, we are described as the Independent Directors.

It is our pleasure to invite you to attend and vote at an extraordinary general meeting of FOY at 11.00am (Sydney time) on Tuesday, 15 November 2016 at Suite 3a, 18 Smith St Chatswood NSW 2067 (**Meeting**).

The purpose of the Meeting is, among other things, to approve a change in the nature and scale of activities of FOY. While FOY currently intends to maintain its interest in the Amazon Bay iron sands project in Papua New Guinea, the existing weak equities market for junior resource stocks, resulting from depressed commodity prices, requires FOY to generate internal funding by way of a positive cash flow project to assist with overall funding. The Independent Directors believe that the transaction with IGE is the most appropriate means for FOY to secure the future of FOY and its involvement in the Amazon Bay Project, and to create value for its shareholders.

The key assets being acquired under the Business Sale Agreement have not changed from the Original Business Sale Agreement and under the terms of the Business Sale Agreement with IGE, FOY will acquire certain assets from IGE, including:

- a 50 tonnes feedstock per day commercial waste plastics to fuel plant at Berkley Vale, NSW; and
- licences to commercialise three conversion technologies: plastics to fuel, biomass to fuel and biomass to energy.

The consideration to be paid comprises shares and options in FOY in two tranches: on completion of the Business Sale Agreement, and on the satisfaction of a performance milestone, subject to the milestone being achieved by 30 June 2020.

The shares and options will be issued to IGE's shareholders in proportion to their current shareholding in IGE. The IGE shareholders broadly fall in to three categories: the inventors of the Technology, early supporters of the Technology and seed capitalists. Despite the disparity among the group of IGE shareholders, the Corporations Act treats them (together with their respective Associates and IGE) as potentially being Associates. In determining each shareholder's voting power in FOY, therefore, the relevant interests of each of IGE, the IGE shareholders and their respective Associates (**IGE Parties**) must be added together. On this basis:

- after issuing the first tranche of consideration, the IGE Parties will have voting power in FOY of between 56.89% (their minimum voting power) and 72.68% (their maximum voting power); and
- after issuing the second tranche of consideration (if the performance target is met), the IGE Parties will have voting power in FOY of between 59.29% (their minimum voting power) and 77.80% (their maximum voting power).

The minimum voting power is calculated assuming (amongst other things) that all Option holders not associated with IGE have exercised their Options but the IGE Parties have not exercised their Options. The maximum voting power calculation assumes (amongst other things) that all IGE Parties have exercised their Options but no other Option holder has exercised their Options. At the date of completion of the IGE Transaction, the Independent Directors believe it is unlikely that any Option holders will have exercised their Options. Accordingly, the Independent Directors consider that the likely voting power of the IGE Parties on the date of completion of the IGE Transaction will be approximately 60.03%, which assumes that no Options have been exercised by any Option holders.

Over the eighteen months prior to approving the IGE Transaction, the directors from time to time on FOY's Board considered numerous cash flow projects, and the IGE Transaction was selected as best meeting the key criteria developed by those directors of:

- minimal upfront capital needs;
- early cash flow;
- located in Australia;
- growth leverage available;
- environmentally friendly; and
- strong market for product.

We, as your Independent Directors, consider the proposed business model to have attractive features, including the use of non-recyclable waste plastic as feedstock for the plant, which has environmental benefits by diverting that plastic from landfill and economic benefits due to its wide availability and relatively low cost.

In conjunction with the IGE Transaction, FOY is seeking to raise \$18.5 million under the Offer.

Shareholders are now being asked to approve certain Resolutions set out in this Notice of Meeting, some of which are necessary under the ASX Listing Rules and the Corporations Act in order for the IGE Transaction and the Fundraising to proceed.

Completion of the IGE Transaction is conditional on, among other things, Shareholders approving Resolutions 1 to 6 set out in this Notice of Meeting and other conditions customary for a transaction of this nature.

The Independent Directors strongly encourage you to vote at the Meeting, either by attending in person or by appointing a proxy, attorney or corporate representative to attend the Meeting to vote on your behalf. Please read the Notice of Meeting, Explanatory Statement and Independent Expert's Report in its entirety before making your decision on how to vote at the Meeting.

Your Independent Directors unanimously recommend that Shareholders **VOTE IN FAVOUR** of **ALL** Resolutions, in the absence of a superior proposal.

If you have any questions, please call FOY's head office on +61 2 8920 2300 between 9.00am and 5.00pm (Sydney time) Monday to Friday.

Thank you for your continued support of FOY. We look forward to updating you at our upcoming meeting.

Yours sincerely,
Independent Directors of FOY Group Limited

David McIntosh, Clifford James and Kilroy Genia

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is given that an Extraordinary General Meeting of the Shareholders of FOY Group Limited (**FOY**) will be held at Suite 3a, 18 Smith St Chatswood NSW 2067 on Tuesday, 15 November 2016 commencing at 11:00am (Sydney Time) to consider, and if thought fit, to pass the Resolutions set out below.

Terms used in this Notice of Extraordinary General Meeting and accompanying Explanatory Statement are defined in the glossary to this document.

The Explanatory Statement which accompanies and forms part of this Notice of Extraordinary General Meeting describes the matters to be considered at the Extraordinary General Meeting.

1. RESOLUTION 1 – APPROVAL OF IGE TRANSACTION

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolutions 2 to 6 (inclusive), for the purposes of Listing Rule 11.1.2 and for all other purposes, approval is given for the change of nature or scale of FOY’s activities through the completion of the IGE Transaction on the terms and conditions contained in the Business Sale Agreement.”

Voting Exclusion: As Resolutions 1-6 are inter-conditional, votes which are disregarded on Resolutions 2-6 will be disregarded for Resolution 1. FOY will also disregard any votes cast on Resolution 1 by any person who might obtain a benefit, except a benefit solely in the capacity as a holder of ordinary securities if the Resolution is passed, and any person Associated with those persons. However, FOY will not disregard any votes cast on Resolution 1 by such person if:

the person is acting as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or

it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

2. RESOLUTION 2 – APPROVAL FOR ACQUISITION OF IGE ASSETS AND TECHNOLOGY RIGHTS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to the passing of Resolutions 1 to 6 (inclusive, but excluding this Resolution 2), and ASX confirming in writing that FOY has re-complied with Chapters 1 and 2 of the Listing Rules (whether or not subject to conditions) (**ASX Confirmation**), for the purposes of Listing Rule 10.1 and section 208 of the Corporations Act and for all other purposes, approval is given for FOY to acquire the IGE Assets and assume the rights and obligations of IGE under the Loan Agreements and General Security Deed, grant security in favour of Fandola in accordance with the terms of the Loan Agreements, Novation Deed and General Security Deed and acquire the right to use, commercialise and develop the Technology from, and give a financial benefit to, IGE, Bevan Dooley, Paul Dickson, Fandola, BTOLA and UTOF under or in connection with the IGE Transaction on the terms and conditions set out in the Business Sale Agreement or any Ancillary Document.”*

Independent Expert Report: Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the Shareholder approval required under Listing Rule 10.1. The Independent Expert’s Report comments on the fairness and reasonableness of the transaction the subject of this Resolution to the Non-associated Shareholders in FOY. The Independent Expert’s Report is attached as Annexure C to the Explanatory Statement and:

is also accessible on FOY’s website www.foygroup.com.au; and

if requested by a Shareholder, will be sent to the Shareholder in hard copy at no cost to the Shareholder.

Voting Exclusion: As Resolutions 1-6 are inter-conditional, votes which are disregarded on Resolutions 1-6 (inclusive, but excluding this Resolution 2) will be disregarded for Resolution 2. FOY will also disregard any votes cast on Resolution 2 by IGE, the IGE Shareholders and any Associated person. However, FOY will not disregard any votes cast on Resolution 2 by such person if:

the person is acting as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or

it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

3. RESOLUTION 3 – APPROVAL OF THE ISSUE OF THE PERFORMANCE RIGHT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolutions 1 to 6 (inclusive, but excluding this Resolution 3), and ASX Confirmation being received, for the purposes of Listing Rule 10.11, obtaining ASX Confirmation, and for all other purposes, approval is given for FOY to grant to IGE under the Business Sale Agreement the right for it or its nominee(s) to receive the Milestone Shares and the Milestone Options on the terms and conditions contained in the Business Sale Agreement.”

Voting Exclusion: As Resolutions 1-6 are inter-conditional, votes which are disregarded on Resolutions 1-6 (inclusive, but excluding this Resolution 3) will be disregarded for Resolution 3. FOY will also disregard any votes cast on Resolution 3 by IGE, the IGE Shareholders and any Associated person. However, FOY will not disregard any votes cast on Resolution 3 by such person if:

the person is acting as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or

it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. RESOLUTION 4 – APPROVAL FOR ISSUE OF CONSIDERATION SECURITIES AND MILESTONE SECURITIES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolutions 1 to 6 (inclusive, but excluding this Resolution 4) and ASX Confirmation being received:

- (a) *for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the issue of the Consideration Securities to the IGE Parties in their Respective Proportions; and*
- (b) *for the purposes of Section 611 (Item 7) of the Corporations Act, and for all other purposes, approval is given for:*
 - (i) *the issue of the following securities to the IGE Parties in their Respective Proportions:*
 - (A) *the Consideration Shares;*
 - (B) *all Shares to be issued as a result of the exercise of the Consideration Options;*
 - (C) *subject to achievement of the Performance Target, the Milestone Shares; and*
 - (D) *subject to achievement of the Performance Target, all Shares to be issued as a result of the exercise of the Milestone Options; and*
 - (ii) *the issue of all shares to be issued as a result of the exercise of the Options held by the IGE Parties immediately prior to the issue of the Consideration Securities,*

which may result in the IGE Parties’ aggregate Voting Power increasing up to a maximum of approximately 77.80%,

and otherwise on the terms and conditions described in the Explanatory Statement.”

Independent Expert Report: Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the Shareholder approval required under Section 611 Item 7 of the Corporations Act. The Independent Expert’s Report comments on the fairness and reasonableness of the transactions the subject of this Resolution to the Non-associated Shareholders in FOY. The Independent Expert’s Report is attached as Annexure C to the Explanatory Statement and:

is also accessible on FOY’s website www.foygroup.com.au; and

if requested by a Shareholder, will be sent to the Shareholder in hard copy at no cost to the Shareholder.

Voting Exclusion (Corporations Act): As Resolutions 1-6 are inter-conditional, votes which are disregarded on Resolutions 1-6 (inclusive, but excluding this Resolution 4) will be disregarded for Resolution 4. Additionally, under Item 7 of Section 611 of the Corporations Act, no votes may be cast in favour of this Resolution by:

the person proposing to make the acquisition and their Associates; or

the persons (if any) from whom the acquisition is to be made and their Associates.

Accordingly, FOY will disregard any votes cast on this Resolution by the IGE Parties.

5. RESOLUTION 5 – APPROVAL OF ISSUE OF SHARES TO FANDOLA

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“That, subject to the passing of Resolutions 1 to 6 (inclusive, but excluding this Resolution 5), and ASX Confirmation being received, for the purpose of Listing Rule 10.1, 10.11, section 208 of the Corporations Act, Section 611 (Item 7) of the Corporations Act and for all other purposes, Shareholders approve the issue of up to 2,901,250 Shares and up to 2,901,250 Options (**Fandola Options**) with an exercise price of \$0.20 to Fandola (an Associate of Mr Paul Dickson) in satisfaction of the amounts owing to Fandola under the Fandola Loan Agreement and the issue of up to 2,901,250 Shares as a result of the exercise of the Fandola Options for the purpose and on the terms set out in the Explanatory Statement.”*

Independent Expert Report: Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the Shareholder approval required under Section 611 Item 7 of the Corporations Act. The Independent Expert’s Report comments on the fairness and reasonableness of the transactions the subject of this Resolution to the Non-associated Shareholders in FOY. The Independent Expert’s Report is attached as Annexure C to the Explanatory Statement and:

is also accessible on FOY’s website www.foygroup.com.au; and

if requested by a Shareholder, will be sent to the Shareholder in hard copy at no cost to the Shareholder.

Voting exclusion: As Resolutions 1-6 are inter-conditional, votes which are disregarded on Resolutions 1-6 (inclusive, but excluding this Resolution 5) will be disregarded for Resolution 5. FOY will also disregard any votes cast on Resolution 5 by the IGE Parties and any of their Associates. However, FOY will not disregard any votes cast on Resolution 5 by such person if:

it is cast by a person as a proxy, appointed in writing that specifies how the Proxy is to vote on the Resolution, for a person who is entitled to vote, and it is not cast on behalf of the IGE Parties or any Associate of them; or

it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

6. RESOLUTION 6 – APPROVAL OF ISSUE OF SHARES TO REBELLY HEALTHCARE

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“That, subject to the passing of Resolutions 1 to 6 (inclusive but excluding this Resolution 6), and ASX Confirmation being received, for the purpose of Section 611 (Item 7) of the Corporations Act and for all other purposes, Shareholders approve the issue of up to 1,055,000 Shares and 1,055,000 of Options (**Rebilly Options**) with an exercise price of \$0.20 to Rebilly Healthcare in satisfaction of the amounts owing to Rebilly Healthcare under the Rebilly Loan Agreement and the issue of up to 1,055,000 Shares as a result of the exercise of the Rebilly Options for the purpose and on the terms set out in the Explanatory Statement.”*

Independent Expert Report: Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the Shareholder approval required under Section 611 Item 7 of the Corporations Act. The Independent Expert’s Report comments on the fairness and reasonableness of the transactions the subject of this Resolution to the Non-associated Shareholders in FOY. The Independent Expert’s Report is attached as Annexure C to the Explanatory Statement and:

is also accessible on FOY’s website www.foygroup.com.au; and

if requested by a Shareholder, will be sent to the Shareholder in hard copy at no cost to the Shareholder.

Voting exclusion: As Resolutions 1-6 are inter-conditional, votes which are disregarded on Resolutions 1-5 will be disregarded for Resolution 6. FOY will also disregard any votes cast on Resolution 6 by the IGE Parties any of their Associates. However, FOY will not disregard any votes cast on Resolution 6 by such person if:

it is cast by a person as a proxy, appointed in writing that specifies how the Proxy is to vote on the Resolution, for a person who is entitled to vote, and it is not cast on behalf of the IGE Parties or any Associate of them; or

it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

7. RESOLUTION 7 – APPROVAL OF ISSUE OF SECURITIES UNDER OFFER

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolutions 1 to 6 (inclusive) and ASX Confirmation being received, for the purpose of Listing Rule 7.1 and for all other purposes, approval is given for FOY to issue up to 92,500,000 Shares at \$0.20 per Share to raise up to \$18,500,000, in the manner set out in the Explanatory Statement.”

Voting Exclusion: FOY will disregard any votes cast on Resolution 7 by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the Resolution is passed and any Associates of those persons.

However, FOY will not disregard a vote if:

it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or

it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

8. RESOLUTION 8 – APPROVAL OF THE ISSUE OF SHARES AND OPTIONS TO DAVID MCINTOSH

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolutions 1 to 6 and ASX Confirmation being received, for the purpose of Listing Rule 10.11, section 208 of the Corporations Act and for all other purposes, approval is given for the issue of 100,000 Shares and 100,000 Options with an exercise price of \$0.20 to David McIntosh (or his nominee), for the purpose and on the terms set out in the Explanatory Statement.”

Voting exclusion: FOY will disregard any votes cast on Resolution 8 by David McIntosh, and any person Associated with David McIntosh. However, FOY will not disregard any votes cast on Resolution 8 by such person if:

it is cast by a person as a proxy, appointed in writing that specifies how the Proxy is to vote on the Resolution, for a person who is entitled to vote, and it is not cast on behalf of David McIntosh or any Associate of David McIntosh; or

it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

9. RESOLUTION 9 – APPROVAL OF THE ISSUE OF SHARES AND OPTIONS TO KILROY GENIA

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolutions 1 to 6 and ASX Confirmation being received, for the purpose of Listing Rule 10.11, section 208 of the Corporations Act and for all other purposes, approval is given for the issue of 100,000 Shares and 100,000 Options with an exercise price of \$0.20 to Kilroy Genia (or his nominee), for the purpose and on the terms set out in the Explanatory Statement.”

Voting exclusion: FOY will disregard any votes cast on Resolution 9 by Kilroy Genia, and any person Associated with Kilroy Genia. However, FOY will not disregard any votes cast on Resolution 9 by such person if:

it is cast by a person as a proxy, appointed in writing that specifies how the Proxy is to vote on the Resolution, for a person who is entitled to vote, and it is not cast on behalf of Kilroy Genia or any Associate of Kilroy Genia; or

it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

10. RESOLUTION 10 – APPROVAL OF THE ISSUE OF SHARES AND OPTIONS TO MICHAEL PALMER

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolutions 1 to 6 and ASX Confirmation being received, for the purpose of Listing Rule 7.1 and for all other purposes, approval is given for the issue of 250,000 Shares and 250,000 Options with an exercise price of \$0.20 to Michael Palmer (or his nominee), for the purpose and on the terms set out in the Explanatory Statement.”

Voting exclusion: FOY will disregard any votes cast on Resolution 10 by Michael Palmer, and any person Associated with Michael Palmer. However, FOY will not disregard any votes cast on Resolution 10 by such person if:

it is cast by a person as a proxy, appointed in writing that specifies how the Proxy is to vote on the Resolution, for a person who is entitled to vote, and it is not cast on behalf of Michael Palmer or any Associate of Michael Palmer; or

it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

By order of the board of directors of
FOY Group Limited



Joshua Herbertson
Company Secretary

14 October 2016

FREQUENTLY ASKED QUESTIONS

Question	Answer	More information
What is the IGE Transaction?	<p>In summary, the IGE Transaction involves FOY acquiring the following assets from IGE:</p> <ul style="list-style-type: none"> ➤ exclusive licences to commercialize three technologies in Australia, New Zealand, China, India, North America, South East Asia, Papua New Guinea and Fiji; ➤ one of four licences for each of the technologies in Western Europe, Eastern Europe, South America, Japan and Africa; ➤ a completed commercial facility which converts waste plastic to fuel, with an installed capacity of 50 tonnes feedstock per day (fstpd), located at Berkeley Vale, NSW (BKV Commercial Plant); ➤ an executed contract for waste plastic feedstock supply; ➤ an existing management and operations team; and ➤ the rights and obligations of IGE under the Loan Agreements and the General Security Deed and granting of security in favour of Fandola on the terms set out in the Loan Agreements, Novation Deed and the General Security Deed. <p>With the exception of the Loan Agreements and the General Security Deed and the Property Purchase Agreement, the assets and liabilities being acquired from IGE have not changed from the Original Business Sale Agreement.</p> <p>In consideration for the acquisition of the assets, FOY will:</p> <ul style="list-style-type: none"> ➤ issue to the shareholders of IGE (as IGE's nominees) the Consideration Shares and Consideration Options; and ➤ if the Performance Target is met, issue to the shareholders of IGE (as IGE's nominees) the Milestone Shares and Milestone Options. <p>See section 1.5 for further details on the assets, section 1.8 for further details on the consideration and the Performance Target, and section 1.10 for further details on the Business Sale Agreement.</p> <p>The IGE Transaction is considered by ASX to be a significant change to the nature and scale of FOY's activities, and as such requires the approval sought under Resolution 1 and re-compliance by FOY with Chapters 1 and 2 of the ASX Listing Rules (Listing Rules).</p>	Section 1
Who is IGE?	<p>IGE is an unlisted public company established on 15 February 2013 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 following technologies:</p> <ul style="list-style-type: none"> ➤ waste plastics to fuel (catalytic thermal depolymerisation) technology; ➤ biomass to energy (indirectly fired gas turbine) technology; and ➤ biomass to liquid fuels technology. 	Section 4

	<p>In October 2014 IGE licensed each Technology from the developers of that Technology.</p> <p>IGE has funded the construction of the BKV Commercial Plant (which incorporates the waste plastics to fuel technology) to be acquired by FOY under the IGE Transaction. FOY has agreed to reimburse IGE for all reasonable expenses incurred by IGE associated with the costs of commissioning the BKV Commercial Plant, as approved by the FOY Board.</p>	
Who developed the Technologies?	The Technologies were developed by BTOLA and UTOF and their principals, Bevan Dooley (who is a director and shareholder of both BTOLA and UTOF and also a Director of FOY) and Adrian Lake (a director and shareholder of UTOF, which (aside from Bevan Dooley) also has two other shareholders).	Section 4.1
Who are the IGE Shareholders?	<p>The IGE shareholders broadly fall in to three categories: the developers of the Technology (and their friends and family), early supporters of the Technology and seed capitalists.</p> <p>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.</p> <p>The largest single shareholder of IGE, with 49.462% of IGE's issued share capital, is Fandola (an Associate of Mr Paul Dickson who is the Chairman of FOY). Fandola is a seed capitalist who has contributed significant cash investment to IGE.</p> <p>In addition to the Technology developers and Mr Dickson, there are several other IGE Shareholders, listed in section 8.4.</p>	Sections 4.1 and 8.4
Who are the IGE Parties?	<p>The IGE Parties are IGE, each of the IGE Shareholders (identified in section 8.4) and their Associates.</p> <p>The IGE Shareholders will be issued the Consideration Securities and (if the Performance Target is met) Milestone Securities as IGE's nominees.</p> <p>Despite the disparity among the group of IGE Shareholders, the Corporations Act treats them (together with their respective Associates and IGE) as potentially being Associates.</p> <p>In determining each IGE Shareholder's Voting Power, therefore, the relevant interests in Shares of each of IGE, the IGE Shareholders and their respective Associates must be added together.</p>	Sections 8.1, 8.2 and 8.4
What effect will the IGE Transaction and the Fundraising have on the control of FOY?	<p>There are two critical time periods for assessing the control impact of the IGE Transaction: first, immediately following Completion of the IGE Transaction and the Fundraising, when the Consideration Securities are issued; and second, following satisfaction of the Performance Target (if at all) when the Milestone Securities are issued.</p> <p>Immediately following Completion of the IGE Transaction and the Fundraising, the IGE Parties will have Voting Power of between 56.89% (minimum) and 72.68% (maximum).</p> <p>TVI Pacific, which previously had Voting Power of more than 20%, will have its Voting Power reduced to below 20%.</p> <p>Following the issue of the Milestone Securities (if the Performance Target is met) the IGE Parties will have Voting Power of between 59.29% (minimum) and 77.80% (maximum), assuming that no changes to FOY's capital structure (such as additional issues of</p>	Sections 2.7 and 8

	<p>securities or capital reductions) occur between Completion and the date of issue of the Milestone Securities.</p> <p>The minimum voting power calculation assumes (amongst other things) that all Non-associated Option holders have exercised their Options but the IGE Parties have not exercised their Options. The maximum voting power calculation assumes that no Non-associated Option holders have exercised their Options, but all IGE Parties have exercised all their Options.</p> <p>The Independent Directors consider that the likely voting power of the IGE Parties from day one following Completion of the IGE Transaction will be 60.68%, which assumes that no Options have been exercised by any Option holders and the Shares under the Loan Agreements have not been issued.</p>	
If the IGE Transaction does not proceed, what is the effect on the control of FOY?	If the IGE Transaction does <u>not</u> proceed, then TVI's and Mr James' Voting Power will remain the same at 27.881% on a fully diluted basis.	
What relevant interest in Shares will each IGE Shareholder have in FOY after the IGE Transaction?	<p>Each IGE Shareholder will be issued their Respective Proportion of the Consideration Securities and Milestone Securities, as set out in section 8.4.</p> <p>The maximum Relevant Interest of each IGE Shareholder after the issue of the Consideration Securities and Milestone Securities is set out in section 8.8 (and is based on a number of assumptions).</p> <p>For example, the maximum Relevant Interest of Paul Dickson (IGE's largest shareholder) will be 39.34% and the maximum Relevant Interest of Rebelly Health Care (Shanghai) Limited (IGE's second largest shareholder) will be 20.18% and the maximum Relevant Interest of Bevan Dooley (IGE's third largest shareholder) will be 4.91%, meaning they each have the potential to be substantial Shareholders of FOY following Completion of the IGE Transaction. By comparison, the smallest IGE Shareholder will have a maximum Relevant Interest of 0.014%.</p>	Sections 8.4 and 8.8
What is the Fundraising?	In conjunction with the IGE Transaction, to raise funds and to assist with re-compliance with Chapters 1 and 2 of the Listing Rules, FOY intends to undertake an offer of Shares and Options to raise \$18.5 million (Offer).	Section 1.12
What will FOY's main business be after the IGE Transaction is implemented?	<p>FOY's main business undertaking will be:</p> <ul style="list-style-type: none"> ➤ to develop new plastics to fuel conversion facilities elsewhere in Australia and explore further opportunities, particularly in North America and the People's Republic of China; ➤ continue the progress made with GEP Fuel & Energy LLC and work towards achieving revenue through the design and construction of the 1,500 tonnes per day plant being proposed for Austin, Texas; ➤ operate the BKV Commercial Plant as a refinery for low commercial value co-mingled fuels to convert them back into a saleable product. The BKV Commercial Plant will also operate as a waste plastics to fuel conversion facility when approval is granted by the NSW EPA ; ➤ design and construct a plant in the Australian Capital Territory ("ACT Commercial Plant") with a capacity of 200 fstd. 	Section 2.2

What will FOY's growth strategy be after the IGE Transaction is implemented?	<p>FOY's short term plans are to design and construct the ACT Commercial Plant to 200 tonnes fstd.</p> <p>As noted above, the appropriate time during FOY's growth phase, and after developing appropriate business plans and taking account of prevailing market conditions, FOY intends to consider:</p> <ul style="list-style-type: none">➤ building additional waste plastic to fuel conversion plants in appropriate Australian locations and North America and the People's Republic of China;➤ sub-licencing the technology associated with the Commercial Plants to local operators in appropriate offshore jurisdictions and collect royalties relating to that operation;➤ develop and prove the biomass to energy generating technology and commercialise that technology in PNG; and➤ pursue the Amazon Bay Project and other resource and business opportunities in PNG provided that they can be self-funded.	Section 2.3														
Can the IGE Transaction proceed if funds are not raised under the Fundraising?	<p>Although the IGE Transaction is not expressly conditional on the Fundraising proceeding, the IGE Transaction and Resolutions 1 – 7 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 Fundraising, it is likely that FOY will not re-comply with Chapters 1 and 2 of the Listing Rules (for example, because it has failed to obtain the necessary spread of shareholders or to raise sufficient working capital).</p>	Section 1.12														
What is the proposed use of the proceeds from the Fundraising?	<p>The proposed use of the proceeds from the Fundraising is set out in the table below.* As explained above, the Fundraising will also help FOY to re-comply with Chapters 1 and 2 of the Listing Rules.</p> <table><tr><th>Use</th><th>Amount</th></tr><tr><td>IGE Transaction and Fundraising costs</td><td>\$1,487,500</td></tr><tr><td>Capital expenditure to design and construct the ACT Commercial Plant to 200 fstd capacity</td><td>\$11,204,000</td></tr><tr><td>Acquisition of land in Hume, ACT for the purposes of building the ACT Commercial Plant</td><td>\$3,108,500</td></tr><tr><td>Payment of commissioning expenses to IGE</td><td>\$1,400,000</td></tr><tr><td>Working capital</td><td>\$1,300,000</td></tr><tr><td>Total amount of funds to be raised</td><td>\$18,500,000</td></tr></table> <p>* The above table is a statement of the Board's current intentions as at the date of this Notice of Meeting. As with any work plan and budget, intervening events and new circumstances have the potential to affect the ultimate way funds will be applied. Accordingly, the actual expenditures may vary from the above estimates and the Board reserves the right to vary the expenditures dependent on circumstances and other opportunities.</p>	Use	Amount	IGE Transaction and Fundraising costs	\$1,487,500	Capital expenditure to design and construct the ACT Commercial Plant to 200 fstd capacity	\$11,204,000	Acquisition of land in Hume, ACT for the purposes of building the ACT Commercial Plant	\$3,108,500	Payment of commissioning expenses to IGE	\$1,400,000	Working capital	\$1,300,000	Total amount of funds to be raised	\$18,500,000	Section 1.12
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Total amount of funds to be raised	\$18,500,000															

<p>Why is shareholder approval being sought for the IGE Transaction?</p>	<p>The acquisition of the IGE Assets represents a significant change in the nature and scale of FOY's activities. ASX has confirmed that, under ASX Listing Rule 11.1, FOY is required to seek the approval of Shareholders for the IGE Transaction.</p> <p>In addition, Shareholder approval is required for:</p> <ul style="list-style-type: none"> ➤ the acquisition of the IGE Assets from IGE (which is a Related Party of FOY), the assumption of rights and liabilities under the Loan Agreements and the General Security Deed, including the granting of a security to Fandola over FOY's assets and the acquisition of rights under the Licences from BTOLA (which is a Related Party of FOY) and UTOF (which is an Associate of BTOLA and potentially IGE) for the purpose of Listing Rule 10.1 (the relevant Related Party and Associate relationships are described in section 6.2); ➤ the consideration for the IGE Assets, which is the issue of the Consideration Securities and (if the Performance Target is met) Milestone Securities to the IGE Shareholders (as IGE's nominees under the Business Sale Agreement). This is because, if the IGE Shareholders are considered to be Associates of each other, the issue of the Consideration Securities and the Milestone Securities will take their Voting Power from below 20% to a point above 20% (but below 90%). Therefore, to ensure there is no breach of section 606 of the Corporations Act, Shareholder approval in accordance with section 611 item 7 of the Corporations Act is required; and ➤ the performance right granted under the Business Sale Agreement (i.e. the right to be granted the Milestone Shares if the Performance Target is met). ASX has advised that it considers the performance right to be an equity security which will be appropriate and equitable as required by Listing Rule 6.1 provided that Shareholder approval is received (and other requirements set out in section 7 are met). <p>Further Shareholder approvals required in connection with the IGE Transaction are summarised under "What are Shareholders being asked to vote on?" below.</p>	<p>Sections 5 to 8</p>
<p>What Resolutions must be approved for the IGE Transaction to proceed?</p>	<p>The IGE Transaction will not proceed unless Resolutions 1 – 6 (inclusive) are approved.</p> <p>The IGE Transaction is not expressly conditional on the Resolution 6 being approved. However, the IGE Transaction and Resolutions 1 – 6 are conditional on ASX confirming that FOY has re-complied with Chapters 1 and 2 of the Listing Rules. If Resolution 7 is not approved, it is likely that FOY will not be able to re-comply with Chapters 1 and 2 of the Listing Rules (for example, because it has failed to obtain the necessary spread of shareholders).</p>	<p>Sections 1.3 and 5 to 9</p>
<p>What is the IGE Transaction conditional on?</p>	<p>The IGE Transaction is conditional on a number of matters, which are summarised in Annexure A. In particular, the IGE Transaction is conditional on ASX confirming that FOY has re-complied with Chapters 1 and 2 of the ASX Listing Rules and Resolutions 1 – 6 being approved.</p> <p>ASX has determined that it requires FOY, as a condition for satisfying Chapters 1 and 2 of the Listing Rules and therefore a condition of any reinstatement of the FOY's securities to official quotation, to receive approval from the ACT Minister for Planning</p>	<p>Sections 1.3 and 1.9</p>

	for the Company's Environmental Impact Statement, lodged for the ACT Commercial Plant.	
What is the process and timeframe for obtaining ACT EPA and NSW EPA approvals?	<p>FOY has submitted an Environmental Impact Statement to the ACT Government and is currently in the process of a mandated 28 day public consultation and review process. During this public consultation period FOY will receive further feedback from related government departments and the community. After addressing this feedback, the ACT Minister for Planning has 15 days to issue a license.</p> <p>In relation to obtaining approval for the BKV Commercial Plant, FOY and IGE continue to be in discussion with the NSW EPA regarding the licensing requirements of the facility, and have been advised that to operate the plant as a plastics to fuel conversion facility it will have to produce empirical data from a like plant in a like jurisdiction. The FOY Board envisages the operation of the ACT facility will provide the baseline data that will assist with its NSW EPA approvals for the Berkeley Vale facility. In the meantime, the BKV Commercial Plant will continue to operate as a refinery for co-mingled fuels, converting them back to diesel and petroleum. It has already received approval for this operation from the Wyong Shire Council.</p>	Section 1.7
What happens if the IGE Transaction does not proceed?	<p>If the IGE Transaction does not proceed, there is a risk that FOY will not be able to continue as a going concern if it cannot find an alternative cash flow business to acquire on acceptable terms or otherwise raise adequate funding to continue its iron sands exploration activities on the Amazon Bay project.</p> <p>After having sought cash flow business for at least 18 months prior to deciding to proceed with the IGE Transaction, the Independent Directors consider there to be a high risk that FOY would be unable to find an alternative business to acquire on acceptable terms if the IGE Transaction does not proceed.</p> <p>In addition, FOY has previously sought debt and equity funding for the Amazon Bay project and has not found such funding on commercially acceptable terms. The lack of funding is currently exacerbated by the low iron ore price. As such, the Independent Directors consider that there is a high risk that FOY would not obtain adequate funding for its Amazon Bay project if the IGE Transaction does not proceed.</p>	Sections 0 and 3.3
What are Shareholders being asked to vote on?	<p>Shareholders are being asked to vote on 10 Resolutions which provide the following approvals:</p> <ul style="list-style-type: none"> ➤ approval for the change to the nature and scale of FOY's activities through the completion of the IGE Transaction; ➤ approval for the acquisition of the IGE Assets and the right to use, commercialise and develop the Technology from related parties, the novation of the Loan Agreements and the General Security Deed, and the granting of a security to Fandola over FOY's assets; ➤ approval of the right granted to IGE under the Business Sale Agreement for IGE Shareholders (as IGE's nominees) to be issued the Milestone Securities if the Performance Target is met; ➤ approval of the issue of the Consideration Securities and Milestone Securities, and the issue of shares on the exercise of the Consideration Options, Milestone Options and all other Options held by IGE Parties prior to the issue of the Consideration Securities; 	Sections 5 to Error! Reference source not found.

