



Foyson Resources Limited

ABN 23 003 669 163

Notice of Extraordinary General Meeting, Explanatory Statement and Independent Expert's Report

Time: 11.00 AM (Sydney Time)
Date: Thursday 30 July 2015
Place: Mt Kenya Room, Christies, Level 4, 100 Walker Street North Sydney NSW 2060

Your Independent Directors unanimously recommend that Shareholders **VOTE IN FAVOUR** of the Resolutions, in the absence of a superior proposal.

The Independent Expert has concluded that the IGE Transaction is "**not fair but reasonable**" to Shareholders not Associated with the IGE Parties.

This is an important document and requires your prompt attention. The matters raised in this document will directly affect your holding of Foyson Shares. You are advised to read this document in its entirety before deciding how to vote on the Resolutions.

If Shareholders are in any doubt as to how they should vote on the Resolutions they should seek advice from their professional advisers.

CORPORATE DIRECTORY

Directors

Mr Paul Dickson (Non Executive Chairman)
Mr Michael Palmer (Managing Director)
Mr Bevan Dooley (Non Executive Director)
Mr David McIntosh (Non Executive Director)
Mr Clifford James (Non Executive Director)
Mr Kilroy Genia (Non Executive Director)

Company Secretary

Mrs Aliceson Rourke

Registered Office

Level 7, 121 Walker Street
North Sydney NSW 2060
Telephone :+61 2 8920 2300
Facsimile: +61 2 8920 3400

Web Address

www.foyson.net

ABN

ABN 23 003 669 163

ASX Code

ASX: FOY

Share Registry

Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000
Telephone: 1300 737 760

Solicitors

Allion Legal
Level 5, 123 Pitt Street
Sydney NSW 2000

Auditors

BDO East Coast Partnership
Level 11, 1 Margaret Street
Sydney, NSW, 2000

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Extraordinary General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 11.00am (Sydney Time) on Thursday, 30 July 2015 at the Mt Kenya Room, Christies, Level 4, 100 Walker Street North Sydney NSW 2060.

YOUR VOTE IS IMPORTANT

The business of the Extraordinary General Meeting affects your Shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the Extraordinary General Meeting on the date and at the place set out above.

VOTING BY PROXY

Any Shareholder entitled to attend and vote at this Meeting is entitled to appoint a proxy to attend and vote instead of that Shareholder.

The proxy does not need to be a Shareholder.

A Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of that Shareholder's votes.

To vote by proxy, please complete and sign the enclosed Proxy Form and return:

- In person at the registered office of Foyson, Level 7, 121 Walker Street, North Sydney, NSW 2060 Australia
- By facsimile to +61 2 8920 3400

Please note that the Proxy Form must be received by Foyson not later than 11.00am (Sydney Time) on Tuesday, 28 July 2015. **Proxy Forms received later than this time will be invalid.**

ENTITLEMENT TO ATTEND AND VOTE

Foyson may specify a time, not more than 48 hours before the Meeting, at which a "snap-shot" of Shareholders will be taken for the purposes of determining Shareholder entitlements to vote at the Extraordinary General Meeting.

Foyson's Directors have determined that all Shares of Foyson that are quoted on ASX at 11:00am (Sydney Time) on Tuesday, 28 July 2015 shall, for the purposes of determining voting entitlements at the Extraordinary General Meeting, be taken to be held by the persons registered as holding the Shares at that time.

LETTER FROM THE INDEPENDENT DIRECTORS OF FOYSON

26 June 2015

Dear Shareholder,

The enclosed Notice of Meeting and Explanatory Statement focuses primarily on the proposed transaction between Foyson Resources Limited (**Foyson**) and Integrated Green Energy Ltd (**IGE**). This letter is presented by those directors on the Foyson Board who are not Associated with IGE and, for the purposes of this Notice of Meeting and Explanatory Statement, we are described as the Independent Directors.

It is our pleasure to invite you to attend and vote at an extraordinary general meeting of Foyson at 11.00am (Sydney time) on Thursday, 30 July 2015 at the Mt Kenya Room, Christies, Level 4, 100 Walker Street North Sydney NSW 2060 (**Meeting**).

The purpose of the Meeting is, among other things, to approve a change in the nature and scale of activities of Foyson. While Foyson currently intends to maintain its interest in the Amazon Bay iron sands project in Papua New Guinea, the existing weak equities market for junior resource stocks, resulting from depressed commodity prices, requires Foyson to generate internal funding by way of a positive cash flow project to assist with overall funding. The Independent Directors believe that the transaction with IGE is the most appropriate means for Foyson to secure the future of Foyson and its involvement in the Amazon Bay Project, and to create value for its shareholders.

Under the terms of the Business Sale Agreement with IGE, Foyson will acquire certain assets from IGE, including:

- a 50 tonnes feedstock per day commercial waste plastics to fuel plant at Berkley Vale, NSW; and
- licences to commercialise three conversion technologies: plastics to fuel, biomass to fuel and biomass to energy.

The consideration to be paid comprises shares and options in Foyson in two tranches: on completion of the Business Sale Agreement, and on the satisfaction of a performance milestone, subject to the milestone being achieved by 30 June 2018.

