

18 November 2015

The Directors
VGP Corporation Limited
2b William Street
North Sydney NSW 2060

Dear Sirs,

Independent Expert's Report on the Proposal to Acquire a Licence to operate the RedChip Business

1. INTRODUCTION

Background

- 1.1 VGP Corporation Limited ("VGP" or "the Company") is an Australian public listed company. VGP has no current business activity and has been seeking suitable opportunities to provide future value to shareholders.
- 1.2 RedChip Companies Inc. ("RedChip") is the legal and beneficial owner of a worldwide multi-media and research platform providing investor relations services to small-cap public companies (the "RedChip Business").
- 1.3 VGP and RedChip have entered into an agreement for VGP to acquire an exclusive licence to intellectual property, know how, trade secrets and confidential information rights of RedChip to operate the RedChip Business outside the countries within the continents of North and South America ("Territory") and also receive an assignment of customer contracts of the RedChip Business relevant to the Territory.
- 1.4 In addition to the RedChip Licence, RedChip will provide support services to VGP under an agreed fee arrangement for a period of up to three years.
- 1.5 The acquisition of the RedChip Licence by VGP (and associated arrangements) is referred to in this report as the "Transaction". The Transaction involves the issue of shares in the Company to RedChip Companies Inc. and David Gentry ("RedChip Parties"), and constitutes a significant change in the nature and scale of the Company's activities.

Opinion

- 1.6 In our opinion, the Transaction is fair and reasonable to the Non-Associated Shareholders of VGP.

HALL CHADWICK
CORPORATE (NSW) LIMITED

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- 1.7 The ultimate decision however on whether to accept the Transaction should be based on shareholders own assessment of their circumstances.

Purpose of Report

- 1.8 You have requested Hall Chadwick Corporate (NSW) Limited (“HCC”) to prepare an Independent Expert’s Report to advise the shareholders of VGP, other than those associated with the proposed issue of VGP shares (“Non-Associated Shareholders”), whether the proposed Transaction is fair and reasonable when considered in the context of the interests of Non-Associated Shareholders and to set out the reasons for our conclusions.
- 1.9 HCC understands and has agreed that this report will be included in or accompany the notice to convene a meeting of VGP shareholders, to assist the Non-Associated Shareholders in their consideration of the proposed Transaction.

2. OUTLINE OF THE PROPOSED TRANSACTION

2.1 The Transaction involves the Company's acquisition of the RedChip Licence. The Consideration being paid by VGP as part of the Transaction will comprise the following:

Licence Fee: The Licence Fee shall comprise solely shares in VGP for the amount of:

- a) **(Fixed Amount):** 30,000,000 ordinary shares in VGP at \$0.20 per share to be issued on completion; and
- b) **(Performance):** A maximum of 5,000,000 ordinary shares in VGP at \$0.20 per share to be issued on the first achievement by VGP in any financial year commencing within 36 months of Completion:
 - (i) EBITDA of \$2,000,000 or more but less than \$4,000,000- 2,500,000 ordinary shares;
 - (ii) EBITDA of \$4,000,000 or more- 2,500,000 ordinary shares.

Shares under (b) above are to be issued within 7 days of the release to the ASX of VGP's statutory accounts.

Support Services Fee: The Support Services Fee shall comprise a fixed amount and a variable amount:

- a) **(Fixed Amount):** \$800,000 payable as follows:
 - (i) \$350,000 on Completion
 - (ii) \$350,000, payable in 4 equal amounts (\$87,500) every 3 months commencing on the 3 month anniversary of Completion.
 - (iii) \$100,000, payable over equal monthly amounts commencing 15 months after Completion and ceasing on the expiry of the Support Services Agreement.
- b) **(Variable):** 10% of gross revenue received during the term of the Support Services (a period of up to three years).

2.2 Additional information on the terms of the Transaction and licencing arrangements are included at section 6.

2.3 Conditions of the Transaction include:

- a) A consolidation of VGP's existing share capital on the basis of 1 share for every 4 shares currently held;
- b) A capital raising of \$2,500,000 by way of a public offer under a prospectus for the issue of 12,500,000 shares at \$0.20 per share ("Public Offer");
- c) The name of the Company to be changed to RedChip International Limited; and
- d) David Gentry to be appointed as a Director of the Company effective from completion of the Transaction.

2.4 If the Transaction is approved and completed, RedChip Parties will be entitled to a combined relevant interest of 43.39% of VGP's issued ordinary shares immediately following the Public Offer, increasing to 47.20% if the maximum Performance Shares are issued.

2.5 As a result of the Transaction, VGP’s existing shareholders voting interest will decrease from 100% to 38.54%, decreasing to 35.94% if the maximum Performance Shares are issued.

2.6 The following tables show the effect on the share capital of VGP after the Transaction and Public Offer:

Effect on Ordinary Shares	Number of Shares
Ordinary Shares currently on issue	<u>106,587,499</u>
Post Consolidation Shares on issue	26,647,000
Shares issued to RedChip Parties – Fixed Amount	30,000,000
Shares on issue immediately following Transaction Completion	56,647,000
Shares issued pursuant to Public Offer	12,500,000
Ordinary shares on issue upon relisting	69,147,000
Performance Shares issued to RedChip Parties	5,000,000
Ordinary shares on issue on completion of Transaction assuming full Performance Shares issued	74,147,000

STRUCTURE OF REPORT

Our report is set out under the following headings:

- 3 PURPOSE OF REPORT
- 4 OPINION
- 5 BASIS OF EVALUATION
- 6 BACKGROUND
- 7 OVERVIEW OF REDCHIP
- 8 OVERVIEW OF VGP
- 9 VALUATION METHODOLOGIES
- 10 VALUE OF VGP SHARES
- 11 ADVANTAGES AND DISADVANTAGES OF THE TRANSACTION
- 12 CONCLUSION AS TO FAIRNESS AND REASONABLENESS

APPENDICES

- I SOURCES OF INFORMATION
- II STATEMENT OF DECLARATION & QUALIFICATIONS
- III FINANCIAL SERVICES GUIDE

3 PURPOSE OF REPORT

- 3.1 The purpose of this report is to advise the Non-Associated Shareholders of VGP of the fairness and reasonableness of the Transaction.
- 3.2 This report provides an opinion on whether or not the terms and conditions in relation to the transaction are fair and reasonable to the VGP shareholders whose votes are not to be disregarded in respect of the transaction (that is, the Non-Associated Shareholders).
- 3.3 The ultimate decision whether to accept the terms of the Transaction should be based on each shareholders' assessment of their own circumstances, including their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. If in doubt about the Transaction or matters dealt with in this report, shareholders should seek independent professional advice.
- 3.4 For the Transaction to be fair, the value of the RedChip Licence being acquired must be equal to or greater than the value of the consideration, including VGP shares and cash for the Licence Fee and Support Services Fee. To be reasonable the shareholders must obtain an overall benefit if the transaction proceeds. In forming an opinion as to whether the Transaction is fair and reasonable, the following factors have been considered:
- the underlying value of VGP shares and cash to be issued as consideration to RedChip Parties for the Licence Fee and Support Services Fee;
 - the underlying value of RedChip Licence and associated services to be acquired by and provided to VGP;
 - the likely market price and liquidity of VGP shares if the Transaction is not implemented;
 - the likelihood of an alternative proposal that could realise better value for VGP Shareholders.
- 3.5 This report has been prepared to satisfy the requirements of the Corporations Act 2001 (Cth) ("Corporations Act") and the Australian Stock Exchange ("ASX") Listing Rules.