	<ul style="list-style-type: none"> ➤ approval for the issue of Shares and Options to Fandola and the issue of Shares on the exercise of the Fandola Options; ➤ approval for the issue of Shares and Options to Rebelly and the issue of Shares on the exercise of the Rebelly Options; ➤ approval for FOY to issue up to 92,500,000 Shares for the Offer; ➤ approval for the issue of 100,000 Shares and 100,000 Options to each of David McIntosh and Kilroy Genia, for special services provided to FOY; and ➤ approval of the issue of 250,000 Shares and 250,000 Options to Michael Palmer. 	
What are the key reasons to vote in favour of the IGE Transaction?	<ul style="list-style-type: none"> ➤ FOY will obtain an interest in a business which has the capacity to generate cash flow by producing and selling fuel. ➤ If the IGE Transaction is not approved, there is a risk FOY may not be able to continue as a going concern. ➤ FOY believes the business model has attractive features, including: <ul style="list-style-type: none"> ▪ the Commercial Plants use plentiful waste plastic as feedstock (in particular non-recyclable waste plastic which would otherwise be disposed of as landfill) and there is already a contract for the provision of sufficient feedstock for the scale up and operation of a 200fstpd plant in place; ▪ the business model is anticipated to be viable provided the Brent crude oil price is above US\$15 per barrel (subject to a number of assumptions, including that a feedstock price of \$160 per tonne is maintained and FOY sells all fuel produced); ▪ the economic viability of the Commercial Plants will not depend on Government grants or subsidies; and ▪ there is potential for additional business opportunities associated with the Technologies, which may be exploited and/or sub-licensed. ➤ There is an opportunity for FOY to leverage off its knowledge of the market in PNG in order to seek further business opportunities (including relating to the Technologies) in that country. ➤ FOY may be better positioned to fund the development of the Amazon Bay Project in the future due to its business activities being more diversified and not exclusively cash flow negative mineral exploration. ➤ Following the IGE Transaction and the Fundraising FOY will have a strengthened market capitalisation. ➤ The Independent Expert has concluded that the IGE Transaction is not fair but reasonable to Shareholders not Associated with the IGE Parties. Please refer to section 1.14 for an explanation of what is meant by “not fair”, and Annexure C for the full Independent Expert’s Report. ➤ No superior proposal to the IGE Transaction has emerged. ➤ The Independent Directors consider that the IGE Transaction is the best option currently available to FOY to increase Shareholder wealth in the longer term. 	Section 3.1
What are the possible	<ul style="list-style-type: none"> ➤ Whether the operation of the Commercial Plants or the sale of fuel produced by it is economically viable or becomes 	Section 3.2

<p>reasons to consider voting against the IGE Transaction?</p>	<p>profitable depends on a number of factors outside the control of the Board, including the WPTF Technology working as anticipated in the Commercial Plants, the crude oil price and consumer demand for the fuel produced by the Commercial Plants. As such, there is no guarantee that this business will be economically viable or become profitable.</p> <ul style="list-style-type: none"> ➤ After Completion of the IGE Transaction, the IGE Parties will have in aggregate at least 56.89% and at most 77.80% Voting Power. This will also result in the Voting Power of existing Shareholders being significantly diluted. At this shareholding level, if the IGE Parties are acting in concert, the IGE Parties will be able to control the composition of the Board and pass ordinary resolutions (ie requiring more than 50% of the votes cast) and the interests of the IGE Parties may not always be aligned with those of existing Shareholders. This level of Voting Power may also be a disincentive for third parties to make future offers for your Shares (as third parties seeking control may require the approval of the IGE Parties). ➤ Two directors of FOY, Paul Dickson and Bevan Dooley, are IGE Parties and will have input into Board decisions regarding FOY (although will be subject to their directors' duties, including to act in good faith and in the best interests of FOY). Currently, the Board also includes three independent directors, but the IGE Parties will, if acting in concert, have sufficient Voting Power after the IGE Transaction to appoint additional directors. ➤ Following Completion of the IGE Transaction, it is unlikely that FOY will be able to use any carried forward tax losses (noting that FOY has not determined whether those tax losses could be used on future profits regardless of whether the IGE Transaction completes – refer to sections 2.8 and 0). ➤ There are costs associated with undertaking the IGE Transaction, including stamp duty, fees for legal and financial advisers and share registry costs. However, the majority of these costs will be incurred regardless of whether the IGE Transaction proceeds. ➤ Shareholders may disagree with the change of the nature and scale of FOY's business, the Independent Expert's conclusion or the Independent Directors' recommendation. ➤ Shareholders may consider there is a possibility a superior proposal will emerge. 	
<p>What are the risks associated with the IGE Transaction?</p>	<p>The key risks specific to the IGE Transaction and, in particular, the waste plastic to fuel activities and other Technologies, are:</p> <ul style="list-style-type: none"> ➤ crude oil prices falling to a price at which production from the Commercial Plants or any plant operated by FOY becomes uneconomic; ➤ interruption to the supply of non-recyclable waste-plastic feedstock or issues with the quality of that feedstock; ➤ failure of the Technologies to work at a commercial scale or to stop working in the future; ➤ failure to obtain approval from the NSW EPA to operate the Business in NSW; ➤ failure to receive approval from the ACT Minister for Planning for the Company's Environmental Impact Statement, lodged for the ACT Commercial Plant.; ➤ changes to laws or regulations that result in material increased costs; 	<p>Section 3.4</p>

	<ul style="list-style-type: none"> ➤ FOY failing to adhere to health and safety laws and regulations, resulting in fatalities or serious personal injury to staff or service providers; ➤ FOY failing to obtain the necessary environmental permits, observe environmental regulations or those regulations being changed in a material way; ➤ FOY failing to protect its intellectual property rights relating to the Technologies; ➤ FOY infringing third parties' intellectual property rights; ➤ the release of the restricted securities from escrow which may impact the price of Shares; ➤ FOY failing to meet the Australian standards for FOY's finished products; ➤ failure of the ACT or BKV Commercial Plants or any plant operated by FOY to produce at its planned capacity; ➤ FOY failing to retain key management, or of management failing to deal with any rapid growth in operations; ➤ new fuel standards being introduced; ➤ FOY failing to develop any necessary technology to remain competitive, optimise production or comply with new environmental or other regulations; ➤ FOY failing to obtain funding for its growth strategy; ➤ FOY failing to complete the construction of the ACT Commercial Plant at all or on time or within budget; ➤ FOY failing to obtain customers for its products; ➤ FOY failing to efficiently maintain the ACT or BKV Commercial Plants or any other plant operated by it; ➤ FOY failing to build and maintain reliable distribution channels and access to freight, storage, infrastructure and logistic support; ➤ the Berkeley Vale or ACT sites or any plant operated by FOY may be affected by events outside FOY's control occurring, which may result in the site being unable to be used for the operation of the Commercial Plants and/or the lease being terminated; ➤ adverse movements in the Australian dollar as against the US dollar affecting the price at which FOY can sell its products; and ➤ other general risks relating to the IGE Transaction summarised in section 3.4. 	
Who are the Directors of FOY?	<p>The Directors are Mr Paul Dickson (Non-Executive Chairman), Mr Stuart Clark (Managing Director), Mr David McIntosh, Mr Bevan Dooley, Mr Clifford James and Mr Kilroy Genia.</p> <p>Mr Paul Dickson and Mr Bevan Dooley are each directors and shareholders of IGE.</p>	
Are the Directors currently receiving fees for their services?	<p>Shortly after Mr Dickson and Mr Dooley joined the FOY Board, the Board requested that each Director waive his right to receive director's fees (in the case of Mr McIntosh, he is accruing fees of \$12,000 per month as Managing Director). Accordingly, none of the Directors currently receive Director's fees.</p>	Sections 12 and 13
Who are the Independent Directors?	<p>For the purpose of this Notice and Explanatory Statement, the Independent Directors are those Directors of FOY who are not Associated with IGE. They are: Mr David McIntosh, Mr Clifford James and Mr Kilroy Genia.</p> <p>The Independent Directors have no material personal interest in the outcome of the IGE Transaction (other than in their capacity as Shareholders or Optionholders of FOY).</p>	

What do the Independent Directors recommend?	<p>The Independent Directors recommend that Shareholders VOTE IN FAVOUR of all Resolutions.</p> <p>The Independent Directors have considered the advantages, disadvantages and risks of the IGE Transaction and make their recommendation independently of Paul Dickson and Bevan Dooley, who are Directors Associated with IGE.</p>	Section 1.15
What is the Independent Expert's opinion?	The Independent Expert has determined that the IGE Transaction is <i>not fair but reasonable</i> to Shareholders not Associated with the IGE Parties.	Section 1.14 and Annexure C
What does 'not fair but reasonable' mean?	<p>An offer is "<i>fair</i>" 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 of 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.</p> <p>An offer is "<i>reasonable</i>" if it is "<i>fair</i>".</p> <p>However, an offer may also be reasonable if, despite being "<i>not fair</i>", 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.</p>	Annexure C

KEY DATES

These dates are indicative only and may change. FOY may elect to postpone the meeting date or to withdraw from the IGE Transaction, the Fundraising or the subject matter of any other Resolution at any time before the meeting date.

Action	Date
Date of this notice	Wednesday, 14 October 2016
Lodge prospectus with ASIC	By Tuesday, 1 November 2016
General Meeting	Tuesday, 15 November 2016
Opening date of Offer	Wednesday, 16 November 2016
Closing date of Offer	Wednesday, 7 December 2016
Completion of IGE acquisition and issue of shares to IGE shareholders and applicants under the prospectus	Friday, 16 December 2016
Expected dispatch of Shareholder holding statements	Monday, 19 December 2016
Shares expected to commence trading on ASX	Tuesday, 20 December 2016

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of Shareholders of FOY in relation to the business to be conducted at the Extraordinary General Meeting to be held at Suite 3a, 18 Smith Street Chatswood NSW 2067 on Monday, 15 November 2016 at 11.00am.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to FOY which is material to a decision on how to vote on the Resolutions in the accompanying Notice of Extraordinary General Meeting.

This Explanatory Statement should be read in conjunction with the Notice of Extraordinary General Meeting preceding this Explanatory Statement.

Capitalised terms in this Explanatory Statement are defined in the glossary to this document. All references to "sections" are to sections of this Explanatory Statement, unless otherwise stated.

1. SUMMARY OF THE IGE TRANSACTION

1.1 Overview

The IGE Transaction involves combining FOY's existing assets with certain assets to be purchased from Integrated Green Energy Limited (**IGE**), under a Business Sale Agreement. In exchange, the IGE Shareholders (as IGE's nominees) will be issued Shares and Options in FOY in two tranches: initially, when the BKV Commercial Plant is built to its 50 tonnes feedstock per day (**fstpd**) capacity (and the other conditions to completing the transaction are met and Completion occurs) and secondly when the performance target described below (**Performance Target**) is met.

Due to the large number of Shares and Options being issued to the IGE Shareholders as consideration for the IGE Assets, there will be a control impact to the IGE Transaction, described in section 2.7.

On 9 February 2016, FOY announced that it had entered into the Business Sale Agreement and confirmed that the Original Business Sale Agreement is terminated.

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

1.2 IGE Transaction components and the Resolutions that must be approved for the IGE Transaction to proceed

There are a number of components to the IGE Transaction in order to implement the Business Sale Agreement, to re-comply with Chapters 1 and 2 of the ASX Listing Rules and to undertake the Fundraising.

These include:

Completion of the Business Sale Agreement and novation of the Loan Agreements, under which:

- (i) IGE will transfer the IGE Assets to FOY (refer section 1.5);
- (ii) FOY will issue to the IGE Shareholders (as IGE's nominee) the Consideration Securities and, on satisfaction of the Performance Target, the Milestone Securities (refer section 1.8); and
- (iii) the Loan Agreements and the General Security Deed will novate to FOY and FOY will grant security over its assets to Fandola and issue Shares and Options to Fandola and Rebelly Healthcare in satisfaction of the amounts owing to Fandola and Rebelly under their respective Loan Agreements.

(Resolutions 1 to 6); and

FOY undertaking the Fundraising (refer section 1.12) (**Resolution 7**).

Each of Resolutions 1 – 6 must be approved for the IGE Transaction to proceed. The IGE Transaction is not expressly conditional on the Fundraising being approved. However, the Fundraising may be required, in whole or part, to enable FOY to re-comply with Chapters 1 and 2 of the Listing Rules (which is an express condition precedent to the IGE Transaction proceeding).

FOY is preparing a prospectus, as required by the ASX Listing Rules, to provide information about FOY and its business (**Prospectus**). The Prospectus will also facilitate the Fundraising.

1.3 Conditionality

A number of the issues of securities to be approved under the Resolutions and other aspects of the IGE Transaction and Fundraising are conditional on other Resolutions being approved or other conditions being met. A summary of the conditionality of the various proposed security issues is set out below.

No.	Issue	Conditions Precedent
(a)	The issue of up to 92,500,000 Shares under the Offer	Resolutions 1 – 7 being approved and ASX Confirmation
(b)	The issue of up to 2,901,250 Shares and 2,901,250 Options to Fandola	Resolutions 1 - 6 being approved and ASX Confirmation
(c)	The issue of up to 1,055,000 Shares and 1,055,000 Options to Rebelly Healthcare	Resolutions 1 - 6 being approved and ASX Confirmation
(d)	The issue of 100,000 Shares and 100,000 Options to David McIntosh	Resolutions 1 – 6 and 8 being approved and ASX Confirmation
(e)	The issue of 100,000 Shares and 100,000 Options to Kilroy Genia	Resolutions 1 – 6 and 9 being approved and ASX Confirmation
(f)	The issue of 250,000 Shares and 250,000 Options to Michael Palmer	Resolutions 1 – 6 and 10 being approved and ASX Confirmation
(g)	The issue of the Consideration Shares and Consideration Options to IGE Shareholders in their Respective Proportions	<ul style="list-style-type: none"> • Resolutions 1 – 6 • ASX Confirmation (in practice, ASX Confirmation will not be received unless Resolution 7 is also approved) • completion of the IGE Transaction
(h)	The issue of the Milestone Shares and Milestone Options to IGE Shareholders in their Respective Proportions	<ul style="list-style-type: none"> • Resolutions 1 – 6 • ASX Confirmation • completion of the IGE Transaction • Performance Target being met

1.4 Rationale for the IGE Transaction

FOY has been engaged in exploring for minerals in Papua New Guinea (**PNG**) since 2008. PNG has been an attractive location for Australian exploration companies, due to its close proximity and the significant number of major resource projects developed over the past thirty years, particularly based on gold and copper, and oil and gas.

FOY has held a large land position in PNG during this period, exploring for gold and copper, and most importantly, exploring the iron sands project at Amazon Bay, 150kms south east of Port Moresby (**Amazon Bay Project**).

Exploration requires long term investment, particularly in a country like PNG, with its limited local infrastructure, and the funding for exploration is generally only available from the equities market.

Over the past eighteen months, commodity prices have dropped significantly (in March 2016, iron ore prices dropped below \$55 per tonne from a high of over \$150 per tonne in 2013, as an example), which has led to rapidly reducing capital market interest in exploration in general, and specifically for junior listed explorers.

The Board recognised this market position early in 2014 and subsequently made a number of announcements to the ASX, in which it identified the need to find a means of internally financing its exploration interests in PNG and in particular, the Amazon Bay Project.

FOY sees potential in the Amazon Bay Project but it is still an Exploration Target only (as that term is defined in the JORC Code) and requires substantial funding to confirm, and then realise, this potential, including by: completing exploration activities to establish whether there is a Mineral Reserve and an Ore Reserve (as those terms are defined in the JORC Code);

completing a pre-feasibility study, feasibility study and making a final investment decision;

applying for and obtaining all necessary approvals to move to production, including the grant of a mining lease; and then

constructing the necessary infrastructure required to move the Amazon Bay Project to the production phase, which a scoping study obtained by FOY in 2013 indicates requires development capital of around \$150 million.

The Amazon Bay Project site presents a challenging environment in which to build a new project, due to the almost total lack of infrastructure and the remote location.

The Board embarked on a process of identifying a cash flow generating project or business which could potentially fund (at least in part) the Amazon Bay Project, and more importantly, stand alone as a worthwhile business in a public company. The criteria developed by the Board to search for such a cash flow generating business included the following:

- minimal upfront capital needs (ideally less than \$10 million);
- early cash flow;
- located in Australia;
- growth leverage available;
- environmentally friendly; and
- strong market for product.

These criteria were considered as achievable for a company with the limited resources of FOY, and were selected to counter the inherent risks of an exploration project in PNG.

By way of background, FOY announced that it had signed a non-binding term sheet for the IGE Transaction on 30 September 2014. FOY completed a placement of 135 million Shares at \$0.0025 per Share (above market rate at that date and pre-consolidation) and free attaching Options to Mr Paul Dickson on 23 October 2014 to raise \$337,500. On 24 October 2014, Mr Dickson and Mr Bevan Dooley were appointed Directors of FOY (and that appointment was approved by Shareholders at FOY's Annual General Meeting on 24 November 2014). Since then, all of the non-executive Directors of FOY have agreed to waive any Directors' fees to which they would otherwise be entitled, to ensure that the Company reduces costs and continues as a going concern until completion of the IGE Transaction. Mr McIntosh is accruing fees for his services as Managing Director of \$12,000 a month.

On 9 February 2016, FOY announced that it had signed a new binding agreement for the purchase of the IGE Assets (**Acquisition**) and terminated the Original Business Sale Agreement. The IGE Assets are described in more detail in section 1.5. It should be noted that the Business Sale Agreement is still conditional on a number of conditions being satisfied, including ASX confirming that FOY has re-complied with Chapters 1 and 2 of the Listing Rules (**ASX Confirmation**). These conditions precedent are described in section 1.9 and Annexure A.

The Board considered that the Acquisition met their criteria for the following reasons:

- provides a saleable commodity (the Licenses) in other jurisdictions;
- located in New South Wales, approximately 100kms north of Sydney and within 10kms of major transport routes; and
- large quantities of feedstock available (in particular, non-recyclable waste plastic that would otherwise go to landfill) and vast market for petroleum products (diesel and petrol).

The IGE Assets being acquired are described in section 1.5.

Since announcing the Acquisition, IGE has entered into the Loan Agreements. Under the Loan Agreements, FOY has agreed to assume the rights and obligations of IGE under the Loan Agreements on completion of the Acquisition.

One of the many attractions of FOY acquiring IGE's business is that the feedstock is primarily non-recyclable waste plastic, which is readily available near the major urban areas of Eastern Australia, and the product is on road diesel and petrol, of which Australia is a major importer. The Independent Directors consider that the ready availability of feedstock and the potential market for the product could assist to balance the project risk for FOY's Non-associated Shareholders.

Details of the advantages, disadvantages and risks associated with the IGE Transaction and the Acquisition are set out in section 3 and should be carefully reviewed.

1.5 What are the IGE Assets?

Under the IGE Transaction, FOY will acquire:

royalty-free and, unless both parties agree to terminate the Licence or an insolvency event (as defined) occurs), perpetual licences to commercialise three specific technologies:

- (i) waste plastics to fuel conversion (**WPTF Technology**);
- (ii) biomass to fuel conversion (**BTF Technology**); and
- (iii) biomass to energy conversion (**BTE Technology**)

(collectively, the **Technologies**);

a waste plastics to diesel and petrol conversion plant (**BKV Commercial Plant**), located at Berkeley Vale, approximately 100kms north of Sydney (the BKV Commercial Plant is based on an existing pilot plant and has a design capacity of 50 tonnes of waste plastic feedstock per day (**fstpd**));

the rights and obligations under the property purchase agreement for the acquisition of the property located at 11 Apprentice Drive Berkeley Vale NSW 2261 at which IGE's Business is conducted (see section 2.9 for a summary of material contracts)

the management team to operate the BKV and ACT Commercial Plants, including the primary developer of the intellectual property on which the Licences are based, Mr Bevan Dooley; and

the other assets used exclusively in IGE's business, including a feedstock contract and the property lease at Berkeley Vale (see section 2.9 for a summary of material contracts).

In addition to the above, IGE assign the Property Purchase Agreement and novate the Loan Agreements and the General Security Deed to FOY. The effect of the novation will be that each loan previously owing to Fandola and Rebelly by IGE will now be owed by FOY and the security granted in favour of Fandola by IGE will now be granted by FOY for the reason that the property subject of the security would be owned by FOY on Completion. The effect of the assignment of the Property Purchase Agreement will be that FOY will be liable to acquire the property located at 11 Apprentice Drive Berkeley Vale NSW at which the Business is conducted on or around 21 August 2017 by paying the balance of the amount owing under the Property Purchase Agreement being \$402,160. FOY may also be liable to pay stamp duty on for the purchase of the property.

Further details of key IGE Assets are set out in sections 1.6 and 1.7 below and full summary of the Loan Agreements are set in Annexure B.

1.6 The Technologies and Licences

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 WPTF Technology as incorporated in the Commercial Plant addresses several issues which have previously hindered the commercial viability of this process. These improvements include:

- dealing with common contaminants by removing ash and depolymerising heavy hydrocarbon wax 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 is 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.

The Technologies were developed by BTOLA Pty Ltd (**BTOLA**) and UTOF Pty Ltd (**UTOF**) and their principals, Bevan Dooley (who is a director of both BTOLA and UTOF and also a Director of FOY) and Adrian Lake (a director of UTOF) (refer section 4.1 for more information on these entities).

In October 2014 IGE acquired the rights to use and commercialise these Technologies under the Licences (although the intellectual property remains with BTOLA and UTOF), and has funded the construction of the BKV Commercial Plant to its current capacity of 50 fstd.

Each Licence is:

exclusive in Australia, New Zealand, China, India, North America, South East Asia, Papua New Guinea and Fiji;

non-exclusive in Western Europe, Eastern Europe, South America, Japan and Africa, but FOY has the right to one of only four Licences in each jurisdiction; and

includes all future enhancements of the Technologies.

The material terms of the Licences are summarised in section 2.9 and Annexure B.

BTOLA filed a single Australian provisional patent application in September 2014 which relates to an invention that uses a gas turbine to heat solid fuel materials, chemically altering the fuel to produce a high temperature gas and ash. This provisional patent application broadly applies to both the WPTF and BTE Technology (and may relate to the BTF Technology, which is in the early stage of development).

However, the Directors 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 is in the process of having the Soft IP documented to preserve its value for future duplication of the BKV Commercial Plant and to protect against losing key management in the future.

1.7 BKV Commercial Plant and ACT Commercial Plant

FOY will be acquiring a Commercial Plant located in Berkeley Vale NSW which is designed to convert waste plastics to fuel and incorporates the WPTF Technology. Under the Agreement, the Commercial Plant will have the capacity to process 50 fstd. The BKV Commercial Plant has been designed on the basis of data collected from a pilot plant operating at the same location. The Commercial Plant was completed in May 2015.

IGE currently has approval from Wyong Shire Council to operate the BKV Commercial Plant as a re-refiner of co-mingled fuels, separating them back into saleable diesel and petroleum, and is currently operating in this capacity.

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

FOY is currently in discussions with the ACT Environment and Planning Directorate, and is moving towards approval to operate in the ACT.

FOY has now submitted its Environmental Impact Statement and is currently in the mandatory 28 day review period, during which FOY expects to receive further feedback from related government departments and public consultation. After addressing these concerns, the sitting Minister for Planning has 15 days to approve the Environmental Impact Statement.

It is the Board's current intention that, once the once the ACT Commercial Plant has reached its 200 fstd capacity, the Company will increase the BKV Commercial Plant's capacity to 200 fstd.

While the timeframe for the BKV Commercial Plant remains unclear at this point, FOY and IGE continue to be in discussion with the NSW EPA regarding the licensing requirements of the facility, and have been advised that to operate the plant as a plastics to fuel conversion facility it will have to produce empirical data from a like plant in a like jurisdiction. The FOY Board envisages the operation of the ACT facility will provide the baseline data that will assist with its NSW EPA approvals for the Berkeley Vale facility.

As noted above, whilst this process is ongoing, the BKV Commercial Plant has received consent from the Wyong Shire Council to operate as a refinery for co-mingled fuels, converting them back to diesel and petroleum. At this stage it is authorised to process up to 2 million litres a year of these fuels. The Board has been advised by IGE that an application to the Central Coast Council and the NSW EPA to increase the production volumes while it constructs the ACT Commercial Plant has been submitted.

Under the Business Sale Agreement, the BKV or the ACT Commercial Plant, at the discretion of FOY's board of directors, must meet the following commissioning requirements by 31 May 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 May 2018, FOY has a right to terminate and unwind the transactions under the Business Sale Agreement for nominal consideration (subject to receiving shareholder and other regulatory approvals at that time) (**Buy-back Provisions**).

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 at the date of this Notice 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.

1.8 What is the consideration for the IGE Assets?

FOY is not paying cash for the IGE Assets. The Consideration being paid for the IGE Assets is securities in FOY, which will be issued initially on Completion 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 71,504% 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 amount of each security 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	56.344% ² of issued Shares	Issued shares includes the Consideration Shares and shares issued under the Fundraising	209.7 million
Completion	Options	Consideration Options	81.18% 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	Milestone Shares	58.905% 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	Milestone Options	88.377% 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

¹ Rounded to the nearest 100 thousand Shares or Options.

² At completion of the IGE Transaction, IGE Shareholders and their Associates will together hold more than 56,344% of the total issued Shares, as some IGE Shareholders already hold Shares at the date of this Notice. See sections 8.3 – 8.8.

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.

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 issued 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.

1.9 What are the conditions to Completion of the IGE Transaction?

Completion of the IGE Transaction is subject to a number of circumstances occurring, outlined in Annexure A.

If any one or more of the conditions is not satisfied by 30 November 2017, the IGE Transaction will not proceed (unless each of IGE and FOY agree to extend that date or to waive the relevant condition). The conditions include ASX confirming FOY has re-complied with Chapters 1 and 2 of the Listing Rules prior to completion of the IGE Transaction and Fundraising, and shareholder approval of Resolutions 1 to 6. Although it is not an express condition to Completion of the IGE Transaction, ASX has determined that FOY must receive approval from the ACT Minister for Planning for the Company's Environmental Impact Statement, lodged for the ACT Commercial Plant, as a condition of re-compliance with Chapters 1 and 2 of the Listing Rules.

Completion is not conditional on the Fundraising. However, the Fundraising may be required, in whole or part, to enable FOY to re-comply with Chapters 1 and 2 of the Listing Rules (for example to enable FOY to obtain sufficient shareholder spread or adequate working capital, although the minimum subscriptions required under the Fundraising to satisfy these requirements is currently not quantifiable).

1.10 Are there any other material terms under the Business Sale Agreement?

Under the Agreement, IGE and Bevan Dooley have each agreed not to undertake certain actions that would be competitive with the Business for up to 3 years after termination of the Licences (unless the prior written consent of FOY is obtained). It should be noted that there is a risk that restraint areas and periods such as these may be unenforceable, or reduced, if a court decides that they are unreasonable. Certain other activities that may harm the Business are also restricted.

IGE has also given several warranties in relation to the Business and the assets.

See Annexure B for further details of the material terms of the Business Sale Agreement.

