



MARCH 2016 QUARTERLY REPORT TO SHAREHOLDERS

The Directors of FOY Group Limited (“**FOY** or “**Company**”) are pleased to provide Shareholders with a summary of the activities for the March 2016 Quarter.

IGE UPDATE

FOY continues to assist IGE in its dealings with the NSW Environmental Protection Authority (EPA) to facilitate the issuance of a license for the Berkeley Vale facility. As noted in previous reports, FOY has explored the suitability of sites external to NSW for its Plastics to Fuel plants in line with the Board’s strategic plan for the technology. IGE and FOY have advanced these plans to obtain licenses in other Australian states and are have progressed to detailed discussions in one of these jurisdictions.

FOY are hopeful to make an announcement with regards to this shortly.

BSA COMPLETION STRATEGY

As announced to the market on 9 February 2016, FOY concluded a new binding Business Sale Agreement (BSA) with IGE. This new agreement was executed to provide the Company with a clearer avenue to relisting on the ASX, with updates to the agreement including but not limited to:

- the Commissioning Target date has been amended to 31 May 2017;
- the Performance Target date has been amended to 30 June 2019;
- the Sunset Date has been amended to 30 June 2017;
- the requirement for environmental approvals has been removed;
- Provide for certain amounts to be paid by FOY to IGE, subject to FOY Board approval and the transaction completing, in respect of works and activities which FOY will carry out, at FOY’s request, in respect of the Commercial Plant prior to completion;
- address minor changes required as a result of delaying implementation of the IGE transaction (a revised indicative timetable is included below); and
- the amounts to be raised under the Placement have changed.

FUNDING AGREEMENT

Due to the delays in its planned Public Offer, the Company has secured external funding to keep FOY operational until it is generating revenue.

PNG STRATEGY

The Company has continued to progress its PNG strategy and the future development of the Amazon Bay Project.

In March, the Company held Wardens Hearings at its three tenements jointly with the PNG Mineral Resources Authority (MRA) as part of the Company's renewal of its Exploration Licenses. The hearings were extremely positive, with local landowners fully supportive of FOY's ongoing activities in the area. The Warden has delivered a report to the Mining Advisory Council indicating such, noting that there were no objections recorded at any of the hearings. FOY fully expects the Exploration Licenses to be renewed enabling it to continue its work on the Amazon Bay Project.

FOY used the opportunity to continue to promote the Biomass to Energy technology it intends to utilise in the Amazon Bay project. A previously identified site was visited by FOY's technical advisor to investigate its suitability for a Bana Grass nursery, the first stage in FOY's strategic plan to ensure Amazon Bay generates sufficient cash flow to fund its ongoing exploration. It was confirmed that the site, comprising up to 70Ha, has tremendous potential for biomass crops. Detailed discussions were held with landowners regarding the formation of the nursery, and feedback is very positive.

As part of this process, upon returning to Port Moresby FOY met with senior technical officers of the National Agriculture Quarantine and Inspection Authority (NAQIA) to discuss the protocols and procedures for the importation of the biomass crop. NAQIA has begun work on a Pest Risk Analysis, which will guide the conditions it sets FOY for importing the crop. Initial discussions are positive. FOY has provided detailed technical data for the crop which NAQIA is using to complete this report. Given the Bana Grass had previously been exported to the Philippines from the mother nursery in Gympie, Qld, all phytosanitary and pathogen testing was conducted which should assist NAQIA in its determination of the required import protocols.

In addition to this, as part of its commitment to the area, Titan Mines Limited (100% subsidiary of FOY Group Limited) has begun the process of reopening the airstrip located at Magarida, a central location in Amazon Bay. FOY expects this to greatly assist with future operations in terms of logistics and ease of access to the area.

Metallurgical test work continues with our Australian consultants in an effort to better understand the mechanics of improving the separation of the ore into its component parts using low temperature roasting techniques. Initial results are very promising and the Board is awaiting a scoping report that will outline the recommended next steps in the evaluation of the potential improvement in the beneficiation of the complex ore occurring at Amazon Bay.

SUMMARY OF PNG TENEMENTS

The Company's focus in PNG continues to be on the Amazon Bay Project.

| Project | Tenement | Interest |
|----------------|-----------------|---|
| Amazon Bay | EL 1396 | 90% interest (TVI Pacific Inc. FOY substantial shareholder holds 10%) |
| Amazon North | EL 2149 | 100% interest |
| Maruta | EL 2281 | 100% interest |

Further information:

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