Corporations Act Requirements

- 3.6 If the Transaction is approved and completed, RedChip Parties will be entitled to a combined relevant interest of up to 43.39% of VGP's issued ordinary shares immediately following the Public Offer, increasing to 47.20% if the maximum Performance Shares are issued.
- 3.7 Section 606(1) of the Corporations Act states that a person must not acquire an interest in issued voting shares in a listed company if that person's or any other person's voting power increases to above 20%. Section 606(1) prohibits RedChip Parties from acquiring voting power above 20% in VGP under the Transaction, unless one of the exemptions set out in Section 611 of the Corporations Act applies.
- 3.8 Item 7 of Section 611 of the Corporations Act exempts an acquisition that is approved by a resolution of shareholders of VGP passed at a general meeting as per Section 611. This is the exception which is being relied upon by the VGP shareholders. At the general meeting of VGP no votes will be allowed to be cast by those persons (or their associates) acquiring shares under the Transaction (that is, RedChip Parties or any associates).

- 3.9 Australian Securities and Investments Commission (“ASIC”) Regulatory Guide 111 “Content of Expert Reports” requires, amongst other things, that directors of a company need to provide shareholders with an analysis of whether a proposed transaction is fair and reasonable, when considered in the context of the interests of the non-associated shareholders. Regulatory Guide 111 recommends that this analysis should include an independent expert’s report. The independent expert is required to state whether, in their opinion, the proposal is fair and reasonable having regard to the interests of non-associated shareholders and state the reasons for forming that opinion. This report provides such an opinion.
- 3.10 The Transaction constitutes a significant change in the nature and scale of the Company’s activities. ASX Listing Rule 11.1 sets out the requirements an entity must adhere to when undergoing a change to the nature or scale of their activities. The entity must provide the ASX with information regarding the change and its effect on future potential earnings and must ensure approval is obtained from the shareholders to effect the change of activities. The Transaction is such a proposed change. ASX Listing Rule 11 does not specifically require the notice to include or be accompanied by a copy of an independent expert’s report commenting on the issue.

4. OPINION

- 4.1 In our opinion, the proposed Transaction to acquire the RedChip Licence and associated services is fair and reasonable to the Non-Associated Shareholders of VGP.
- 4.2 Our opinion is based solely on information available as at the date of this report.
- 4.3 The principal factors that we have considered in forming our opinion are summarised below.

Fair

- 4.4 For the Transaction to be fair, the value of the VGP shares held by Non-Associated Shareholders must increase as a result of the Transaction.
- 4.4.1 Based on the analysis contained in section 10 of this report, the value of the shares being issued by VGP to RedChip Parties is between \$0.004 and \$0.008, with a midpoint of \$0.006 on a controlling interest basis.
- 4.4.2 Our valuation of VGP shares is based on a value prior to the Transaction on a controlling interest basis. In order to assess whether the Transaction is fair, we need to compare the pre-transaction values on a control basis with the post-transaction values on a minority basis, as the existing Non-Associated Shareholders of VGP will lose control of the Company to the RedChip Parties after the Transaction. This is shown in the table below:

VGP Value and Opinion	Low	High	Midpoint	Fully Diluted Midpoint ³
Control value per share	0.004	0.008	0.006	\$ 0.006
Post Consolidation shares on issue	26,647,000	26,647,000	26,647,000	26,647,000
Control valuation, pre-Transaction	112,392	212,392	162,392	162,392
Valuation of RedChip Licence ¹	-	-	-	-
Support Service Payments ²	(800,000)	(800,000)	(800,000)	(800,000)
Proceeds from Public Offer ³	2,500,000	2,500,000	2,500,000	2,500,000
Post-Transaction Value	1,812,392	1,912,392	1,862,392	1,862,392
Post-Transaction shares on issue	69,147,000	69,147,000	69,147,000	74,147,000
Value per share	0.026	0.028	0.027	0.025
Minority discount ^{refer section 9.4}	10%	10%	10%	10%
Post-Transaction Valuation per share	0.023	0.025	0.024	\$ 0.023

¹ Due to the start-up nature of the Business to be operated by VGP through the RedChip Licence there is not a reasonable basis to forecast net earnings and attribute a value to the RedChip Licence. None of the companies covered by the Contracts being assigned have been listed or raised their capital at the date of this report. Therefore it is not possible to accurately and reliably assume the future revenues of YBP from the Transaction due to the uncertainty regarding the success based fees or the value of the stock to be received.

² In addition to the issue of VGP shares to RedChip Parties for the Licence Fee, a Support Service Fee will also be paid to RedChip as detailed at section 6.5.

³ A condition precedent of the Transaction is that VGP will raise \$2,500,000 by way of a Public Offer from the issue of at least 10,000,000 shares at \$0.20 per share, which is well above the current value of the VGP shares.

⁴ The fully diluted column includes the maximum number of Performance Shares to be issued to RedChip Parties. We note that we have not reflected any increase in value of the RedChip Licence in this column, notwithstanding that the issue of the Performance Shares are subject to the achievement of the EBITDA Targets detailed at section 2.1. In the event VGP meets the EBITDA Targets, the value of the RedChip Licence will increase because of the attainment of the EBITDA Targets.

4.5 In our opinion the Transaction is **fair** as the value of the VGP shares held by Non-Associated Shareholders increases as a result of the Transaction.

Reasonable

4.6 ASIC Regulatory Guide 111 states that a transaction is reasonable if:

- The Transaction is fair; or
- Despite not being fair the expert believes that there are sufficient reasons for shareholders to accept the offer in the absence of any higher bid before the close of the offer.

4.6.1 We have concluded that the Transaction is reasonable. In forming our opinion we have considered the following relevant factors:

- Given the Company's limited capital and income producing assets it will have difficulty in creating any value for shareholders in its current state. The Directors of VGP have determined that RedChip Licence has the potential to increase VGP shareholder value and provide the Company with a future business direction.
- The Company will be provided with existing Contracts of the RedChip Business and back office and operational support to service the Contracts.
- The relationships the Directors have with financial market participants have the potential to expand the client base.
- The Transaction will increase the market capitalisation of the Company and should increase the liquidity of the Company's Shares, subject to the Company meeting the requirements of Chapters 1 and 2 of the ASX Listing Rules.
- The Public Offer to raise \$2,500,000 at \$0.20 per share is a condition of the Transaction and will provide the necessary working capital to facilitate the initial development of the RedChip Business in the Territories covered by the RedChip Licence.
- The VGP Board are of the opinion that the Transaction is in the best interests of the Company's Shareholders and in the absence of a superior alternative proposal is a strategic opportunity for the Company to continue to operate.
- We are unaware of any alternative proposal at the date of this report that would realise better value for VGP shareholders.