1.11 What are the material terms of the Loan Agreements

Under the Fandola Loan Agreement, Fandola agreed to lend up to \$550,000 to IGE and the General Security Deed between IGE and Fandola, IGE's has granted Fandola security over its assets. Under the Rebelly Healthcare Loan Agreement, Rebelly agreed to lend up to \$200,000 to IGE. The Rebelly Healthcare Loan Agreement is unsecured. The Loan Agreements and the General Security Deed will novate to FOY on Completion. The effect of the novation would be that the loans previously owing to Fandola and Rebelly by IGE will be owed by FOY and the security granted in favour of Fandola by IGE will now be granted by FOY as the property subject of the security will be owned by FOY after Completion.

1.12 What is the Fundraising?

In conjunction with the IGE Transaction, FOY currently intends to raise \$18.5 million under an offer of Shares (**Offer**), with the class of investors to whom the securities will be offered to be determined by FOY prior to lodgement of the prospectus for the Offer (**Fundraising**).

FOY intends that the Offer will be underwritten. However, FOY has not yet entered into an agreement with an underwriter. FOY's agreement with the underwriter may also influence the form of the Offer. Full details of the underwriting agreement and Offer will be disclosed in the Prospectus.

The primary purpose of the Fundraising is to raise funds for transaction costs, capital expenditure to design and construct a plant in the Australian Capital Territory ("ACT Commercial Plant") with a capacity of 200 fstd, commissioning costs for the BKV Commercial Plant and working capital (refer section 2.3 for details of FOY's future intentions), as set out in the table below.*

Use	Amount
IGE Transaction and Fundraising costs	\$1,487,500
Capital expenditure to design and construct the ACT Commercial Plant to 200 fstd capacity	\$11,204,000

Land in Hume, ACT	\$3,108,500
Payment of commissioning expenses to IGE	\$1,400,000
Working capital	\$1,300,000
Total amount of funds raised	\$18,500,000

* The above table is a statement of the Board's current intentions as at the date of this Notice of Meeting. As with any work plan and budget, intervening events and new circumstances have the potential to affect the ultimate way funds will be applied. Accordingly, the actual expenditures may vary from the above estimates and the Board reserves the right to vary the expenditures dependent on circumstances and other opportunities.

The Fundraising will also assist FOY to re-comply with Chapters 1 and 2 of the Listing Rules. Although the IGE Transaction is not expressly conditional on a minimum amount of funds being raised under the Fundraising, it is conditional on ASX Confirmation being received. If sufficient funds are not raised under the Fundraising, there is a risk that FOY will not be able to re-comply with Chapters 1 and 2 of the Listing Rules and ASX Confirmation will not be received (in which case the IGE Transaction will not proceed).

1.13 Restricted securities

As mentioned in section 1.8, all securities issued to the IGE Shareholders as consideration for the IGE Assets may be subject to an ASX imposed restriction agreement restricting the ability to dispose of those securities for a period of 12 or 24 months.

ASX may determine that additional securities of FOY are restricted securities subject to escrow for a period of 12 or 24 months at the time FOY makes its application for re-admission under Chapter 1 of the Listing Rules. However, ASX has advised FOY that it is likely to form the view that the securities issued under the Offer (refer to section 11) are not restricted securities.

1.14 Independent Expert's Report

The Independent Directors engaged HLB Mann Judd to prepare an Independent Expert's Report expressing an opinion as to whether:

the IGE Transaction and issue of Shares and Options to Fandola and Rebelly Healthcare under the Loan Agreements are fair and reasonable to the Non-associated Shareholders;

IGE Transaction

The Independent Expert has concluded that the IGE Transaction is "*unfair but reasonable*" to the Non-associated Shareholders.

The Independent Expert based their conclusion on the following:

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;

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.

The Independent Expert considered the following valuation methods in assessing the IGE Transaction:

Discounted Cash Flow (DCF), which the Independent Expert considered the most appropriate method to value a business in growth stage. However, the Independent Expert concluded that it was challenging to create a reasonable forecast of revenue, profits and cash flows without a considerable amount of speculation, recognising that the Technology is in the process of being commercialised and IGE has not yet generated any revenue. As a result, the Independent Expert concluded that it was not possible to support the cash flow projections on a reasonable basis in a manner which satisfies the relevant scope requirements of ASIC Regulatory Guide 111 (RG 111).

Capitalised Future Maintainable Earnings (CFME), which the Independent Expert noted was not appropriate as IGE has limited historical financial data and is not currently profitable.

Net Asset Value (NAV), which the Independent Expert did not consider to be appropriate as IGE has a business model with potential for future growth, which the assets in the balance sheet do not capture, and as a result the balance sheet is not a fair representation of assets and liabilities of IGE.

Quoted Price, which was not applicable as IGE is not a publicly listed company (so no quoted prices are available).

Recent offers or potential acquirers, which was also not applicable as the Independent Expert was not aware of any recent offers or other parties interested in acquiring IGE.

Based on the above considerations, the Independent Expert concluded that there is no appropriate valuation methodology to value IGE in a manner which satisfies the relevant scope requirements of RG 111, and therefore was unable to assess the value of a FOY share on a minority basis after the IGE Transaction.

The Independent Expert then considered a number of advantages associated with the IGE Transaction, including:

- the limited alternative sources of debt or equity funding available to FOY if the IGE Transaction does not proceed;
- in light of the above, the most desirable way to fund the Amazon Bay project is through internal cash flow positive business activities;
- on completion of the IGE Transaction, FOY will acquire an operating business and Shareholders will be able to participate in any potential upside from the acquisition of this business; and
- the Fundraisings to be conducted in conjunction with the IGE Transaction will give FOY access to additional capital.

The Independent Expert then considered a number of disadvantages associated with the IGE Transaction, including:

- the dilution of existing Shareholders' voting power in FOY;
- the high risk associated with investing in technology with no proven operating history;
- the possibility that the IGE Transaction may proceed without the necessary capital being raised under the Fundraising;
- the possible delay in removing FOY's trading suspension if the IGE Transaction does not complete as and when anticipated;
- the IGE Shareholders having a controlling stake in FOY, including Paul Dickson having potential individual voting power of up to 39.34%, giving him the ability to block special resolutions of FOY and acting as a possible deterrent to takeover bids;
- FOY's alternative business focus on its waste to energy technology may not be consistent with the objectives of all Non-associated Shareholders; and
- when the IGE Transaction is approved, Non-associated Shareholders will not have the opportunity to consider alternative proposals with a view to possibly achieving a more beneficial outcome.

These advantages and disadvantages are set out in more detail in section 7 of the Independent Expert's Report, and should be carefully reviewed.

Based on the above advantages and disadvantages, the Independent Expert concluded that the IGE Transaction is *unfair but reasonable* to the Non-associated Shareholders.

Issue of Shares and Options to Fandola and Rebelly Healthcare under the Loan Agreements

The Independent Expert has concluded that the issue of Shares and Options to Fandola and Rebelly Healthcare under the Loan Agreements is "*unfair but reasonable*" to the Non-associated Shareholders.

The Independent Expert based their conclusion similar to the way that it did for the IGE Transaction. It also considered the same valuation methods as it did for the IGE Transaction and came up with the same considerations.

Based on those considerations, the Independent Expert concluded that there is no appropriate valuation methodology to value IGE in a manner which satisfies the relevant scope requirements of RG 111, and therefore was unable to assess the value of a FOY Share on a minority basis after the IGE Acquisition.

The Independent Expert then considered a number of advantages associated with the issue of Shares and Options to Fandola and Rebelly, including:

- the extinguishment of up to \$750,000 in debt owing to Fandola and Rebelly Healthcare, converting this liability into Shares with free attaching Options; and

- increased capital requirements if the issue of Shares to Fandola and Rebelly were not approved,

The Independent Expert then considered a number of disadvantages associated with the issue of Shares and Options to Fandola and Rebelly Healthcare, including:

- 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 59.52% of FOY, thereby giving them an influential shareholding position in the Company. However, after the IGE Acquisition, Fandola and its associate Paul Dickson's interest in FOY could potentially increase to 39.34% following issue of the Consideration Securities and Milestone Securities and exercise of Options by IGE shareholders only.

Further details

The Independent Expert's Report is included in full at Annexure C to this document and you should read it as part of your assessment of the IGE Transaction and the Resolutions. The Independent Expert's Report:

is also accessible on FOY's website www.foygroup.com.au; and

if requested by a Shareholder, will be sent to the Shareholder in hard copy at no cost to the Shareholder.

1.15 Directors recommendation

The Independent Directors of FOY unanimously recommend that Shareholders vote in favour of the Resolutions. In forming their recommendation, the Independent Directors have carefully considered the expected advantages, potential disadvantages and risks of the IGE Transaction and the opinion of the Independent Expert.

Due to their position as directors and beneficial shareholders in IGE, Paul Dickson and Bevan Dooley were excluded from deliberations in considering the IGE Transaction pursuant to the protocols of an independent board committee of FOY. Accordingly, they do not make a recommendation in the relation to the Resolutions.

2. IMPACT OF THE IGE TRANSACTION

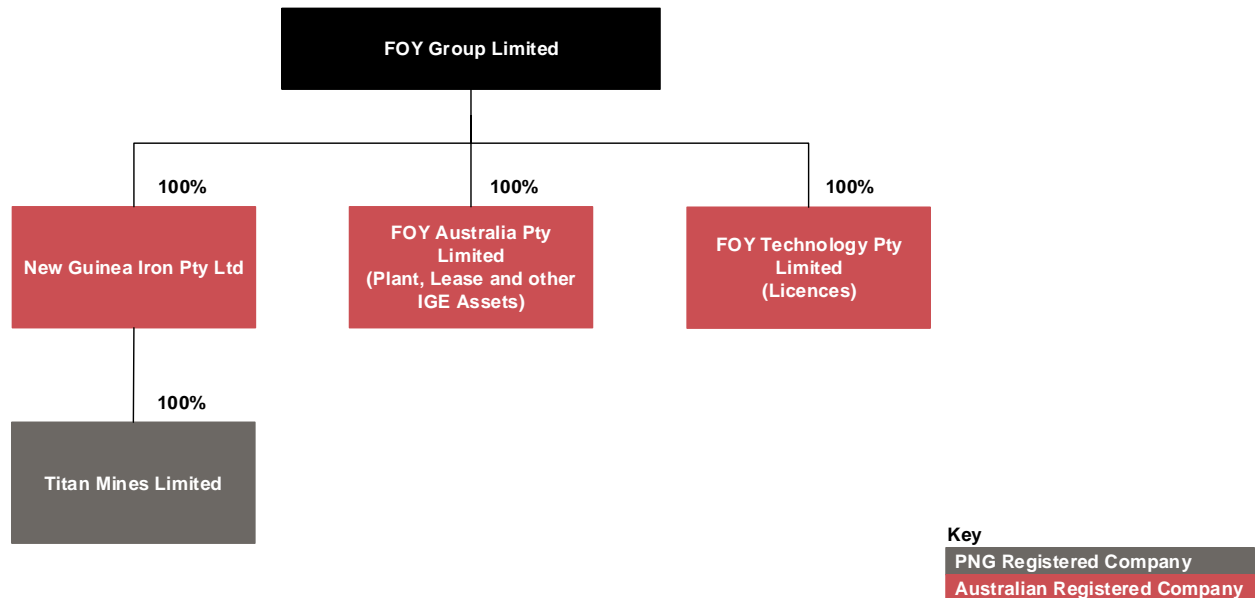
2.1 Structure of FOY

On Completion, the IGE Assets will be held by FOY. The Amazon Bay Project will continue to be held by Titan Mines Limited, which is a PNG registered company that became a wholly owned subsidiary of FOY on or around 16 March 2015. Titan Mines Limited holds exploration tenements and conducts exploration activities in PNG. In addition, FOY has 7 Australian registered wholly owned subsidiaries, two of which are holding companies (New Guinea Iron Pty Ltd and SAMAG Pty Ltd) and the rest of which are currently dormant (Magnesium Developments Pty Limited, Fairway Resources Limited, GAMAS Magnesium Technology Pty Limited, Magnesium International (No 1) Pty Ltd, Magnesium International (No 2) Pty Ltd, Magnesium Holdings Pty Ltd and Titan Metals Limited). A diagram of the structure of FOY and its subsidiaries (excluding the dormant subsidiaries) is set out below:



On completion of the IGE Transaction, the IGE Assets will be held as follows:

- the Licences will be assigned or novated to a new wholly owned subsidiary of FOY, FOY Technology Pty Limited, which will incur any expenditure associated with maintaining the Licences and the intellectual property to which they relate, and receive income from sub-licensing the Technologies; and
- the BKV Commercial Plant, Lease and associated plant and equipment will be held in a new wholly owned subsidiary of FOY, FOY Australia Pty Limited, which will also incur the expenditure related to operating the BKV and ACT Commercial Plants and receive the income from the sale of fuel products.



The effect on FOY's capital structure is set out in section 2.6.

2.2 Company's business model post IGE Transaction

After Completion of the IGE Transaction, FOY's business will be primarily focused on the following business activities:

design and construction of the ACT Commercial Plant to a capacity of 200 fstd; and

operation of the BKV Commercial Plant as a refinery of mixed fuels, and the sale of fuel products produced, and the exploitation or sub-licensing of the Technologies;

investigate further opportunities to construct additional Commercial Plants in Australia and overseas;

continue the progress made with GEP Fuel & Energy LLC and work towards achieving revenue through the design and construction of the 1,500 tonnes per day (fstd) plant being proposed for Austin, Texas; and

exploration and development of the Amazon Bay Project.

The key components of this proposed business model are:

What	How
Conversion plant	Commercial Plants designed and constructed by FOY will process waste plastic feedstock to produce fuel.
Feedstock	<p>The Commercial Plants can process waste plastic that is not recyclable and which would normally be disposed of as landfill. This provides a number of possible sources for obtaining feedstock. In particular, if the IGE Transaction completes, FOY intends to source waste plastic from:</p> <ul style="list-style-type: none"> • waste management enterprises (who generally collect waste from businesses for a fee and deposit the waste with landfill operators, who charge a fee based on weight), as diverting this waste to FOY's business may reduce their landfill fees;

- plastic aggregators (who sort waste plastics for use by plastic reprocessors), with a focus on the plastics that cannot be provided to the reprocessors and which would otherwise be sent to landfill; and
- plastic reprocessors (who value add plastic waste by converting it into other usable plastics), with a focus on sourcing contaminated or otherwise unrecyclable plastics which would otherwise have to be sent to landfill.

On completion of the IGE Transaction, all contracts for the supply of waste plastic feedstock with Odyssey Waste Control Pty Ltd will be assigned to FOY (see section 2.9).

Technology	<p>The key technology is the WPTF Technology (as described in section 1.5), which is incorporated in the BKV Commercial Plant.</p> <p>After Completion of the IGE Transaction, FOY will have exclusive rights to use and commercialise the Technologies in a number of jurisdictions including Australia (see section 1.5), and may either construct additional plants incorporating the Technologies or sub-licence these rights.</p>
Anticipated product	Fuel meeting Australian diesel and petrol standards (not biodiesel). The WPTF Technology is designed to produce fuel that does not require further refining before sale to consumers.
Revenue	Revenue is generated by selling the petrol and diesel produced by the Commercial Plants. FOY's revenue will depend on the output of the Commercial Plants, the price the company can receive for that output and the quantity of the company's output which the company can sell (market adoption).
Output	<p>The overall output of the Commercial Plants will depend on:</p> <ul style="list-style-type: none"> • the number of days the Commercial Plant can operate for each year, taking into account the overall reliability of the Commercial Plant and its maintenance requirements); • the throughput per day which the Commercial Plant can consistently achieve; and • the yield of diesel and petrol meeting Australian Standards that can be obtained from each tonne of feedstock.
Target customers	Diesel fleet users and wholesale fuel blenders. There is no present intention to compete in the retail fuel market.
Potential competitors	FOY's primary competitors will be existing participants in the wholesale market selling petrol and diesel.
Margins	<p>Provided that the business model described above and the WPTF Technology works as anticipated, the viability of the business will not be reliant on:</p> <ul style="list-style-type: none"> • government subsidies; or • any "green revenue". <p>The major factor which will influence the margins received by the business is the international crude oil price, which affects the terminal gate price which is used for the sale of fuel in Australia.</p>

FOY intends to investigate opportunities to expand this business by constructing additional plants in Australia or sub-licensing the Technologies in appropriate foreign jurisdictions. In the longer term, the Directors will consider using additional profits generated to continue exploration activities at the Amazon Bay Project and move the project towards production.

On Completion, FOY will acquire the commissioned BKV Commercial Plant. FOY will also acquire a feedstock contract with Odyssey Waste Control Pty Limited for the supply of waste plastic feedstock. IGE has signed agreements with Odyssey Waste Control Pty Limited for the supply of waste plastic. IGE is also in discussions regarding potential off take contracts for the fuel produced, but nothing binding has been signed at the date of this Notice of Meeting.

The risks associated with FOY's business model are outlined in section 3.4.

The Board has no current intention to:

transfer legal ownership of its assets to any Associate or third party;

otherwise re-deploy the fixed assets of FOY; or

inject further capital into FOY, whether by a capital raising or debt financing.

The Board also has no current intention to significantly change the financial policies of FOY, but does at this stage intend to retain all surplus cash flow for future expansion and development of its business activities (as described above) rather than pay dividends to Shareholders out of that amount.

2.3 Future intentions for FOY

FOY's future intentions are outlined in this section 2.3. As with all future growth plans, risks are inherent and these risks are outlined in section 3.4.

Operation of the BKV Commercial Plant

Until approval is received from the NSW EPA, the Board intends to operate the BKV Commercial Plant as a refinery for co-mingled fuels, converting them into saleable fuel products including diesel and petroleum.

Design and construction of the ACT Commercial Plant

The Board intends to design and construct a new Commercial Plant in the ACT, with a capacity of 200 fstd. It is anticipated that the facility will be operating at 50 fstd capacity by May 2017, increasing to 100 fstd by August 2017, reaching its full 200 fstd capacity by January 2018.

Possibility of additional facilities in Australia and overseas

It is part of the Board's strategic plan to investigate building additional production facilities in Australia, North America and The People's Republic of China using the WPTF Technology. Any decision to expand production will be based on a business plan, taking into consideration FOY's needs and financial resources, as well as the prevailing market conditions at that point in time.

Overseas sub-licensing

The Board will continue the progress made with GEP Fuel & Energy LLC and work towards achieving revenue through the design, construction and operation of ten 1,500 tonnes per day plants being proposed for the USA. FOY may seek to sub-licence local operators in appropriate offshore jurisdictions and collect a royalty based on either revenue or net profit. This offshore strategy is aimed at reducing FOY's exposure to sovereign risk, whilst providing the leverage to the global market.

Biomass to energy technology synergies with PNG activities

The Licences for the Technologies will also allow FOY the opportunity to introduce a new value-add solution to address the inherent infrastructure issues in PNG, potentially reduce operating costs on the Amazon Bay Project and leverage FOY into new resources and business opportunities. Representatives of FOY have met with the PNG Government and the Mineral Resource Authority to discuss its future strategy for the Amazon Bay Project. With the demand for and pricing of iron ore at the current depressed levels, FOY needs to introduce a significant new initiative to the Amazon Bay Project to ensure it can remain viable and worthy of further expenditure. Therefore, in conjunction with the Government meetings, FOY requested IGE management to provide the PNG authorities with a proposal to introduce the biomass to energy generating technology (**BTE Technology**) (the licence for the use, commercialisation and exploitation of the BTE Technology will be assigned to FOY on Completion). The BTE Technology may be able to service remote rural communities and remote industrial developments such as the Amazon Bay Project.

Amazon Bay Project

FOY will pursue the Amazon Bay Project and other resource and business opportunities in PNG provided that they can be self-funded (eg by using the potential PNG biomass to power projects). Cash generated from the operation of the BKV and ACT Commercial Plants and sale of fuel products will provide the initial seed capital to investigate opportunities in PNG.

2.4 Employees

As part of the IGE Transaction, FOY will take on such employees and contractors (including senior management) from IGE as required to continue the operation of the BKV Commercial Plant and the ongoing enhancement of the Technologies, including Bevan Dooley who will be engaged as FOY's Chief Technical Officer under a consultancy agreement between FOY and BTOLA.

2.5 Pro-forma balance sheet of FOY post IGE Transaction and Fundraising

A pro-forma balance sheet for FOY following the IGE Transaction is set out below.

PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION				
		Audited 31 Dec 2015	Pro-Forma Adjustments	Pro-Forma Unaudited 7 December
	Notes	\$'000	\$'000	\$'000
Current Assets				
Cash and cash equivalents	1	34	15,383	15,417
Trade and other receivables		10	-	10
Other current assets		35	-	35
Total Current Assets		79	15,383	15,462
Non-Current assets				
Property, plant & equipment		5	-	5
Intangible Assets		9	-	9
IGE Acquisition	2	-	739	739
Mineral Rights		12,924	-	12,924
Exploration and evaluation assets		2,721	-	2,721
Total Non-Current Assets		15,660	739	16,399
TOTAL ASSETS		15,739	16,122	31,860
Current Liabilities				
Trade and other payables		881	-	881
Provisions	3	90	(90)	-
Convertible Promissory Notes		-	-	-
Loans from related parties		-	-	-
Interest Payable to related parties	4	56	(56)	0
Total Current Liabilities		1,027	(146)	881
Non-Current Liabilities				
Non-financial liability		-	-	-
Deferred tax liabilities		-	-	-
Total Non-Current Liabilities		-	-	-
TOTAL LIABILITIES		1,027	(146)	881

PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
	Audited 31 Dec 2015	Pro-Forma Adjustments	Pro-Forma Unaudited 7 December
Notes	\$'000	\$'000	\$'000
NET ASSETS	14,712	16,268	30,980
Equity			
Issued Capital & Share Option Reserve	5	112,001	19,619
Acquisition Reserve		-	-
Foreign Currency Reserve		541	-
Accumulated Losses	6	(98,029)	(3,351)
TOTAL EQUITY		14,512	16,268
NCI – TVI Pacific Inc		200	-
NCI – Titan Mines		-	-
TOTAL EQUITY		14,712	16,268
		-	-

Note 1: Cash and cash equivalents	Notes	\$'000
Audited Actual 31 December 2015		34
<u>Pro-Forma Adjustments</u>		
Funds received from 2015 R&D Return	(a)	107
Funds received from Loan Agreement	(b)	290
Transaction and operational costs	(c)	(2,058)
Funds raised from offer	(d)	18,500
Payment of commissioning expenses to IGE	(e)	(1,400)
Interest payable to related parties	(f)	(56)
Total Pro-Forma Adjustments		15,383
Pro-Forma at Completion of Transaction		15,417

Note 2: IGE Acquisition	Notes	\$'000
Audited Actual 31 December 2015		-
<u>Pro-Forma Adjustments</u>		
Acquisition of IGE Assets and Technology	(e)	739
Total Pro-Forma Adjustments		739
Pro-Forma at Completion of Transaction		739

Note 3: Provisions	Notes	\$'000
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Audited Actual 31 December 2015		90
<u>Pro-Forma Adjustments</u>		
Issue of shares and options to Michael Palmer	(g)	(50)
Issue of shares and options to Kilroy Genia	(h)	(20)
Issue of shares and options to David McIntosh	(h)	(20)
Total Pro-Forma Adjustments		(90)
Pro-Forma at Completion of Transaction		-

Note 4: Interest Payable to Related Parties	Notes	\$'000
Audited Actual 31 December 2015		56
<u>Pro-Forma Adjustments</u>		
Payment of Interest to TVI	(f)	(32)
Payment of Interest to CPN Holders	(f)	(24)
Total Pro-Forma Adjustments		(56)
Pro-Forma at Completion of Transaction		-

Note 5: Issued Capital & Share Option Reserve	Notes	\$'000
Audited Actual 31 December 2015		112,001
<u>Pro-Forma Adjustments</u>		
Issue of shares and options to Michael Palmer	(g)	50
Issue of shares and options to Kilroy Genia	(h)	20
Issue of shares and options to David McIntosh	(h)	20
Issue of shares and options to IGE Shareholders	(e)	739
Issue of shares and options for Offer	(d)	18,500
Issue of shares and options for per Loan Agreement	(b)	290
Total Pro-Forma Adjustments		19,619
Pro-Forma at Completion of Transaction		131,620

Note 6: Accumulated Losses	Notes	\$'000
Audited Actual 31 December 2015		(98,029)
<u>Pro-Forma Adjustments</u>		
Transaction and operational costs	(c)	(2,058)
Commissioning expenses paid to IGE	(e)	(1,400)
Revenue from 2015 R&D Return	(a)	107
Total Pro-Forma Adjustments		(3,352)
Pro-Forma at Completion of Transaction		(101,381)

Commentary to pro-forma consolidated statement

(a) Revenue received from 2015 Research and Development Tax Incentive

On 3 February 2016, FOY received \$107,376.36 as part of its 2015 tax return through the Australian Taxation Office. This refund was due to FOY's research and development program associated with PNG tenements during the 2015 financial year, and was assessed by AusIndustry.

(b) Loan Agreements

As outlined in Resolutions 5 and 6 and sections 9 and 10, the Loan Agreements were executed on 10 March 2016. In return for the funds provided to FOY under the Loan Agreements, FOY seeks shareholder approval to issue up to 2,901,250 Shares and up to 2,901,250 Options and for the 2,901,250 Shares that will be issued to Fandola on the exercise of the Options, and 1,055,000 Shares and up to 1,055,000 Options and for the 1,055,000 Shares that will be issued to Rebelly on the exercise of the Options.

(c) Transaction and operational costs

Transaction costs include costs associated with completion of the IGE Transaction and Fundraising and include the costs associated with FOY's due diligence, legal fees, preparation of independent expert reports and Fundraising documents, printing, mail and meeting costs to approve the IGE Transaction, stamp duty, underwriting fees and relisting fees.

(d) Funds raised from the Offer

As outlined in Resolution 7, as part of the IGE Transaction, FOY proposes to issue up to 92,500,000 Shares at an issue price of \$0.20, to raise up to \$18,500,000.

(e) IGE Acquisition

As outlined in Resolution 4 and section 8, as part of the IGE Transaction, FOY proposes to issue Consideration Securities and Milestone Securities to the IGE Shareholders for the acquisition of the IGE Assets and Technologies and their subsequent performance, outlined in the Business Sale Agreement.

The number of shares issued to the IGE Shareholders will change based on FOY's capital structure immediately before the issue of those Shares. Therefore, the issue of the Consideration Shares will give the IGE Shareholders (as a group and excluding existing Shares held by any of them) 56.344% of FOY's issued Shares and the issue of the Milestone Shares will give the IGE Shareholders (again, as a group and excluding existing Shares held by any of them) 58.905% of FOY's issued Shares.

In accordance with the Australian Accounting Standards "AASB 2: Share Based Payments", for equity-settled share-based payment transactions, the entity shall measure the fair value of the goods or services received. As outlined in the Independent Expert's Report, the value of the IGE Assets and Technologies being acquired could not be determined. As such, the Company has recorded the fair value based on IGE's cost to construct the BKV Commercial Plant, being \$738,596. This value was assessed by the Office of State Revenue as part of the Business Sale Agreement Transfer Duty Assessment lodged on 4 June 2015.

In addition to the issue of Shares and Options, FOY has agreed to pay the reasonable costs incurred by IGE in:

- commissioning the BKV Commercial Plant;
- improving the presentation of the site on which the BKV Commercial Plant is situated to FOY's satisfaction;
- engineering and consultancy costs associated with government submissions for the ACT Commercial Plant;
- ongoing research and development costs conducted at the request of FOY;
- acquiring land proximate to the BKV Commercial Plant; and
- negotiating, documenting and registering the new leases put in place in respect of the land on which the BKV Commercial Plant is situated.

FOY anticipates contributing \$1,400,000 to these items.

(f) Interest payable to related parties

On 26 February 2015, FOY announced its intention to raise up to \$1,000,000 through the issue of Notes. The Notes are debt securities with a face value of \$1.00 each, which contained conversion rights that were conditional on, and of no force and effect until, Shareholder approval is obtained under ASX Listing Rule 7.1 and, where relevant, Listing Rule 10.11. Shareholder approval was received at the Extraordinary General Meeting held on 31 March 2015.

On 27 April 2015, FOY announced that the issue of Notes, each with a face value of \$1, had been fully subscribed raising \$1m.

Most of the Notes issued had a maturity date of 15 May 2015, when they automatically converted into shares and, but some of the Notes issued in April 2015 (including those previously issued to TVI) had a maturity date of the earlier of the business day immediately following the Extraordinary General Meeting or 30 September 2015.

Interest accrues and is capitalised daily at the rate of 12% per annum on each Note from (and including) 18 February 2015 (for the Notes with a May maturity date) or 27 April 2015 (for all other Notes) until (but excluding) the earlier of the date on which the holder converts the Note or the maturity date. Interest will be paid by FOY in cash after completion of the IGE transaction.

In addition to this on or about 17 August 2012, TVI agreed to loan FOY the principal amount of \$400,000. A debt conversion deed was executed on 28 February 2015, enabling all of the debt to be converted into FOY shares. As part of the agreement, an additional cash payment of 8% per annum interest on the debt is payable calculated from 1 October 2014 until the date all of the debt was converted into shares.

(g) Issue of Shares and Options to Mike Palmer

As outlined in Resolution 10 and section 13, Mr Palmer had waived his right to receive remuneration for the period between 31 December 2014 and his resignation as Managing Director on 4 September 2015 in order to ensure FOY's expenses remained as low as reasonably possible as it progresses to completion of the IGE Transaction. FOY now proposes to issue Mr Palmer (or his nominee) of a total of 250,000 Shares and 250,000 Options exercisable at \$0.20 (on a post consolidation basis) in lieu of the remuneration which Mr Palmer waived.

(h) Issue of Shares and Options to David McIntosh and Kilroy Genia

As outlined in Resolutions 8 and 9 and section 12, FOY proposes to issue a total of 100,000 Shares and 100,000 Options exercisable at \$0.20 to both Mr McIntosh (or his nominee) and Mr Genia (or his nominee) in lieu of the fees which they would otherwise have been paid for their specialist services. Mr McIntosh has provided specialist accounting services to FOY and Mr Genia has provided specialist services to FOY in relation to its PNG operations. These services were in addition to their Directors duties and both Mr McIntosh and Mr Genia have not received any fees for these services, and have also waived their right to receive director's fees until the Commercial Plant is operating profitably.

