



FOYSON EXECUTES TERM SHEET TO ENTER STRATEGIC RELATIONSHIP WITH INTEGRATED GREEN ENERGY LTD

Summary

The Directors of Foyson Resources Limited ("Foyson" or the "Company") are pleased to announce that the Company's previously announced negotiations with Integrated Energy Limited ("IGE") have progressed to the parties signing a non-binding term sheet ("**Term Sheet**") to enter into a strategic relationship.

The Term Sheet allows Foyson to acquire:

- exclusive licences in Australia, New Zealand, China, North America, South East Asia, India, Papua New Guinea and Fiji to commercialise IGE's plastics to fuel technology and biomass to both fuel and energy conversion technologies;
- one of three non-exclusive technology licences in all other jurisdictions;
- IGE's existing pilot scale plastics to fuel conversion plant at Berkeley Vale on New South Wales' central coast;

The Term Sheet states the remuneration for IGE is all performance based. To obtain the maximum remuneration in terms of Foyson shares and options, the operating facilities utilizing the IGE technology must earn annual EBITDA in excess of \$20million. This arrangement will provide a substantial reward for current shareholders, if these performance targets are achieved.

The Term Sheet is subject to conditions precedent including completion of due diligence, the agreement and execution of long form documentation, and all shareholder and regulatory approvals

This strategy is consistent with previous announcements by the Company that it is seeking a cash flow project to assist in funding the Amazon Bay Project development activities. This requirement has become more pressing since the announcement by TVI Pacific Inc ("TVI") that it will not be funding Stage 2 of the Amazon Bay Joint Venture and the collapse of the iron ore price to below US\$80 per tonne, which is likely to preclude any short term third party investment in the Project.

IGE Term Sheet

The Term Sheet sets out the terms of the proposed arrangements, as described below. These include two placements of shares, Foyson's acquisition of licences to use IGE's technology, acquisition of IGE's existing plant, and the construction and development of new plants based on the existing Plant ("**IGE Transaction**") over the next four years.

Placements preceding completion of the IGE Transaction

Parties associated with IGE will subscribe for shares representing 14.73% of Foyson's share capital via a first Placement of 135,000,000 ordinary Shares at a subscription price of \$0.0025 (0.25 cents) to raise \$337,500. These parties will also be issued with 135,000,000 options exercisable at \$0.0025 (0.25 cents) no later than 31 December 2019. Grant of the options is subject to shareholder approval.

This issue of shares in the first placement will be completed using Foyson's existing 15% capacity under ASX Listing Rule 7.1, and is not subject to shareholder approval. Foyson will seek shareholder

ratification of the first placement at the Annual General Meeting to be held on 24 November 2014, to refresh its ability to issue further capital as required and to approve the grant of options in connection with the first placement. Funds from this first placement will be used predominantly to complete the due diligence and legal documentation for the IGE transaction and for the working capital requirements of the Company.

Parties associated with IGE and Foyson will acquire via a second placement a total of 100,000,000 ordinary Shares at a subscription price of \$0.0025 (0.25 cents) to raise \$250,000. These parties will be issued with 100,000,000 options exercisable at \$0.0025 (0.25cents) no later than 31 December 2019. This second placement will be put to shareholders for consideration at the Annual General Meeting. Funds from the second placement will be used for working capital requirements for the Company during completion of due diligence and final documentation to complete the IGE Transaction.

Acquisition of exclusive licences, Plant acquisition and construction of New Plants

Foyson will acquire exclusive licences to use IGE's waste conversion technology in Australia, New Zealand, China, North America, India, South East Asia, Papua New Guinea and Fiji. Foyson will also acquire non-exclusive licences to use IGE's technology in other jurisdictions globally, with IGE to grant no more than three licences to any party in any jurisdiction.

Over the next four years, Foyson will fund the construction of up to four Plants in eastern Australia, according to the timetable and budget to be finalised in the long form documentation between the parties.

At completion of the proposed IGE Transaction, Foyson will offer positions to those IGE employees required to manage the Plant and construct the New Plants on terms and conditions acceptable to both parties. IGE will construct and develop the Plants on behalf of Foyson.

Share consolidation, fundraising initiatives and issue of Performance Shares to IGE

Foyson will undertake a consolidation of its share capital and will issue 1 new share for every 80 existing ordinary shares. This will result in the exercise price of all Foyson options increasing to or above 20 cents.

Foyson proposes to conduct a Rights Issue to raise gross proceeds of approximately \$3,000,000 to fund its development of the Berkeley Vale Plant. Concurrent with the Rights Issue, TVI will be offered the opportunity (subject to all approvals necessary) to convert its existing loan of \$400,000 to equity, on the same terms as the two Placements.

Subject to ASX approval of their terms, after the share consolidation and on completion of the IGE Transaction, Foyson will issue 70,000,000 Convertible Performance Shares and 70,000,000 Convertible Performance Options to IGE (together, "**Performance Securities**").

The Performance Securities will be issued to IGE in tranches. The vesting conditions for each tranche will be linked to each Plant or New Plant generating \$5 million EBITDA per annum. The first tranche, linked to the existing Plant, has a performance period of two years from completion of the IGE Transaction. Each multiple of \$5 million EBITDA generated will result in the vesting of another tranche of Performance Securities.

The Convertible Performance Shares will convert to Foyson ordinary fully paid shares on achieving the target set for each Plant and New Plant within the relevant performance period.

The target for each plant is EBITDA of \$5 million per annum, pro-rated over any rolling 6 month period within that performance period.

Subject to the targets being met within the relevant performance periods, IGE may exercise the Convertible Performance Options on or before 31 December 2019 at an exercise price of \$0.20. On exercise, Foyson will issue one ordinary fully paid share for each Convertible Performance Option exercised.

Effect on issued capital and IGE interest in Foyson

The following table illustrates the effect of completion of the IGE Transaction and the associated fundraising activities on the current share capital of Foyson and the interest of the entities associated with IGE participating in the placements and IGE based on the shares to be issued and on a fully diluted basis.

	Shares Issued	Culmulative Total	IGE		
			Shares	%	Fully Diluted %
Current		916,402,335			
Placement 1	135,000,000	1,051,402,335	135,000,000	12.84%	0.88%
Placement 2	100,000,000	1,151,402,335	50,000,000	16.07%	1.20%
Share Consolidation		14,392,529	2,312,500	16.07%	1.20%
TVI loan conversion	2,000,000	16,392,529	-	16.07%	1.20%
Rights Issue	16,392,529	32,785,058	2,312,500	14.11%	2.41%
Performance Shares vested	70,000,000	102,785,058	70,000,000	72.60%	38.84%
Placement Options	2,937,500	105,722,558	2,312,500	72.77%	40.05%
Rights Issue Options	16,392,529	122,115,087	2,312,500	64.90%	41.25%
Performance Options	70,000,000	192,115,087	70,000,000	77.69%	77.69%

The share capital and IGE-related share capital interests are presented on the basis of the following assumptions:

- IGE participates in the second placement to the maximum extent possible;
- TVI converts debt to equity ;
- The Rights issue occurs at 20 cents with 1 for 1 option, with full take up; and
- no exercise of options by any party.

The column headed “Fully diluted” assumes that all options issued as part of this transaction are exercised and is otherwise made on the assumptions outlined above.

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