Having considered that the Transaction is fair, the potential of the RedChip assets, and the alternatives of not proceeding with the Transaction, in our opinion the Shareholders of VGP should benefit if the Transaction proceeds and therefore, in our opinion the Transaction is reasonable.

4.7 *Accordingly, in our opinion, the Transaction is fair and reasonable to the Non-Associated Shareholders of VGP.*

5 BASIS OF EVALUATION

- 5.1 In our assessment of whether the Transaction is fair and reasonable to VGP Non-Associated Shareholders, we have given due consideration to the Regulatory Guides issued by the ASIC, in particular, Regulatory Guide 74 “Acquisitions Approved by Members”, Regulatory Guide 111 “Content of Expert Reports” and Regulatory Guide 112 “Independence of Experts”.
- 5.2 ASIC Regulatory Guide 74 requires, amongst other things, that shareholders are provided with sufficient information to make an effective, informed decision on whether the proposed Transaction is fair and reasonable. Under Regulatory Guide 111, a transaction is “fair” if the value of the asset being acquired (in this case the RedChip Licence) is equal to or greater than the value of the consideration being offered (in this case, VGP shares for the Licence Fee and cash payments for the Support Service Fee). Additionally, under Regulatory Guide 111 an offer is “reasonable” if it is fair. It is possible for an offer to be reasonable despite being unfair. This would be after the expert considers that, based on non-financial factors, the shareholders should still approve the Transaction in the absence of any alternative proposals.
- 5.3 Our report has compared the likely advantages and disadvantages to non-associated shareholders if the Transaction is agreed to, with the advantages and disadvantages to those shareholders if it is not. Comparing the value of the shares to be acquired under the Transaction and the value of the consideration to be paid is only one element of this assessment.
- 5.4 We have considered whether any shareholder will obtain a level of control in VGP as a result of the proposed Transaction. In the event that a change in control arises from the proposed transaction, proportionately greater benefits to non-associated shareholders must be demonstrated. In this case RedChip Parties will obtain control of VGP and this issue needs to be considered in comparing the value received by Non-Associated Shareholders in comparison to the value being paid.
- 5.5 Normal valuation practice is to determine the fair market value of an asset assuming a counter party transaction between a willing and not anxious buyer and a willing but not anxious seller, clearly at arm’s length. We have adopted this approach in determining the market value of 100% of the equity of RedChip and VGP.
- 5.6 In evaluating the Transaction, we have considered the value of the RedChip Licence being acquired and compared this to the amount of consideration to be paid through the issue of VGP shares and payment of the Support Service Fee for the Transaction. We consider that the Transaction will be reasonable if, on balance, the Non-Associated Shareholders in VGP will be better off if the Transaction is approved. We will also consider the Non-Associated Shareholder’s interests should the Transaction not proceed.
- 5.7 In our assessment of the Transaction we have considered, in particular the following:
- The operational and financial position of VGP;
 - The value of VGP shares pre and post Transaction;
 - Any control premium associated with the Transaction;

- The advantages and disadvantages associated with approving the Transaction;
 - The likely value and liquidity of VGP shares in the absence of the acquisition;
 - Other qualitative and strategic issues associated with the Transaction.
- 5.8 The documents and information relied on for the purpose of this valuation are set out in Appendix I. We have considered and relied upon this information and believe that the information provided is reliable, complete and not misleading and we have no reason to believe that material facts have been withheld. The information provided was evaluated through analysis, enquiry and review for the purpose of forming an opinion as to whether the Transaction is fair and reasonable. However, in assignments such as this, time is limited and we do not warrant that our enquiries have identified or verified all of the matters which an audit or more extensive examination might disclose. None of these additional tasks have been undertaken.
- 5.9 We understand the accounting and other financial information provided to us has been prepared in accordance with generally accepted accounting principles.
- 5.10 An important part of the information used in forming an opinion of the kind expressed in this report is the opinions and judgement of management. This type of information has also been evaluated through analysis, enquiry and review to the extent practical. However, it must be recognised that such information is not always capable of external verification or validation.
- 5.11 HCC are not the auditors of VGP or RedChip. We have analysed and reviewed information provided by the Directors and management of VGP and made further enquiries where appropriate.
- 5.12 This report has been prepared after taking into consideration the current economic and market climate. We take no responsibility for events occurring after the date of this report which may impact upon this report or which may impact upon the assumptions referred to in the report. To the extent we become aware of a material change in circumstances since the date of our report, we will issue a supplementary report at the request of VGP if so required.

6 BACKGROUND

- 6.1 VGP has no current business activity and its shares have been suspended from trading since 23 March 2011. Further information on VGP's business operations and financials can be found at Section 8 of this report.
- 6.2 RedChip is the legal and beneficial owner of a worldwide multi-media and research platform providing investor relations services to small-cap public companies. Further information on the RedChip Business can be found at Section 7 of this report.
- 6.3 VGP and RedChip have entered into an agreement for VGP to acquire an exclusive licence to intellectual property, know how, trade secrets and confidential information rights of RedChip to operate the RedChip Business in Australia, Asia and Europe ("Territory") and also receive an assignment of customer contracts of the RedChip Business relevant to the Territory.
- 6.4 The proposed acquisition of the RedChip Licence constitutes a significant change in the nature and scale of the Company's activities of the type contemplated by Chapter 11 of the ASX Listing Rules. As a result of changing the nature of its activities, various aspects of the transaction will need to be approved by Shareholders and the requirements of Chapters 1 and 2 of the ASX Listing Rules will need to be complied with.
- 6.5 The Consideration being paid by VGP as part of the Transaction will comprise the following:

Licence Fee: The Licence Fee shall comprise solely of shares in VGP in the amount of:

- a) **(Fixed Amount):** 30,000,000 ordinary shares in VGP at \$0.20 per share to be issued on completion; and
- b) **(Performance):** A maximum of 5,000,000 ordinary shares in VGP at \$0.20 per share to be issued on the first achievement by VGP in any financial year commencing within 36 months of Completion:
 - (i) EBITDA of \$2,000,000 or more but less than \$4,000,000- 2,500,000 ordinary shares;
 - (ii) EBITDA of \$4,000,000 or more- 2,500,000 ordinary shares.

Shares under (b) above are to be issued within 7 days of the release to the ASX of VGP's statutory accounts.

The shares under (a) and (b) above will be subject to escrow as determined by the ASX pursuant to the ASX Listing Rules.