The shares and options will be issued to IGE's shareholders in proportion to their current shareholding in IGE. The IGE shareholders broadly fall in to three categories: the inventors of the Technology, early supporters of the Technology and seed capitalists. Despite the disparity among the group of IGE shareholders, the Corporations Act treats them (together with their respective Associates and IGE) as potentially being Associates. In determining each shareholder's voting power in Foyson, therefore, the relevant interests of each of IGE, the IGE shareholders and their respective Associates (**IGE Parties**) must be added together. On this basis:

- after issuing the first tranche of consideration, the IGE Parties will have voting power in Foyson of between 55.9% (their minimum voting power) and 76% (their maximum voting power); and
- after issuing the second tranche of consideration (if the performance target is met), the IGE Parties will have voting power in Foyson of between 58.2% (their minimum voting power) and 81.2% (their maximum voting power).

The minimum voting power is calculated assuming (amongst other things) that all Optionholders not associated with IGE have exercised their Options but the IGE Parties have not exercised their Options. The maximum voting power calculation assumes (amongst other things) that all IGE Parties have exercised their Options but no other Option holder has exercised their Options. At the date of completion of the IGE Transaction, the Independent Directors believe it is unlikely that any Optionholders will have exercised their Options. Accordingly, the Independent Directors consider that the likely voting power of the IGE Parties on the date of completion of the IGE Transaction will be approximately 66.1%, which assumes that no Options have been exercised by any Optionholders.

Over the eighteen months prior to approving the IGE Transaction, the directors from time to time on Foyson's Board considered numerous cash flow projects, and the IGE Transaction was selected as best meeting the key criteria developed by those directors of:

- minimal upfront capital needs (ideally less than \$10 million);
- early cash flow;
- located in Australia;
- growth leverage available;
- environmentally friendly; and
- strong market for product.

We, as your Independent Directors, consider the proposed business model to have attractive features, including the use of non-recyclable waste plastic as feedstock for the plant, which has environmental benefits by diverting that plastic from landfill and economic benefits due to its wide availability and relatively low cost.

We are committed to the IGE Transaction. Following the completion of due diligence on IGE's assets, consideration of the business opportunities connected with the acquisition of those assets, consideration of a range of alternatives (including maintaining the existing Company as it currently is), and careful consideration of the advantages, disadvantages and risks of the IGE Transaction (including the risk that the expected advantages of the IGE Transaction may not materialise), the Independent Directors determined that the IGE Transaction is the preferred option for Foyson's future and the creation of value for shareholders.

In conjunction with the IGE Transaction, Foyson is seeking to raise up to \$5.8 million under the Rights Issue and Offer.

Shareholders are now being asked to approve certain Resolutions set out in this Notice of Meeting, some of which are necessary under the ASX Listing Rules and the Corporations Act in order for the IGE Transaction and the Fundraising to proceed.

Completion of the IGE Transaction is conditional on, among other things, Shareholders approving Resolutions 1 to 6 set out in this Notice of Meeting and other conditions customary for a transaction of this nature.

The Independent Directors strongly encourage you to vote at the Meeting, either by attending in person or by appointing a proxy, attorney or corporate representative to attend the Meeting to vote on your behalf. Please read the Notice of Meeting, Explanatory Statement and Independent Expert's Report in its entirety before making your decision on how to vote at the Meeting.

Your Independent Directors unanimously recommend that Shareholders **VOTE IN FAVOUR** of **ALL** Resolutions, in the absence of a superior proposal.

If you have any questions, please call Foyson's head office on +61 2 8920 2300 between 9.00am and 5.00pm (Sydney time) Monday to Friday.

Thank you for your continued support of Foyson.

Yours sincerely,
Independent Directors of Foyson Resources Limited

Michael Palmer, David McIntosh, Clifford James and Kilroy Genia

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is given that an Extraordinary General Meeting of the Shareholders of Foyson Resources Limited (**Foyson**) will be held at the Mt Kenya Room, Christies, Level 4, 100 Walker Street North Sydney NSW 2060 on Thursday, 30 July 2015 commencing at 11:00am (Sydney Time) to consider, and if thought fit, to pass the Resolutions set out below.

Terms used in this Notice of Extraordinary General Meeting and accompanying Explanatory Statement are defined in the glossary to this document.

The Explanatory Statement which accompanies and forms part of this Notice of Extraordinary General Meeting describes the matters to be considered at the Extraordinary General Meeting.

1. RESOLUTION 1 – APPROVAL OF IGE TRANSACTION

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolutions 2 to 6 (inclusive), for the purposes of Listing Rule 11.1.2 and for all other purposes, approval is given for the change of nature or scale of Foyson’s activities through the completion of the IGE Transaction on the terms and conditions contained in the Business Sale Agreement.”

Voting Exclusion: Foyson will disregard any votes cast on Resolution 1 by any person who might obtain a benefit, except a benefit solely in the capacity as a holder of ordinary securities if the Resolution is passed, and any person Associated with those persons. However, Foyson will not disregard any votes cast on Resolution 1 by such person if:

- (a) the person is acting as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

2. RESOLUTION 2 – APPROVAL FOR ACQUISITION OF IGE ASSETS AND TECHNOLOGY RIGHTS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to the passing of Resolutions 1 to 6 (inclusive, but excluding this Resolution 2), and ASX confirming in writing that Foyson has re-complied with Chapters 1 and 2 of the Listing Rules (whether or not subject to conditions) (**ASX Confirmation**), for the purposes of Listing Rule 10.1 and section 208 of the Corporations Act and for all other purposes, approval is given for Foyson to acquire the IGE Assets and the right to use, commercialise and develop the Technology from, and give a financial benefit to, IGE, BTOLA and UTOF under or in connection with the IGE Transaction on the terms and conditions set out in the Business Sale Agreement or any Ancillary Document.”*

Independent Expert Report: Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the Shareholder approval required under Listing Rule 10.1. The Independent Expert’s Report comments on the fairness and reasonableness of the transactions the subject of this Resolution to the Non-Associated Shareholders in Foyson, and concludes that the transactions are *not fair but reasonable*. The Independent Expert’s Report is attached as Annexure C to the Explanatory Statement and:

- (a) is also accessible on Foyson’s website www.foyson.net; and
- (b) if requested by a Shareholder, will be sent to the Shareholder in hard copy at no cost to the Shareholder.