2.6 Effect on FOY's Capital Structure

The table provides details on the impact which the issue of the Consideration Securities, the Offer, Shares to be issued to Fandola Investments under Resolution 5 and Rebelly Healthcare under Resolution 6, the Palmer Securities, the McIntosh Securities, the Genia Securities and the Milestone Securities are expected to have on FOY's capital structure.

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	0	65,572,883	0	29,905,568
Offer	92,500,000	158,072,592		29,905,568
Issue of Fandola Investments Pty Ltd and Rebelly Healthcare (Shanghai) Ltd securities	3,956,250	162,029,133	3,956,250	33,861,818
Consideration Securities (assuming the Offer is fully subscribed and all issues described above take place)	209,700,000	371,729,133	148,000,000	181,861,818
Issue of Palmer, Genia and McIntosh Securities	450,000	372,179,133	450,000	182,311,818
Milestone Securities (assuming the Offer is fully subscribed and all issues described above take place)	23,200,000	395,379,133	112,900,000	295,211,818

2.7 Effect on the control of FOY

The IGE Parties

The IGE Parties are IGE, each of the IGE Shareholders (identified in section 8.4) and their Associates.

The IGE Shareholders will be issued the Consideration Securities and (if the Performance Target is met) Milestone Securities as IGE's nominees.

Despite the disparity among the group of IGE Shareholders (described in section 4.1), the Corporations Act treats them (together with their respective Associates and IGE) as potentially being Associates (for the reasons given in sections 8.1 and 8.2).

In determining each IGE Shareholder's Voting Power in FOY, therefore, the relevant interests in Shares of each of IGE, the IGE Shareholders and their respective Associates must be added together.

The IGE Parties' Voting Power in FOY after completion of the IGE Transaction is dependent on a number of factors, including whether the Fundraising is fully subscribed or underwritten and whether the Performance Target is met. The IGE Parties' maximum and minimum Voting Power in various scenarios has been calculated based on a number of assumptions (see section 8) and is summarised in the table below.

IGE Parties' Voting Power	Consideration Shares	Milestone Shares
Minimum Voting Power***	56.89%	59.29%
Maximum Voting Power****	72.68%	77.80%

*** This assumes that all Non-Associated Option holders exercise their Options but no IGE Parties exercise their Options.

**** This assumes that no Non-Associated Option holders exercise their Options but all IGE Parties exercise their Options.

It can be seen from this table that:

immediately following Completion of the IGE Transaction and the Fundraising, the IGE Parties will have Voting Power of between 56.89% and 72.68% (see the first column of the above table).

following the issue of the Milestone Securities (if the Performance Target is met) the IGE Parties will have Voting Power of between 59.29% (see the second column and first row of the table above) and 77.80% (see the second column of the table above).

The maximum Relevant Interest which each IGE Party will have following the issue of the Consideration Securities and the Milestone Securities (and the assumptions on which those are based) are set out in section 8.8. For example, the maximum Relevant Interest of Mr Dickson will be 39.34%, while the maximum Relevant Interest of the smallest IGE Shareholders will be 0.014%.

The Independent Directors consider that the likely Voting Power of the IGE Parties from day one following Completion of the IGE Transaction will be 60.68%, which assumes that no Option holders have exercised their Options.

Further, if FOY issues further securities to investors not Associated with the IGE Parties after Completion of the IGE Transaction, the maximum Voting Power following the issue of the Milestone Securities will be diluted.

2.8 Taxation implications for FOY

Stamp duty

The IGE Transaction is subject to stamp duty in New South Wales. The Company has submitted the Business Sale Agreement for stamping with the Office of State Revenue (**OSR**). FOY has determined that the dutiable property (as that term is defined in the Duties Act 1997 (NSW)) being transferred under the IGE Transaction is the Lease and the plant and equipment (including the BKV Commercial Plant). Until the IGE Transaction has been assessed by the OSR there is a risk the OSR will form a different view to FOY as to the amount of duty payable on the IGE Transaction.

Impact on carried forward tax losses

FOY has not yet generated a profit as its business activities are currently mineral exploration only. Therefore, FOY's tax group has substantial unused tax losses (\$89.6m revenue losses and \$23.4m capital losses) as reported in the 2015 income tax return lodged with the Australian Taxation Office. FOY can continue to carry forward tax losses after the IGE transaction for future recoupment if it can pass either the Continuity of Ownership Test (**COT**) or the Same Business Test (**SBT**). The Board has historically considered that FOY would not be able to use the majority of these tax losses and, as such, has not recognised the full amount of its deferred tax assets in its accounts. This is primarily because, in order to generate a profit, it is likely that FOY would need to change its principal business activity from exploration to a cash flow positive business, and therefore would be unlikely to satisfy the SBT at the time that FOY generates taxable profits.

FOY has received advice that FOY is unlikely to satisfy the statutory loss recoupment tests after the proposed IGE transaction due to the following:

FOY is unlikely to satisfy the COT as a direct result of the IGE shareholders' proposed aggregate stake of 56.89% to 77.80% in FOY. That is, FOY will not maintain a continuity of ownership of more than 50% over the test period for the pre-2015 tax losses after the IGE Transaction.

Due to the significance of the IGE Transaction, it appears that FOY's principal business activity is no longer the exploration of mining tenements. That is, FOY's overall business has transitioned from the mineral resources sector to the development and commercialisation of waste to fuel technology. Based on this, FOY may not be able to satisfy the SBT for the tax losses incurred prior to the IGE Transaction.

Based on the above, FOY will not be able to shelter any future taxable profits against the tax losses incurred in the prior years. As such, FOY will be required to pay income tax on any post-IGE Transaction taxable profits.

Other tax implications

The tax cost base of the IGE Assets in the hands of FOY will be the purchase price plus the incidental costs of acquisition (such as legal fees, stamp duty etc). The total purchase price will then be required to be allocated to the various assets. This can be done via adopting an appropriate allocation methodology or alternatively by obtaining a valuation report to ascertain the fair value of assets. The tax issues associated with an asset acquisition is dependent on the type of asset acquired. To the extent that any tax depreciable assets are acquired, FOY will be able to obtain a tax deduction over the effective lives of the depreciable assets.

2.9 Material contracts and licenses

Contracts and licences to be assigned or novated

The material contracts held by IGE, which will be assigned or novated (as appropriate) to FOY on completion of the IGE Transaction, are:

the Licences for the Technology;

the Loan Agreements and the General Security Deed;

the Property Purchase Agreement;

all feedstock contracts between IGE and Odyssey Waste Control Pty Ltd; and

the consecutive leases for the Berkeley Vale premises where the BKV Commercial Plant is situated (which will be entered into between IGE and the registered owner of the land prior to Completion) (**New Property Leases**).

The key terms of the licences and feedstock contracts are set out in Annexure B.

The New Property Leases will together have an effective term of up to 25 years, with the right to break the lease every 5 years.

The assignment or novation of these contracts to FOY is conditional on completion of the IGE Transaction.

Other relevant contracts

As a condition precedent to Completion, FOY and BTOLA will enter into a consultancy agreement with BTOLA for a term of 3 years, and on such other terms as the parties agree, under which BTOLA will procure that Bevan Dooley acts as Chief Technical Officer to FOY, subject to and effective from Completion.

FOY may enter into an underwriting agreement in respect of the Offer. The key terms of that underwriting agreement will be disclosed in the Prospectus.

3. ADVANTAGES, DISADVANTAGES AND RISKS OF THE IGE TRANSACTION AND ASSOCIATED ISSUES OF SECURITIES

In making their recommendations to vote in favour of the Resolutions, the Independent Directors have carefully considered a range of alternatives to the IGE Transaction, as well as the advantages, disadvantages and risks associated with the IGE Transaction.

3.1 Benefits of the IGE Transaction

The **Independent Directors recommend** that Shareholders **VOTE IN FAVOUR** of each of the Resolutions required for the IGE Transaction to proceed, being each of Resolutions 1 – 6. The benefits which the Independent Directors considered in making this recommendation include the following:

Interest in an operating business: FOY will obtain an interest in a business which, with the BKV Commercial Plant operating as a processing facility for co-mingled fuels, will have the capacity to generate cash flow. Once the ACT Commercial Plant is operating at 50 fstdpd, FOY anticipates cash flow will provide sufficient funding to maintain FOY as a going concern.

Risk that may not continue as a going concern: If the IGE Transaction does not complete, FOY will continue to be exposed to the financial difficulties faced by, and risks associated with, the Amazon Bay Project, and there will be a question as to whether FOY will be able to continue to operate as a going concern. For example, the Board may not be able to obtain equity or debt funding (at all or on acceptable terms) for an early stage exploration project such as Amazon Bay Project in the current environment and there is no guarantee that the Board would be able to identify an alternative cash flow positive business opportunity.

Attractive business model: The purchase of the IGE Assets, operation of the Commercial Plant and sale of fuel produced by it has attractive features, including:

- (i) non-recyclable waste plastic, which is used as feedstock for the Commercial Plants, is plentiful (and a contract for the provision of sufficient waste plastic feedstock for the scale up and operation of a 200 fstdpd Commercial Plant until October 2020 is already in place, with the option to renew for a further 5 years after that date);
- (ii) a business model which (subject to a number of factors including those risks considered in section 3.4) is anticipated to be viable provided that the Brent crude oil price is above US\$15 per barrel (assuming FOY maintains a feedstock price of less than A\$160 per tonne and sells all fuel produced);
- (iii) the economic viability of a Commercial Plant does not depend on Government grants or subsidies; and

- (iv) there is potential for additional business opportunities associated with the Technologies, which may be exploited and/or sub-licensed by FOY.

Leverage off existing PNG opportunities: There is an opportunity for FOY to leverage on its knowledge of the market and contacts in Papua New Guinea in order to seek further business opportunities (including relating to the use of the Technologies) in that country.

Better position to fund Amazon Bay Project: FOY may be better positioned to fund the development of the Amazon Bay Project in the future, whether from cash flow, capital raisings or debt financing, due to its business activities being more diversified and not exclusively cash flow negative mineral exploration. In particular, the significant fall in iron ore prices has meant that there are poor current prospects for junior iron ore exploration companies and the Independent Directors have actively sought but been unable to obtain adequate funding for FOY's exploration activities, in the absence of a change of business direction.

Strengthened market capitalisation: Following the IGE Transaction and the Fundraising, FOY will have a strengthened market capitalisation.

TVI's controlling interest diluted: TVI currently holds approximately 27.881% Voting Power in FOY. Following Completion of the IGE Transaction, TVI's and Mr James' Voting Power in FOY is likely to be diluted to below 10%. However, if Resolutions 1 – 4 are not approved or the IGE Transaction otherwise does not complete, but Resolutions 5 and 6 are approved, then TVI's and Mr James' Voting Power in FOY will not change as the Loan Agreement would not be novated to FOY.

Independent expert conclusion: The independent expert has concluded that the IGE Transaction is not fair but is reasonable to Non-associated Shareholders.

No superior proposal: As at the date of this Notice of Meeting, no superior proposal to the IGE Transaction has emerged and the Independent Directors are not aware of any superior proposal which may emerge in the future.

Best available option to increase Shareholder wealth: The Independent Directors consider that the IGE Transaction is the best option currently available to FOY to increase Shareholder wealth in the longer term.

Additional Funding: the Loan Agreements allow FOY to have the funding to continue its operations prior to Listing. It provides FOY with the opportunity to fund its operations without being required to seek equity funds prior to the Listing as FOY has the ability to request that IGE on-lend (up to a certain amount) of the funds lent to IGE under the Loan Agreements.

3.2 Why you may vote against the IGE Transaction

The Independent Directors consider that there are some disadvantages to the IGE Transaction and Shareholders should take these into account when deciding how to vote on Resolutions 1 – 7:

No guarantee of economic viability or profitability: There is no guarantee that the operation of the Commercial Plants and the sale of fuel products produced will be economically viable, or become profitable, as this depends on a number of factors outside of the control of the Board, including the price of crude oil, the availability of buyers, the continued ability to obtain feedstock and the Commercial Plant operating efficiently. However, the Board currently has no reason to believe that the operation of the Commercial Plants will not be economically viable, due to its business model allowing the Brent crude oil price to drop to US\$15 per barrel (assuming it maintains a feedstock price of A\$160 per tonne and sells all fuel produced), IGE's review of the market for fuel products in Australia indicating that price is a significant driver for buyers, the ready availability of waste plastic and the fact contracts for the purchase of feedstock have already been entered into, and tests conducted on a pilot plant indicating that the WPTF Technology is capable of operating efficiently.

IGE Parties' potential Voting Power: After Completion of the IGE Transaction, the IGE Parties will have at least 56.89% and at most 77.80% Voting Power. This has several implications:

- (i) At this shareholding level, the IGE Parties will, if acting in concert or under a relevant agreement, arrangement or understanding, be able to:
- (A) control the composition of the Board and pass ordinary resolutions (ie requiring more than 50% of the votes cast);
 - (B) if the IGE Parties' Voting Power is 75% or more, also be able to pass special resolutions,

subject to certain restrictions under the Corporations Act, FOY's constitution, and the ASX Listing Rules which will prevent them from voting in some situations (generally where the relevant IGE Party is interested in the subject matter of the relevant resolution).

The IGE Parties may vote in their own interests and, as set out in paragraph 3.2(ii), the interests of the IGE Parties may not always be aligned with minority shareholders. As the IGE Parties have greater than 20% Voting Power, they cannot further increase their Voting Power unless they do so in limited circumstances. These limited circumstances include acquisitions with the approval of other Shareholders, launching a takeover bid for the remaining Shares, or acquiring up to a further 3% every 6 months. However, although the IGE Parties have a common interest in receiving Milestone Securities under the Business Sale Agreement and the IGE Shareholders Agreement until 30 June 2020, FOY is not aware of there being any other agreement, arrangement or understanding between the IGE Parties regarding FOY's Board composition or its affairs, or any intent between the IGE Parties to act in concert in relation to FOY's affairs.

- (ii) The interests of the IGE Parties might not always be aligned with the interests of minority Shareholders. However, in some circumstances, minority Shareholders will have the benefit of protections provided by the Listing Rules, Corporations Act and other applicable laws, including:
 - (A) in certain circumstances, but not all, a requirement to obtain Shareholder approval for transactions between FOY and any of the IGE Parties (in relation to which the IGE Parties may be excluded from voting);
 - (B) a requirement for all Directors on the Board to comply with any applicable laws regarding conflicts of interest; and
 - (C) a requirement for all Directors on the Board to comply with the legal obligations to act in good faith, in the best interests of FOY and for proper purposes, and to have regard to the interests of the Shareholders and FOY as a whole.
- (iii) The IGE Parties' potential Voting Power may deter a third party from making a takeover offer for your Shares, as they may require approval from the IGE Parties. In these circumstances, a takeover premium may not be realised except through a transaction supported by the IGE Parties.
- (iv) The issue of the Consideration Securities and Milestone Securities, in addition to the issue of up to 92,500,000 Shares the Offer, will result in the Voting Power of existing Shareholders being significantly diluted.

Inability to use carried forward tax losses: Following Completion of the IGE Transaction, FOY may be unable to use carried forward tax losses (refer section 2.8). FOY's carried forward tax losses at 30 June 2015 were notionally in the amount of \$89,599,348, however as FOY has not yet generated a profit the Board has historically considered it would not be able to use those tax losses. Changes to FOY's business in the past may mean that some or all of these losses are unusable in the future regardless of whether the IGE Transaction proceeds (refer section 2.8 for details of the relevant test). As such, FOY has not recognised the full amount of its deferred tax assets in its accounts.

Disagree with change of nature and scale: Shareholders may disagree with the change of the nature and scale of FOY's business.

Disagree with Independent Expert conclusion: Shareholders may disagree with the determination of the independent expert that the IGE Transaction is unfair but reasonable for Non-associated Shareholders.

Disagree with Independent Directors' recommendation: Shareholders may disagree with the Independent Directors' recommendation.

Possibility of a superior proposal: Shareholders may consider that there is a possibility a superior proposal will emerge.

3.3 Implications if the resolutions are not approved

If Shareholders do not approve Resolutions 1 – 6, the IGE Transaction will not proceed. If Resolution 7 is not approved, then the Offer will not proceed and there is a risk that the IGE Transaction will not proceed as ASX Confirmation may not be obtained. If the IGE Transaction does not proceed, FOY will continue with its existing capital structure and assets, which your Independent Directors consider would create material uncertainty as to whether FOY will be able to continue as a going concern.

The primary asset of FOY, the Amazon Bay Project, is an exploratory asset which does not derive any revenue at this stage. FOY has no other arrangements in place to obtain funding from an alternative source to progress the Amazon Bay Project. While the Board would seek alternatives if the IGE Transaction does

not proceed, there can be no assurance that any funding would be available to FOY, either at all or on terms which the Independent Directors consider appropriate.

Therefore, in the absence of a superior proposal, your Independent Directors unanimously recommend that Shareholders **VOTE IN FAVOUR** of Resolutions 1 – 6 to implement the IGE Transaction and Resolution 7 to implement the Offer.

3.4 Risks associated with IGE Transaction

The IGE Transaction (and any investment in FOY after completion of the IGE Transaction) is not risk free and Shareholders should consider the risk factors described below, together with information contained elsewhere in this Notice and Explanatory Statement, before deciding how to vote on the Resolutions.

The following list is not intended to be an exhaustive list of the risk factors relating to the IGE Transaction (and any investment in FOY after completion of the IGE Transaction) and other risk factors may apply.

In this section, references to FOY assume that the IGE Transaction has proceeded and that FOY is operating the waste plastic to fuel activities.

Risks specific to the waste plastic to fuel activities, and other Technologies

Crude oil prices

Oil and fuel prices are volatile and low prices could have a material adverse impact on cash flow and on FOY's business. This volatility has been evident in the last decade. For example, crude oil prices began to climb in 2004 and reached an all-time high in mid-2008. The price of crude oil dropped from just over US\$145/barrel in July 2008 to US\$45/barrel at the end of December 2008 and to US\$35/barrel in mid-February 2009. By July 2011, the price of crude oil climbed to more than US\$100/ barrel and until August 2014 the Europe Brent ("Brent") crude price, the global benchmark, was in excess of US\$100/barrel. Since August 2014 the price has continued to fluctuate and as at 12 May 2016 Brent crude was trading at around US\$47/barrel. The risk exists if the Brent price falls significantly and remains at a low price for a period of time, FOY may not be able to compete on price and this could have a material and adverse impact on the financial performance of FOY.

Future production from the Commercial Plants will be dependent on the price of oil being adequate to make the Commercial Plants economic. Future price declines in the market value of oil could cause production from the Commercial Plants to be rendered uneconomic. Depending on the price of oil, FOY could be forced to discontinue production. There is no guarantee that, if commercial quantities of fuel are consistently produced, a profitable market will exist for it.

Interruption to feedstock supply or quality

The operation of the Plants requires substantial quantities of plastic waste feedstock to be sourced from external suppliers. The characteristics of the supplied feedstock affects the yield and the density of fuel produced by the Plant, and the price at which the feedstock is sourced affects the economic viability of the Plant. Any interruption to the supply of feedstock to FOY may result in interruptions to production. This could occur as a result of, for example, a breach of contract by FOY's feedstock supplier or a force majeure event under that contract, or increased demand for non-recyclable waste plastics from other sources.

Any issues with the quality of the feedstock supplied or any increase to the price at which it is sourced could also materially and adversely affect the financial performance of FOY.

FOY currently sources all of its waste plastic feedstock from one aggregator, Odyssey Waste Control Pty Ltd (**Odyssey**) (see section 2.9 and Annexure B for a summary of FOY's contracts with Odyssey). Odyssey is an aggregator of waste plastics and sources its waste plastic from various suppliers. There is always a risk that, notwithstanding appropriate safeguards, Odyssey may experience financial, supply or other difficulties which may affect Odyssey's ability to perform its obligations to FOY. In addition, the terms of the contracts currently entered into between Odyssey and FOY are uncertain in several respects, which means there is a risk Odyssey could dispute its obligation to supply or to compensate for failure to supply, or the applicable price for the feedstock. At the date of this Notice, FOY is negotiating new agreements with Odyssey with the aim of addressing some of these uncertainties. There is no guarantee that the re-negotiated agreement, once signed, will guarantee a supply of feedstock. There is also a risk that FOY may need to agree to "take or pay" clauses, which oblige FOY to take a minimum quantity of feedstock (even if it is surplus to the needs of the Commercial Plants) or pay for the rejected minimum quantity of feedstock. There is also a risk that, at the end of the contract term, Odyssey may stop supplying waste plastic feedstock to FOY, or

Odyssey may terminate the contract early, and that FOY will not be able to find alternative suppliers, at all, on as favourable terms or in the quantities required. Such termination or failure to renew could result from things such as an inability to source feedstock for aggregation, delivery difficulties, or an ability to obtain higher prices from other customers.

Failure of Technology

The WPTF Technology and BTE Technology have been trialled on a small scale in a pilot plant, but have not yet been conclusively proven to produce fuel or energy (as applicable) on a commercial scale, consistently or at all. The BTF Technology is still laboratory based and has not been tested in a pilot plant on any scale.

Whilst key aspects of the Technologies are based on existing technologies in the public domain, these technologies have rarely been successfully applied on a commercial scale. Aspects of the Technologies relating (for example) to design, processes and control, are novel in that they allow the fuel or energy to be produced consistently and in large quantities suitable for commercial sale.

As with all technology, there is a risk that the particular application of the Technology will not work at all or may stop working in the future. There is no guarantee that the issue that causes the failure can be fixed economically or at all. If such a failure of the Technology occurs, that failure would have a material and adverse effect on the financial position of FOY.

Failure to obtain approval from the NSW EPA or receive approval from the ACT Minister for Planning for the Company's Environmental Impact Statement, lodged for the ACT Commercial Plant.

FOY requires approval from the NSW EPA and the ACT Minister for Planning to enable it to operate the BKV Commercial Plant and the proposed ACT Commercial Plant, respectively, to process plastics to fuel. FOY also requires approval from the ACT Minister for Planning in relation to the Environmental Impact Statement submitted for the ACT Commercial Plant in order to re-comply with Chapters 1 and 2 of the Listing Rules. There is no guarantee that the required approvals will be granted in order to allow FOY to process plastic to fuel at the BKV Commercial Plant and the ACT Commercial Plant. If delays are experienced with obtaining the necessary development application or if the development applications are refused in both NSW and ACT, this could have a material and adverse impact on the financial performance of FOY.

Regulatory risks

(i) **General regulatory risk**

FOY's operations are subject to regulation at the Federal, State and local Government level and some of the laws, rules and regulations that govern operations carry substantial penalties for non-compliance. Rules and regulations include those relating to taxation, environmental protection, management and occupational health and safety standards.

Changes to regulatory requirements could result in increased operating, financial and capital costs that could make continued operations unsustainable.

In addition to possible increased costs, the imposition of increased regulatory based procedures may result in delays to completing the design and construction of the ACT Commercial Plant or in being able to initiate or complete new production facilities.

(ii) **Health and safety laws and regulations**

Fuel production operations may expose FOY's personnel and the staff of service providers to potentially dangerous working environments.

If any of FOY's personnel or the staff of a service provider suffer injury or death in the course of those operations, FOY may be exposed to liability for fines and / or compensation payments. These liabilities have a potential to adversely impact upon the financial performance and reputation of FOY.

(iii) **Environmental Risk**

FOY's operations and the production of diesel, petrol and other fuel products by FOY generate greenhouse gas emissions. There is increasing recognition that energy consumption is a contributor to global warming, greenhouse effects and potentially climate change. While there is no specific change contemplated that poses a currently known risk to FOY, the world's governments including those in Australia, have introduced or are contemplating regulatory change in response to the potential

impacts of climate change and greenhouse gas emissions. If these regulatory changes affected FOY's business, they could have a material adverse effect on FOY's current and future operations.

Further, FOY may be exposed to liabilities for damages, clean-up costs, or penalties in the event of any unintended discharge in the environment from its commercial plants or any of its products. Such a discharge recently occurred during the commissioning process and, following this incident, FOY has implemented procedures with regards to minimising the chances of any unintended discharge into the environment (in addition to those already in place), however despite these precautions there is no guarantee that a similar discharge will not occur in the future. Regulatory authorities are increasing the penalties being applied to Companies that breach regulations and any such liability imposed may impact adversely on FOY's financial performance and value of FOY's shares.

FOY may also become liable for the cost of remediating any contamination of the Berkeley Vale site (regardless of whether it caused or contributed to that contamination). Whilst the Lessor is liable for this cost under the lease between IGE and the Lessor, there is a risk the Lessor may experience financial or other difficulties which may affect the Lessor's ability to perform its obligations to FOY. FOY has not yet identified whether the site is currently contaminated nor quantified the actual or potential cost of remediating current or future contamination on the site.

Failure to protect intellectual property rights

BTOLA filed a single Australian provisional patent application in September 2014 which broadly applies to both the WPTF and BTE Technology. The provisional patent relates to part only of the valuable intellectual property within the WPTF and BTE Technology, which lies primarily in the industrial copyright, trade secrets and know-how relating to the Technologies.

FOY must ensure that its trade secrets and know-how are kept confidential and are otherwise protected. Actions taken by FOY to protect its trade secrets may not be adequate and this could erode its competitive advantage in respect of such trade secrets. Further, others may independently develop similar technologies.

In line with a condition precedent to Completion, 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 patent attorney to compile the necessary documents. It is also a condition precedent to Completion that Bevan Dooley (through BTOLA) enter into a consultancy agreement with FOY for a 3 year term, and on such other terms (including as to termination rights) as are acceptable to FOY.

The current patent application was filed as a provisional specification dated in September 2014. This provisional specification secured a date for the disclosure of the invention. It defines the date on which the information was received by the patent office but is not examined. Since then, the application to a complete specification in Australia and/or pursue any overseas filings of interest has been progressed.

The filing of this provisional specification gives no inherent indication of the patentability of the invention or the freedom to exercise the Technology in any particular jurisdiction. If a patent is granted over 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. There can be no assurance that any patents FOY ultimately licences, whether now or in the future, will give FOY commercially significant protection of its intellectual property.

FOY's success depends, in part, on its ability to obtain, maintain and protect its intellectual property. Actions taken by FOY to protect its intellectual property (including those described in this Notice) may not be adequate, complete or enforceable and may not prevent the misappropriation of its intellectual property and proprietary information or deter independent development of similar technologies by others. FOY may also suffer damage if former employees infringe its intellectual property rights or assert their moral rights.

Monitoring unauthorised use of FOY's intellectual property rights is difficult and can be costly. FOY may not be able to detect unauthorised use of its intellectual property rights. Changes in laws in Australia and other jurisdictions in which FOY operates may adversely affect FOY's intellectual property rights.

Infringement of third party intellectual property rights

Other parties may develop, or have already developed, processes or technologies substantially similar to those used by FOY, and other parties may allege that FOY's technologies and processes incorporate intellectual property rights derived from third parties without their permission. Whilst FOY is not the subject of any claim that its technologies infringe the intellectual property rights of a third party, allegations of this kind may be received in the future and, if successful, injunctions may be granted against FOY which could materially affect the operation of FOY and FOY's ability to earn revenue, and cause disruption to FOY's services. The defence and prosecution of intellectual property rights lawsuits, proceedings and related legal and administrative proceedings are costly and time-consuming, and their outcome is uncertain. Ultimately, a negative decision could result in closure of the Plant and cessation of FOY's business.

Low liquidity and release from escrow risk

Some Shareholders will be subject to ASX imposed escrow requirements which are designed to protect the integrity of the market. Related Parties and promoters of FOY will not be able to deal with any of their Shares or Options which are restricted securities for a period of 24 months from the date of re-quotation of FOY's Shares on ASX following compliance with Chapters 1 and 2 of the Listing Rules. Any other Shareholders who ASX decides are seed capitalists of FOY will not be able to deal with any of their Shares which are restricted securities for a period of up to 12 months from the date of re-quotation of FOY's Shares on ASX following compliance with Chapters 1 and 2 of the Listing Rules. At the end of these escrow periods, a significant sale of the Shares released from escrow, or the perception that such sales have occurred or might occur, may impact the Share price of FOY. See section 1.13 for further information regarding the restricted securities.

The number of restricted securities during the restriction periods may cause or contribute to a limited liquidity in the market for Shares, which could affect the market price at which other Shareholders are able to sell their Shares.

Illiquid securities tend to be of lesser value than equivalent securities which are more liquid in character.

Failure to meet Australian Standards

Failure to meet the Australian standards for FOY's finished products would adversely impact the price at which the diesel, petrol and fuel products produced could be sold, or sold at all. Inconsistencies, errors or contamination of the products could result in cancellation of any off-take agreements then in place, and leaving FOY exposed to compensation payments or penalties.

Plant 50 fstopd capacity risk

FOY's business model assumes that by May 2017, the ACT Commercial Plant will be capable of processing 50 fstopd for 330 days per annum on a 24 hour, 7 days per week basis.

There is a risk that the ACT Commercial Plant will be unable to process feedstock at this capacity, whether due to engineering issues which mean the ACT Commercial Plant does not work at full capacity, Technology failures, maintenance requirements or unanticipated shut-downs.

Management risk

The responsibility of undertaking the WPTF business is currently concentrated amongst a small number of key management personnel. Further, if FOY's development programme is successful, FOY could experience a rapid growth in its operations which could place significant demand on managerial, operational and financial resources due to the need to manage relationships with business partners, difficulties in hiring, managing and retaining appropriate personnel and pressures for the development of information systems.

The loss of these key employees or the inability to retain additional key employees as FOY's operations develop may materially impact the financial performance and the value and price of FOY's shares.

FOY has engaged key management personnel on attractive employment and contractual arrangements with cross training in skills undertaken to ensure minimal disruption to FOY if it suffers the loss of key management personnel.

Change in fuel standards

New fuel standards may be introduced and existing fuel standards may be amended or repealed from time to time. It is possible that lobby groups (such as traditional fuel wholesalers) could pressure the government to introduce such changes. Any change to the standards in any market in which FOY sells its products may result in FOY needing to modify its production process or procure alternate or additional feedstock, which may impact the revenue and expenditure of FOY and materially and adversely affect FOY's financial performance. In an extreme case, such new or amended standards could significantly limit or prevent altogether the use of non-petroleum derived fuels, having a material and adverse effect on the future viability of FOY.

Technology upgrades required to remain competitive

To remain competitive and better optimise production from the Commercial Plants as well as complying with emerging industry standards and increasingly stringent environment regulations, additional capital will be required to install technology upgrades. There is a risk that FOY may not be able to develop the necessary technology or secure the capital necessary to implement advanced technologies into the Commercial Plants at all or in a timely manner.