Support Services Fee: The Support Services Fee shall comprise a fixed amount and a variable amount:

- a) **(Fixed Amount):** \$800,000 payable as follows:
 - (i) \$350,000 on Completion
 - (ii) \$350,000, payable in 4 equal amounts (\$87,500) every 3 months commencing on the 3 month anniversary of Completion.

(iii) \$100,000 in total, payable over equal monthly amounts commencing 15 months after Completion and ceasing on the expiry of the Support Services Agreement.

b) **(Variable)**: 10% of gross revenue received during the term of the Support Services (a period of up to three years).

6.6 In consideration for the Licence Fee, RedChip will grant to VGP an exclusive licence to operate the Business in the Territory utilising the Service Offering, or any variations to the Service Offering as VGP deems necessary for conducting the Business in the Territory (“Licence”). Improvements in the IP Inclusions and the Service Offering by VGP shall be the property of VGP, but shall be licensed to RedChip in perpetuity for nil additional consideration. The terms and conditions shall be substantially in the form of the draft License Agreement, and shall include:

Term: 10 years with an option to renew for a further 10 years

IP Inclusions: Right to use the technology, intellectual property, know-how, trade secrets, training material, training expertise, all digital collateral, International TV rights to the RedChip Money Report TV Show; and marketing expertise incidental to the **Service Offering**, which means:

- Basic Investor Relations Services: Retail and institutional road-shows in the U.S, Analyst Meetings and calls, telemarketing to capital markets community; quarterly conference calls, script writing, press release editing, writing and distribution, crisis management, power-point writing and editing.
- Research, CFA written research reports with financial models, client fact sheets, over 300 research reports on 300 companies in 30 industries,
- Media: RedChip Money Report TV Show, Over 200 CEO TV Interviews, distribution rights on Bloomberg Europe, Bloomberg Asia, Bloomberg Latin America, Bloomberg Australia, 161 million homes; TV studio with state of the art equipment, staff of video editors. 30-60 second TV spots; global online conferences,
- Digital: RedChip.com, Corporate videos, Product videos, website design, capital markets videos, worldwide digital distribution platform, weekly digital magazine, RedChip Money Report, Social Media Assets,
- Proprietary In-House Investor Lists: 112,000 investor names
- IT and Data Integration Systems
- Any developments to the above or new service lines developed by RedChip and utilised in the Business

6.7 RedChip will have an obligation to the ongoing maintenance and development of the IP Inclusions and the Service Offering in the ordinary course of its business.

6.8 In the event of termination of the Licence due to a breach by RedChip, insolvency of RedChip or RedChip ceasing to carry on the Business, VGP shall receive a perpetual and irrevocable licence and access to all aspects of the intellectual property rights inherent or incidental to the Service Offering to the extent necessary to allow RedChip to continue to operate the Business in the Territory. In the event of expiry of the Licence, VGP shall be granted a licence in perpetuity to utilise the IP Inclusions and the Service Offering as they exist at the date of expiry of the Licence.

6.9 In consideration for the Licence Fee, RedChip will assign to VGP all existing contracts for the Business for customers in the Territory. In respect to one existing contract,

RedChip shall retain the entitlement to shares of Rule 144 stock referred (Rule 144 allows public resale of restricted and control securities if a number of conditions are met). RedChip will not enter into any contracts for the Business from Completion without obtaining the consent of VGP, and then shall assign the contract to VGP, if applicable.

- 6.10 In consideration for the Support Services Fee, RedChip will provide all back office and operational support to VGP for a maximum period of three years from Completion under a Support Services Agreement. VGP may terminate the Support Services Agreement on one month's notice to RedChip, at which time the balance of the Fixed Amount owing for the Support Service Fee shall be payable.

7. OVERVIEW OF REDCHIP

7.1 RedChip Overview

- 7.1.1 RedChip is based in Orlando, Florida and provides investor relations, financial media, and research for microcap and small-cap stocks.
- 7.1.2 RedChip delivers results for its clients through its extensive global network of institutional and retail stock brokers, Registered Investment Advisors, family offices, investment banks, hedge funds, and accredited investor groups.
- 7.1.3 RedChip's online platform combines traditional investor relations services with multimedia marketing. We are advised its weekly TV show, the RedChip Money Report™, airs in 160 million homes in over 50 countries on Bloomberg Europe, Bloomberg Asia, Bloomberg Australia, and Bloomberg Latin America. The show features interviews with CEOs of public and private companies, analysts, portfolio managers, and other industry experts.
- 7.1.4 RedChip's targeted retail and institutional digital media platform reaches hundreds of thousands of investors worldwide, using online conferences for microcaps and SMID-caps, a weekly digital newsletter and major social media platforms.
- 7.1.5 RedChip's traditional investor relations platform includes retail and institutional roadshows, press release writing, strategic counsel, management of quarterly conference calls, script writing and presentation development.
- 7.1.6 RedChip's Traditional Investor Relations Services include:
- **Retail Marketing** through its digital and TV platform and relationships with accredited investor groups across the U.S.
 - **Institutional** contacts, including small and microcap funds, portfolio managers, family offices, institutional brokers, and hedge funds.
 - **Analysts** team, including two CFAs (Chartered Financial Analyst®) with a long history of writing research on microcap and small-cap stocks, covering a wide range of industries.
 - **Investment Banks**, which RedChip works closely with to raise funds.
 - **Investor Roadshows**, customized for each client company, including one-on-one meetings with well-qualified retail brokers, institutions, portfolio managers, hedge funds, and family offices.
 - **Press Release Writing:** RedChip maintains a staff of writers trained in the capital markets who write, edit, and distribute press releases for client companies.
 - **Conference Calls**, which RedChip coordinates and hosts quarterly for its client companies.
 - **Presentation Design**, using a media and graphics team to design power points, corporate videos, logos, investor relations web pages, and print collateral.
- 7.1.7 RedChip's Digital Investor Relations Services include:
- **Online Investor Conferences:** RedChip organizes, markets, and hosts microcap and SMID-cap online conferences each quarter.
 - **Client Webinars:** RedChip organizes, markets, and hosts dedicated client webinars to attract investment professionals.

- **Video Interviews:** RedChip has its own state-of-the art studio where it conducts interviews with client companies and industry experts, including portfolio managers, analysts, accountants, and attorneys. These interviews are professionally edited with video graphics then air on RedChip's TV show, "The RedChip Money Report,".

7.1.8 RedChip's digital content is distributed through the follow mediums:

- RedChip's Weekly Small-Cap Newsletter
- Social Media Marketing
- Email Marketing
- Digital Marketing
- Blogs
- Industry Articles

7.1.9 Content published by RedChip include:

- RedChip Money Report™
- TV Commercial Platform
- Corporate Videos
- Product Videos
- Book Publishing
- Research Reports
- Fact Sheets

7.1.10 RedChip offers turnkey solutions to help companies successfully raise needed capital. RedChip is well positioned with its financial media, investor relations, and research platforms to guide companies through the going-public process.

