

18 MARCH 2015

ASX: FOY

**FOYSON CONCLUDES BINDING AGREEMENT WITH INTEGRATED GREEN ENERGY LIMITED
TO ACQUIRE ITS BERKELEY VALE FACILITY AND TECHNOLOGY LICENCES**

Foyson Resources Limited (**Foyson** or **Company**) today signed a binding Business Sale Agreement (**Agreement**) with Integrated Green Energy Limited ACN 162 406 706 (**IGE**) to acquire the following assets (**Assets**):

- royalty-free, perpetual licences (**Licences**) to commercialise three specific technologies:
 - plastics to fuel conversion;
 - biomass to fuel conversion; and
 - biomass to energy conversion (collectively **Technologies**);
- a waste plastics to diesel and petrol conversion plant (**Commercial Plant**), located at Berkeley Vale, approximately 100kms north of Sydney. The Commercial Plant is based on an existing pilot plant and has a design capacity of 50 tonnes waste feedstock per day;
- the Management team (**Management**) to operate the Berkeley Vale facility including the developer of the intellectual property on which the licences are based; and
- the other assets used exclusively in IGE's business (**Business**), including feedstock contracts, the property lease at Berkeley Vale and goodwill.

The Directors not associated with IGE (the **Independent Directors**) believe that this transaction (**IGE Transaction**) will secure the long term future of the Company and has the potential to create significant Shareholder value.

The Independent Directors consider this is an excellent opportunity for the Company to generate short term cash flow, which if successful would be utilised to:

- expand the Commercial Plant from the 50 tonnes per day (**tpd**) facility acquired at completion of the IGE Transaction (**Completion**) by the addition of three further 50tpd modules;
- develop new plastics to fuel conversion facilities elsewhere on the East Coast of Australia;
- pursue its resource interests in Papua New Guinea (the Company recently announced its acquisition of the other 50% of the shares in Titan Mines Limited, the holder of the Amazon Bay iron sands Project).

The ASX has advised the Company that the IGE Transaction constitutes a significant change to the nature and scale of the Company's activities to which ASX Listing Rule 11.1 applies and requires the Company to:

- obtain shareholder approval for the IGE Transaction; and
- meet the requirements in ASX Listing Rules Chapters 1 and 2 as if the Company were applying for admission to the official list of ASX.

The Company will provide shareholders with a Notice of Extraordinary General Meeting when it seeks approval of the IGE Transaction. The Notice, and the later Prospectus, will each include further details on the IGE Transaction and the fundraising activities described in this announcement.

1. DETAILS OF THE ASSETS BEING ACQUIRED BY THE COMPANY

1.1. The technology Licences

The three specific technologies planned for acquisition by Foyson were developed by Btola Pty Ltd (**Btola**) and UTOF Pty Ltd (**UTOF**) and their respective principals Bevan Dooley (now a Foyson Director) and Adrian Lake. IGE acquired the rights to commercialize these technologies (although the intellectual property remains with Btola and UTOF) and is now funding the construction of the 50tpd Commercial Plant.

The Agreement allows the transfer of these rights under the Licences to Foyson.

Each licence is royalty free, perpetual and:

- exclusive in Australia, New Zealand, Papua New Guinea, China, India, North America, South East Asia and Fiji;
- non-exclusive in Western Europe, Eastern Europe, South America, Japan and Africa, but Foyson has the right to one of only four Licences in each jurisdiction; and
- includes all future enhancements of the technologies.

As with any technology, there is a risk that the intellectual property rights may be challenged by competitors or other third parties.

1.2. The Commercial Plant

The Company will be acquiring a Commercial Plant which is designed to convert waste plastics to fuel. Under the Agreement, the Commercial Plant will have the capacity to process 50tpd. The Commercial Plant has been designed on the basis of data collected from a pilot plant operating at the same location. IGE has advised that construction will be complete at the end of April 2015.

The Commercial Plant must meet the following commissioning requirements prior to 31 December 2016:

- 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.

Should the commissioning requirements not be met, the Company may terminate and unwind the transactions under the Agreement (subject to receiving shareholder and other regulatory approvals at that time).

The Commercial Plant, whilst based on an operating pilot plant, is the first commercial scale plant of its type and there is an inherent risk that the Commercial Plant may not work as planned when scaled to the satisfaction of industry or regulatory levels.

It is the Board's current intention that, when the Commercial Plant has met its commissioning requirements, the Company will undertake to increase the Plant's capacity to 200 tonnes of waste plastic feedstock per day.