Funding risk

After completing the design and construction of the ACT Commercial Plant, FOY's growth plans involve (amongst other things) expanding the capacity of the BKV Commercial Plant to 200 fstd, constructing similar plants using the WPTF Technology in Australia (see section 2.3), as well as proving the BTE Technology and, if successful, commercialising that technology in PNG (see section 2.3). Whilst FOY currently foresees self-funding some of this growth, FOY may require additional financing to fund its strategy. This additional financing may be in the form of equity, debt or a combination of them. FOY's ability to raise additional capital will depend on various factors, including the results of its operations and the status of various capital and industry markets at the time it seeks such capital. Accordingly, additional financing may not be available on acceptable terms, if at all. In the event additional capital resources are unavailable, FOY may be required to curtail its planned growth. It is difficult to quantify the amount of financing FOY may need to fund its planned growth beyond the completion of the construction of the ACT Commercial Plant to a capacity of 200 fstd (refer also to "Plant construction risk" in paragraph 0).

The amount of funding FOY may need in the future depends on various factors such as:

- FOY's financial condition; and
- the success or otherwise of its operations.

Further, the availability of such funding may depend on:

- the liquidity and price of FOY's shares at the time FOY seeks to raise funds;
- the prevailing and forecast market price of diesel, petrol and fuel products; and
- the applicable economic conditions at the time FOY seeks to raise funds.

Plant construction risks

(iv) **New design**

FOY's business model is based on the design and construction of the ACT Commercial Plant to a capacity of 200 fstd by November 2017 by constructing four 50 fstd modules identical to the existing module at the BKV Commercial Plant ("**Modules**"), in addition to related infrastructure required to operate the facility.

Each Module is designed to work independently, so that scaling-up production from 50 fstd to 100 fstd (and again from 100 fstd to 150 fstd and from 150 fstd to 200 fstd) should be an identical process to scaling-up the first 50 fstd, and the usual obstacles to increasing the capacity of a commercial facility should not be present. The construction is based on a new and untested design, there is no guarantee that the Modular system will work as predicted and without complication. FOY has obtained a technical report from an independent expert to opine on the Modular system which has confirmed that there is no reason why the Modular system ought not work in accordance with its design. If the Modular system does not work as predicted or there are unforeseen design complications, this may prevent or delay the design and construction or increase costs which may materially and adversely affect FOY's financial position.

(v) **Construction delay and cost overruns**

Delays in the construction or expansion of a Commercial Plant could arise if the equipment is damaged or faulty and requires replacement. Other factors that could impact the completion of the construction or expansion of a Commercial Plant include the availability and delays in delivery of key equipment

Cost overruns could occur if there are delays in completing the design and construction of the ACT Commercial Plant or if equipment has to be sourced from alternative, more expensive suppliers.

If completion of the design and construction of the ACT Commercial Plant does not occur within the above timeframe or the costs to FOY materially exceed the costs budgeted for by FOY, for whatever reason, FOY's financial performance is likely to be materially and adversely affected.

Customer risk

FOY's revenue depends, among other factors, on FOY's ability to acquire customers to purchase its fuel products and react to challenges from existing and new competitors. There is a risk that FOY may be unable to compete with existing fuel suppliers, who have greater resources and access to more markets than FOY and may not, therefore, obtain sufficient sales of its product at all or at the required quantities or price. If FOY does not obtain customers, at all or at sufficient volumes, or is unable to retain customers, this will have a material and adverse effect on FOY's financial performance.

Plant maintenance and efficiency

FOY's performance will be affected by the efficient operation and maintenance of the Commercial Plants. The Commercial Plants may be affected by reduced operating capacity as a result of damage to or equipment failure, lead times to replace key equipment components resulting in extended and unscheduled interruptions to production, occupational health and safety incidents requiring the Commercial Plants to shut down for investigations, and disaster whether arising from the acts or omissions of FOY or from external factors.

For example, the tank farm into which fuel production from the BKV Commercial Plant's module would feed has only two arms for loading finished product into transport carriers. It is FOY's intention to acquire additional loading capabilities, however in the short term there is a risk that if either or both of these arms fail then production from the Modules would have to be slowed or ceased to meet the capacity of the tank farm.

If the above risks eventuate, they could have a material and adverse effect on the financial performance of FOY.

Failure to build and maintain distribution channels

FOY will be required to build and maintain a solid distribution channel and access sufficient amounts of freight, storage, infrastructure and logistic support. Competition for transport carriers, union strikes and increased costs of these services could impact the ability of FOY to deliver its finished products. If this risk eventuates, it could have a material and adverse effect on the financial performance of FOY.

Exchange risk

The price at which FOY can sell its fuel products will be pegged to the wholesale price of fuel in Australia. This price (referred to as the 'terminal gate price') is determined by, amongst other things, crude oil prices and other costs (such as shipping and insurance costs) incurred by fuel distributors. As crude oil and shipping and insurance costs are priced in US dollars, the Australian wholesale fuel price is affected by the strength of the Australian dollar as against the US dollar. Movements in the Australian dollar as against the US dollar that materially and negatively affect the wholesale fuel price in Australia could have a material and adverse effect on the financial performance of FOY.

General investment risks

General economic or market conditions

FOY's operating and financial performance may be influenced by a variety of general economic and business conditions including the level of interest rates, international fiscal, monetary and regulatory policies and the level of inflation and economic growth. Prolonged deterioration in general economic conditions, including increases in interest rates, or reduced consumer and business demand could have a material adverse effect on FOY's financial performance. In

particular, such changes may have a greater impact on FOY because, as a small company, it lacks the financial resources of larger companies.

Taxation

Changes to tax legislation and regulation, or their interpretation, may adversely affect the value of an investment in Shares and may affect Shareholders differently.

Interest Rates

A rise in interest rates may impact adversely on demand for FOY's products and FOY's financial performance.

Accounting Standards

Changes in accounting standards or the interpretation of those accounting standards that occur after the date of this Prospectus may impact adversely the financial performance and position reported in FOY's financial statements.

Counterparty risk

There is a risk that FOY, or a third party FOY has contracted with, will be unable or unwilling to perform its obligations under FOY's material contracts. If this occurs, FOY's fuel production or sale of product may be delayed and further costs in making alternative arrangements are likely to be incurred by FOY. FOY may or may not be able to recover damages or amounts from third parties if they do not uphold the terms of their contract with FOY or be sufficient to cover FOY's actual loss or damage. There is also a risk that a material contract may not be renewed or recontracted upon expiry or may be terminated early. Any of the above may materially impact the financial performance and the value and price of FOY's shares.

The material contracts of FOY are described in Section 2.9 and Annexure B.

Insurance risk

In accordance with industry practice FOY maintains insurance against some, but not all, of the operating risks to which its business is exposed. For example, FOY does not expect to acquire business interruption risk insurance as it considers the cost to be prohibitive. In addition, as a result of the number of environmental and climate events such as earthquakes, cyclones and tsunamis insurance underwriters have increased premiums for many of the coverages that would have been maintained by Company and made significant changes for the level and variety of cover. Future insurance coverage for the industry could increase in cost and may include higher deductibles, in addition, some forms of insurance may become unavailable in the future or unavailable on terms that are economically acceptable.

Commercial risk

FOY is subject to the same commercial risks faced by all businesses, including the risk of litigation and other business disruptions. This litigation may include, but is not limited to, intellectual property claims (including in relation to the Technology rights), contractual claims, personal injury claims, employee claims and environmental claims. If a successful claim is pursued against FOY, the litigation may adversely impact the production, sales, profits or financial performance of FOY. Any claim, whether successful or not, may adversely impact on FOY's share price.

Force Majeure

Force Majeure is a term used to refer to an event beyond the control of a party claiming that the event has occurred. These include acts of God, fire, flood, earthquakes, war and strikes. To the extent that Force Majeure events may occur, they may adversely affect FOY's financial performance, the value and the price of Shares and FOY's ability to operate.

Acts of Terrorism and breakout of International Hostilities

Acts of terrorism or the breakout of international hostilities may adversely affect the demand for FOY's products and FOY's financial performance. This, or an associated adverse sentiment change with respect to the share market, could have a negative impact on the value of an investment in FOY.

Prospective Information

No assurance as to future profitability or dividends can be given as they are dependent on future earnings and the capital requirements of FOY.

There can be no guarantee that the assumptions on which any prospective development strategies of the Board, or those upon which FOY bases its decisions to proceed, will ultimately prove to be valid or accurate. The prospective development strategies depend upon various factors which are outside the control of FOY.

Other risks

The above list of risk factors should not be taken as exhaustive of the risks faced by FOY in connection with the IGE Transaction.

4. DETAILS ABOUT IGE

4.1 Who is IGE?

IGE is an unlisted public company established on 15 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.

Operations

The Technologies were developed, and the intellectual property rights in the technology owned, by UTOF Pty Ltd (ACN 158 526 857) (**UTOF**) and BTOLA Pty Ltd (ACN 135 198 711) (**BTOLA**). Details of BTOLA and UTOF are set out below.

BTOLA and UTOF granted a licence to use, commercialise and exploit each Technology to IGE in October 2014, in consideration for the sum of A\$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 biomass to energy 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 Commercial Plant was commissioned in May 2015.

IGE Directors and Shareholders

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 broadly fall in to three categories: the developers of the Technology (and their friends and family), early supporters of the Technology and seed capitalists.

The developers of the Technologies (through Bevan Dooley, BTOLA and each of the shareholders of UTOF) collectively hold 17.099% of the shares in IGE.

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

In addition to the Technology developers and Mr Dickson, there are several other IGE Shareholders, identified in section 8.4.

About BTOLA

Bevan Dooley is the sole director of BTOLA. He holds 50% of the shares in BTOLA, with the remaining 50% held by David Dooley, Bevan Dooley's father. Bevan Dooley is one of the primary inventors of the Technologies (the other being Adrian Lake) and is managing the construction of the Plant. He is also a current director of FOY.

About UTOF

The directors of UTOF are Bevan Dooley, Adrian Lake, Rodney Healey and Andrew Kelly. BTOLA, CVO Family Investments Pty Ltd, Healey Enterprises Australia Pty Ltd and Biodiesel Network Pty Limited each hold 25% of the shares in UTOF. Adrian Lake is one of the primary inventors of the Technologies (the other being Bevan Dooley). Andrew Kelly is the landlord of the Berkley Vale site on which the Commercial Plant is situated. UTOF was responsible for constructing the pilot plant which tested the WPTF Technology.

4.2 Current equity interests in FOY

As at the date of this Notice, IGE does not hold any of the issued share capital of FOY.

The following IGE Shareholders hold the following Shares in FOY at the date of this Notice:

6,779,311 Shares held by Mr Dickson;

1,379,311 Shares held by Bevan Dooley;

1,379,311 Shares held by Rebelly; and

233,333 Shares held by E2E Consulting Pty Ltd.

Each of Mr Dickson, Mr Dooley, and Rebelly subscribed for their Shares in cash under fundraisings conducted by FOY in October 2014 (the placement of Shares to Mr Dickson to raise \$337,500) and in February 2015 (the issue of notes to various investors to raise \$1,000,000). E2E Consulting Pty Ltd subscribed for its Shares in cash under the placement conducted by FOY in August 2015.

Mr Dickson holds 6,779,311 Options, Mr Dooley and Rebelly each hold 1,379,311 Options and E2E Consulting Pty Ltd holds 233,333 Options, but as these are restricted securities they cannot be exercised until the escrow period ends 12 – 24 months (for Rebelly and E2E Consulting Pty Ltd) or 24 months (for Mr Dickson and Mr Dooley) from re-quotation of FOY's Shares on ASX.

Mr Dickson, Mr Dooley, Rebelly and E2E Consulting Pty Ltd will not be entitled to vote on Resolutions 1 – 6 and 11 in relation to the IGE Transaction and issue of Shares to Mr Dickson on the exercise of the Dickson Option.

4.3 IGE Parties' intentions for FOY

The IGE Parties' intentions for FOY are reflected in section 2.2 and 2.3 of this Notice.

4.4 The Board

There is currently no intention to change the Board upon Completion of the IGE Transaction. Paul Dickson and Bevan Dooley, each a director and shareholder of IGE, joined FOY's Board on 24 November 2014.

5. RESOLUTION 1 – APPROVAL FOR CHANGE IN NATURE AND SCALE OF ACTIVITIES OF THE COMPANY

5.1 Regulatory requirements

Listing Rule 11.1 provides that where a listed company proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, it must provide full details to ASX as soon as practicable and comply with the following:

the company must provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;

if ASX requires, the company must obtain the approval of its ordinary security holders and comply with the requirements of the ASX in relation to the notice of meeting; and

if ASX requires, the company must meet the requirements in Chapters 1 and 2 of the Listing Rules as if the company were applying for admission to the official list of ASX.

ASX has indicated to FOY that the change in the nature and scale of FOY's activities as a result of the IGE Transaction requires FOY to obtain Shareholder approval in accordance with Listing Rule 11.1.2, and must comply with any requirements of the ASX in relation to the Notice of Meeting. This Resolution 1 seeks that Shareholder approval.

In addition, ASX has indicated that the change in the nature and scale of FOY's activities as a result of the IGE Transaction requires FOY to re-comply with the admission requirements set out in Chapters 1 and 2 of the Listing Rules, in accordance with Listing Rule 11.1.3.

5.2 Re-compliance

Among other things, Chapters 1 and 2 of the Listing Rules require FOY to:

have a structure (including a capital structure) and operations that are appropriate for a listed entity;

meet the minimum spread requirements of Shareholders each holding at least \$2,000 of Shares;

issue a prospectus;

meet either of the tests set out in the Listing Rules in relation to FOY's profitability or asset value;
ensure that all of FOY's securities on issue each have a price of not less than \$0.20; and
demonstrate that each director is of good fame and character.

FOY has received in principle advice from ASX confirming that ASX would be likely to consider that FOY has a structure that is appropriate and equitable for a listed entity, provided that it complies with certain ASX requirements in relation to the Buy-back Provisions and the Performance Right (and the Independent Directors consider that FOY has complied, or will be able to comply, with such requirements).

ASX Guidance Note 12 sets out matters for inclusion in a notice of meeting to approve a transaction under Listing Rule 11.1.2. The table below sets out these matters and provides a cross-reference within this Explanatory Statement where the information regarding these matters can be found.

Item	Cross-reference
the material terms of the transaction	Sections 1.8 to 1.10 and Annexure A
an assessment of the financial effect of the transaction on the entity and on the interests of security holders in the entity	Section 2.5 and 2.6
if the transaction involves a significant change in the nature or scale of the listed entity's activities, details of how the entity will be modifying its business model to accommodate that change	Section 2.2 and 2.3
if the transaction will result in the entity needing to borrow funds or raise capital in the short term, information about its needs in that regard;	Section 2.2 and 2.3
any changes proposed to the entity's board or senior management as a consequence of the transaction	Section 4.4
the timetable for implementing the transaction	Key Dates

5.3 Recommendation of directors

The Independent Directors unanimously recommend that Shareholders vote in favour of Resolution 1 as the Independent Directors consider that the IGE Transaction is in the best interests of FOY and its Shareholders as a whole.

5.4 Resolution is conditional

Resolution 1 is conditional on Resolutions 2 – 6 (inclusive) being approved by the required majority. If one or more of those Resolutions are not approved, then Resolution 1 will be deemed not to have been approved.

6. RESOLUTION 2 – APPROVAL FOR ACQUISITION OF IGE ASSETS AND TECHNOLOGY RIGHTS

6.1 Regulatory requirements

Listing Rule 10.1 prohibits a listed entity from acquiring or disposing of a substantial asset from a Related Party or a substantial holder, or any of their Associates, without shareholder approval. An asset is a "substantial asset" if its value, or the value of the consideration for it, is 5% or more of the equity interests of FOY as set out in its latest accounts given to ASX under the Listing Rules.

In addition, section 208 of the Corporations Act requires a public company to obtain shareholder approval to give a financial benefit to a Related Party (unless an exception applies). A "financial benefit" is construed widely and in determining whether a financial benefit is being given, section 229 of the Corporations Act requires that any consideration that is given is disregarded, even if the consideration is adequate. It is necessary to look at the economic and commercial substance and the effect of the transaction in determining the financial benefit. Examples of "giving a financial benefit" include buying an asset from a Related Party and issuing securities to a Related Party.

FOY will be:

- acquiring the IGE Assets from IGE under the Business Sale Agreement;
- assuming the rights and obligations of IGE under the Loan Agreements;

granting a security in favour of Fandola over all present and after acquired property of FOY in accordance with the terms of the Loan Agreements, Novation Deed and General Security Deed; and

acquiring, as a result of the assignment of Licences to FOY as part of the acquisition of the IGE Assets, the right to use, commercialise and develop the intellectual property in the Technologies from the licensors, BTOLA and UTOF, under the terms of the Licences (following assignment or novation of the Licences to FOY by IGE).

The consideration to be paid to IGE for the acquisition of the IGE Assets exceeds 5% or more of the equity interests of FOY, so the IGE Assets are a substantial asset of FOY for the purpose of Listing Rule 10.1. The value of the right to use, commercialise and develop the Technologies has not been determined by FOY, but FOY considers that the value may be such that it would be considered a substantial asset of FOY in the future and will obtain shareholder approval for this acquisition under Listing Rule 10.1. In addition, FOY considers that these acquisitions are likely to constitute “giving a financial benefit” to a Related Party.

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.

Accordingly, Resolution 2 seeks approval of the:

acquisition of the IGE Assets from IGE;

novation of the Loan Agreements and General Security Deed from IGE;

grant of the security in favour of Fandola over all present and after acquired property of FOY;

acquisition of the right to use, commercialise and develop the Technologies from BTOLA and UTOF, for the purposes of Listing Rule 10.1 and section 208 of the Corporations Act.

6.2 Related parties and Associates

For the purposes of section 208 of the Corporations Act:

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 Mr Paul Dickson, who holds 49.46% 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 of his Respective Proportion of the Consideration Securities and Milestone Securities to Mr Paul Dickson) if FOY gives a financial benefit to IGE (being the sale of the IGE Assets to FOY);

Fandola is a Related Party of FOY under section 228(4) of the Corporation Act, on the basis that it is controlled by the director of FOY (namely Mr Paul Dickson) who will receive a financial benefit (in this case, the granting of security by FOY under the General Security Deed) when the Loan Agreements and the Generally Security Deed are novated to FOY on Completion;

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.

For the purposes of Listing Rule 10.1:

IGE and BTOLA are related parties as they are related parties under section 228 of the Corporations Act;

Fandola is a related party of FOY for the reasons outlined above; and

UTOF is an Associate of BTOLA in relation to the affairs of FOY.

BTOLA and UTOF, the owners of the intellectual property rights in the Technology and licensors under the Licences, will also be Shareholders of FOY. The Independent Directors believe this shareholding in FOY will align the interests of BTOLA and UTOF with those of FOY and its Shareholders. Following Completion of the IGE Transaction, Associates of UTOF and BTOLA will together hold a Relevant Interest in up to 10.11% of the Shares in FOY.

6.3 Exceptions

An exception to the requirement to seek shareholder approval under section 208 of the Corporations Act is if the financial benefit would be reasonable if the parties were dealing at arm's length (or are less favourable to the Related Party than terms negotiated at arm's length). FOY considers that the Business Sale Agreement was negotiated at arm's length and understands that the Licences were also negotiated on arm's length terms.

In addition, there is an argument that the Licences are on terms less favourable to the licensors (and therefore more favourable to the licensee, FOY) than could be obtained at arm's length. It is common for a licensee to pay either material upfront consideration or a royalty to the licensor (or both) and licences generally continue for a set number of years and then terminate. However, under the Licences:

BTOLA and UTOF have received \$1.00 as consideration for them granting the right to use, commercialise and develop the intellectual property in the Technologies to FOY;

no royalty is payable by FOY under the Licences;

the Licences are perpetual and irrevocable, other than where both parties decide to terminate the Licences or if a defined insolvency event occurs.

These factors suggest that the Licences are on terms less favourable to the licensors than could be obtained at arm's length. A summary of the material terms (including the obligations imposed on FOY) under the Licences is set out in section 1 of Annexure B.

Nonetheless, FOY considers it prudent to seek shareholder approval under section 208 of the Corporations Act.

6.4 Information required under Listing Rule 10.1

Listing Rule 10.10 requires that, in respect of a resolution to approve the acquisition and disposal of substantial assets under Listing Rule 10.1, Shareholders must be provided with a report on the transaction from an independent expert which states the expert's opinion on whether the transaction is fair and reasonable to Non-associated Shareholders.

The Independent Expert's Report is summarised in section 1.13 and set out in full in Annexure C. The Independent Expert has concluded that the IGE Transaction is "*not fair but reasonable*" to the Non-associated Shareholders.

6.5 Information required for approval under section 208

In compliance with the information requirements of section 219 of the Corporations Act, Shareholders are advised of the specific information below, as well as the general information regarding the IGE Transaction in sections 1 to 4 of the Notice of Meeting. Neither the Directors nor FOY are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by Resolution 2.

Identity of the Related Parties to whom Resolution 2 permits financial benefits to be given

IGE (and the IGE Shareholders, who are identified in section 8.4), Fandola and BTOLA and UTOF (see section 4.1 for more details), who are Related Parties or Associates for the reasons set out in section 6.2.

Nature of the financial benefit

Resolution 2 seeks approval from Shareholders to allow FOY to give the following financial benefits:

- (i) buy the IGE Assets from a Related Party (IGE);
- (ii) assume the rights and obligations of IGE under the Loan Agreements and General Security Deed pursuant to a Deed of Novation;
- (iii) grant security over all present and after acquired property to Fandola under the Fandola Loan Agreement;
- (iv) issue the Consideration Securities and Milestone Securities to a Related Party (IGE Shareholders); and
- (v) acquire the right to use, commercialise and develop the Technologies under the Licences from a Related Party (BTOLA) and its Associate (UTOF).

Valuation of financial benefit

The Independent Expert's Report, which is summarised in section 1.12 and set out in full in Annexure C, includes the Independent Expert's valuation of the financial benefit given by FOY to IGE and the IGE Shareholders and under the Licences. It also sets out the financial benefit given to Fandola under the granting of security as per the General Security Deed.

6.6 Recommendation of directors

The Independent Directors unanimously recommend that Shareholders vote in favour of Resolution 2 as the Independent Directors consider that the IGE Transaction is in the best interests of FOY and its Shareholders as a whole.

6.7 Resolution is conditional

Resolution 2 is conditional on:

Resolutions 1 – 6 (inclusive but excluding this Resolution 2) being approved by the required majority; and ASX Confirmation being received.

If one or more of those Resolutions are not approved, or if ASX Confirmation is not received, then Resolution 2 will be deemed not to have been approved.

7. RESOLUTION 3 – APPROVAL OF THE ISSUE OF THE PERFORMANCE RIGHT

7.1 Regulatory requirements

ASX considers performance rights to be equity securities. As such, to comply with Listing Rule 6.1, the terms of a performance right must, in ASX's opinion, be appropriate and equitable.

IGE's contractual right under the Business Sale Agreement to receive the Milestone Securities on the achievement of the Performance Target is considered by ASX to be a performance right (**Performance Right**). ASX has advised that this Performance Right will be considered by ASX to be appropriate and equitable for the purposes of Listing Rule 6.1 provided that:

FOY obtains shareholder approval for the Performance Right and the notice of meeting includes sufficient information about the terms and conditions of the Performance Right;

the Performance Right is not quoted;

the Performance Right is not transferable;

the Performance Right does not have voting rights (subject to any required by law);

the Performance Right does not permit the holder to participate in new issues of capital such as bonus issues and entitlement issues;

the Performance Right does not carry an entitlement to a dividend;

if the milestone is not achieved within the specified timeframe, the Performance Right will expire and lapse;

FOY must make an announcement immediately upon conversion of the Performance Right; and

the terms and conditions of the Performance Right (including without limitation the relevant milestones that must be satisfied before the Performance Right may be converted) are not to be changed without the approval of ASX and ordinary shareholders.

ASX has also required FOY to disclose the following in each annual report, annual audited accounts and half-yearly report, issued by FOY, in respect of any period during which the Performance Right remains on issue or was converted or cancelled:

the number of Performance Rights on issue during the relevant period;

a summary of the terms and conditions of the Performance Right;

whether the Performance Right was converted or cancelled during that period;

whether the performance milestone for the Performance Right was met during that period;

FOY must also disclose the Performance Right and the maximum number of ordinary shares into which it may convert at the time of lodgement of each Appendix 3B during the period that the Performance Right remains on issue.

This Resolution 3 seeks the shareholder approval for the Performance Right referred to in paragraph 0, including for the purposes of Listing Rule 10.11.

7.2 Terms and conditions of the Performance Right

The Performance Right is a contractual right of IGE under the Business Sale Agreement to be issued the Milestone Securities on achieving the Performance Target. The Performance Target is achieving earnings

before interest, tax, depreciation and amortisation⁵ (**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 the ASX and Shareholders.

As required by ASX, the Performance Right will not be quoted, is not transferable, does not have voting rights, does not permit IGE to participate in new issues of capital and does not carry an entitlement to a dividend.

Once the Performance Target has been met, FOY will issue to IGE Shareholders the Milestone Shares, which are ordinary fully paid shares, and grant the Milestone Options, which are exercisable at \$0.40 and on the terms set out in Schedule 1. FOY will make an announcement to ASX on the issue of the Milestone Securities.

If the Performance Target is not met by 30 June 2020, then the Performance Right will expire and lapse and IGE and its nominees will have no right to be issued the Milestone Securities.

7.3 Listing Rule 10.11

Listing Rule 10.11 provides that, unless a specified exception applies, 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.

Shareholder approval under Listing Rule 10.11 is sought with respect to the Performance Right, as ASX has advised that it considers the Performance Right to be an equity security. If approval under Listing Rule 10.11 is received for the Performance Right, then Listing Rule 10.11 approval is not required for the issue of the Milestone Securities as these will fall under exception 7 of Listing Rule 10.12 (the person receives the securities on conversion of convertible securities which were issued in compliance with Listing Rule 10.11). In this case, the convertible security is the Performance Right.

As Shareholder approval is being sought under ASX Listing Rule 10.11, approval is not also required under Listing Rule 7.1 for the issue under Resolution 3.

7.4 Information required for approval under Listing Rule 10.13

In accordance with ASX Listing Rule 10.13, the following information is provided for approval under Listing Rule 10.11:

Name of persons to receive securities and maximum number to be issued

The Performance Right entitles the IGE Shareholders to be issued the Milestone Securities if the Performance Target is met. The name of each of the IGE Shareholders is set out in section 8.4. The maximum number of securities to be issued is that number that will bring each IGE Shareholder's maximum relevant interest up to that number set out in section 8.8.

Date of issue

The Performance Right will become effective on completion of the IGE Transaction, which is expected to take place 5 Business Days after ASX Approval is received (or immediately following the completion of the Fundraising) but, in any case, not later than one month after the date of the Meeting or such later date as approved by ASX.

Relationship with FOY

The IGE Shareholders will be issued the Milestone Securities on exercise of the Performance Right. The IGE Shareholders are either Related Parties (including Fandola Investments Pty Ltd and Mr Dooley) or may be Associates of one or more Related Parties of FOY (including IGE and Mr Dickson).

Issue price

The Performance Right is treated by ASX as an option to be issued the Milestone Securities for no consideration. The Performance Right forms part of the consideration for the acquisition of the IGE Assets.

Terms of issue

⁵ In calculating EBITDA only income, costs and expenses attributable to either production activities utilizing the technology of the Licences or applications of the Technology will be considered. Costs and expenses incurred by FOY at the head office level and income from other activities will be excluded. EBITDA will be calculated in accordance with the Accounting Standards applicable to FOY from time to time. A qualified auditor selected by FOY and IGE or, failing agreement, FOY's auditor, will calculate the EBITDA after the end of each 6 months period. Such calculation will be binding on the parties in the absence of manifest error.

The Performance Right will become effective if and when the IGE Transaction completes. Refer to section 1 for further details of the IGE Transaction, including conditions precedent. The Performance Right may be exercised if the Performance Target is met on or before 30 June 2020.

Use of funds

FOY will not receive any funds from the issue of the Performance Right under this Resolution, as it is issued as part consideration for the acquisition of the IGE Assets.

Voting exclusion statement

A voting exclusion statement for Resolution 3 is included in the Notice.

7.5 Recommendation of directors

The Independent Directors unanimously recommend that Shareholders vote in favour of Resolution 3 as the Independent Directors consider that the IGE Transaction is in the best interests of FOY and its Shareholders as a whole.

7.6 Resolution is conditional

Resolution 3 is conditional on:

Resolutions 1 – 6 (inclusive but excluding this Resolution 3) being approved by the required majority; and
ASX Confirmation being received.

If one or more of those Resolutions are not approved, or ASX Confirmation is not received, then Resolution 3 will be deemed not to have been approved.

8. RESOLUTION 4 – APPROVAL FOR ISSUE OF CONSIDERATION SECURITIES AND MILESTONE SECURITIES

8.1 Regulatory requirements

Under section 606 of the Corporations Act, a person must not acquire a Relevant Interest in issued voting shares of a company if because of the transaction that person's or someone else's Voting Power increases 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 involves determining the voting Shares in FOY in which the person, and the person's Associates, have a relevant interest. A person has a relevant interest in Shares if (among others) they:

are the holder of the Shares;

have the power to exercise, or control the exercise of, a right to vote attached to the Shares; or

have power to dispose of, or control the exercise of a power to dispose of, the Shares.

Under Item 7 of section 611 of the Corporations Act, section 606 of the Corporations Act does not apply in relation to any acquisition of shares in a company approved by a resolution passed at a general meeting of the company at which no votes were cast in favour of the resolution by the acquirer or the disposer or their respective Associates.

A person **(A)** is an associate (**Associate**) of another **(B)** in relation to a company **(C)** if, among other things:

A is a body corporate and B is:

- (i) a body corporate controlled by A;
- (ii) a body corporate that controls A; or
- (iii) a body corporate that is controlled by an entity that controls A;⁶

⁶ A person **(X)** controls another person **(Y)** if X has the capacity to determine the outcome of decisions about Y's financial and operating policies, having regard to the practical influence that X can exert over Y and any practice or pattern of behaviour affecting Y's financial or operating policies.

A has entered into, or proposes to enter into, an agreement with B to control or influence the composition of C's board or the conduct of C's affairs; or

A and B are acting in concert in relation to C's affairs.⁷

Under section 610 the Corporations Act, a person's Voting Power is calculated by including both the voting securities that the person has a relevant interest in and the voting securities which their Associates have a relevant interest in. Therefore, it is necessary to determine whether the IGE Shareholders are Associates of each other for the purpose of adequate disclosure of Voting Power for section 611 item 7 approval.