7.1.11 RedChip's professionals assist companies with every aspect of listing and raising capital. It has capacity to assist in business plan writing, financial modeling, S-1 registrations, reverse mergers, and importantly, aftermarket investor relations support.

7.1.12 RedChip complements these services with access to capital from its investment banking partners and network of portfolio managers, hedge funds, and accredited investors. We are advised that over the last 36 months, RedChip clients have raised over \$500 million from its investment banking partners.

7.2 Assignment of Contracts

7.2.1 As part of the Transaction, RedChip will assign to the Company all existing Contracts for provision of any aspect of the Service Offering with clients in the Territory (refer to section 6 for definitions). The Company will receive the full benefit of the contracts, save for RedChip retaining the entitlement to 25% of the stock in one of the clients that may be issued as part of the success fee.

7.2.2 The contracts are substantially all success fee based for companies that are proposing to list on markets in the United States of America. The names of the clients have not been included for confidentiality reasons.

- 7.2.3 Of the contracts reviewed that VGP will be assigned, fees are typically structured to include a mix of the following:
- Fixed fee payable on the signing of an underwriting agreement for a specified amount;
 - An initial media fee payable either on execution of the agreement or on completion of a minimum capital raise;
 - A monthly investor relations fee payable each month after listing;
 - The issue of restricted stock (Rule 144 stock) and/or options to acquire listed shares
- 7.2.4 None of the companies covered by the Contracts being assigned have been listed or raised capital at the date of this report.

8. OVERVIEW OF VGP

8.1 Corporate Overview

8.1.1 VGP was officially listed on the ASX on 17 December 2004. During the 2013 financial year the Company entered into, and was cleared from a Deed of Company Arrangement and was released from Administration. The Company then commenced seeking investment opportunities.

8.1.2 VGP has no current business activities. Its shares have been suspended from trading since 23 March 2011.

8.2 Financial Information

8.2.1 VGP has not operated any business for a number of years now. VGP has earned nominal passive income and incurred expenses associated with the administration of the company. For the financial years ended 30 June 2014 and 30 June 2015 VGP incurred net losses before tax of \$64,364 and \$129,614 respectively.

8.2.2 Set out below is the Audited Consolidated Balance Sheet of VGP as at 30 June 2015.

CONSOLIDATED BALANCE SHEET	
	As at 30 June 2015
<u>CURRENT ASSETS</u>	
Cash and cash equivalents	82,342
Trade and other receivables	5,352
	<u>87,694</u>
TOTAL ASSETS	<u>87,694</u>
<u>CURRENT LIABILITIES</u>	
Trade and other payables	37,876
Borrowings	28,285
	<u>66,161</u>
<u>NON-CURRENT LIABILITIES</u>	
Borrowings	209,141
	<u>209,141</u>
TOTAL LIABILITIES	<u>275,302</u>
NET ASSETS	<u>(187,608)</u>
<u>EQUITY</u>	
Issued capital	53,103,984
Accumulated losses	(53,291,592)
TOTAL EQUITY	<u>(187,608)</u>

9 VALUATION METHODOLOGIES

9.1 Selection of Methodology

9.1.1 In order to assess the fairness of the Transaction a value needs to be attributed to VGP shares pre and post Transaction.

9.1.2 In assessing the value of VGP we have considered a range of valuation methods. ASIC Regulatory Guide 111 *Content of Expert Reports* states that in valuing a company the expert should consider the following commonly used valuation methodologies:

- Market Value of Shares: the quoted price for listed securities in a liquid and active market;
- Realisation of Assets: the amount that would be available for distribution to security holders on an orderly realisation of assets;
- Capitalisation of Future Maintainable Earnings: the value of trading operations based on the capitalisation of future maintainable earnings;
- Discounted Cash Flow: the net present value of future cash flows;
- Comparable Market Transactions: the identification of comparable sale transactions.

We consider each of these valuation methodologies below.

9.1.3 *Market Value of Shares as Quoted on the ASX*

This method involves the valuation of an entity based on its actively traded equities, which represent the market capitalisation of the share capital of the entity, in a liquid and knowledgeable market.

Any assessment of the market value of the quoted equities needs to consider the following:

- The liquidity of the quoted equity based on the volume and frequency of trading;
- The number of ‘unusual’ and/or ‘abnormal’ trades that occur; and
- The timing and level of dissemination of information to the market.

If a quoted ordinary equity is traded in an active, liquid and knowledgeable market, then the market price of the quoted ordinary equity should represent the ‘fair’ market value of the quoted ordinary equity.

A premium may also need to be applied to the value of the quoted ordinary equity to determine the value of the equity holding in the circumstances where a party is acquiring or increasing a controlling equity position.

This method is not appropriate for the valuation of VGP shares as its shares are currently suspended from trading.

The RedChip Licence is not a traded security therefore this method is not appropriate for the valuation of the RedChip Licence.

9.1.4 *Realisation of Assets*

The net assets or cost based approach to value is based on the assumption that the value of all assets (tangible and intangible) less the value of all liabilities should equal the value

of the entity. The net asset value is determined by marking every asset and liability on and off the company's balance sheet to current market values.

This approach is generally not appropriate where assets are employed productively and are earning more than the cost of capital. It is often used as a cross check to assess the relative riskiness of the business.

As VGP currently has no income producing assets, the notional realisation of assets has been adopted to assess the pre Transaction value of VGP shares, inclusive of a control premium for the value of its public listing.

The RedChip Licence is a revenue based asset and there is no current market for the RedChip Licence (other than the current Transaction) therefore the realisation of assets approach is not appropriate for the valuation of the RedChip Licence.

9.1.5 Capitalisation of Future Maintainable Earnings

Under the earnings based valuation method, the value of the business is determined by capitalising the estimated future maintainable earnings of the business at an appropriate capitalisation rate or multiple of earnings. The multiple is a coefficient, representing the risk that the business may not achieve forecast earnings. This method is appropriate in valuing a business when there is a history of earnings, the business is established and it is assumed the earnings are sufficiently stable to be indicative of ongoing earnings potential.

This method is not considered appropriate for the valuation of VGP as:

- VGP does not have any recent historical earnings on which to base a valuation;
- The company has previously been involved in services which do not relate to the proposed business activity;
- There are no historical earnings from the RedChip Licence on which to base a post Transaction valuation.

9.1.6 Discounted Cash Flow – Net Present Value

Discounted cash flow valuations involve calculating the value of a business on the basis of the net cash flows that will be earned from the business over its life. The cash flows are discounted to reflect the risk involved with achieving the forecast cash flows.

We have determined that due to the start-up nature of the Business to be operated by VGP through the RedChip Licence there is not a reasonable basis to forecast net earnings and attribute a value to the RedChip Licence using the discounted cash flow method. None of the companies covered by the Contracts being assigned have been listed or raised their capital at the date of this report. Therefore it is not possible to accurately and reliably assume the future revenues of YBP from the Transaction due to the uncertainty regarding the success based fees or the value of the stock to be received.