Voting Exclusion: Foyson will disregard any votes cast on Resolution 2 by IGE, the IGE Shareholders and any Associated person. However, Foyson will not disregard any votes cast on Resolution 2 by such person if:

- (a) the person is acting as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

3. RESOLUTION 3 – APPROVAL OF THE ISSUE OF THE PERFORMANCE RIGHT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolutions 1 to 6 (inclusive, but excluding this Resolution 3), and ASX Confirmation being received, for the purposes of Listing Rule 10.11, obtaining ASX Confirmation, and for all other purposes, approval is given for Foyson to grant to IGE under the Business Sale Agreement the right for it or its nominee(s) to receive the Milestone Shares and the Milestone Options on the terms and conditions contained in the Business Sale Agreement.”

Voting Exclusion: Foyson will disregard any votes cast on Resolution 3 by IGE, the IGE Shareholders and any Associated person. However, Foyson will not disregard any votes cast on Resolution 3 by such person if:

- (a) the person is acting as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. RESOLUTION 4 – APPROVAL FOR ISSUE OF CONSIDERATION SECURITIES AND MILESTONE SECURITIES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolutions 1 to 6 (inclusive, but excluding this Resolution 4) and ASX Confirmation being received:

- (a) *for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the issue of the Consideration Securities to the IGE Parties in their Respective Proportions; and*
- (b) *for the purposes of Section 611 (Item 7) of the Corporations Act, and for all other purposes, approval is given for:*
 - (i) *the issue of the following securities to the IGE Parties in their Respective Proportions:*
 - (A) *the Consideration Shares;*
 - (B) *all Shares to be issued as a result of the exercise of the Consideration Options;*
 - (C) *subject to achievement of the Performance Target, the Milestone Shares; and*
 - (D) *subject to achievement of the Performance Target, all Shares to be issued as a result of the exercise of the Milestone Options; and*

- (ii) *the issue of all shares to be issued as a result of the exercise of the Options held by the IGE Parties immediately prior to the issue of the Consideration Securities,*

which may result in the IGE Parties' aggregate Voting Power increasing up to a maximum of approximately 81.2%,

and otherwise on the terms and conditions described in the Explanatory Statement."

Independent Expert Report: Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the Shareholder approval required under Section 611 Item 7 of the Corporations Act. The Independent Expert's Report comments on the fairness and reasonableness of the transactions the subject of this Resolution to the Non-Associated Shareholders in Foyson, and concludes that the transactions are *not fair but reasonable*. The Independent Expert's Report is attached as Annexure C to the Explanatory Statement and:

- (a) is also accessible on Foyson's website www.foyson.net; and
- (b) if requested by a Shareholder, will be sent to the Shareholder in hard copy at no cost to the Shareholder.

Voting Exclusion (Corporations Act): Under Item 7 of Section 611 of the Corporations Act, no votes may be cast in favour of this Resolution by:

- (a) the person proposing to make the acquisition and their Associates; or
- (b) the persons (if any) from whom the acquisition is to be made and their Associates.

Accordingly, Foyson will disregard any votes cast on this Resolution by the IGE Parties.

5. RESOLUTION 5 – APPROVAL OF SHARE CONSOLIDATION

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*"That, subject to the passing of Resolutions 1 to 6 (inclusive, but excluding this Resolution 5), for the purposes of section 254H of the Corporations Act and for all other purposes the issued capital of Foyson be consolidated on the basis that every 25 Shares on issue be consolidated into 1 Share (**Consolidation**) with the Consolidation taking effect on 12 August 2015 or such other date as is announced by Foyson to ASX, and, where the Consolidation results in a fraction of a Share being held, the Directors be authorised to round that fraction up to the nearest whole Share (as the case may be)."*

6. RESOLUTION 6 – APPROVAL OF ISSUE OF OPTIONS TO PAUL DICKSON

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

"That for the purpose of Listing Rule 10.11, section 208 of the Corporations Act and for all other purposes, Shareholders approve the issue of 135,000,000 Options (on a pre Consolidation basis) with an exercise price of \$0.008 to Paul Dickson, for the purpose and on the terms set out in the Explanatory Statement."

Voting exclusion: Foyson will disregard any votes cast on Resolution 6 by Paul Dickson, and any person Associated with Paul Dickson. However, Foyson will not disregard any votes cast on Resolution 6 by such person if:

- (a) it is cast by a person as a proxy, appointed in writing that specifies how the Proxy is to vote on the Resolution, for a person who is entitled to vote, and it is not cast on behalf of Paul Dickson or any Associate of Paul Dickson; or
- (b) it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

7. RESOLUTION 7 – APPROVAL OF ISSUE OF SECURITIES UNDER OFFER

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolutions 1 to 6 (inclusive) and ASX Confirmation being received, for the purpose of Listing Rule 7.1 and for all other purposes, approval is given for Foyson to issue up to 22,500,000 Shares at \$0.20 per Share (on a post Consolidation basis) to raise up to \$4,500,000, together with up to one Option exercisable at \$0.20 for every one Share issued for no cash consideration, in the manner set out in the Explanatory Statement.”