8.2 Association

The IGE Shareholders will be issued the Consideration Securities and (if the Performance Target is met) Milestone Securities in their Respective Proportions, as IGE's nominees. Details of the IGE Shareholders and their Respective Proportions are set out in section 8.4. IGE will not itself be issued any Consideration Securities or Milestone Securities.

The IGE Shareholders may be considered to either have an agreement for the purposes of controlling or influencing the conduct of FOY's affairs, or be "acting in concert" in relation to the IGE Transaction and FOY's affairs, and may therefore be Associates of IGE and of each other.

In particular:

the IGE Shareholders are party to a shareholders' agreement in respect of IGE, which expressly provides that the IGE Shareholders must use best endeavours to ensure that IGE carries out its stated purpose, which is the development, manufacture and licensing of the Technology to FOY and the commercialisation of the Technologies as agreed between IGE and FOY; and

the IGE Shareholders have a common interest in receiving the Milestone Securities under the Business Sale Agreement until 30 June 2020.

Therefore, as a precaution, the IGE Shareholders' Voting Power has been aggregated (as required for Associates under the Corporations Act) and the aggregate Voting Power of IGE, the IGE Shareholders and their Associates (**IGE Parties**) will be considered for the purposes of this Resolution 4.

As a result of the issue of the Consideration Shares and (if the Performance Target is met) the Milestone Shares, and the exercise of the Consideration Options and (if the Performance Target is met) the Milestone Options, the aggregate Voting Power of the IGE Parties will increase from below 20% to a maximum of 77.80%, as further described in sections 2.7 and 8.5 to 8.7.

Accordingly, Shareholder approval under section 611, item 7 of the Corporations Act is required for the:

issue of the Consideration Shares, the Milestone Shares and all Shares that may be issued on exercise of the Consideration Options and Milestone Options; and

issue of Shares on exercise of any of the Options currently on issue and held by IGE Parties, or which will be granted to IGE Parties prior to or contemporaneously with the Completion of the IGE Transaction.

Shareholder approval under Listing Rule 7.1 is not required for the issue of securities which are approved for the purpose of section 611 item 7 of the Corporations Act (Listing Rule 7.2 exception 16) and, as such, the Consideration Securities and Milestone Securities will not be counted in determining whether any future issue of securities by FOY exceeds the 15% placement threshold under Listing Rule 7.1. However, ASX may consider that the IGE Shareholders' relationship to Related Parties of FOY is such that approval under Listing Rule 10.11 is required for the issue of these securities. As such, Listing Rule 10.11 approval is also being sought (see section 8.9)

8.3 Information required by section 611, item 7 of the Corporations Act

Shareholders asked to approve an acquisition under item 7 must be given all information known to the acquirer, its Associates or the company that is material to the decision on how to vote on the resolution, including:

the identity of the person proposing to make the acquisition and their Associates (see section 8.4);

the maximum extent of the increase in that person's Voting Power (see sections 8.5 to 8.7);

the Voting Power the person would have as a result of the acquisition (see sections 8.5 to 8.7);

the maximum extent of the increase in the Voting Power of each of the acquirer's Associates that would result from the acquisition (see sections 8.5 to 8.7); and

⁷ The "affairs" of C is defined broadly. Under the Corporations Act, affairs includes certain matters that would not be within the ordinary meaning of the term, for example the ownership of shares in C and the power to control the disposal or voting rights of shares in C.

the Voting Power that each of the acquirer's Associates would have as a result of the acquisition (see sections 8.5 to 8.7).

ASIC Regulatory Guide 74, at paragraph 74.25 sets out information which should be given in the notice of meeting or explanatory material for a section 611, item 7 resolution.

The table below sets out these matters and provides a cross-reference within this Explanatory Statement where the information regarding these matters can be found.

Item	Cross-reference
an explanation of the reasons for the proposed acquisition	Section 1.4
when the proposed acquisition is to occur	Key Dates
the material terms of the proposed acquisition	Sections 1.2 to 1.10 and Annexure A
details of the terms of any other relevant agreement between the acquirer and the target entity or vendor (or any of their Associates) that is conditional on (or directly or indirectly depends on) members' approval of the proposed acquisition	Section 2.9
a statement of the acquirer's intentions regarding the future of the target entity if members approve the acquisition and, in particular: (i). any intention to change the business of the entity; (ii). any intention to inject further capital into the entity; (iii). the future employment of present employees of the entity; (iv). any proposal where assets will be transferred between the entity and the acquirer or vendor or their Associates; and (v). any intention to otherwise redeploy the fixed assets of the entity	Section 2.2 and 2.3
any intention of the acquirer to significantly change the financial or dividend distribution policies of the entity	Section 2.2 and 2.3
the interests that any director has in the acquisition or any relevant agreement disclosed	Section 4.2 and 4.4
details about any person who is intended to become a director if members approve the acquisition	Not applicable

8.4 Identity of the IGE Parties

The identity of the IGE Shareholders and their Associates is set out in the table below. This table also sets out the Respective Proportion of the Consideration Securities and (if the Performance Target is met) Milestone Securities which each IGE Shareholder will be issued.

IGE Shareholder	Respective Proportion ⁸	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 ⁹	6.106%	UTOF**	1,379,311 Shares and 1,379,311 Options
Rebelly Healthcare (Shanghai) Ltd*****	26.390%		1,379,311 Shares 1,379,311 Options
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%		

* Adrian Lake is a co-founder of the WPTF Technology, together with Bevan Dooley.

** Each of Adrian Lake (through Biodiesel Network Pty Ltd, a company he controls), CVO Family Investments Pty Ltd, Healey Enterprises Australia Pty Ltd and BTOLA are 25% shareholders of UTOF. UTOF is a Licensor of the Technologies to IGE. Accordingly, UTOF may be considered to be an Associate.

*** Each of Andrew Kelly, Rodney Healey, Benjamin Robertson and Andrew Kenyon are sole directors of the IGE Shareholder company next to their name. None of Kelly, Healey, Robertson or Kenyon hold or will hold Shares directly, but they will have a relevant interest in the Shares held by their respective IGE Shareholder companies. As such, their Voting Power will increase in the same proportion as their respective IGE Shareholder companies' Voting Power.

****Paul Dickson is Chairman of FOY. He has made substantial cash contributions to IGE since October 2014 as a seed capitalist.

***** Rebelly has made cash contributions to IGE as a recent seed capitalist.

⁸ The Respective Proportion is the percentage shareholding in IGE which the relevant IGE Shareholder has (rounded to two 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.

⁹ As Bevan Dooley controls and is the sole shareholder of BTOLA, their voting power will be aggregated for the purpose of this section 8. Mr Dooley holds 3.664% of the shares in IGE directly and BTOLA holds 2.442% of the shares in IGE.

8.5 Calculation of Voting Power of IGE Parties

The number of Consideration Securities and Milestone Securities issued to the IGE Shareholders will change based on FOY's capital structure immediately before the issue of those Shares. Therefore, the issue of the Consideration Shares will give the IGE Shareholders (as a group and excluding existing Shares held by any of them) 56.344% of FOY's issued Shares and the issue of the Milestone Shares will give the IGE Shareholders (again, as a group and excluding existing Shares held by any of them) 58.905 % of FOY's issued Shares. To determine the IGE Parties' maximum and minimum Voting Power, the securities in FOY currently held by the IGE Parties (refer to section 4.2 and 8.4) are also factored into the calculation and are therefore included in the percentages set out in the tables in sections 8.6 and 8.7.

Maximum and minimum Voting Power calculation and assumptions

The maximum and minimum Voting Power of the IGE Parties:

following the issue of the Consideration Securities; and

following the issue of the Milestone Securities, assuming the Performance Target is met and the capital structure of FOY has not changed since the issue of the Consideration Securities (for example due to additional security issues or capital reductions);

is set out in the tables in sections 8.6 and 8.7 below.

The maximum Voting Power calculation assumes that all IGE Parties have exercised the Options which they hold (including the Consideration Options and, for the second table, the Milestone Options), but no Non-Associated Option holders have exercised their Options.

The minimum Voting Power calculation assumes that no IGE Parties have exercised the Options which they hold, but all Non-Association Option holders have exercised their Options.

Effect of capital structure on Voting Power and Relevant Interest

As the Consideration Securities and Milestone Securities are calculated by reference to a percentage of FOY's Share and Option capital at the time of Completion, the maximum Voting Power of the Company does not change materially depending on (for example) the number of subscriptions received under the Fundraising. The tables in sections 8.6 and 8.7 assume that all Resolutions have been passed, all proposed security issues have taken place and the Fundraising has been fully subscribed or underwritten, as this gives the highest potential Voting Power on the maximum Voting Power assumptions described above.

However, the actual number of Shares and Options on issue at the time of Completion does affect the percentage Relevant Interest which each IGE Shareholder will hold in FOY. Please see section 8.8 for examples of how the maximum percentage Relevant Interests which each IGE Shareholder may hold in FOY after Completion can vary depending on the capital structure at the time of Completion.

Anticipated outcome

The Independent Directors expect that the most likely scenario is that, immediately following Completion of the IGE Transaction and the issue of the Consideration Securities, no Option holders will have exercised their Options.

Assuming that all Resolutions have passed and all proposed security issues have taken place (including that the Fundraising is fully subscribed), and no granted Options are exercised, the IGE Parties will have Voting Power of 60.68% immediately following Completion of the IGE Transaction.

Throughout this Explanatory Statement, the potential Voting Power of the IGE Parties is generally expressed in a range between the minimum and maximum Voting Power post IGE Transaction.

8.6 Maximum and minimum Voting Power immediately after the issue of the Consideration Securities

The maximum and minimum Voting Power of the IGE Parties immediately after the issue of the Consideration Securities is set out below.

The second column shows the minimum Voting Power, which assumes that no IGE Parties exercise their Options but all Non-Associated Option holders exercise their Options.

The third column shows the maximum Voting Power, which assumes that the IGE Parties exercise all their Options (including the Consideration Options) but that no Non-Associated Option holder exercises their Options.

The Voting Power of IGE Shareholders that held securities prior to Completion of the IGE Shareholders is factored into the figures below. Please refer to section 8.8 for an explanation of the Relevant Interest of each IGE Shareholder.

FOY Shareholder	Minimum % Aggregate Voting Power (IGE Parties)	Maximum % Aggregate Voting Power (IGE Parties)
Other Shareholders	43.11%	27.32%
IGE Parties	56.89%	72.68%
Total	100%	100%

8.7 Maximum and minimum Voting Power immediately after the issue of the Milestone Securities

The maximum and minimum Voting Power of the IGE Parties immediately after the issue of the Milestone Securities is set out below. This Voting Power assumes that:

no issues of securities take place between Completion of the IGE Transaction and the issue of the Milestone Securities (other than the issue of 450,000 Shares and 450,000 Options to Messers Palmer, McIntosh and Genia as approved by Resolutions 7, 8, and 9, and the issue of 3,956,250 Shares and 3,956,250 options to Fandola and Rebelly as approved by resolutions 5 and 6); and

no capital reductions, such as selective buy-backs, taking place between Completion of the IGE Transaction and the issue of the Milestone Securities.

The second column shows the minimum Voting Power, which assumes that no IGE Parties exercise their Options but all Non-Associated Option holders exercise their Options.

The third column shows the maximum Voting Power, which assumes that the IGE Parties exercise all their Options (including the Consideration Options and Milestone Options) but that no Non-Associated Option holder exercises their Options.

The Voting Power of IGE Shareholders that held securities prior to Completion of the IGE Shareholders is factored into the figures below. Please refer to section 8.8 for an explanation of the Relevant Interest of each IGE Shareholder.

FOY Shareholder	Minimum % Aggregate Voting Power (IGE Parties)	Maximum % Aggregate Voting Power (IGE Parties)
Other Shareholders	40.71%	22.20%
IGE Parties	59.29%	77.80%
Total	100%	100%

8.8 Relevant interest of the IGE Parties

The percentage which the Relevant Interest of each of the IGE Parties bears to the total Shares on issue in FOY varies depending on the capital structure of FOY at the time of Completion.

To demonstrate the change, the Relevant Interest of each IGE Party under the maximum aggregate Voting Power is set out below. Please refer to paragraphs (a) and (b) below the table for an explanation of the relevant assumptions regarding the capital structure.

In the first example, which is based on the assumptions set out in paragraph (a), Mr Dickson's Relevant Interest is higher than on the assumptions set out in paragraph (b), despite the fact that the total Voting Power of the IGE Parties is slightly higher on the assumptions set out in paragraph (b) than the assumptions set out in paragraph (a). This is because Mr Dickson (in addition to Mr Dooley and Rebelly) hold securities as at the date of this Notice and the percentage which those securities bear to the total securities on issue will vary depending on the total number of securities on issue at that time (unlike the Consideration

Securities and Milestone Securities, which adjust to ensure that the percentage they bear to the total securities on issue remains constant).

FOY Shareholder	% Relevant Interest after issue of Consideration Securities and Milestone Securities and exercise of Options by IGE Parties only (Refer to capital structure assumptions in paragraph (a))	% Relevant Interest after issue of Consideration Securities and Milestone Securities and exercise of Options by IGE Parties only (Refer to capital structure assumptions in paragraph (b))
IGE Parties		
Paul Dickson	45.68%	39.34%
Rebelly Healthcare (Shanghai) Ltd	23.43%	20.18%
Bevan Dooley and BTOLA	5.70%	4.91%
Adrian Phillip Lake	3.14%	2.70%
CVO Family Investments Pty Ltd	3.14%	2.70%
Healey Enterprises Australia Pty Ltd	3.14%	2.70%
Alpha Darling Pty Ltd	2.24%	1.93%
Svenska Seamans	1.41%	1.22%
E2E Consulting Pty Ltd ATF The Influence Investment Trust	1.13 %	0.97%
Garry Ohlson	0.66%	0.57%
The Kylin Unit Trust	0.32%	0.27%
Martin Ohlson	0.17%	0.14%
Adrian Bunter	0.17%	0.14%
Powell-Trestrail Family Trust	0.02%	0.014%
Total % Voting Power of IGE Parties	90.33%	77.80%

Assumptions for Relevant Interests in the second column: The calculation of Voting Power in the second column of the above table assumes that:

- (i) Shareholders do not approve Resolutions 8 to 10 (inclusive) and the Shares and Options the subject of those Resolutions are not issued; and
- (ii) the Offer has taken place, and:
 - (A) no subscriptions have been received under the Offer;¹⁰ and
 - (B) no Option holders at the date of this Notice have exercised their Options.

These assumptions are made on the basis that:

- (i) the IGE Transaction is not conditional on Resolutions 7 to 9 being passed; and
- (ii) technically, the IGE Transaction is not conditional on any amounts being raised under the Offer (see qualification below).

These assumptions are largely theoretical as, in practice, it is likely a material number of subscriptions will need to be received under the Offer in order to meet the spread requirements

¹⁰ None of the IGE Parties will be participating in the Offer.

under Chapter 1 of the Listing Rules and receive ASX Confirmation (a condition precedent to Completion of the IGE Transaction). However, as the number of subscriptions required under the Offer to meet the spread requirements is not quantifiable at this stage, this is ignored for the purpose of these assumptions.

Based on these assumptions:

- (i) FOY would have 69,529,133 Shares and 33,861,818 Options on issue immediately prior to the issue of the Consideration Securities;
- (ii) the Consideration Securities would comprise 209,700,000 Shares and 148,000,000 Options, so FOY would have a total of 279,229,133 Shares and 181,861,818 Options on issue immediately following the issue of the Consideration Securities; and
- (iii) the Milestone Securities would comprise 23,200,000 Shares and 112,900,000 Options, so FOY would have a total of 302,429,133 Shares and 294,761,818 Options on issue immediately following the issue of the Milestone Securities.

Assumptions for Relevant Interests in the third column: The calculation of Voting Power in the third column of the above table assumes that:

- (iv) Shareholders approve Resolutions 5 to 10 (inclusive) and the Shares and Options the subject of those Resolutions are issued;
- (v) the Offer has taken place and is fully subscribed; and
- (vi) there are no other share issues made by FOY.

Based on these assumptions:

- (i) FOY would have 162,479,133 Shares and 34,311,818 Options on issue immediately prior to the issue of the Consideration Securities;
- (ii) the Consideration Securities would comprise 209,700,000 Shares and 148,000,000 Options, so FOY would have a total of 372,179,133 Shares and 182,311,818 Options on issue immediately following the issue of the Consideration Securities; and
- (iii) the Milestone Securities would comprise 23,200,000 Shares and 112,900,000 Options, so (taking into account the 450,000 Shares and 450,000 Options issued to Mr Palmer, Mr McIntosh and Mr Genia) FOY would have a total of 395,379,133 Shares and 295,211,818 Options on issue immediately following the issue of the Milestone Securities (assuming no further issues of securities take place prior to the date of issue of the Milestone Securities).

8.9 Listing Rule 10.11

Listing Rule 10.11 provides that, unless a specified exception applies, 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.

Shareholder approval under Listing Rule 10.11 is sought with respect to the Consideration Securities. As Listing Rule 10.11 approval has been sought in respect of the Performance Right under Resolution 3, Listing Rule 10.11 approval is not required for the issue of the Milestone Securities as these fall under exception 7 of Listing Rule 10.12 (the person receives the securities on conversion of convertible securities which were issued in compliance with Listing Rule 10.11). In this case, the convertible security is the Performance Right.

As Shareholder approval is being sought under ASX Listing Rule 10.11, approval is not also required under Listing Rule 7.1 for the issue under Resolution 6.

8.10 Information required for approval under Listing Rule 10.13

In accordance with ASX Listing Rule 10.13, the following information is provided for approval under Listing Rule 10.11:

Name of persons to receive securities and maximum number to be issued

The name of each of the IGE Shareholders is set out in section 8.4. The maximum number of securities to be issued is that number that will bring each IGE Shareholder’s maximum Relevant Interest up to that number set out in section 8.8.

Date of issue

FOY will issue the Consideration Securities under this Resolution on completion of the IGE Transaction, which is expected to take place 5 Business Days after ASX Confirmation is received (or immediately following the completion of the Fundraising) but, in any case, not later than one month after the date of the Meeting or such later date as approved by ASX.

Relationship with FOY

Paul Dickson and Bevan Dooley are IGE Shareholders and Related Parties of FOY. The other IGE Shareholders and IGE may be Associates of one of more Related Parties of FOY.

Issue price

The Consideration Securities are issued as consideration for the purchase of the IGE Assets under the Business Sale Agreement.

Terms of issue

The Consideration Securities will be issued if the IGE Transaction completes. Refer to section 1 for further details of the IGE Transaction, including conditions precedent.

Use of funds

FOY will not receive any funds from the issue of the Consideration Securities under this Resolution, as they are issued as consideration for the acquisition of the IGE Assets.

Voting exclusion statement

A voting exclusion statement for Resolution 4 is included in the Notice.

8.11 Recommendation of directors

The Independent Directors unanimously recommend that Shareholders vote in favour of Resolution 4 as the Independent Directors consider that the IGE Transaction is in the best interests of FOY and its Shareholders as a whole.

8.12 Resolution is conditional

Resolution 4 is conditional on:

Resolutions 1 – 6 (inclusive but excluding this Resolution 4) being approved by the required majority; and ASX Confirmation being received;

If one or more of those Resolutions are not approved, or ASX Confirmation is not received, then Resolution 4 will be deemed not to have been approved.

9. RESOLUTION 5 – ISSUE OF SHARES AND OPTIONS TO RELATED PARTY – FANDOLA

9.1 Background

On 10 March 2016, IGE, FOY and Fandola entered into a secured loan agreement pursuant to which Fandola agreed to advance IGE \$550,000 to IGE on certain terms. IGE has granted security over all of its assets to Fandola under the General Security Deed. The Fandola Loan Agreement provides that on Completion, the parties must enter into a deed of novation pursuant to which the Fandola Loan and GSD 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 3(d) of Annexure B. 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 on 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 2,901,250 and 2,901,250 Options.

Full terms and conditions of the Fandola Loan Agreement are set out in Section 3 of Annexure B.

Resolution 5 seeks Shareholder approval in accordance with Listing Rule 10.1, 10.11, Section 611(7) of the Corporations Act and Chapter 2E of the Corporations Act for issue of up to 2,901,250 of Shares and up to

2,901,250 Options and for the 2,901,250 Shares that will be issued to Fandola on the exercise of the Options.

Regulatory requirements with respect to Listing Rule 10.1 are set out in Section 6.1 of this Explanatory Statement.

Shareholder approval is sought 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 be 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.

Listing Rule 10.11 provides that, unless a specified exception applies, 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.

As such, Shareholder approval is sought under Listing Rule 10.11 for the issue of 2,901,250 Shares and 2,901,250 Options to Fandola and 2,901,250 Shares that will be issued to Fandola on the exercise of the Options.

As Shareholder approval is being sought under ASX Listing Rule 10.11, approval is not also required under Listing Rule 7.1 for the issue under Resolution 5.

9.2 Information required for approval under Listing Rule 10.1

Listing Rule 10.10 requires that, in respect of a resolution to approve the acquisition of a substantial asset under Listing Rule 10.1, Shareholders must be provided with a report on the transaction from an independent expert which states the expert’s opinion on whether the transaction is fair and reasonable to Non-associated Shareholders.

The Independent Expert’s Report is summarised in section 1.13 and set out in full in Annexure C. The Independent Expert has concluded that the IGE Transaction is “*not fair but reasonable*” to the Non-associated Shareholders.

9.3 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act regulates the provision of “financial benefits” to “related parties” by a public company. Chapter 2E prohibits a public company from giving a financial benefit to a Related Party of the public company unless either:

the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
prior shareholder approval is obtained to the giving of the financial benefit.

A “related party” is widely defined under the Corporations Act, and includes the directors of the company and companies controlled by directors of the company under section 228 of the Corporations Act. As such, companies controlled by Directors of FOY are Related Parties of FOY for the purposes of section 208 of the Corporations Act.

A “financial benefit” is construed widely and in determining whether a financial benefit is being given, section 229 of the Corporations Act requires that any consideration that is given is disregarded, even if the consideration is adequate. It is necessary to look at the economic and commercial substance and the effect of the transaction in determining the financial benefit. Section 229 of the Corporations Act includes as an example of a financial benefit, the issuing of securities or the granting of an option to a Related Party.

The entering granting of security by FOY to Fandola under the GSD and subsequent issue of the Shares and Options under Resolution 5 constitutes the provision of a financial benefit to a Related Party.

Under section 210 of the Corporations Act, an exception to the requirement to obtain shareholder approval is if the giving of the financial benefit would be reasonable in the circumstances if the public company and the Related Party were dealing at arm’s length. The Board (other than Mr Dickson and Mr Dooley) consider that the Fandola Loan and the Deed of Novation are on arm’s length terms. However, the Board nonetheless considers it prudent to obtain shareholder approval under section 208 of the Corporations Act given approval under Listing Rule 10.11 is already being sought.

9.4 Information requirements for Chapter 2E of the Corporations Act

In compliance with the information requirements of section 219 of the Corporations Act, Shareholders are advised of the information below. Neither the Directors nor FOY are aware of any other information (other than the information set out in this Notice and Explanatory Statement) that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by Resolution 5.

Identity of the Related Parties to whom Resolution 5 permit financial benefits to be given and nature of the financial benefit

Fandola is an Associate and a company controlled by Mr Paul Dickson, the chairman of FOY. See section 9.3.

Nature of the financial benefit

Resolution 5 seeks approval from Shareholders to allow FOY to give the following financial benefits:

- (i) Issue of up to 5,802,500 Shares (which includes up to 2,901,250 Shares to be issued in repayment of the outstanding amounts owing under the Fandola Loan Agreement calculated in accordance with the formula set out in Annexure B and up to 2,901,250 Shares that will be issued to Fandola on the exercise of the Options).
- (ii) Issue of up to 2,901,250 Options.

Valuation of financial benefit

The Independent Expert's Report, which is summarised in section 1.13 and set out in full in Annexure C, includes the Independent Expert's valuation of the financial benefit given by FOY to Fandola under the Fandola Loan Agreement.

Interests of Paul Dickson in FOY

As at the date of this Notice, Paul Dickson has a relevant interest in 6,779,311 Shares in FOY. In addition, the 1,379,311 Shares held by each of Bevan Dooley and Rebelly and the 233,333 Shares held by E2E Consulting (2,991,955 in total) may be counted towards the calculation of Mr Dickson's Voting Power, if they are considered Associates of each other (on the basis that they are IGE Shareholders). If the Shares held by Mr Dooley, Rebelly and E2E Consulting are counted towards Mr Dickson's total Voting Power, Mr Dickson has Voting Power of 14.90% in FOY as at the date of this Notice of Meeting. However, if Shares held by Mr Dooley, Rebelly and E2E Consulting are not counted towards Mr Dickson's total Voting Power, Mr Dickson has Voting Power of 10.34% in FOY as at the date of this Notice of Meeting. As at the date of this meeting, Fandola does not hold any Shares.

Remuneration of Director

Paul Dickson does not currently receive any remuneration for his role as a Director of FOY.

Other information

This Resolution 5 must be approved for the IGE Transaction to proceed. Information relating to the IGE Transaction is, therefore, relevant to a decision on how to vote on this Resolution 5 and is included in this Notice (in particular, in sections 1 to 4).

Neither the Directors nor FOY are aware of any other information (other than the information set out in this Notice and Explanatory Statement) that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated in Resolution 5.

9.5 Information required for approval under Listing Rule 10.13

In accordance with ASX Listing Rule 10.13, the following information is provided for approval under Listing Rule 10.11:

Name of persons to receive securities and maximum number to be issued

Fandola will receive up to 2,901,250 Shares and 2,901,250 Options and a further 2,901,250 Shares on the exercise of these Options.

Date of issue

FOY expects that it will issue the Shares and Options by 10 March 2017 or a later date approved by the ASX. The Company has received a waiver from the ASX in this regard.

Relationship with FOY

Fandola is an Associate and a company controlled by Mr Paul Dickson, a director.

Issue price

The minimum issue price for the Shares is 20 cents. Each Option may be exercised for one Share at an issue price of \$0.20 per Share.

Terms of issue

The Shares will be fully paid ordinary shares in the capital of FOY on the same terms and conditions as FOY's existing Shares and rank equally in all respects with the existing Shares. FOY will apply to ASX for official quotation of the Shares.

The Options will be issued on the terms and conditions set out in Schedule 1.

Use of funds

FOY will not receive any funds from the issue of the Shares and Options under this Resolution. The funds raised under the Fandola Loan, will be used for working capital in connection with the Business and FOY. Funds raised from the conversion of the Options will be used for working capital in connection with the Business and FOY.

Voting exclusion statement

A voting exclusion statement for Resolution 5 is included in the Notice.

9.6 Information required by section 611, item 7 of the Corporations Act

Shareholders asked to approve an acquisition under item 7 must be given all information known to Fandola, its Associates or the Company that is material to the decision on how to vote on the resolution, including:

the identity of the person proposing to make the acquisition and their Associates (see section 9.3);

the maximum extent of the increase in Fandola's Voting Power will be 77.80% (see sections 8.5 to 8.7) as each of the IGE Parties (including Fandola) are considered to be Associates of each other as set out in section 8.2;

the Voting Power Fandola would have as a result of the issue of Shares and exercise of the Options (see sections 8.5 to 8.7) as each of the IGE Parties (including Fandola) are considered to be Associates of each other as set out in section 8.2;

the maximum extent of the increase in Voting Power of each of Fandola's Associates that would result from the issue of Shares and exercise of the Options (see sections 8.5 to 8.7) as IGE Parties (including Fandola) are taken to be Associates of each other as set out in section 8.2;

the Voting Power that each of Fandola's Associates would have as a result of the issue of Shares and exercise of the Options (see sections 8.5 to 8.7) as IGE Parties including (Fandola) are considered to be Associates of each other as set out in section 8.2.

ASIC Regulatory Guide 74, at paragraph 74.25 sets out information which should be given in the notice of meeting or explanatory material for a section 611, item 7 resolution.

The table below sets out these matters and provides a cross-reference within this Explanatory Statement where the information regarding these matters can be found.

Item	Explanation / Cross-reference
an explanation of the reasons for the proposed issue of Shares and Options	Section 9.1
when the proposed issue is to occur	No later than 10 March 2017 or a later date approved by the ASX
the material terms of the proposed issue	Section 3, Annexure B
details of the terms of any other relevant agreement between the acquirer and the target entity (or any of its Associates) that is conditional on (or directly or indirectly depends on) members' approval of the proposed acquisition	Section 2.9
a statement of the acquirer's intentions regarding the future of the target entity if members approve the acquisition and, in particular: (vi). any intention to change the business of the entity;	As at the date of this notice, the Company understands that, other than as set out in this Notice of Meeting, Fandola nor Paul Dickson do not have any intention to change the Company's existing financial policies and do not intend to redeploy any fixed assets of the Company or for any property to be transferred between the Company and

(vii). any intention to inject further capital into the entity;	Fandola or Paul Dickson or change the future employment of present employees.
(viii). the future employment of present employees of the entity;	See section 2.2 and 2.3
(ix). any proposal where assets will be transferred between the entity and the acquirer or vendor or their Associates; and	
(x). any intention to otherwise redeploy the fixed assets of the entity	
any intention of the acquirer to significantly change the financial or dividend distribution policies of the entity	As at the date of this notice, the Company understands that, other than as set out in this Notice of Meeting, Fandola nor Paul Dickson do not have any intention to change the Company's existing financial policies or dividend distribution policies of the entity. See section 2.2 and 2.3
the interests that any other director has in the issue of Shares	None
details about any person who is intended to become a director if members approve the acquisition	Not applicable

9.7 Board recommendation

The Independent Directors unanimously recommend that Shareholders vote in favour of Resolution 5.

9.8 IGE Transaction is conditional on this Resolution

Resolution 5 is conditional on:

the approval of Resolutions 1 – 6 (inclusive but excluding this Resolution 5) being approved by the required majority; and

ASX Confirmation being received.

If one or more of those Resolutions including this Resolution 5 is not approved, or ASX Confirmation is not received, then Resolution 5 will be deemed not to have been approved.

10. RESOLUTION 6 – ISSUE OF SHARES AND OPTIONS TO REBELLY

10.1 Background

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 4(b) of Annexure B. 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 19.575% in FOY on a fully diluted basis.

Resolution 6 seeks Shareholder approval in accordance with Section 611(7) of the Corporations Act for the issue of up to 1,055,000 Shares and up to 1,055,000 Options.

