

CASE STUDY

Flex Fuels Energy Inc.



Brief

On 29 December 2006 Flex Fuels Energy, Inc (formerly Malibu Minerals, Inc) ("Flex Fuels") acquired 15% of the issued share capital of Flex Fuels Energy Limited ("FFE Ltd") for \$1,520,000 in cash. On 29 May 2007 Flex Fuels completed the acquisition of 100% of FFE Ltd for 24,854,477 common stock in Flex Fuels.

FFE Ltd is a biodiesel startup with plans to deliver a vertically integrated biofuel operation in the UK, building a 'Farm to Fuel' value chain.

Intangible Business was asked by Flex Fuels to provide our opinion on the value of the intangible assets relating to its acquisition of FFE Ltd, at two acquisition dates, in accordance with the valuation requirements in US Generally Accepted Accounting Principles ("USGAAP").

Approach

A detailed valuation report was compiled under the provisions of SEC guidelines, US GAAP, the Uniform Standards of Professional Appraisal Practice and other relevant guidelines.

The report analysed the applicable standard of value and appropriate valuation methodologies. Several assessments were made on the income, market and cost methodologies but with emphasis on the income method approach as it is the method most closely aligned with the future economic benefits which are derived from ownership of intangible assets.

Outcome

The full report and appendices are included in Flex Fuels' current report submitted to the US Securities and Exchange Commission on form 8-K/A filed on September 14, 2007. Our valuation analysis, using the income approach, based on the assumptions provided by management provides support for fair values of Flex Fuels' goodwill at \$1.3million and \$21.6 million respectively.