Voting Exclusion: Foyson will disregard any votes cast on Resolution 7 by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the Resolution is passed and any Associates of those persons.

However, Foyson will not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

8. RESOLUTION 8 – APPROVAL OF THE ISSUE OF SHARES AND OPTIONS TO MICHAEL PALMER

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolutions 1 to 7, ASX Confirmation being received and Completion of the IGE Transaction occurring, for the purpose of Listing Rule 10.11, section 208 of the Corporations Act and for all other purposes, approval is given for the issue of 250,000 Shares (on a post Consolidation basis) and 250,000 Options with an exercise price of \$0.20 (on a post Consolidation basis) to Michael Palmer (or his nominee), for the purpose and on the terms set out in the Explanatory Statement.”

Voting exclusion: Foyson will disregard any votes cast on Resolution 8 by Michael Palmer, and any person Associated with Michael Palmer. However, Foyson will not disregard any votes cast on Resolution 8 by such person if:

- (a) it is cast by a person as a proxy, appointed in writing that specifies how the Proxy is to vote on the Resolution, for a person who is entitled to vote, and it is not cast on behalf of Michael Palmer or any Associate of Michael Palmer; or
- (b) it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

9. RESOLUTION 9 – APPROVAL OF ISSUE OF SECURITIES TO TVI PACIFIC INC AND CLIFFORD JAMES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That for the purpose of section 611 (item 7) of the Corporations Act and, to the extent that approval under Listing Rule 7.1 has not already been received in respect of the relevant issue, Listing Rule 7.1, and for all other purposes, approval is given for the issue of:

- (a) 34,482,758 Shares and 34,482,758 Options (on a pre Consolidation basis), being the Shares to be issued to TVI Pacific Inc on conversion of the 100,000 Notes held by TVI Pacific Inc which were issued in February 2015;

- (b) 34,482,758 Shares and 34,482,758 Options (on a pre Consolidation basis) on conversion of the 100,000 Notes held by TVI Pacific Inc which were issued in April 2015;
 - (c) 75,388,736 Shares and 75,388,736 Options (on a pre Consolidation basis) under the Debt Conversion Deed between Foyson and TVI Pacific Inc dated 28 February 2015; and
 - (d) the issue of 228,965,516 Shares on exercise of the 228,965,516 Options (on a pre Consolidation basis) held by TVI Pacific Inc,
- to TVI Pacific Inc (or its nominee), and the issue of:
- (e) up to 7,078,866 Shares and 7,078,866 Options (on a pre Consolidation basis) to Clifford James; and
 - (f) 17,241,379 Shares to Clifford James on the exercise of the 17,241,379 Options (on a pre Consolidation basis) held by Clifford James,

for the purpose and on the terms set out in the Explanatory Statement.”

Independent Expert Report: Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the Shareholder approval required under Section 611 Item 7 of the Corporations Act. The Independent Expert’s Report comments on the fairness and reasonableness of the transactions the subject of this Resolution to the Non-Associated Shareholders in Foyson, and concludes that the transactions are *not fair but reasonable*. The Independent Expert’s Report is attached as Annexure C to the Explanatory Statement and:

- (a) is also accessible on Foyson’s website www.foyson.net; and
- (b) if requested by a Shareholder, will be sent to the Shareholder in hard copy at no cost to the Shareholder.

Voting Exclusion (Corporations Act): Under Item 7 of Section 611 of the Corporations Act, no votes may be cast in favour of this Resolution by:

- (a) the person proposing to make the acquisition and their Associates; or
- (b) the persons (if any) from whom the acquisition is to be made and their Associates.

Accordingly, Foyson will disregard any votes cast on this Resolution by TVI Pacific Inc and its Associates, including Clifford James.

10. RESOLUTION 10 – APPROVAL OF CONVERSION TERMS OF NOTES ISSUED TO MICHAEL PALMER

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 10.11 and all other purposes, Shareholders approve the Conversion Terms of 50,000 Notes issued to Michael Palmer (or his nominee), on the terms set out in the Explanatory Statement accompanying this Notice.”

Voting Exclusion: Foyson will disregard any votes cast on Resolution 10 by Michael Palmer and any person Associated with him. However, Foyson will not disregard any votes cast on Resolution 10 by such person if:

- (a) the person is acting as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

11. RESOLUTION 11 – APPROVAL OF CONVERSION TERMS OF NOTES ISSUED TO DAVID MCINTOSH

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 10.11 and all other purposes, Shareholders approve the Conversion Terms of 100,000 Notes issued to David McIntosh (or his nominee), on the terms set out in the Explanatory Statement accompanying this Notice.”

Voting Exclusion: Foyson will disregard any votes cast on Resolution 11 by David McIntosh and any person Associated with him. However, Foyson will not disregard any votes cast on Resolution 11 by such person if:

- (a) the person is acting as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

12. RESOLUTION 12 – APPROVAL OF CONVERSION TERMS OF NOTES ISSUED TO UNRELATED PARTIES

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 7.1 and all other purposes, Shareholders approve the Conversion Terms of 150,000 Notes to be issued to unrelated sophisticated investors, on the terms set out in the Explanatory Statement accompanying this Notice.”