The fund raising associated with the Agreement will be used for this expansion (refer section 5).

2. CONSIDERATION FOR THE IGE TRANSACTION

Foyson is not paying cash for the Assets. The Consideration being paid for the Assets are securities in Foyson, which occurs initially when the Commercial Plant is built to its 50tpd capacity (and the other conditions to completing the transaction are met) and secondly when the performance target described below (**Performance Target**) is met.

The securities to be issued as consideration for the Assets are as follows:

When issued	Type of security	Defined term	Total Percentage interest <u>after the relevant issue</u>	What the percentage calculation is based on	Expected number of securities (on a 1:25 consolidation)
Completion	Fully paid ordinary shares in the capital of the Company (Shares)	Consideration Shares	60.897% ¹ of issued Shares	Issued shares includes the Consideration Shares and shares issued under the Fundraising Activities	130 million
Completion	Options over unissued Shares (Options) with an exercise price of \$0.20 exercisable at any time on or before 31 December 2019	Consideration Options	61.153% of granted Options	Granted Options includes Consideration Options and Options issued under the Fundraising Activities	75 million
Performance Target achieved	Shares	Milestone Shares	63.465% of issued Shares	Issued shares includes the Consideration Shares, Milestone Shares and shares issued under the Fundraising Activities. ²	15 million
Performance Target achieved	Options with an exercise price of \$0.20 exercisable at any time on or before 31 December 2019	Milestone Options	75.269% of granted Options	Granted Options includes Consideration Options, Milestone Options and Options issued under the Fundraising Activities. ³	70 million

¹ At completion of the IGE Transaction, IGE and its associates will hold more than 60.897% of the total issued Shares.

² The percentage will not be grossed up for changes to capital after Completion.

³ The percentage will not be grossed up for changes to capital after Completion.

The Performance Target is achieving EBITDA of \$5,000,000 per annum from operating the Business during any 6 month period ending on either 30 June or 31 December (pro-rata) between Completion and 30 June 2018. 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.

Completing the IGE Transaction will have a control impact on the Company and Shareholders will be asked to approve this control aspect of the IGE Transaction as part of the Company seeking shareholder approval of the overall transaction.

All securities issued to IGE or its nominees as consideration for the 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.

3. CONDITIONS TO COMPLETION OF THE IGE TRANSACTION

3.1. Conditions

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

If any one or more of the conditions is not satisfied by 31 August 2015, the IGE Transaction will not proceed (unless each of IGE and Foyson agree to extend that date or to waive the relevant condition). The conditions include ASX confirming the Company has recompiled with Chapters 1 and 2 of the Listing Rules prior to completion of the IGE Transaction and Fundraising Activities, and shareholder approval of the IGE Transaction and associated transactions.

3.2. Undertakings and Warranties

Under the Agreement, IGE and Bevan Dooley have each agreed not to undertake certain actions that would be competitive with the Business for certain time periods (unless the prior written consent of the Company 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 a number of warranties in relation to the Business and the assets.

3.3. Consultants

IGE does not have any employees. However, it engages a number of consultants and contractors, and the Company will engage those consultants and contractors as required to continue the operation of the Berkeley Vale facility and the ongoing enhancement of the Technologies.

4. KEY RISKS AND ASSUMPTIONS

There are various risks associated with the IGE Transaction. These risks, together with the advantages and disadvantages of the IGE Transaction, will be outlined in full in the Company's Notice of Extraordinary General Meeting to be held to seek the Shareholder approvals required as conditions to the Agreement.

5. ASSOCIATED FUNDRAISING ACTIVITIES

5.1. Placement and Rights Issue

In conjunction with the IGE Transaction, the Company currently intends to undertake a Placement and a Rights Issue (the **Fundraising Activities**). The terms of each are currently expected to be:

- (a) **Placement:** a placement of Shares (at a minimum of \$0.20 per Share) plus one free attaching Option per Share (with an exercise price of \$0.20 exercisable at any time on or before 31 December 2019) to sophisticated investors to raise approximately \$3,000,000 (**Placement**); and
- (b) **Rights Issue:** a rights issue of one Share (at a minimum of \$0.20 per Share) plus one free attaching Option (with an exercise price of \$0.20 exercisable at any time on or before 31 December 2019) for every 10 Shares held, to existing shareholders at the record date to raise approximately \$1,250,000 (**Rights Issue**).

Note the Board reserves the right to change any aspect of the Fundraising Activities, including the method of fundraising.