10.2 Information required by section 611, item 7 of the Corporations Act

Shareholders asked to approve an acquisition under item 6 must be given all information known to Rebelly, its Associates or the Company that is material to the decision on how to vote on the resolution, including:

the identity of the person proposing to make the acquisition and their Associates (see section 10.1.);

the maximum extent of the increase in Rebelly's Voting Power will be 77.80% (see sections 8.5 to 8.7) as each of the IGE Parties (including Rebelly) are considered to be Associates of each other as set out in section 8.2;

the Voting Power Rebelly would have as a result of the issue of Shares and exercise of the Options (see sections 8.5 to 8.7) as each of the IGE Parties (including Rebelly) are considered to be Associates of each other as set out in section 8.2;

the maximum extent of the increase in Voting Power of each of Rebelly's Associates that would result from the issue of Shares and exercise of the Options (see sections 8.5 to 8.7) as IGE Parties (including Rebelly) are taken to be Associates of each other as set out in section 8.2;

the Voting Power that each of Rebelly's Associates would have as a result of the issue of Shares and exercise of the Options (see sections 8.5 to 8.7) as IGE Parties including (Rebelly) are considered to be Associates of each other as set out in section 8.2.

ASIC Regulatory Guide 74, at paragraph 74.25 sets out information which should be given in the notice of meeting or explanatory material for a section 611, item 7 resolution.

The table below sets out these matters and provides a cross-reference within this Explanatory Statement where the information regarding these matters can be found.

Item	Explanation / Cross-reference
an explanation of the reasons for the proposed issue of Shares and Options	Section 10.1
when the proposed issue is to occur	No later than 10 March 2017 or a later date approved by the ASX
the material terms of the proposed issue	Section 4, Annexure B
details of the terms of any other relevant agreement between the acquirer and the target entity (or any of its Associates) that is conditional on (or directly or indirectly depends on) members' approval of the proposed acquisition	Section 2.9
<p>a statement of the acquirer's intentions regarding the future of the target entity if members approve the acquisition and, in particular:</p> <p>(xi). any intention to change the business of the entity;</p> <p>(xii). any intention to inject further capital into the entity;</p> <p>(xiii). the future employment of present employees of the entity;</p> <p>(xiv). any proposal where assets will be transferred between the entity and the acquirer or vendor or their Associates; and</p> <p>(xv). any intention to otherwise redeploy the fixed assets of the entity</p>	<p>As at the date of this notice, the Company understands that, other than as set out in this Notice of Meeting, Rebelly does not have any intention to change the Company's existing financial policies and does not intend to redeploy any fixed assets of the Company or for any property to be transferred between the Company and Rebelly or change the future employment of present employees.</p> <p>See section 2.2 and 2.3</p>
any intention of the acquirer to significantly change the financial or dividend distribution policies of the entity	As at the date of this notice, the Company understands that, other than as set out in this Notice of Meeting, Rebelly does not have any intention to change the Company's existing financial policies or dividend distribution policies of the entity. See section 2.2 and 2.3
the interests that any other director has in the issue of Shares	None
details about any person who is intended to become a director if members approve the acquisition	Not applicable

10.3 Board recommendation

The Independent Directors unanimously recommend that Shareholders vote in favour of Resolution 6.

10.4 IGE Transaction is conditional on this Resolution

Resolution 6 is conditional on:

the approval of Resolutions 1 – 6 (inclusive but excluding this Resolution 6) being approved by the required majority; and

ASX Confirmation being received.

If one or more of those Resolutions including this Resolution 6 is not approved, or ASX Confirmation is not received, then Resolution 6 will be deemed not to have been approved.

11. RESOLUTION 7 – ISSUE OF SECURITIES UNDER THE OFFER

11.1 Background

As part of the IGE Transaction, FOY proposes to issue up to 92,500,000 Shares at an issue price of \$0.20, to raise \$18.5 million (**Offer**). FOY has not as yet decided the form which the Offer will take (for example a public offer, private placement or broker firm offer) or the class of investors to which it will be made, but will disclose all relevant details of the Offer (including any underwriting agreement) in the Prospectus. Resolution 7 relates to approvals required by FOY to undertake the Offer.

The Offer will bring in new Shareholders who will enable FOY to comply with the spread requirements imposed by ASX under Listing Rule 1.1 condition 7. If the Offer does not proceed, then FOY may not satisfy ASX's spread requirements. If the spread requirements are not met, ASX will not confirm re-compliance with Chapters 1 and 2 of the Listing Rules and, as a result, the IGE Transaction will not be able to proceed. If the IGE Transaction does not proceed, there is a question as to whether FOY will be able to continue to operate as a going concern.

11.2 Regulatory Requirements

Listing Rule 7.1 provides that, unless an exemption applies, a company must not, without prior approval of shareholders, issue or agree to issue Equity Securities if the Equity Securities will, in themselves or when aggregated with the Equity Securities issued by the company during the previous 12 months, exceed 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

The issue and allotment of Shares under this Resolution 7 will exceed the 15% limit and therefore requires the approval of Shareholders. The securities proposed to be issued, for which approval is sought under Resolution 7, comprise approximately 49.21% of FOY's fully diluted issued capital (based on the number of Shares and Options on issue as at the date of this Notice¹¹). A table showing FOY's capital structure following completion of the Fundraising is set out in section 2.6.

In compliance with the information requirements of Listing Rule 7.3, Shareholders are advised of the following information, in addition to the information regarding the Fundraising contained in section 1.12:

Maximum number of securities to be issued

FOY intends to issue up to 92,500,000 Shares.

Date of issue and allotment

Based on FOY's current timetable, the Shares will be allotted and issued on 16 December 2016 (assuming ASX Confirmation has been received by this time) but, in any case, not later than 3 months after the date of Shareholder approval under this Resolution 7 or such later date as approved by ASX.

Issue price

The issue price will be \$0.20 per Share.

Allottees of the securities

92,500,000 Shares may be issued to professional, sophisticated, retail or unsophisticated investors (with the class of investors to be decided by FOY at a later date and disclosed in the prospectus for the Offer).

Terms of the securities

The Shares will be fully paid ordinary shares in the capital of FOY on the same terms and conditions as FOY's existing Shares and rank equally in all respects with the existing Shares. FOY will apply to ASX for official quotation of the Shares.

¹¹ It is likely that FOY fully diluted share capital will increase prior to the Offer being undertaken, due to the proposed security issues which will take place immediately after the Meeting if Shareholder approval is received.

Intended use of the funds raised

The proceeds from the Offer will be used for transaction costs, capital expenditure to design and construct a plant in the Australian Capital Territory ("**ACT Commercial Plant**") with a capacity of 200 fstopd, commissioning costs for the BKV Commercial Plant and, working capital, with the following approximate breakdown:*

Use	Amount
Transaction costs	\$1,487,500
Capital expenditure to design and construct the ACT Commercial Plant to 200 fstopd capacity	\$11,204,000
Acquisition of land in Hume, ACT for the purposes of building the ACT Commercial Plant	\$3,108,500
Payment of commissioning expenses to IGE	\$1,400,000
Working capital	\$1,300,000
Total amount of funds raised	\$18,500,000

* The above table is a statement of the Board's current intentions as at the date of this Notice of Meeting. As with any work plan and budget, intervening events (such as unanticipated cost blow outs or practical issues with increasing the design and construction of the ACT Commercial Plant) and new circumstances have the potential to affect the ultimate way funds will be applied. Accordingly, the actual expenditures may vary from the above estimates and the Board reserves the right to vary the expenditures dependent on circumstances and other opportunities.

Voting exclusion statement

A voting exclusion statement for Resolution 7 is included in the Notice of Extraordinary General Meeting preceding this Explanatory Statement.

11.3 Board Recommendation

The Board recommends Shareholders vote in favour of Resolution 7.

11.4 Resolution is conditional

Resolution 7 is conditional on:

the approval of Resolutions 1 – 6 (inclusive); and

ASX Confirmation being received.

If Resolutions 1 – 6 are not approved, or ASX Confirmation is not received, then Resolution 6 will be deemed not to have been approved.

Although the IGE Transaction is not expressly conditional on the successful completion of the Fundraising, if sufficient spread is not obtained or sufficient capital for FOY's stated objectives is not raised, then FOY may not meet the requirements of Chapter 1 of the Listing Rules, in which case the IGE Transaction will not proceed.

12. RESOLUTIONS 8 AND 9 – ISSUE OF SHARES AND OPTIONS TO RELATED PARTIES – DAVID MCINTOSH AND KILROY GENIA

12.1 Background

Resolutions 8 and 9 seeks Shareholder approval in accordance with Listing Rule 10.11 and Chapter 2E of the Corporations Act for the grant of a total of 100,000 Shares and 100,000 Options exercisable at \$0.20 and on the terms set out in Schedule 1 (except for an expiry date of 30 June 2017) to each of David McIntosh or his nominee (**McIntosh Securities**) and Kilroy Genia or his nominee (**Genia Securities**), subject to approval of Resolutions 1 to 6 and ASX Confirmation being received.

Mr McIntosh and Mr Genia are independent non-executive directors of FOY. Mr McIntosh has provided specialist accounting services to FOY and Mr Genia has provided specialist services to FOY in relation to its PNG operations. Both Mr McIntosh and Mr Genia have not received any fees for these services, and have also waived their right to receive director's fees until the BKV Commercial Plant is operating profitably. FOY now proposes to issue the McIntosh Securities to Mr McIntosh (or his nominee) and the Genia Securities to Mr Genia (or his nominee) in lieu of the fees which they would otherwise have been paid for their specialist services.

12.2 Listing Rule 10.11

Listing Rule 10.11 provides that, unless a specified exception applies, 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.

As such, Shareholder approval is sought under Listing Rule 10.11 for the issue of the McIntosh Securities to Mr McIntosh (or his nominee) and the Genia Securities to Mr Genia (or his nominee).

As Shareholder approval is being sought under ASX Listing Rule 10.11, approval is not also required under Listing Rule 7.1 for the issue under Resolutions 7 and 8.

12.3 Information required for approval under Listing Rule 10.13

In accordance with ASX Listing Rule 10.13, the following information is provided for approval under Listing Rule 10.11:

Name of persons to receive securities and maximum number to be issued

David McIntosh or his nominee will be issued 100,000 Shares and 100,000 Options.

Kilroy Genia or his nominee will be issued 100,000 Shares and 100,000 Options.

Date of issue

FOY will issue the McIntosh Securities to Mr McIntosh or his nominee under Resolution 8 as soon as the conditions precedent to this issue are satisfied (which the Board currently anticipates will occur at the same time as the securities under the Fundraising are issued), but in any event no later than one month after the date of the Meeting or such longer period as is approved by ASX.

FOY will issue the Genia Securities to Mr Genia or his nominee under Resolution 9 as soon as the conditions precedent to this issue are satisfied (which the Board currently anticipates will occur at the same time as the securities under the Fundraising are issued), but in any event no later than one month after the date of the Meeting or such longer period as is approved by ASX.

Relationship with FOY

Mr McIntosh and Mr Genia are both Directors.

Issue price

The McIntosh Securities and the Genia Securities will be issued for nil consideration (in lieu of Mr McIntosh and Mr Genia receiving cash fees for the specialist services provided by them to FOY prior to completion of the IGE Transaction).

Terms of issue

The Shares will be fully paid ordinary shares in the capital of FOY. Options will be issued on the terms and conditions set out in Schedule 1, except with an expiry date of 30 June 2017.

Use of funds

FOY will not receive any funds from the issue of the McIntosh Securities or the Genia Securities.

Voting exclusion statement

A voting exclusion statement for Resolutions 8 and 9 is included in the Notice.

12.4 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act regulates the provision of "financial benefits" to "related parties" by a public company. Chapter 2E prohibits a public company from giving a financial benefit to a Related Party of the public company unless either:

the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or

prior shareholder approval is obtained to the giving of the financial benefit.

A “related party” is widely defined under the Corporations Act, and includes the directors of the company under section 228 of the Corporations Act. As such, the Directors of FOY are Related Parties of FOY for the purposes of section 208 of the Corporations Act.

A “financial benefit” is construed widely and in determining whether a financial benefit is being given, section 229 of the Corporations Act requires that any consideration that is given is disregarded, even if the consideration is adequate. It is necessary to look at the economic and commercial substance and the effect of the transaction in determining the financial benefit. Section 229 of the Corporations Act includes as an example of a financial benefit, the issuing of securities or the granting of an option to a Related Party.

The issue of the McIntosh Securities and the Genia Securities constitutes the provision of a financial benefit to a Related Party.

Under section 211 of the Corporations Act, shareholder approval is not required for giving a financial benefit to a Related Party where the financial benefit is reasonable remuneration for the Related Party’s role as an officer or employee of FOY. A financial benefit will be remuneration if the benefit, were it received by a director of FOY, would be remuneration of the director for the purposes of an accounting standard that deals with disclosure in companies’ financial reports of information about directors’ remuneration. The Board (other than Mr McIntosh and Mr Genia) consider that the issue of the McIntosh Securities and Genia Securities is fair remuneration for the respective specialist services provided by Mr McIntosh and Mr Genia to FOY prior to Completion in accordance with this definition. However, for the avoidance of doubt, the Board has decided to seek Shareholder approval for the issue of Shares and Options to Messers McIntosh and Genia.

12.5 Information requirements for Chapter 2E of the Corporations Act

In compliance with the information requirements of section 219 of the Corporations Act, Shareholders are advised of the information below. Neither the Directors nor FOY are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by Resolution 8 and 9.

Identity of the Related Parties to whom Resolutions 8 and 9 permit financial benefits to be given

The McIntosh Securities will be issued to David McIntosh or his nominee, a Director of FOY and as such, a Related Party of FOY.

The Genia Securities will be issued to Kilroy Genia or his nominee, a Directors of FOY and as such, a Related Party of FOY.

Nature of the financial benefit

Resolutions 8 and 9 seek approval from Shareholders to allow FOY to issue 100,000 Shares and 100,000 Options to each of Mr McIntosh and Mr Genia or their nominees, in lieu of fees for the specialist services they have respectively provided to FOY prior to Completion.

Schedule 1 sets out the terms of the Options, which will be exercisable at \$0.20, except that the Options will have an expiry date of 30 June 2017. The Shares will be fully paid ordinary shares in the capital of FOY.

Valuation of financial benefit

The McIntosh Securities and Genia Securities will be issued to Mr McIntosh and Mr Genia respectively at the same time as the Shares and Options to be issued to investors under the Fundraising. Accordingly, the value attributable to the McIntosh Securities and Genia Securities is the same as that proposed for the Fundraising, being \$0.20 per Share. Using this price, the value of the McIntosh Securities is \$20,000 and the value of the Genia Securities is \$20,000.

Dilution

The maximum dilution effect of Resolutions 8 and 9 to Shareholders, is set out in the table below and reflects a situation where:

- (i) Resolutions 8 and 9 are approved; and
- (i) Resolutions 1 – 7 are approved, the Fundraising is fully subscribed and the Consideration Shares are issued.

Number of Shares on Issue on completion of the IGE Transaction (assuming all Consideration Shares are issued)	372,179,133
Number of Shares to be offered	200,000
Number of Options to be offered	200,000
Dilution Effect assuming all Options exercised	0.001%

Interests of Mr McIntosh and Mr Genia in FOY

As at the date of this Notice, Mr McIntosh has a relevant interest in 1,668,288 Shares and 1,379,311 Options in FOY, being less than 2.544% Voting Power as at the date of this Notice. Mr McIntosh's Voting Power will be less than 1% after the issue of the 100,000 Shares and Options the subject of Resolution 8 and completion of the IGE Transaction.

As at the date of this Notice, Mr Genia does not have a relevant interest in any Shares of FOY and does not hold any other securities issued by FOY. Mr Genia's Voting Power in FOY will be less than 1% after the issue of the 100,000 Shares and Options the subject of Resolution 9 and completion of the IGE Transaction.

Remuneration of Director

Mr McIntosh and Mr Genia have not received any director's fees to date.

Mr McIntosh has been accruing the amount of \$12,000 per month since being announced as Managing Director on 4 September 2015 to 30 June 2016.

Other information

The services provided by Mr McIntosh include providing advice on stamp duty in relation to the IGE Transaction and general commercial and accounting advice. The services provided by Mr Genia include both meeting with PNG Government representatives to discuss the future of the Amazon Bay project and negotiating reduced expenditure obligations while the Amazon Bay project is on care and maintenance, and undertaking preliminary discussions in relation to introducing the BTE Technology to PNG. The parcels of Shares to be provided to Mr McIntosh and Mr Genia if Resolutions 8 and 9 are approved are worth approximately \$20,000 each, which the Directors (other than Mr McIntosh and Mr Genia) consider to be fair compensation for the services described above, given that Mr McIntosh and Mr Genia are currently being paid no fees by FOY in respect of their roles as non-executive directors or specialised services.

Neither the Directors nor FOY are aware of any other information (other than the information contained in this Notice and Explanatory Statement) that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated in Resolutions 8 and 9.

12.6 Board recommendation

The Directors (other than Mr McIntosh in relation to Resolution 8 and Mr Genia in relation to Resolution 9) recommend that Shareholders vote in favour of Resolutions 8 and 9.

12.7 Resolutions are conditional

Resolutions 8 and 9 are both conditional on the approval of Resolutions 1 – 6 (inclusive). If Resolutions 1 – 6 are not approved, then Resolutions 8 and 9 will be deemed not to have been approved.

13. RESOLUTION 10 – ISSUE OF SHARES AND OPTIONS TO – MICHAEL PALMER (OR HIS NOMINEE)

13.1 Background

Resolution 10 seeks Shareholder approval in accordance with Listing Rule 7.1 for the grant of a total of 250,000 Shares and 250,000 Options exercisable at \$0.20 (**Palmer Securities**) to Michael Palmer, a director of FOY, or his nominee, subject to approval of Resolutions 1 to 5 and ASX Confirmation being received.

Mr Palmer waived his right to receive remuneration for the period between 31 December 2014 and 4 September 2015, when Mr Palmer resigned as a Director of FOY. This was to ensure FOY's expenses remain as low as reasonably possible as it progresses to completion of the IGE Transaction. The Board considers that the issue of the Palmer Securities to be fair remuneration for Mr Palmer's services during that time. By comparison, Mr Palmer was entitled, under his contract for services with FOY, to be paid \$30,000 per month (although Mr Palmer had previously agreed for this amount to be discounted to \$7,500 per month due to FOY's cash flow issues).

Accordingly, FOY now proposes to issue Mr Palmer or his nominee the Palmer Securities in lieu of the remuneration which Mr Palmer had waived.

The issue of the Palmer Securities will give Mr Palmer Voting Power of approximately 0.92% on a fully diluted basis, after the Fundraising has taken place, the IGE Transaction has completed (and the Consideration Securities, but not the Milestone Securities, have been issued) and all other security issues to be approved under the Resolutions have taken place.

If Resolution 10 is not approved, FOY may be liable to reimburse Mr Palmer for his services for the period 31 December 2014 to 4 September 2015 out of its cash funds or the Board may resolve to make a cash payment to Mr Palmer in lieu of the Shares and Options the subject of Resolution 10, in such amount as the Board considers reasonable in the circumstances and subject to all applicable legal requirements.

This Resolution 10 is conditional on Resolutions 1 – 6 being approved. As such, if Resolutions 1 – 6 are not approved, this Resolution 10 will be deemed not to have been approved and the Palmer Securities will not be issued to Mr Palmer.

Listing Rule 7.1 provides that, unless a specified exception applies, a company may not issue or agree to issue Equity Securities without Shareholder approval if the number of equity securities would, together with all issues undertaken in the last 12 months without Shareholder approval or pursuant to an exception to Listing Rule 7.1 exceed 15% of the number of equity securities then on issue.

The Shares and Options to be issued pursuant to the IGE Transaction and the issue of Shares and Options under the Offer will exceed this limit. As such, Shareholder approval is sought under Listing Rule 7.1 for the issue of 250,000 Shares and 250,000 Options to Mr Michael Palmer.

In compliance with the information requirements of Listing Rule 7.3, Shareholders are advised of the following information, in addition to the information regarding the Fundraising contained in section 1.12:

Maximum number of securities to be issued

250,000 Shares and 250,000 Options

Date of issue and allotment

FOY will issue the Shares and Options within 3 months of the date of this Meeting or as such later date as approved by ASX.

Issue price

Palmer Securities will be issued for nil consideration (in lieu of Mr Palmer receiving remuneration otherwise owed to him between 31 December 2014 and 4 September 2015).

Each Option may be exercised for one Share at an issue price of \$0.20 per Share.

Allottees of the securities

Mr Michael Palmer or his nominee.

Terms of the securities

The Shares will be fully paid ordinary shares in the capital of FOY on the same terms and conditions as FOY's existing Shares and rank equally in all respects with the existing Shares. FOY will apply to ASX for official quotation of the Shares.

The Options will be issued on the terms and conditions set out in Annexure B.

Intended use of the funds raised

FOY will not receive any funds from the issue of the Shares and Options under this Resolution.

Voting exclusion statement

A voting exclusion statement for Resolution 10 is included in the Notice of Extraordinary General Meeting preceding this Explanatory Statement.

13.2 Board recommendation

The Directors (other than Mr Palmer) recommend that Shareholders vote in favour of Resolution 10.

13.3 Resolution is conditional

Resolution 10 is conditional on the approval of Resolutions 1 – 6 (inclusive). If Resolutions 1 – 6 are not approved, then Resolution 10 will be deemed not to have been approved.

14. GLOSSARY

ACT Commercial Plant means the proposed waste plastics to diesel and petrol conversion plant to be located at Hume, ACT, with a planned capacity of 200 tonnes of waste feedstock per day.

ACT EPA means the Environment Protection Authority based in the Australian Capital Territory.

Amazon Bay Project has the meaning given in section 1.4 of the Explanatory Statement.

Ancillary Document means any document contemplated by or required or reasonably necessary to give effect to the Business Sale Agreement or any aspect of it or the IGE Transaction.

Associate has the meaning given in section 12 of the Corporations Act, that is, a person (the second person) is an Associate of the primary person if, and only if, one or more of the following paragraphs applies:

- (a) the primary person is a body corporate and the second person is:
 - (i) a body corporate the primary person controls; or
 - (ii) a body corporate that controls the primary person; or
 - (iii) a body corporate that is controlled by an entity that controls the primary person;
- (b) the second person is a person with whom the primary person has, or proposes to enter into, a relevant agreement for the purpose of controlling or influencing the composition of the designated body's board or the conduct of the designated body's affairs;
- (c) the second person is a person with whom the primary person is acting, or proposing to act, in concert in relation to the designated body's affairs,

and **Associated** has the corresponding meaning.

ASX means ASX Limited, where the context requires, the financial market that it operates.

ASX Confirmation means written confirmation from ASX that FOY has complied with the requirements of Chapters 1 and 2 of the Listing Rules and that the sitting ACT Minister for Planning has approved the Environmental Impact Statement submitted by the Company.

BKV Commercial Plant means the waste plastics to diesel and petrol conversion plant located at Berkeley Vale, NSW, with a design capacity of 50 tonnes of waste feedstock per day.

Board means the board of Directors of FOY.

BTOLA means BTOLA Pty Ltd (ACN 135 198 711).

Business means the business carried on by IGE immediately prior to, and transferred to FOY on, Completion, including the operation of and sale of any fuel produced by the BKV Commercial Plant.

Business Sale Agreement means the business sale agreement between FOY, IGE and Bevan Dooley dated 5 February 2016.

Buy-back Provisions means the provisions in the Business Sale Agreement which give FOY the right to terminate and unwind the transactions under the Business Sale Agreement for nominal consideration (subject to receiving shareholder and other regulatory approvals at that time) if the Commissioning Test is not met by 31 May 2018.

Calculation Period means each period of 6 months ending on either 30 June or 31 December during the period from Completion to 30 June 2020.

Chairman means the chairman of the Meeting.

Commercial Plant means a waste plastics to diesel and petrol conversion plant designed and constructed by FOY Group Limited

Commissioning Test means that the BKV Commercial Plant must be:

- (a) 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
- (b) 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.

Consideration Securities means the Consideration Shares and the Consideration Options.

Consideration Shares means Shares totalling 209,700,000 which would bring IGE's holding of Shares to 56.344% of issued Shares (after issuing the Consideration Shares and Shares under the Fundraising), if they were issued to IGE (the Consideration Shares will actually be issued to IGE shareholders as IGE's nominees). See the explanatory table in section 1.8.

Consideration Options means Options totalling 148,000,000 which would bring IGE's holding of Options to 81.18% of granted Options (after issuing the Consideration Options and Options under the Fundraising), if they were granted to IGE (the Consideration Options will actually be issued to IGE shareholders as IGE's nominees). See the explanatory table in section 1.8.

Company means FOY Group Limited (ACN 003 669 163).

Completion means completion of the sale of the IGE Assets to FOY under the Business Sale Agreement.

Constitution means the constitution of FOY.

Corporations Act means the *Corporations Act 2001* (Cth).

Deed of Novation means the proposed deed of novation to be entered into by FOY and Paul Dickson pursuant to which FOY will assume all of IGE's rights and obligations under the Loan Agreement.

Dickson Options means 5,400,000 Options at an exercise price of \$0.20 held by Paul Dickson.

Director means a Director of FOY and **Directors** means some or all of the Directors acting as a Board.

EBITDA means the earnings before interest, tax, depreciation and amortisation for that Calculation Period annualised for that Calculation Period. In calculating EBITDA only income, costs and expenses attributable to either production activities utilizing the technology of the Licences or applications of the Technology will be considered. Costs and expenses incurred by FOY at the head office level and income from other activities will be excluded. EBITDA will be calculated in accordance with the Accounting Standards applicable to FOY from time to time.

Equity Securities has the meaning giving in the Listing Rules.

Explanatory Statement means this explanatory statement accompanying the Notice.

Fandola means Fandola Investments Pty Ltd ACN 604 678 202 in its capacity as trustee for The New Dickson Family Trust.

Fandola Loan Agreement means the loan agreement between IGE, Fandola and FOY dated 10 March 2016 as outlined in section 3 of Annexure B

Fandola Option means an option to subscribe for one Share on the terms set out in Schedule 1.

fstpd means feedstock tonnes per day.

Fundraising means the Offer.

General Security Deed means the general security deed between IGE and Fandola dated 10 March 2016 given by IGE in favour of Fandola, limited in recourse to the amounts owing by the IGE to Fandola under the Fandola Loan Agreement.

Genia Securities means 100,000 Shares and 100,000 Options with an exercise price of \$0.20 and an expiry date of 30 June 2017 to be issued to Kilroy Genia subject to shareholder approval of Resolutions 1 – 7 and 14.

IGE means Integrated Green Energy Limited (ABN 75 162 406 706).

IGE Assets means all the assets purchased by FOY under the terms of the Business Sale Agreement, including (but not limited to) the BKV Commercial Plant and the Licences.

IGE Parties means IGE, the IGE Shareholders and their Associates.

IGE Shareholders Agreement means the shareholders agreement between IGE and the IGE Shareholders in respect of IGE, which expressly provides that the IGE Shareholders must use best endeavours to ensure that IGE carries out its stated purpose, which is the development, manufacture and licensing of the Technology to FOY and the commercialisation of the Technologies as agreed between IGE and FOY.

IGE Transaction means the acquisition of the IGE Assets by FOY from IGE in exchange for the issue of the Consideration Securities and, if applicable, the Milestone Securities, on the terms set out in the Business Sale Agreement, and associated transactions, as described in section 1.

IGE Shareholders means the shareholders of IGE.

Independent Directors means those directors who are not Associated with IGE, being David McIntosh, Clifford James and Kilroy Genia.

Independent Expert means Moore Stephens, the independent expert in respect of the IGE Transaction appointed FOY.

Independent Expert's Report means the report issued by the Independent Expert provided at Annexure C.

Licences means royalty-free and, unless both parties agree to terminate the Licence or an insolvency event (as defined) occurs, perpetual licences to commercialise three specific technologies:

- (a) plastics to fuel conversion;
- (b) biomass to fuel conversion; and
- (c) biomass to energy conversion

Listing Rules means the Listing Rules of ASX, except to the extent of any express written waiver given by ASX.

Loan Agreements means the:

- (d) Fandola Loan Agreement; and
- (e) Rebelly Loan Agreement.

McIntosh Securities means 100,000 Shares and 100,000 Options with an exercise price of \$0.20 and an expiry date of 30 June 2017 to be issued to David McIntosh subject to shareholder approval of Resolutions 1 – 7 and 13.

Meeting or Extraordinary General Meeting means the meeting convened by the Notice.

Milestone Securities means the Milestone Shares and the Milestone Options.

Milestone Shares means Shares totalling 23,200,000 which would bring IGE's holding of Shares to 58.905% of issued Shares (after issuing the Consideration Shares, Milestone and Shares under the Fundraising), if they were issued to IGE on Completion (the Milestone Shares will actually be issued to IGE shareholders as IGE's nominees and after the Performance Target is met). See the explanatory table in section 1.8.

Milestone Options means Options totalling 112,900,000 which would bring IGE's holding of Options to 88.377% of granted Options (after issuing the Consideration Options, Milestone Options and Options under the Fundraising), if they were granted to IGE on Completion (the Milestone Options will actually be granted to IGE shareholders as IGE's nominees and after the Performance Target is met) and adjusted so that the total number of Consideration Shares, Consideration Options, Milestone Shares and Milestone Options equal 71.504% of the total Shares on a fully diluted basis. See the explanatory table in section 1.8.

New Property Leases has the meaning given in section 2.9.

Non-associated refers to a person that is not an Associate of IGE.

Notice or Notice of Meeting means this notice of meeting.

NSW EPA means the New South Wales Environment Protection Authority.

Offer means the offer of 92,500,000 Shares at \$0.20 per Share to raise \$18.5 million.

Option means an option to subscribe for one Share on the terms set out in Schedule 1.

Original Business Sale Agreement means the business sale agreement between FOY, IGE and Bevan Dooley dated 17 March 2015, as amended by Deed of Variation dated 6 June 2015.

Palmer Securities means 250,000 Shares and 250,000 Options to be issued to Michael Palmer subject to shareholder approval.

Performance Right means the right of the IGE Shareholders (as IGE's nominees) under the Business Sale Agreement to be issued the Milestone Securities on the achievement of the Performance Target.

Performance Target means 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.

Plant Full Commissioning means the BKV Commercial Plant:

- (a) 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
- (b) producing at least 245,000 litres in the same calendar month of petroleum products (being saleable diesel and petrol) which meet all applicable Australian standards and regulatory requirements.