Voting Exclusion: Foyson will disregard any votes cast on Resolution 12 by holders of the Notes whose Conversion Terms are being approved and any person Associated with them. However, Foyson will not disregard any votes cast on Resolution 12 by such person if:

- (a) the person is acting as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

13. RESOLUTION 13 – APPROVAL OF THE ISSUE OF SHARES AND OPTIONS TO DAVID MCINTOSH

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolutions 1 to 7, ASX Confirmation being received and Completion of the IGE Transaction occurring, for the purpose of Listing Rule 10.11, section 208 of the Corporations Act and for all other purposes, approval is given for the issue of 100,000 Shares (on a post Consolidation basis) and 100,000 Options with an exercise price of \$0.20 (on a post Consolidation basis) to David McIntosh (or his nominee), for the purpose and on the terms set out in the Explanatory Statement.”

Voting exclusion: Foyson will disregard any votes cast on Resolution 13 by David McIntosh, and any person Associated with David McIntosh. However, Foyson will not disregard any votes cast on Resolution 13 by such person if:

- (a) it is cast by a person as a proxy, appointed in writing that specifies how the Proxy is to vote on the Resolution, for a person who is entitled to vote, and it is not cast on behalf of David McIntosh or any Associate of David McIntosh; or
- (b) it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

14. RESOLUTION 14 – APPROVAL OF THE ISSUE OF SHARES AND OPTIONS TO KILROY GENIA

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolutions 1 to 7, ASX Confirmation being received and Completion of the IGE Transaction occurring, for the purpose of Listing Rule 10.11, section 208 of the Corporations Act and for all other purposes, approval is given for the issue of 100,000 Shares (on a post Consolidation basis) and 100,000 Options with an exercise price of \$0.20 (on a post Consolidation basis) to Kilroy Genia (or his nominee), for the purpose and on the terms set out in the Explanatory Statement.”

Voting exclusion: Foyson will disregard any votes cast on Resolution 14 by Kilroy Genia, and any person Associated with Kilroy Genia. However, Foyson will not disregard any votes cast on Resolution 14 by such person if:

- (a) it is cast by a person as a proxy, appointed in writing that specifies how the Proxy is to vote on the Resolution, for a person who is entitled to vote, and it is not cast on behalf of Kilroy Genia or any Associate of Kilroy Genia; or
- (b) it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

15. RESOLUTION 15 – RATIFICATION OF ISSUE OF SHARES AND OPTIONS UNDER INTERIM PLACEMENT

To consider, and if thought fit, to pass the following resolution as an **ordinary resolution**:

“That for the purpose of Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the allotment and issue of up to 80,000,000 Shares at an issue price of \$0.006 and 80,000,000 Options with an exercise price of \$0.008 (on a pre Consolidation basis) in the period up to and including 30 July 2015 to raise \$480,000 as described in the Explanatory Statement accompanying this Notice.”

Voting Exclusion: Foyson will disregard any votes cast on Resolution 15 by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the Resolution is passed and any Associates of those persons.

However, Foyson will not disregard any votes cast on Resolution 15 by such person if:

- (a) the person is acting as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

16. RESOLUTION 16 – APPROVAL OF CHANGE OF NAME TO FOY GROUP LIMITED

To consider, and if thought fit, to pass the following resolution as a **special resolution**:

“That, subject to the passing of Resolutions 1 to 6 (inclusive), for the purpose of section 157 of the Corporations Act, approval is given for Foyson to change its name to FOY Group Limited, effective from the date the Australian Securities & Investments Commission alters the details of Foyson’s registration for the name change.”

Further information in relation to the business referred to above is included in the explanatory statement (**Explanatory Statement**) accompanying this notice of meeting (**Notice**).

By order of the board of directors of
Foyson Resources Limited

A handwritten signature in black ink, appearing to read 'A. Rourke', with a long horizontal stroke extending to the right.

Aliceson Rourke
Company Secretary

Friday, 26 June 2015

FREQUENTLY ASKED QUESTIONS

Question	Answer	More information
What is the IGE Transaction?	<p>In summary, the IGE Transaction involves Foyson acquiring the following assets from IGE:</p> <ul style="list-style-type: none"> ➤ exclusive licences to commercialize three technologies in Australia, New Zealand, China, India, North America, South East Asia, Papua New Guinea and Fiji; ➤ one of four licences for each of the technologies in Western Europe, Eastern Europe, South America, Japan and Africa; ➤ a completed and operating commercial facility which converts waste plastic to fuel, with an installed capacity of 50 tonnes feedstock per day (fstpd), located at Berkeley Vale, NSW (Commercial Plant); ➤ an executed contract for waste plastic feedstock supply; and ➤ an existing management and operations team. <p>In consideration for the acquisition of those assets, Foyson will:</p> <ul style="list-style-type: none"> ➤ issue to the shareholders of IGE (as IGE's nominees) the Consideration Shares and Consideration Options; and ➤ if the Performance Target is met, issue to the shareholders of IGE (as IGE's nominees) the Milestone Shares and Milestone Options. <p>See section 1.5 for further details on the assets, section 1.8 for further details on the consideration and the Performance Target, and section 1.10 for further details on the Business Sale Agreement.</p> <p>The IGE Transaction is considered by ASX to be a significant change to the nature and scale of Foyson's activities, and as such requires the approval sought under Resolution 1 and re-compliance by Foyson with Chapters 1 and 2 of the ASX Listing Rules (Listing Rules).</p>	Section 1
Who is IGE?	<p>IGE is an unlisted public company established on 15 February 2013 as a shelf company. In October 2014 a number of investors joined with the original developers of the Technologies using IGE as the investment vehicle for the purpose of raising the capital required to develop and commercialise the following technologies:</p>	Section 4