The Fundraising Activities will only take place if shareholder approval for the IGE Transaction (and any approvals required under the Corporations Act or the ASX Listing Rules for the Fundraising Activities) is received.

If the Board considers it necessary or desirable to ensure the Company achieves the requisite spread for compliance with ASX Listing Rule 1.1 condition 7, the Company may also conduct a retail offer of securities. If the Board decides to proceed with a retail offer, details of the retail offer will be announced to the market at that time.

The securities to be issued under the Rights Issue and the Placement (and, if applicable, the retail offer) will be offered under a prospectus (**Prospectus**) to be lodged by the Company with ASIC on or around the time that it lodges its application for admission under Chapters 1 and 2 of the ASX Listing Rules with ASX.

5.2. Use of funds

The Board intends to use the funds raised under the Placement and Rights Issue to expand the capacity of the Commercial Plant to a processing capacity of 200 tonnes of waste plastic feedstock per day, and for general working capital purposes (including payment of transaction costs associated with the IGE Transaction). An approximate break down of the use of the funds raised is as follows:

Use	Amount
Transaction costs	\$750,000
Capital expenditure to increase capacity of Plant to 200tpd	\$3,000,000
Working capital	\$500,000
Total amount of funds raised	\$4,250,000

In the longer term, and pending the success of the Plant, the Board anticipates the Company constructing additional waste plastic to fuel plants in eastern Australia. Further funds may be required to construct these plants and the Company will consider its funding options at the relevant time, which may include a capital raising.

6. EFFECT ON COMPANY'S CAPITAL STRUCTURE AND BOARD

A table showing the effect of the IGE Transaction and Fundraising Activities on the Company's capital structure is set out in Annexure A.

There is currently no intention to change the Board upon completion of the IGE Transaction

7. ASX IN PRINCIPLE ADVICE

The Company will be ensuring that it complies with ASX's requirements as it implements the IGE Transaction and Fundraising Activities, and will provide shareholders with all relevant details of those requirements when shareholder approval is sought for the IGE Transaction.

8. UPDATES TO PRIOR ANNOUNCEMENTS

The Company has made several announcements regarding its proposed transaction with IGE which were based on facts which have now changed as the transaction has progressed. The following facts (amongst others) have changed since this time:

- the Company will be acquiring a commercial scale plant with 50 tonne feedstock capacity and also the smaller pilot plant;
- the exercise price for the 135,000,000 Options being issued to Paul Dickson is now \$0.008 (on a pre-consolidation basis). The exercise price will convert to \$0.20 if a 1:25 consolidation is undertaken;
- the second placement described in the announcement will not proceed (rather the Company has raised and is continuing to raise funds through the issue of CPNs);
- the consolidation ratio has changed – it is currently intended that the Company will undertake a 1:25 consolidation so that 1 new Share replaces every 25 existing Shares, or such other ratio as required to ensure that the Shares will have an issue value of at least \$0.20 (20 cents);
- although the payment of part of the consideration for the Assets is still tied to a performance target, there is now a greater proportion of Shares being issued at Completion rather than on satisfaction of the performance target (due to regulatory requirements) and the maximum performance target has decreased from EBITDA of \$20,000,000 per annum within a five year period to \$5,000,000 per annum within a three year period. The staggered performance targets have been streamlined to one performance target and this will now be done by way of the grant of a performance right under the Agreement rather than the issue of performance shares; and
- the amounts to be raised under the Placement and Rights Issue have changed.

The above is not intended to be an exhaustive summary of circumstances that have changed. The statements in this Announcement supersede any statements in previous announcements.

9. TIMETABLE AND NEXT STEPS

An indicative timetable of the key dates for the IGE Transaction and Fundraising Activities is set out below.

Action	Date
General Meeting	Wednesday, 10 June 2015
Trading of Foyson's securities suspended	Wednesday, 10 June 2015
Prospectus lodged with ASIC and application for admission under Chapters 1 and 2 of the ASX Listing Rules lodged with ASX	Thursday, 11 June 2015
Announce Rights Issue to ASX	Thursday, 11 June 2015
Notice of Rights Issue given to Shareholders	Friday, 12 June 2015
Ex date	Monday, 15 June 2015
Record date	Wednesday, 17 June 2015
Dispatch of Prospectus to Shareholders; Rights Issue Opens	Monday, 22 June 2015
Issue date of post-consolidation shares	Tuesday, 23 June 2015
Rights Issue Closes	Friday, 10 July 2015
Notification of under-subscriptions	Wednesday, 15 July 2015
Issue Date for Rights Issue	Friday, 17 July 2015
Complete Placement	Friday, 17 July 2015
Completion of IGE Transaction and issue	Friday, 17 July 2015
Holding statements sent to subscribers under Rights Issue, Placement and (if holding lock applied) nominees under the Agreement	Wednesday, 22 July 2015
Anticipated ASX quotation date	Friday, 24 July 2015

These dates are indicative only and may change.