9.1.7 Comparable Market Transactions

This methodology involves the identification of comparable sale or equity raising transactions for similar businesses to that being valued.

We have determined that this method is not considered appropriate for valuing VGP or the RedChip Licence due to the following:

- i. Lack of historical or current results as a basis for applying a comparable multiple of revenues or earnings;
- ii. Lack of comparable transactions on which to base a valuation.

9.1.8 *Financial information relied upon in applying selected valuation methods*

We have reviewed financial information for VGP to the extent available. Ultimately, the management of the respective companies are responsible for the preparation and presentation of the financial information provided. The purpose of our review is to establish that the financial information used is not materially misstated. This review does not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

9.2 Premium for Control

9.2.1 When considering transactions involving a substantial equity holding of a company, it is appropriate to address whether a premium for control should attach to the Transaction. A premium for control is the difference between the price for each share that a buyer would be prepared to pay to obtain a controlling interest in a company and the price per share that would be required to purchase a share that does not carry with it a controlling interest. In most cases, the value of a controlling interest in the shares in a company significantly exceeds the listed market value of the shares. This reflects the fact that:

- a) the owner of a controlling interest in the shares in a company obtains access to all free cash flows of the company being acquired, which it would otherwise be unable to do as a minority shareholder;
- b) the controlling shareholder can direct the disposal of surplus assets and the redeployment of the proceeds;
- c) the controlling shareholder can control the appointment of directors, management policy and the strategic direction of the company;
- d) the entity taking over the company is often able to increase the value of the entity being acquired through synergies and/or rationalisation savings.

9.2.2 Empirical evidence indicates that the average premium for control (over and above the market price of the company's shares) in successful takeovers in Australia generally range between 20% and 35% above the listed market price of the target company's shares three months prior to the announcement of the bid (assuming no speculation of the takeover is reflected in the pre-bid price). However, the appropriate premium for control depends on the specific circumstances and, in particular, the level of synergy benefits able to be extracted by potential acquirers and the degree of confidence about the level and achievability of potential synergies and their timing.

9.2.3 Caution must be exercised in assessing the value of a company or business based on the market rating of comparable companies or businesses. The premium for control is an outcome of the valuation process, not a determinant of value. Premiums are paid for reasons that vary from case to case and may be substantial due to synergy or other

benefits available to the acquirer. In other situations premiums may be minimal or even zero. It is inappropriate to apply a premium of 20-35% without having regard to the circumstances of each case. In some situations there is no premium. There are transactions where no corporate buyer is prepared to pay a price in excess of the prices paid by institutional investors through a capital raising.

- 9.2.4 A shareholder or group of associated shareholders are deemed to influence a company when they have control of more than 20% of the issued shares in a company. At this time a premium for control should normally be considered.
- 9.2.5 A premium for control is relevant to the Transaction, as it will result in RedChip Parties being entitled to a combined relevant interest of 43.39% of VGP's issued ordinary shares immediately following the Public Offer, increasing to 47.20% if the maximum Performance Shares are issued.
- 9.2.6 We have included a premium for control in valuing the Company's listing when applying the net realisation of assets method, as a proxy for the value of a public listed shell company.

9.3 Minority Interest Discount

- 9.3.1 The value of a minority shareholding is subject to a discount factor as the minority shareholder is not in a position to direct, and often not in a position to influence, the distribution of dividends, the investment of retained profits or the strategy or tactics of the company's operations.
- 9.3.2 The Transaction will result in the dilution of current Non-Associated Shareholders' ownership percentages from 100% to 38.54%, decreasing to 35.94% assuming the maximum Performance Shares are issued. We have discounted the post-Transaction value per share on a control basis by 10% to arrive at a post-Transaction value on a minority basis. We believe this discount is reasonable after considering the following factors:
 - a) VGP will have no other business activity immediately prior to completion of the Transaction. There are no profitable operations for which Non-Associated shareholders are losing control of;
 - b) The assessment of advantages and disadvantages associated with VGP entering into the Transaction detailed at section 11.

10 VALUE OF VGP SHARES

10.1 General

10.1.1 This section sets out our assessment of the underlying value of VGP shares.

10.1.2 We have selected the realisation of net assets as the valuation methodology for VGP as detailed in section 9. As the company has no current business operations and its shares are suspended from trading there is no secondary valuation methodology available.

10.2 Current Value - Realisation of Assets

10.2.1 VGP has no current business activity. The notional realisation of assets is therefore an appropriate valuation method for VGP.

10.2.2 As at 30 June 2015 the Company's net assets totalled negative \$187,608, as shown in the balance sheet at section 8.2.2.

10.2.3 Our experience suggests the value of a listed company is between \$300,000 and \$800,000 depending on the subsequent regulatory requirements, including necessary compliance with ASX listing requirements. Taking into account the current situation of VGP we have allocated a value range for the listed company shell of \$300,000 - \$400,000, which also encompasses a premium for control. The Company's shares are currently suspended which reduces the valuation for the listed company shell. The net asset value of VGP on a controlling interest basis is as follows:

	Low	High
Net assets	(187,608)	(187,608)
Value of listing	<u>300,000</u>	<u>400,000</u>
Net realisable value	212,392	312,392

10.2.4 VGP has 26,647,000 ordinary shares on issue on a post-consolidation basis, which equates to a net asset value per share of between \$0.004 and \$0.008, with a midpoint of \$0.006 on a controlling interest basis.

11 ADVANTAGES & DISADVANTAGES OF THE TRANSACTION

11.1 Approach to assessing Fairness and Reasonableness

HCC has followed the guidelines of ASIC Regulatory Guide 111 in assessing the fairness and reasonableness of the Transaction. In forming its conclusions in this report, HCC compared the advantages and disadvantages for Non-Associated Shareholders if the Transaction proceeds.

11.2 Advantages of the Transaction

- 11.2.1 Given the Company's limited capital and lack of income producing assets it will have difficulty in creating significant long-term value for shareholders in its current state. The Directors of VGP have determined that RedChip Licence has the potential to increase VGP shareholder value and provide the Company with a future business direction.
- 11.2.2 The Company will be provided with existing Contracts of the RedChip Business and back office and operational support to service the Contracts.
- 11.2.3 The relationships the Directors have with financial market participants have the potential to expand the client base.
- 11.2.4 The Transaction will increase the market capitalisation of the Company and should increase the liquidity of the Company's Shares, subject to the Company meeting the requirements of Chapters 1 and 2 of the ASX Listing Rules.
- 11.2.5 The Public Offer to raise \$2,500,000 at \$0.20 per share is a condition of the Transaction and will provide the necessary working capital to facilitate the initial development of the RedChip Business in the Territories covered by the RedChip Licence.
- 11.2.6 The VGP Board are of the opinion that the Transaction is in the best interests of the Company's Shareholders and in the absence of a superior alternative proposal is a strategic opportunity for the Company to continue to operate.