	<ul style="list-style-type: none"> ➤ waste plastics to fuel (catalytic thermal depolymerisation) technology; ➤ biomass to energy (indirectly fired gas turbine) technology; and ➤ biomass to liquid fuels technology. <p>In October 2014 IGE licensed each Technology from the developers of that Technology.</p> <p>IGE has funded the construction of the Commercial Plant (which incorporates the waste plastics to fuel technology) to be acquired by Foyson under the IGE Transaction. Foyson has agreed to contribute up to \$400,000 towards the costs of commissioning the Commercial Plant.</p> <p>In addition, Foyson has agreed to pay the reasonable costs incurred by IGE in:</p> <ul style="list-style-type: none"> ➤ improving the presentation of the site on which the Commercial Plant is situated to Foyson's satisfaction; ➤ acquiring or leasing land proximate to the Commercial Plant, if Foyson considers it desirable in connection with the operation of the Commercial Plant or the Business; and ➤ negotiating, documenting and registering the new leases to be put in place in respect of the land on which the Commercial Plant is situated. 	
Who developed the Technologies?	The Technologies were developed by BTOLA and UTOF and their principals, Bevan Dooley (who is a director and shareholder of both BTOLA and UTOF and also a Director of Foyson) and Adrian Lake (a director and shareholder of UTOF, which (aside from Bevan Dooley) also has two other shareholders).	Section 4.1
Who are the IGE Shareholders?	<p>The IGE shareholders broadly fall in to three categories: the developers of the Technology (and their friends and family), early supporters of the Technology and seed capitalists.</p> <p>Bevan Dooley, BTOLA and each of the shareholders of UTOF (being, together, the principal developers and licensors of the Technology) collectively hold 34.9% of the shares in IGE.</p> <p>The largest single shareholder of IGE, with 27.5% of IGE's issued share capital, is Mr Dickson, a seed capitalist who has contributed significant cash investment to IGE. Mr Dickson is the Chairman of Foyson.</p> <p>In October 2014, Mr Dickson also contributed \$337,500 in funding to Foyson by way of a</p>	Sections 4.1 and 8.4

	<p>placement of 135 million Shares at \$0.0025 (above market price at the time), and Foyson agreed to issue to Mr Dickson an additional 135 million Options (to be approved by Resolution 6).</p> <p>In addition to the Technology developers and Mr Dickson, there are several other IGE Shareholders, listed in section 8.4.</p>	
Who are the IGE Parties?	<p>The IGE Parties are IGE, each of the IGE Shareholders (identified in section 8.4) and their Associates.</p> <p>The IGE Shareholders will be issued the Consideration Securities and (if the Performance Target is met) Milestone Securities as IGE's nominees.</p> <p>Despite the disparity among the group of IGE Shareholders, the Corporations Act treats them (together with their respective Associates and IGE) as potentially being Associates.</p> <p>In determining each IGE Shareholder's Voting Power, therefore, the relevant interests in Shares of each of IGE, the IGE Shareholders and their respective Associates must be added together.</p>	Sections 8.1, 8.2 and 8.4
What effect will the IGE Transaction and the Fundraising have on the control of Foyson?	<p>There are two critical time periods for assessing the control impact of the IGE Transaction: first, immediately following Completion of the IGE Transaction and the Fundraising, when the Consideration Securities are issued; and second, following satisfaction of the Performance Target (if at all) when the Milestone Securities are issued.</p> <p>Immediately following Completion of the IGE Transaction and the Fundraising, the IGE Parties will have Voting Power of between 55.9% (minimum) and 76% (maximum).</p> <p>TVI Pacific, which previously had Voting Power of more than 20%, will have its Voting Power reduced to below 20%.</p> <p>Following the issue of the Milestone Securities (if the Performance Target is met) the IGE Parties will have Voting Power of between 58.2% (minimum) and 81.2% (maximum), assuming that no changes to Foyson's capital structure (such as additional issues of securities or capital reductions) occur between Completion and the date of issue of the Milestone Securities.</p> <p>The minimum voting power calculation assumes (amongst other things) that all Non-Associated Optionholders have exercised their Options but the IGE Parties have not exercised their Options. The maximum voting power calculation assumes that no Non-Associated Optionholders have exercised their Options, but all IGE Parties have exercised all their Options.</p> <p>The Independent Directors consider that the likely</p>	Sections 2.7 and 8