FOR FURTHER INFORMATION CONTACT:

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Annexure A – Capital Structure

FOYSON RESOURCES LIMITED CAPITAL STRUCTURE				
		SHARES	OPTIONS	FUNDS RAISED
Current shares on Issue		1,051,402,335		
Options currently on Issue			29,729,405	
Less options due to expire prior to Completion			(1,329)	
Less options that will not vest			(9,114,038)	
Options on issue at Completion*			20,614,038	
Placement 1 Options**			135,000,000	
Capital Promissory Note***	0.29cents	344,827,586	344,827,586	\$1,000,000
TVI DEBT CONVERSION****	0.25cents	160,000,000	160,000,000	
SHARES ON ISSUE		1,556,229,921	660,441,624	\$1,000,000
SHARES POST CONSOLIDATION 1:25	25	62,249,197	26,417,665	
Placement \$3 million @ 20 cents		15,000,000	15,000,000	\$3,000,000
Rights Issue 1 for 10		6,224,920	6,224,920	\$1,244,984
SUBTOTAL		83,474,117	47,642,585	
ISSUE IGE ON COMPLETION		130,000,000	75,000,000	
TOTAL BEFORE ISSUE OF MILESTONE SECURITIES		213,474,117	122,642,585	
IGE MILESTONE SECURITIES				
EBITDA - 5 MILLION		15,000,000	70,000,000	
TOTAL AFTER PERFORMANCE TARGET ACHIEVED		228,474,117	192,642,585	
TOTAL SHARES AND OPTIONS AFTER MILESTONE SECURITIES ISSUED		228,474,117	192,642,585	\$5,244,984
TOTAL IGE INTEREST (excluding associates)		145,000,000	145,000,000	

* Assumes that none of these options will be exercised on the basis that their current exercise price is substantially higher than the current share price of Foyson

** Options to be issued to Paul Dickson subject to receiving shareholder approval

*** Shares to be issued on conversion of the CPN's into ordinary shares, subject to receiving shareholder approval. Assumes \$1,000,000 raised under the notes

**** Shares to be issued to TVI on converting TVI's existing debt into equity, subject to receiving shareholder approval

ANNEXURE B – CONDITIONS

- (a) **ASX Approval:** ASX must resolve to re-admit and quote the Shares on the ASX, subject to completion of the IGE Transaction and satisfaction of any other conditions usual to ASX re-admission.
- (b) **Shareholder Approvals:** Shareholders must approve resolutions relating to the following matters. If any resolution is not passed, the IGE Transaction will not proceed. Foyson currently intends to send a Notice of Extraordinary General Meeting to be held on or around 10 June 2015 seeking approval of these resolutions, which will include explanatory information and an independent expert's report to be prepared by Moore Stephens:
 - (i) approve the past issue of 135 million Shares, and the future issue of 135 million Options, to Paul Dickson;
 - (ii) approve the issue of 160 million Shares (with attaching Options) to TVI Pacific Inc (TVI), to extinguish the existing loan of \$400,000 from TVI to Foyson;
 - (iii) approve the share consolidation to be undertaken by Foyson; and
 - (iv) approve the IGE Transaction and the issue of Shares and Options to IGE (or its nominees) as consideration for the IGE Transaction;
- (c) **Due diligence:** The Company must be satisfied, acting reasonably, with its due diligence enquiries in relation to the Business. The Company currently expects these due diligence enquiries will be on-going while it prepares the prospectus for its proposed fundraising activities
- (d) **Key Executives:** Bevan Dooley and other executives agreed between IGE and Foyson must enter into consultancy contracts with Foyson.
- (e) **no material adverse change:** There must be no material adverse change affecting the Business or the financial or trading position or prospects of the Business from the date of the Agreement.
- (f) **agreements and assignments:** certain material agreements and assignments must be agreed and executed before Completion.
- (g) **Regulatory approvals:** All necessary approvals from ASX, ASIC and any other regulatory agency or third party for completion of the acquisition of the Business must be received.
- (h) **Environmental approvals:** Certain environmental authorities required for acquisition and operation of the Business must be received.
- (i) **First Plant:** Construction of the Commercial Plant must be complete.