11.3 Disadvantages of the Transaction

- 11.3.1 There may be other opportunities VGP will not be able to undertake to realise the value of its listing if it accepts this Transaction due to the controlling interest being obtained by RedChip Parties.
- 11.3.2 The Company will be making a change to the nature and scale of business which may not be consistent with the objectives and risk profile of existing Shareholders.
- 11.3.3 As a result of the Transaction VGP's existing shareholders voting interest will decrease from 100% to 38.54%, or 35.94% assuming the maximum Performance Shares are issued.

12 CONCLUSION AS TO FAIRNESS AND REASONABLENESS

12.1 Fairness

12.1.1 For the Transaction to be fair, the value of the VGP shares held by Non-Associated Shareholders must increase as a result of the Transaction.

12.1.2 Based on the analysis contained in section 10 of this report, the value of the shares being issued by VGP to RedChip Parties is between \$0.004 and \$0.008, with a midpoint of \$0.006 on a controlling interest basis.

12.1.3 Our valuation of VGP shares is based on a value prior to the Transaction on a controlling interest basis. In order to assess whether the Transaction is fair, we need to compare the pre-transaction values on a control basis with the post-transaction values on a minority basis, as the existing Non-Associated Shareholders of VGP will lose control of the Company to the RedChip Parties after the Transaction. This is shown in the table below:

VGP Value and Opinion	Low	High	Midpoint	Fully Diluted Midpoint ³
Control value per share	0.004	0.008	0.006	\$ 0.006
Post Consolidation shares on issue	26,647,000	26,647,000	26,647,000	26,647,000
Control valuation, pre-Transaction	112,392	212,392	162,392	162,392
Valuation of RedChip Licence ¹	-	-	-	-
Support Service Payments ²	(800,000)	(800,000)	(800,000)	(800,000)
Proceeds from Public Offer ³	2,500,000	2,500,000	2,500,000	2,500,000
Post-Transaction Value	1,812,392	1,912,392	1,862,392	1,862,392
Post-Transaction shares on issue	69,147,000	69,147,000	69,147,000	74,147,000
Value per share	0.026	0.028	0.027	0.025
Minority discount ^{refer section 9.4}	10%	10%	10%	10%
Post-Transaction Valuation per share	0.023	0.025	0.024	\$ 0.023

¹ Due to the start-up nature of the Business to be operated by VGP through the RedChip Licence there is not a reasonable basis to forecast net earnings and attribute a value to the RedChip Licence.

² In addition to the issue of VGP shares to RedChip Parties for the Licence Fee, a Support Service Fee will also be paid to RedChip as detailed at section 6.5.

³ A condition precedent of the Transaction is that VGP will raise \$2,500,000 by way of a Public Offer from the issue of at least 10,000,000 shares at \$0.20 per share, which is well above the current value of the VGP shares.

⁴ The fully diluted column above includes the maximum number of Performance Shares to be issued to RedChip Parties.

12.1.4 In our opinion the Transaction is **fair** as the value of the VGP shares held by Non-Associated Shareholders increases as a result of the Transaction.

12.2 Reasonableness

ASIC Regulatory Guide 111 states that a transaction is reasonable if:

- The Transaction is fair; or
- Despite not being fair the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.

We have concluded that the Transaction is fair and therefore also reasonable. In forming our opinion we have also considered the following relevant factors.

- Given the Company's limited capital and lack of income producing assets it will have difficulty in creating significant long-term value for shareholders in its current state. The Directors of VGP have determined that RedChip Licence has the potential to increase VGP shareholder value and provide the Company with a future business direction.
- The Company will be provided with existing Contracts of the RedChip Business and back office and operational support to service the Contracts.
- The relationships the Directors have with financial market participants have the potential to expand the client base.
- The Transaction will increase the market capitalisation of the Company and should increase the liquidity of the Company's Shares, subject to the Company meeting the requirements of Chapters 1 and 2 of the ASX Listing Rules.
- The Public Offer to raise \$2,500,000 at \$0.20 per share is a condition of the Transaction and will provide the necessary working capital to facilitate the initial development of the RedChip Business in the Territories covered by the RedChip Licence.
- The VGP Board are of the opinion that the Transaction is in the best interests of the Company's Shareholders and in the absence of a superior alternative proposal is a strategic opportunity for the Company to continue to operate.
- We are unaware of any alternative proposal at the date of this report that would realise better value for VGP shareholders.

Having considered that the Transaction is fair, the potential of the RedChip business and the alternatives of not proceeding with the Transaction, in our opinion the Non-Associated Shareholders of VGP should benefit if the Transaction proceeds and therefore, in our opinion the Transaction is reasonable.

Yours faithfully
Hall Chadwick Corporate (NSW) Limited



DREW TOWNSEND

APPENDIX I - SOURCES OF INFORMATION

- VGP Corporation Limited audited financial statements for the years ended 30 June 2014 and 30 June 2015;
- VGP Corporation Limited Notice of General Meeting and Explanatory Memorandum;
- Terms Sheet between VGP and RedChip;
- RedChip business service overview and marketing documents;
- RedChip Business Australian Financial Model and copies of underlying contracts;
- VGP registry details;
- Publicly available information on VGP, RedChip and comparable companies, including media releases, ASX announcements and websites;
- ASIC Regulatory Guide 74 ‘Acquisitions Approved by Members’;
- ASIC Regulatory Guide 111 ‘Content of Expert Reports’;
- ASIC Regulatory Guide 112 ‘Independence of Expert’s Reports’;
- APES 225 ‘Valuation Services’.

APPENDIX II - STATEMENT OF DECLARATION & QUALIFICATIONS

Confirmation of Independence

Prior to accepting this engagement HCC determined its independence with respect to VGP and RedChip with reference to ASIC Regulatory Guide 112 (RG 112) titled “Independence of Expert’s Reports”. HCC considers that it meets the requirements of RG 112 and that it is independent of VGP and RedChip.

Also, in accordance with s648 (2) of the Corporations Act we confirm we are not aware of any business relationship or financial interest of a material nature with VGP, its related parties or associates that would compromise our impartiality.

Mr Drew Townsend, a director of Hall Chadwick Corporate (NSW) Limited, has prepared this report. Neither he nor any related entities of Hall Chadwick Corporate (NSW) Limited have any interest in the promotion of the Transaction nor will Hall Chadwick Corporate (NSW) Limited receive any benefits, other than normal professional fees, directly or indirectly, for or in connection with the preparation of this report. Our fee is not contingent upon the success or failure of the proposed transaction, and has been calculated with reference to time spent on the engagement at normal professional fee rates for work of this type. Accordingly, HCC does not have any pecuniary interests that could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion under this engagement.

HCC provided a draft copy of this report to the Directors and management of VGP for their comment as to factual accuracy, as opposed to opinions, which are the responsibility of HCC alone. Changes made to this report, as a result of the review by the Directors and management of VGP have not changed the methodology or conclusions reached by HCC.