	voting power of the IGE Parties from day one following Completion of the IGE Transaction will be 66.1%, which assumes that no Options have been exercised by any Optionholders. This is for a number of reasons, including that a large number of Options will be restricted securities (which means they cannot be exercised until the end of the applicable escrow period otherwise than in breach of the relevant restriction agreement) and because Optionholders may wish to wait for a period of time before contributing additional capital to Foyson by exercising their Options.	
If the IGE Transaction does not proceed, what is the effect on the control of Foyson?	If the IGE Transaction does <u>not</u> proceed, but Resolution 9 (approving the issue of securities to TVI and its Associate Clifford James) is approved, then TVI's and Mr James' Voting Power may increase to a maximum of 40.6% following the issue of those securities.	Section 2.7
What relevant interest in Shares will each IGE Shareholder have in Foyson after the IGE Transaction?	<p>Each IGE Shareholder will be issued their Respective Proportion of the Consideration Securities and Milestone Securities, as set out in section 8.4.</p> <p>The maximum Relevant Interest of each IGE Shareholder after the issue of the Consideration Securities and Milestone Securities is set out in section 8.8 (and is based on a number of assumptions).</p> <p>For example, the maximum Relevant Interest of Paul Dickson (IGE's largest shareholder) will be 26.2%, the maximum Relevant Interest of Rebelly Health Care (Shanghai) Limited (IGE's second largest shareholder) will be 18.4% and the maximum Relevant Interest of Bevan Dooley (IGE's third largest shareholder) will be 10.2%, meaning they each have the potential to be substantial Shareholders of Foyson following Completion of the IGE Transaction. By comparison, the smallest IGE Shareholder will have a maximum Relevant Interest of 0.031%.</p>	Sections 8.4 and 8.8
What is the Fundraising?	<p>In conjunction with the IGE Transaction, to raise funds and to assist with re-compliance with Chapters 1 and 2 of the Listing Rules, Foyson intends to undertake the following fundraising activities:</p> <ul style="list-style-type: none"> ➤ the issue of 1 Share plus 1 Option for every 10 Shares held to existing eligible Shareholders (Rights Issue) to raise up to approximately \$1.3 million; and ➤ an offer of Shares and Options to raise up to approximately \$4.5 million (Offer). 	Section 1.11
What will Foyson's main business be after the IGE Transaction is	Foyson's main business undertaking will be producing diesel and petrol products from predominantly non-recyclable waste plastics using	Section 2.2

implemented?	licensed technology incorporated into the Commercial Plant, and the sale of those products to diesel fleet users and wholesale fuel blenders in NSW.							
What will Foyson’s growth strategy be after the IGE Transaction is implemented?	<p>Foyson’s short term plans are to expand the capacity of the Commercial Plant to 200 tonnes fstd.</p> <p>At the appropriate time during Foyson’s growth phase, and after developing appropriate business plans and taking account of prevailing market conditions, Foyson intends to consider:</p> <ul style="list-style-type: none">➤ building additional waste plastic to fuel conversion plants in appropriate locations in the East Coast of Australia;➤ sub-licencing the technology associated with the Commercial Plant to local operators in appropriate offshore jurisdictions and collect royalties relating to that operation;➤ develop and prove the biomass to energy generating technology and commercialise that technology in PNG; and➤ pursue the Amazon Bay Project and other resource and business opportunities in PNG provided that they can be self-funded.	Section 2.3						
Can the IGE Transaction proceed if funds are not raised under the Fundraising?	The IGE Transaction is not expressly conditional on the Fundraising proceeding and may theoretically proceed even if funds are not raised under the Fundraising. However, the IGE Transaction and Resolutions 1 – 6 are conditional on ASX confirming that Foyson has re-complied with Chapters 1 and 2 of the Listing Rules. If sufficient funds are not raised under the Fundraising, it is likely that Foyson will not re-comply with Chapters 1 and 2 of the Listing Rules (for example, because it has failed to obtain the necessary spread of shareholders or to raise sufficient working capital).	Section 1.11						
What is the proposed use of the proceeds from the Fundraising?	<p>The proposed use of the proceeds from the Fundraising is set out in the table below.* As explained above, the Fundraising will also help Foyson to re-comply with Chapters 1 and 2 of the Listing Rules.</p> <table><tr><th>Use</th><th>Amount</th></tr><tr><td>IGE Transaction and Fundraising costs</td><td>Up to \$1,250,000</td></tr><tr><td>Capital expenditure to increase Commercial Plant capacity</td><td>Up to \$3,700,000</td></tr></table>	Use	Amount	IGE Transaction and Fundraising costs	Up to \$1,250,000	Capital expenditure to increase Commercial Plant capacity	Up to \$3,700,000	Section 1.11
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IGE Transaction and Fundraising costs	Up to \$1,250,000							
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	<table><tr><td>Payment of commissioning expenses to IGE</td><td>up to \$400,000</td></tr><tr><td>Payment of costs associated with New Property Leases and other property</td><td>up to \$300,000</td></tr><tr><td>Working capital</td><td>\$150,000</td></tr><tr><td>Total amount of funds to be raised</td><td>Up to \$5,800,000</td></tr></table> <p>* The above table is a statement of the Board's current intentions as at the date of this Notice of Meeting. As with any work plan and budget, intervening events and new circumstances have the potential to affect the ultimate way funds will be applied. Accordingly, the actual expenditures may vary from the above estimates and the Board reserves the right to vary the expenditures dependent on circumstances and other opportunities.</p>	Payment of commissioning expenses to IGE	up to \$400,000	Payment of costs associated with New Property Leases and other property	up to \$300,000	Working capital	\$150,000	Total amount of funds to be raised	Up to \$5,800,000	
Payment of commissioning expenses to IGE	up to \$400,000									
Payment of costs associated with New Property Leases and other property	up to \$300,000									
Working capital	\$150,000									
Total amount of funds to be raised	Up to \$5,800,000									
Why is shareholder approval being sought for the IGE Transaction?	<p>The acquisition of the IGE Assets represents a significant change in the nature and scale of FOY's activities. ASX has confirmed that, under ASX Listing Rule 11.1, Foyson is required to seek the approval of Shareholders for the IGE Transaction.</p> <p>In addition, Shareholder approval is required for:</p> <ul style="list-style-type: none">➤ the acquisition of the IGE Assets from IGE (which is potentially a Related Party of Foyson) and the acquisition of rights under the Licences from BTOLA (which is a Related Party of Foyson) and UTOF (which is an Associate of BTOLA and potentially IGE) for the purpose of Listing Rule 10.1 (the relevant Related Party and Associate relationships are described in section 6.2);➤ the consideration for the IGE Assets, which is the issue of the Consideration Securities and (if the Performance Target is met) Milestone Securities to the IGE Shareholders (as IGE's nominees under the Business Sale Agreement). This is because, if the IGE Shareholders are considered to be Associates of each other, the issue of the Consideration Securities and the Milestone Securities will take their Voting Power from below 20% to a point above 20% (but below 90%). Therefore, to ensure there is no breach of section 606 of the Corporations Act, Shareholder approval in accordance with section 611 item 7 of the Corporations Act is required; and➤ the performance right granted under the Business Sale Agreement (ie the right to be granted the Milestone Shares if the	Sections 5 to 8								