Property Purchase Agreement means the acquisition agreement entered into between IGE and the registered owner of property located at 11 Apprentice Drive Berkeley Vale NSW 2261 at which the Business is conducted as outlined in section 5 Annexure B.

Prospectus means the prospectus under which the securities for the Fundraising will be offered, and which is required to provide information about FOY and the Business for re-compliance with the ASX Listing Rules.

Proxy Form means the proxy form for the Meeting enclosed with this Notice and Explanatory Statement.

Rebely or **Rebely Healthcare** means Rebely Healthcare (Shanghai) Ltd.

Rebely Loan Agreement means the loan agreement between IGE, Rebely Healthcare and FOY dated 10 March 2016 as outlined in section 4 of Annexure B.

Rebely Options means an option to subscribe for one Share on the terms set out in Schedule 1.

Related Party means a person or entity who is a related party for the purpose of section 228 of the Corporations Act.

Relevant Interest has the meaning given in sections 608 and 609 of the Corporations Act

Resolution means a resolution to be considered at the Meeting as set out in the Notice, and **Resolutions** means all of them.

Respective Proportion means the percentage outlined next to each IGE Party's name in the table in section 8.4.

Share means an ordinary share in the capital of FOY.

Shareholder means a registered holder of a Share.

Soft IP means the industrial copyright, trade secrets and know-how, and any other non-registrable intellectual property, in relation to the Technologies.

Technology or **Technologies** has the meaning set out in section 1.5 of the Explanatory Statement.

TVI means TVI Pacific Inc.

UTOF means UTOF Pty Ltd (ACN 158 526 857).

Voting Power means a person's voting power in FOY determined in accordance with section 610 of the Corporations Act.

WPTF means waste plastic to fuel.

SCHEDULE 1

1. TERMS OF OPTIONS

- (a) **Expiry Date:** The Consideration Options will expire on 31 December 2020 (**Expiry Date**).^{*} Options not exercised on or before the Expiry Date will automatically lapse.
- ^{*}The expiry date for the Options to be issued to David McIntosh and Kilroy Genia under Resolutions 8 and 9 is 30 June 2017. The expiry date for the Options to be issued to Fandola and Rebelly pursuant to the Loan Agreements under Resolutions 5 and 6 is 24 months from the date of issue of those Options.
- (b) **Entitlement:** Each Option entitles the holder (Optionholder) to subscribe for one fully paid ordinary share (Share) which will rank equally in all respects with the then issued ordinary shares of FOY.
- (c) **Exercise Price:** The Exercise Price for the Consideration Options and Milestone Options is \$0.40. All other Options proposed to be issued under this Notice have an exercise price \$0.20.
- (d) **Rights in new issues:** There are no participating entitlements inherent in any Option to participate in new issues of capital which may be offered to Shareholders during the currency of the Option (unless that Option has been exercised and Shares issued in respect of that Option prior to the record date for determining entitlements for the new issue). FOY must give notice to Option holders of any new issue before the record date for determining entitlements to the issue in accordance with the Listing Rules.
- (e) **Reconstruction:** In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of FOY prior to the Expiry Date, the number of Options or the exercise price of the Options or both shall be reconstructed (as appropriate) in a manner which will comply with the Listing Rules and Corporations Act applying to a reconstruction of capital at the time of reconstruction.
- (f) **Bonus Issues and pro-rata issues:**
- If between the date of issue and the date of exercise of an Option FOY makes 1 or more rights issues (being a pro rata issue of Shares in the capital of FOY that is not a bonus issue), the exercise price of Options will be reduced in respect of each rights issue according to the following formula:
- $$NE = OE - ((E[P - (S + D)]) / (N + 1))$$
- Where:
- NE** is the new exercise price of the Option;
- OE** is the old exercise price of the Option;
- E** is the number of underlying Shares into which 1 Option is exercisable;
- P** is the average closing sale price per Share (weighted by reference to volume) recorded on the stock market of the ASX during the 5 trading days ending on the day before the ex-rights date or ex entitlement date (excluding special crossing and overnight sales);
- S** is the subscription price for a Share under the rights issue;
- D** is the dividend due but not yet paid on each Share at the relevant time; and
- N** is the number of Shares that must be held to entitle holders to receive a new Share in the rights issue.
- If there is a bonus issue to the holders of Shares, the numbers of Shares over which the Option is exercisable will be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.
- (g) **Quotation:** FOY will not apply for quotation of the Options on ASX. However, if and when the Options comprise part of a class of options that is eligible to be quoted under the terms of the Listing Rules and the Corporations Act, and subject to paragraph (k), FOY will use reasonable endeavours to apply for quotation of the Options on ASX.
- (h) **Transfer:** An Option must not be transferred unless and until it is quoted on ASX.

- (i) **Exercise:** The Optionholder may exercise any number of the Options on or before the Expiry Date by:
 - (i) delivering to FOY an application for Shares:
 - (A) duly executed by the holder,
 - (B) specifying the number of Options being exercised (**Exercise Number**);
 - (C) consenting to be a member of FOY and to be bound by its Constitution, (**Application Form**) together with the Option Certificate in respect of the Options being exercised; and
 - (ii) transferring to FOY an amount equal to the Exercise Number multiplied by the Exercise Price (**Application Price**) by way of an electronic funds transfer to the nominated bank account of FOY.
- (j) **Issue of Shares:** FOY must within 3 Business Days of the receipt of the Application Form or the Application Price (whichever is later):
 - (i) issue to the holder the Exercise Number of Shares;
 - (ii) subject to paragraph (k), apply to ASX to have the Shares issued granted official quotation;
 - (iii) procure that a holding statement for the Exercise Number of Shares is sent to the Optionholder; and
 - (iv) if applicable, issue a replacement Option Certificate for the balance of any unexercised Options.
- (k) **Restricted securities:** If the Options are restricted securities (as defined in Listing Rule 19.12), then FOY must apply for quotation of the Options (if the Options may otherwise be quoted under paragraph (g)) within 10 Business Days of the end of the applicable escrow period in accordance with Listing Rule 2.8.2 (but FOY is not obliged to apply for quotation prior to this time).

ANNEXURE A

1. CONDITIONS TO IGE TRANSACTION

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

ASX Approval

ASX resolves to re-admit and quote the Buyer's Shares (other than any Restricted Securities) on the ASX, subject to completion of the transactions under this Agreement and satisfaction of any other conditions usual to ASX re-admission.

Shareholder Approvals

The Buyer's shareholders pass resolutions to:

- (i) approve the Transaction for all purposes, including Listing Rules 10.1 and 11.1, such other Listing Rules as the ASX determines and Section 611 item 7 of the Corporations Act; and
- (ii) approve the issue of the Consideration Securities and the Milestone Securities for all purposes including section 611 item 7 of the Corporations Act, Listing Rule 10.11 and such other Listing Rules as the ASX determines.

Due diligence

The Buyer informs the Seller in writing that it is satisfied, acting reasonably, with its due diligence enquiries in relation to the Business.

Key Executives

Before the date of the Prospectus each of the Key Executives (or a corporate entity which they control) enters into a consultancy contract with the Buyer on terms acceptable to the Buyer which, in respect of Dooley, includes a term of 3 years.

No material adverse change

There has been no material adverse change affecting the Business or the Seller or the financial or trading position or prospects of the Business since the Date of this Agreement.

Licences

Before the date of the Prospectus the licensor(s) to each Licence executes a Licence Assignment Agreement.

Transaction Documents

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

Assignment or novation of Material Contracts

The Seller providing to the Buyer executed assignment agreements or novation deeds for all of the Material Contracts on terms reasonably acceptable to the Buyer.

Regulatory approvals

Receipt of all necessary approvals from ASX, ASIC and any other regulatory agency or third party for completion of the acquisition of the Business.

First Plant

Construction of the First Plant is completed and an unqualified completion certification is issued to the satisfaction of the Buyer by an appropriately qualified independent expert selected by the Buyer.

Shareholder Confidentiality Agreement

Before the date of the Prospectus, each shareholder of the Seller signs the Shareholder Confidentiality Agreement.

IP Assignment Deed

Each of Dooley and Adrian Lake sign an assignment deed in a form acceptable to the Buyer assigning to the licensors under the Licences all Intellectual Property Rights that are licensed under the Licenses which are owned by either of Dooley or Adrian Lake.

If the conditions precedent are not satisfied on or before 30 November 2017, or such later date as the parties agree, the Business Sale Agreement will automatically terminate.

2. CONSIDERATION FOR IGE ASSETS

- (a) The consideration payable by FOY for the acquisition of the IGE Assets under the Business Sale Agreement is described in section 1.8 of the Explanatory Statement.
- (b) Subject to Completion occurring, the Buyer will reimburse the Seller all reasonable expenses incurred by the Seller associated with commissioning the First Plant up to a limit to be approved by the Buyer's board of directors. The amount payable will be determined by both FOY and IGE acting in good faith, taking into account the total costs of the First Plant Full Commissioning. provisions in relation to plant commissioning.
- (c) FOY and IGE have agreed certain matters in relation to the commissioning of the BKV Commercial Plant, which are described in section 1.7 of the Explanatory Statement.

3. OTHER MATERIAL OBLIGATIONS

- (a) The parties will use best endeavours to procure that all intellectual property that is not registered (including copyright material, processes, know-how and trade secrets) relating to IGE's business must be documented to FOY's satisfaction prior to Completion (but if not completed prior to Completion, then within 90 days of Completion).
- (b) IGE must use its reasonable commercial endeavours to assign or novate the contracts in respect of the Business to FOY or its nominee on or before Completion and, failing that, as soon as practicable after Completion. There is also a mechanism which allows FOY to effectively take over the performance of any contracts in respect of the Business from Completion that have not yet been assigned or novated to FOY.
- (c) IGE must use its reasonable commercial endeavours to transfer all authorisations (including licences, permits etc) to the FOY on or before Completion or, if IGE is unable to transfer an authorisation, to surrender that authorisation to enable a replacement authorisation to be issued to FOY with effect from Completion. IGE must also use its best endeavours to ensure that environmental permits in respect of the conduct of the Business are obtained and in full force and effect by the date of Plant Full Commissioning.

4. RESTRAINTS

- (a) Under the Business Sale Agreement, IGE and Bevan Dooley have each agreed not to undertake certain actions that would be competitive with the Business (unless the prior written consent of the Company is obtained).

These actions include carrying on a business that is similar to or competitive with the Business during the term of the Licence in any of the exclusive or non-exclusive territories (refer to section 1.6 of the Explanatory Statement) and for 3 years after the termination of the Licences in New South Wales.

It should be noted that there is a risk that restraint areas and periods such as these may be unenforceable, or reduced, if a court decides that they are unreasonable. Other restrained actions include soliciting customers of the Business to cease doing business with the Company, accepting business from such a customer of a kind ordinarily forming part of the Business and inducing employees of the Company to terminate their employment.

- (b) IGE has also agreed to change its business name to a name that does not include “Integrated Green Energy” and not use any words in its new business name which resemble, or are likely to be confused with, “Integrated Green Energy”.

5. WARRANTIES

- (a) IGE has given a number of warranties, including in relation to its authority and capacity to enter into the Business Sale Agreement, solvency, conduct of the Business, Licences, other intellectual property, Assets, financial matters, plant and equipment, contracts, property, business records, employees and superannuation obligations, taxes and duties, environmental matters, insurance, and litigation and disputes.
- (b) FOY provided warranties regarding its authority and capacity to enter into the Business Sale Agreement and its solvency.
- (c) The parties have agreed to indemnify each other against any claim for a breach of warranty or the Business Sale Agreement. Claims for a breach must be notified within a specified time frame (for breach of the tax or environmental warranties given by IGE, on or before the date 4 years after Completion, and for all other claims, on or before the date 3 years after Completion).
- (d) There is also a minimum monetary threshold for claims, other than claims for breach of the tax or environmental warranties (\$10,000 for each claim and \$50,000 for all claims taken together). However, there is no cap on the maximum amount that may be claimed.

ANNEXURE B

MATERIAL CONTRACTS

1. LICENCES

There is a separate licence agreement for each of the Technologies, which are on materially identical terms. These will be assigned or novated by IGE to FOY on completion of the IGE Transaction. The key terms and conditions are as follows:

- (a) **(grant of Licence)** In consideration for payment of \$1.00, BTOLA and UTOF **(the Licensors)** grant IGE **(the Licensee)** a licence to commercialise and exploit the Technology, including by:
 - (i) developing, manufacturing, using and testing the Technology;
 - (ii) applying for all authorisations required in connection with the use, exploitation and commercialisation of the Technology;
 - (iii) marketing, distributing, selling, installing, maintaining and repairing the Technology, as well as providing promotional and training services in respect of the Technology;
 - (iv) modify, improve and develop the Technology with the intellectual property in any improvements being owned by the Licensee; and
 - (v) sub-licensing the Technology,**(the Licence).**
- (b) **(key terms of Licence)** The Licence is royalty free, transferable and (unless both parties agree to terminate the Licence or an insolvency event (as defined) occurs), irrevocable and perpetual and:
 - (i) an exclusive licence for the Technology within Australia, New Zealand, China, India, North America, South East Asia, Papua New Guinea and Fiji; and
 - (ii) one of only 4 licences for the Technology in aggregate across all of Western Europe, Eastern Europe, South America, Japan, Africa and the Philippines.
- (c) **(Improvements)** All intellectual property rights created or developed by the Licensee (and its officers, agents, employees and contractors) during the course of the exploitation and commercialisation of the Technology, including any improvements, will vest in the Licensee upon their creation or development.
- (d) **(Patents)** The Licensee may at its own cost (but is not obliged to) obtain the issue of all patents under pending patent applications in respect of the Technology, or take any acts to amend those applications, maintain all granted patents, enforce all granted patents, obtain extensions of applications or granted patents, apply for patent protection for any improvements, and defend an objection to the applications or any challenge to the validity of granted patents.
- (e) **(assistance by Licensors)** The Licensors also agree to provide advice to the Licensee on the technical characteristics of the Technology, the equipment and processes used in connection with the Technology, each step of the processing and manufacture of the product using the Technology, operating manuals and details of improvements and developments to the Technology that become known to or owned by the Licensor, on request by the Licensee for the term of the Licence. The Licensors will also provide personnel for 2 week periods at nominated production facilities on request by the Licensee (with the personnel's reasonable expenses, including transportation and accommodation, to be borne by the Licensee).
- (f) **(further assurances)** If the Licensors are, for whatever reason, or becomes unable to grant the Licence (for example, if it becomes apparent that they are not the owners of certain intellectual property the subject of the Technology) then the Licensors are required to promptly enter into any other agreements necessary to ensure that the Licensee is granted a licence on substantially similar terms to the Licence.

- (g) **(conduct of claims)** Both parties are obliged to notify the other if they become aware of any infringement or threatened infringement of the intellectual property rights in the Technology or passing-off in respect of the Technology. The Licensee is then obliged to seek legal advice and institute proceedings (unless advised that there is little prospect of success). If successful, the proceedings from the judgement or settlement must be used to reimburse the Licensee for the expenses incurred in the proceedings and for damages sustained as a result of the infringement. The remainder of the proceeds must be shared between the Licensors and Licensee equally.
- (h) **(confidentiality)** For the term of the Licence and 5 years after the term of the Licence ends, information in relation to the patents, trade secrets, proprietary systems, designs, processes, technical know-how and business information in relation to the Technology must be kept confidential by the Licensee, subject to certain exceptions, and only used for the purposes of the Licence.
- (i) **(Licensors' warranties and indemnity)** The Licensors warrant, amongst other things, that they have full and unencumbered right, title and interest in the Technology and that the exploitation and commercialisation of the Technology in accordance with the Licence will not infringe the rights of any third parties. The Licensors also indemnify the Licensee (and its sub-licensees) against any loss arising out of a third party being entitled to prevent or interfere with the free use of the Technology, improvements or intellectual property rights by the Licensee under the Licence.
- (j) **(Licensee's obligations and indemnity)** The Licensee must advise the Licensors of any claim brought against them in respect of the commercialisation activities or other use of the Technology by the Licensee. Subject to the Licensors' obligations to indemnify (as set out in paragraph (i)), the Licensee must indemnify the Licensors against any loss arising out of the Licensee's commercialisation activities in respect of the Technology.
- (k) **(Insolvency)** If certain insolvency events occur, the Licensors are entitled to give a notice to FOY within 60 days of that event occurring and, on the giving of that notice:
 - (i) the licences for the exclusive territories become non-exclusive licences; and
 - (ii) each licence can only be used to exploit and / or commercialise the Technologies embodied within production facilities that are, at the time of the insolvency event, partially or wholly constructed.

2. FEEDSTOCK CONTRACTS

IGE (**Customer**) has entered into a contract with Odyssey Waste Control Pty Ltd ACN 604 645 650 (**Odyssey**) for the supply of waste plastic (**Feedstock Contract**). The material terms of the Feedstock Contract is set out below.

- (a) The Feedstock Contracts are for the supply of mixed plastics with minimal PET & PVC content, delivered to the Berkeley Vale site. Odyssey must use best endeavours to deliver the plastic with minimal organic and dust contamination. The plastic is priced per dry tonne, with the actual tonnage delivered adjusted for moisture content. There are also a number of "supply targets", including regarding the quality (PET & PVC is less than 5% combined), form of delivered goods (eg shredded in bulker bags) and, for one of the contracts, quantity. The supply targets may not give the Customer any rights against Odyssey for failure to meet those targets, unless that constitutes a breach of the warranty described in paragraph (e).
- (b) Pricing starts at \$275 per dry tonne of plastic, inclusive of GST.
- (c) The current Feedstock Contracts do not expressly oblige Odyssey to supply the agreed tonnages of plastic, nor do they expressly oblige the Customer to take those tonnages of plastic. If Odyssey does provide the agreed tonnages, the Board considers that these tonnages will provide sufficient feedstock to operate a Commercial Plant consistently at 50fstpd and then during and after the scale up to 200fstpd (assuming that scale up proceeds according to the proposed schedule).

- (d) The term of the contract is 5 years from the commencement date, with an option to renew for a further 5 years.
- (e) Odyssey warrants that the goods are “fit for purpose and capable of being used by the Customer for their intended purpose”. If the warranty is breached, the Feedstock Contracts expressly provide that the Customer can source alternative goods and will reimburse the Customer for any price difference between the alternative goods and the quoted price under the Feedstock Contracts, up to the agreed tonnages.

3. FANDOLA LOAN AGREEMENT

The Loan Agreement was executed on 10 March 2016 between Fandola Investments Pty Ltd in its capacity as trustee for the New Dickson Family Trust (Fandola) (as lender), IGE (as borrower) and FOY (as the new borrower). Fandola is an Associate of Paul Dickson.

Under the Loan Agreement, Fandola will lend the sum of \$550,000 across four periodic monthly drawdowns to IGE (**IGE Head Loan**) for the purposes of:

- (i) supplementing IGE's general working capital; and
- (ii) on-lending up to 70% of each drawdown (to a maximum of \$290,000) to FOY at FOY's request (**FOY Sub-Loan**).

Under the Loan Agreement IGE has agreed to:

- (i) use portion of the IGE loan for working capital purposes in connection with its business prior to completion occurring under the Business Sale Agreement dated 5 February 2016; and
- (ii) secure the repayment of all amounts owing to Fandola under this Agreement.

It is intended that the parties execute a novation deed allowing FOY to replace IGE as borrower under the Loan Agreement once the proposed transaction is completed (**Novation Deed**). At the date of the Novation Deed, FOY will assume all obligations (present or future, actual or contingent), and has the benefit of all the rights of the Existing Borrower under or in respect of the Loan Agreement and General Security Deed. This includes including the responsibility to repay the IGE Loan Component and Interest and to provide a security interest over FOY's assets to secure payment in accordance with the terms of the GSD. IGE will be released by Fandola from its obligations with the exception of IGE's indemnity obligations which were accrued prior to the date of the Novation Deed.

- (b) (**Conditions**) The advancement of the IGE Head Loan by Fandola is conditional upon:
 - (i) IGE executing the General Security Deed (described below) and having it stamped and registered, if required by Fandola; and
 - (ii) Fandola being issued and holding 36% of the ordinary share capital in IGE in accordance with necessary shareholder and regulatory approvals.
- (c) (**Interest**) Interest will accrue on both the IGE Head Loan and the FOY Sub-Loan at a daily rate of 3% above the Bank Bill Swap Bid Rate published daily by Reuters.
- (d) (**Repayment**) After 6 months from the date of the first drawdown (**Maturity Date**), at any time Fandola may demand the IGE Head Loan and all accrued Interest be repaid within 30 days. How the IGE Head Loan is repaid depends on whether the Loan Agreement has been novated from IGE to FOY at the time Fandola demands repayment. If the Loan Agreement **has not yet been novated** from IGE to FOY by the date of Fandola's demand:
 - (i) IGE must repay the IGE Head Loan and accrued Interest to Fandola in cash; and
 - (ii) FOY must repay the FOY Sub-Loan to IGE by issuing ordinary shares in FOY to IGE, calculated in accordance with the following formula:

$$N = \frac{OFA}{P}$$

where:

N is the number of shares to be issued to IGE;

OFA is the Outstanding FOY Sub-Loan amounts (including Interest); and

P is the higher of:

i) the 30 day Volume Weighted Average Price in respect of FOY's shares for the 30 days preceding the demand by Fandola; and

ii) 20 cents per share.

If the Loan Agreement **has been novated** by the date of Fandola's demand, the Novation Deed provides that FOY must, within 30 days, subject to the applicable shareholder and regulatory approvals (if any) being obtained, issue to Fandola the number of fully paid ordinary shares calculated in accordance with the below formula and one free attaching option for each share issued exercisable at 20 cents and expiring on the date that is 24 months from the date of issue of the options on terms reasonably determined by FOY's directors..

Shares issued by FOY to Fandola:

$$N = \frac{OIA}{P}$$

where:

N is the number of shares to be issued to Fandola;

OIA is the Outstanding IGE Head Loan amounts (including Interest); and

P is the higher of:

i) the 30 day Volume Weighted Average Price in respect of FOY's shares for the 30 days preceding the demand by Fandola; and

ii) 20 cents per share.

Fandola acknowledges and agrees that if any instalments have not been advanced from IGE prior to the date of the Novation Deed, then they will be advanced to FOY on stipulated dates within the Loan Agreement.

- (e) **(Security)** The IGE Head Loan and Interest will be secured by a General Security Deed (**GSD**) executed between Fandola and IGE (to be novated to FOY under the Novation Deed) granting Fandola the power to sell IGE's (or FOY's) assets to recover all sums owing under the Loan Agreement.
- (f) **(Events of Default)** If an Event of Default occurs under the Loan Agreement, Fandola may declare any undrawn amounts of the IGE Head Loan to be cancelled and unavailable to be drawn by the Borrower and declare all outstanding sums owed to Fandola under the Loan Agreement to be due and payable by IGE (or FOY if the Loan Agreement has been novated) immediately.

Events of Default under the Loan Agreement include:

- (i) IGE (or FOY if the Loan Agreement has been novated) failing to pay any sum due to Fandola or breaching any other term of the Loan Agreement; and
- (ii) IGE or FOY undergoing an insolvency event, including an arrangement, merger, amalgamation or reconstruction, whether the Loan Agreement has been novated or not.
- (g) **(Template Novation Deed)** The template Novation Deed annexed to the Loan Agreement will be executed by the parties when the Proposed Transaction is completed. The Novation Deed amends clause 4 of the Loan Agreement with regards to repayment and provides that the loan is only repayable by the issue of Shares as set out in (d)(ii) above.

- (h) **(Indemnities)** Under the Loan Agreement, the Borrower indemnifies Fandola for any liability, loss or cost suffered by Fandola as a result of the Borrower's breach of the Loan Agreement or an Event of Default.

4. REBELLY LOAN AGREEMENT

The Loan Agreement was executed on 10 March 2016 between Rebelly Healthcare (Shanghai) Ltd (Rebelly) (as lender), IGE (as borrower) and FOY (as the new borrower).

Under the Loan Agreement, Rebelly will lend the sum of \$200,000 across three periodic monthly drawdowns to IGE (**IGE Head Loan**) for the purposes of:

- (i) supplementing IGE's general working capital; and
- (ii) on-lending up to 70% of each drawdown to FOY at FOY's request (**FOY Sub-Loan**).

Under the Loan Agreement IGE has agreed to:

- (i) use portion of the IGE loan for working capital purposes in connection with its business prior to completion occurring under the Business Sale Agreement dated 5 February 2016.

It is intended that the parties execute a novation deed allowing FOY to replace IGE as borrower under the Loan Agreement once the Proposed Transaction is completed (**Novation Deed**). At the date of the Novation Deed, FOY will assume all obligations (present or future, actual or contingent), and has the benefit of all the rights of the Existing Borrower under or in respect of the Loan Agreement. This includes including the responsibility to repay the IGE Loan Component and Interest. IGE will be released by Rebelly from its obligations with the exception of IGE's indemnity obligations which were accrued prior to the date of the Novation Deed.

- (b) **(Conditions)** The advancement of the IGE Head Loan by Rebelly is conditional upon:
 - (i) Rebelly being issued and holding 15% of the ordinary share capital in IGE in accordance with necessary shareholder and regulatory approvals.
- (c) **(Interest)** Interest will accrue on both the IGE Head Loan and the FOY Sub-Loan at a daily rate of 3% above the Bank Bill Swap Bid Rate published daily by Reuters.
- (d) **(Repayment)** After 6 months from the date of the first drawdown (**Maturity Date**), at any time Rebelly may demand the IGE Head Loan and all accrued Interest be repaid within 30 days. How the IGE Head Loan is repaid depends on whether the Loan Agreement has been novated from IGE to FOY at the time Rebelly demands repayment. If the Loan Agreement **has not yet been novated** from IGE to FOY by the date of Rebelly's demand:
 - (i) IGE must repay the IGE Head Loan and accrued Interest to Rebelly in cash; and
 - (ii) FOY must repay the FOY Sub-Loan to IGE by issuing ordinary shares in FOY to IGE, calculated in accordance with the following formula:

$$N = \frac{OFA}{P}$$

where:

N is the number of shares to be issued to IGE;

OFA is the Outstanding FOY Sub-Loan amounts (including Interest); and

P is the higher of:

- i) the 30 day Volume Weighted Average Price in respect of FOY's shares for the 30 days preceding the demand by Rebelly; and
- ii) 20 cents per share.

If the Loan Agreement **has been novated** by the date of Rebelly's demand, the Novation Deed provides that FOY must, within 30 days, subject to the applicable shareholder and regulatory approvals (if any) being obtained, issue to Rebelly the number of fully paid ordinary shares calculated in accordance with the below formula and one free attaching option for each share issued exercisable at 20 cents and expiring on the date that is 24 months from the date of issue of the options on terms reasonably determined by FOY's directors.

Shares issued by FOY to Rebelly:

$$N = \frac{OIA}{P}$$

where:

N is the number of shares to be issued to Rebelly;

OIA is the Outstanding IGE Head Loan amounts (including Interest); and

P is the higher of:

- i) the 30 day Volume Weighted Average Price in respect of FOY's shares for the 30 days preceding the demand by Rebelly; and
- ii) 20 cents per share.

Rebelly acknowledges and agrees that if any instalments have not been advanced from IGE prior to the date of the Novation Deed, then they will be advanced to FOY on stipulated dates within the Loan Agreement.

- (e) **(Events of Default)** If an Event of Default occurs under the Loan Agreement, Rebelly may declare any undrawn amounts of the IGE Head Loan to be cancelled and unavailable to be drawn by the Borrower and declare all outstanding sums owed to Rebelly under the Loan Agreement to be due and payable by IGE (or FOY if the Loan Agreement has been novated) immediately.

Events of Default under the Loan Agreement include:

- (iii) IGE (or FOY if the Loan Agreement has been novated) failing to pay any sum due to Rebelly or breaching any other term of the Loan Agreement; and
- (iv) IGE or FOY undergoing an insolvency event, including an arrangement, merger, amalgamation or reconstruction, whether the Loan Agreement has been novated or not.
- (f) **(Template Novation Deed)** The template Novation Deed annexed to the Loan Agreement will be executed by the parties when the Proposed Transaction is completed. The Novation Deed amends clause 4 of the Loan Agreement with regards to repayment and provides that the loan is only repayable by the issue of Shares as set out in (d)(ii) above.
- (g) **(Indemnities)** Under the Loan Agreement, the Borrower indemnifies Rebelly for any liability, loss or cost suffered by Rebelly as a result of the Borrower's breach of the Loan Agreement or an Event of Default.

5. PROPERTY PURCHASE AGREEMENT

Under the executed Contract for Sale of Land IGE has agreed to acquire from Leo John Petith and Sandra Adele Petith (**Vendors**) 11 Apprentice Drive, Berkeley Vale, NSW 2261 (**Property**) for \$502,700.00. IGE has paid a 20% non-refundable deposit totalling \$100,540 with the outstanding total to be paid upon completion. The contract is to be completed 2 years after the date the contract of sale was signed, being 21 August 2017 (**Completion Date**). If either party is unable or unwilling to complete by the Completion Date, the other party is entitled to serve a notice to complete of fourteen days duration from the date of service. If the purchaser does not complete the contract by the Completion Date and the Vendors are willing and able to complete, the Vendors can serve a notice to complete to the purchaser and request payment for legal costs and disbursements due to the delay totalling \$275.00. Further, if the contract is not completed before the Completion Date and

it is not due to the Vendor defaulting, the purchaser will pay the Vendor additional consideration by way of interest on the balance of the purchase price at 10% p.a. from the Completion Date until the date of actual completion.

During the 2 year period between signing of the contract and completion, the purchaser is entitled to take possession of the Property at any time subject to the special conditions, including:

- The purchaser will pay the Vendors an occupation fee of \$35,000 per annum or part thereof in advance calculated from the date of possession.
- The purchaser will claim no tenancy, right, privilege or interest arising from occupation. If the purchaser fails to perform the conditions set out in the contract, the Vendors have the option to remove the purchaser from the Property. The Vendors can also terminate the purchaser's contract if the contract itself is terminated.
- The purchaser bears all risk in respect of damage to the property when it enters possession.
- The purchaser will make arrangements to take over all services connected to the property including electricity and telephone services.
- The purchaser indemnifies the vendor from all costs, damage and loss, suits and proceedings arising from the Purchaser or any of its servants, agents, invitees or contractors.
- The purchaser will not make any claim, requisition or objection in respect of the condition or state of repair of the Property having already inspected the Property.
- In addition to the purchase price the purchaser will pay, on completion, to the Vendor the sum of \$40,216.00.

ANNEXURE C

INDEPENDENT EXPERT'S REPORT