Reliance on Information

The statements and opinions given in this report are in good faith and in the belief that such statements and opinions are not false or misleading. In the preparation of this report HCC has relied upon information provided on the basis it was reliable and accurate. HCC has no reason to believe that any information supplied to it was false or that any material information (that a reasonable person would expect to be disclosed) has been withheld from it. HCC evaluated the information provided to it by VGP and RedChip as well as other parties, through enquiry, analysis and review, and nothing has come to its attention to indicate the information provided was materially mis-stated or would not afford reasonable grounds upon which to base its report. Accordingly, we have taken no further steps to verify the accuracy, completeness or fairness of the data provided.

Our procedures and enquiries do not include verification work, nor constitute an audit or review in accordance with Australian Auditing Standards (AUS). HCC does not imply and it should not be construed that it has audited or in anyway verified any of the information provided to it, or that its enquiries could have verified any matter which a more extensive examination might disclose.

The sources of information that we relied upon are outlined in Appendix I of this report.

VGP has provided an indemnity to HCC for any claims arising out of any mis-statement or omission in any material or information provided by VGP to HCC in preparation of this report.

Qualifications

Hall Chadwick Corporate (NSW) Limited (“HCC”) carries on business at Level 40, 2 Park Street, Sydney NSW 2000. HCC holds Australian Financial Services Licence No. 227902 authorising it to provide financial product advice on securities to retail clients. HCC’s representatives are therefore qualified to provide this report.

Consent and Disclaimers

The preparation of this report has been undertaken at the request of the Directors of VGP. It also has regard to relevant ASIC Regulatory Guides. It is not intended that the report should be used for any other purpose than to accompany the Notice of General Meeting to be sent to VGP shareholders. In particular, it is not intended that this report should be used for any purpose other than as an expression of HCC’s opinion as to whether or not the proposed Transaction is fair and reasonable.

HCC consent to the issue of this report in the form and context in which it is included in the Notice of General Meeting to be sent to VGP shareholders.

Shareholders should read all documents issued by VGP that consider the proposed Transaction in its entirety, prior to proceeding with a decision. HCC had no involvement in the preparation of these additional documents, with the exception of our report.

This report has been prepared specifically for the Non-associated shareholders of VGP. Neither HCC, nor any member or employee thereof undertakes responsibility to any person, other than a Non-associated shareholder of VGP, in respect of this report, including any errors or omissions howsoever caused. This report is "General Advice" and does not take into account any person's particular investment objectives, financial situation and particular needs. Before making an investment decision based on this advice, you should consider, with or without the assistance of a securities advisor, whether it is appropriate to your particular investment needs, objectives and financial circumstances.

Our procedures and enquiries do not include verification work, nor constitute an audit or review in accordance with Australian Auditing Standards (AUS).

Our opinions are based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time. Furthermore, financial markets have been particularly volatile in recent times. Accordingly, if circumstances change significantly, subsequent to the issue of the report, our conclusions and opinions may differ from those stated herein. There is no requirement for HCC to update this report for information that may become available subsequent to this date.

APPENDIX III - FINANCIAL SERVICES GUIDE

Dated 18 November 2015

What is a Financial Services Guide (FSG)?

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by Hall Chadwick Corporate (NSW) Limited ABN 28 080 462 488, Australian Financial Services Licence Number 227902 (HCC).

This FSG includes information about:

- HCC and how they can be contacted
- the services HCC is authorised to provide
- how HCC are paid
- any relevant associations or relationships of HCC
- how complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- the compensation arrangements that HCC has in place.

This FSG forms part of an Independent Expert's Report (Report) which has been prepared for inclusion in a disclosure document or, if you are offered a financial product for issue or sale, a Product Disclosure Statement (PDS). The purpose of the disclosure document or PDS is to help you make an informed decision in relation to a financial product. The contents of the disclosure document or PDS, as relevant, will include details such as the risks, benefits and costs of acquiring the particular financial product.

Financial services that HCC is authorised to provide

HCC holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for securities and interests in managed investment schemes, including investor directed portfolio services, to retail clients.

We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of finance products.

HCC's responsibility to you

HCC has been engaged by the independent directors of VGP Corporation Limited ("VGP" or the "Client") to provide general financial product advice in the form of a Report to be included in the Notice of Meeting (Document) prepared by VGP in relation to the proposed transaction to acquire the RedChip Licence (the "Transaction").

You have not engaged HCC directly but have received a copy of the Report because you have been provided with a copy of the Document. HCC nor the employees of HCC are acting for any person other than the Client.

HCC is responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

General Advice

As HCC has been engaged by the Client, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Document before making any decision in relation to the Transaction.

Fees HCC may receive

HCC charges fees for preparing reports. These fees will usually be agreed with, and paid by, the Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay HCC \$20,000 (excluding GST and out of pocket expenses) for preparing the Report. HCC and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of this Report.

HCC officers and representatives receive a salary, partnership and trust distributions and dividends from Hall Chadwick Sydney professional advisory and accounting practice (the Hall Chadwick Sydney Partnership). Remuneration and benefits are not provided directly in connection with any engagement for the provision of general financial product advice in the Report.

Further details may be provided on request.

Referrals

HCC does not pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

Associations and relationships

Through a variety of corporate and trust structures HCC is controlled by and operates as part of the Hall Chadwick Sydney Partnership. HCC's directors may be partners in the Hall Chadwick Sydney Partnership. Mr Drew Townsend, a director of HCC and partner in the Hall Chadwick Sydney Partnership, has prepared this report. The financial product advice in the Report is provided by HCC and not by the Hall Chadwick Sydney Partnership.

From time to time HCC, the Hall Chadwick Sydney Partnership and related entities (HC entities) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

Over the past two years no professional fees have been received from the Client.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of the Client or has any other material financial interests in the Transaction.

Complaints resolution

If you have a complaint, please let HCC know. Formal complaints should be sent in writing to:
The Complaints Officer
Hall Chadwick Corporate (NSW) Limited
GPO Box 3555
Sydney NSW 2001

If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer, Drew Townsend, on 02 9263 2600 and he will assist you in documenting your complaint.

Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than 45 days after receiving the written complaint, the response to your complaint will be advised in writing.

External complaints resolution process

If HCC cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Financial Ombudsman Service (FOS). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly at:

Financial Ombudsman Service Limited
GPO Box 3, Melbourne Victoria 3001
Telephone: 1300 78 08 06
Facsimile (03) 9613 6399
Email: info@fos.org.au

The Australian Securities and Investments Commission also has a free call infoline on 1300 300 630 which you may use to obtain information about your rights.

Compensation arrangements

HCC has professional indemnity insurance cover as required by the Corporations Act 2001(Cth).

Contact Details

You may contact HCC at:
Hall Chadwick Corporate (NSW) Limited
GPO Box 3555
Sydney NSW 2001
Telephone: 02 9263 2600
Facsimile: 02 9263 2800