	<p>Performance Target is met). ASX has advised that it considers the performance right to be an equity security which will be appropriate and equitable as required by Listing Rule 6.1 provided that Shareholder approval is received (and other requirements set out in section 7 are met).</p> <p>Further Shareholder approvals required in connection with the IGE Transaction are summarised under “What are Shareholders being asked to vote on?” below.</p>	
What Resolutions must be approved for the IGE Transaction to proceed?	<p>The IGE Transaction will not proceed unless Resolutions 1 – 6 (inclusive) are approved.</p> <p>The IGE Transaction is not expressly conditional on the Resolution 7 being approved. However, the IGE Transaction and Resolutions 1 – 6 are conditional on ASX confirming that Foyson has re-complied with Chapters 1 and 2 of the Listing Rules. If Resolution 7 is not approved, it is likely that Foyson will not be able to re-comply with Chapters 1 and 2 of the Listing Rules (for example, because it has failed to obtain the necessary spread of shareholders).</p>	Sections 1.3 and 5 to 10
What is the IGE Transaction conditional on?	The IGE Transaction is conditional on a number of matters, which are summarised in Annexure A. In particular, the IGE Transaction is conditional on ASX confirming that Foyson has re-complied with Chapters 1 and 2 of the ASX Listing Rules and Resolutions 1 – 6 being approved.	Sections 1.3 and 1.9
What happens if the IGE Transaction does not proceed?	<p>If the IGE Transaction does not proceed, there is a risk that Foyson will not be able to continue as a going concern if it cannot find an alternative cash flow business to acquire on acceptable terms or otherwise raise adequate funding to continue its iron sands exploration activities on the Amazon Bay project.</p> <p>After having sought cash flow business for at least 18 months prior to deciding to proceed with the IGE Transaction, the Independent Directors consider there to be a high risk that Foyson would be unable to find an alternative business to acquire on acceptable terms if the IGE Transaction does not proceed.</p> <p>In addition, Foyson has previously sought debt and equity funding for the Amazon Bay project and has not found such funding on commercially acceptable terms. The lack of funding is currently exacerbated by the low iron ore price. As such, the Independent Directors consider that there is a high risk that Foyson would not obtain adequate funding for its Amazon Bay project if the IGE Transaction does not proceed.</p> <p>Further, if the IGE Transaction does not proceed but Resolution 9 (approving the issue of securities</p>	Sections 3.1(b) and 3.3

	to TVI and its Associate Clifford James) is approved, then TVI's and Clifford James' Voting Power may increase to 40.6%.	
What are Shareholders being asked to vote on?	<p>Shareholders are being asked to vote on 16 Resolutions which provide the following approvals:</p> <ul style="list-style-type: none"> ➤ approval for the change to the nature and scale of Foyson's activities through the completion of the IGE Transaction; ➤ approval for the acquisition of the IGE Assets and the right to use, commercialise and develop the Technology from related parties; ➤ approval of the right granted to IGE under the Business Sale Agreement for IGE Shareholders (as IGE's nominees) to be issued the Milestone Securities if the Performance Target is met; ➤ approval of the issue of the Consideration Securities and Milestone Securities, and the issue of shares on the exercise of the Consideration Options, Milestone Options and all other Options held by IGE Parties prior to the issue of the Consideration Securities; ➤ approval of the 1:25 Consolidation; ➤ approval for the issue of 135,000,000 Options (on a pre-Consolidation basis) to Paul Dickson; ➤ approval for Foyson to issue up to 22,500,000 Shares for the Offer; ➤ approval of the issue of 144,354,252 Shares to TVI plus an additional 228,965,616 Shares on the exercise of the Options held by TVI, and the issue of 7,078,866 Shares to Clifford James (an Associate of TVI) plus an additional 17,241,379 Shares on the exercise of the Options held by Clifford James (in each case on a pre Consolidation basis); ➤ approval of the issue of 250,000 Shares and 250,000 Options (on a post-Consolidation basis) to Michael Palmer; ➤ approval of the Conversion Terms of Notes issued to related parties and non-related parties of Foyson; ➤ approval for the issue of 100,000 Shares and 100,000 Options (on a post-Consolidation basis) to each of David McIntosh and Kilroy Genia, for special 	Sections 5 to 18

	<p>services provided to Foyson;</p> <ul style="list-style-type: none"> ➤ ratification for the issue of Shares and Options under the Interim Placement; and ➤ change of the name of Foyson to FOY Group Ltd. 	
<p>What are the key reasons to vote in favour of the IGE Transaction?</p>	<ul style="list-style-type: none"> ➤ Foyson will obtain an interest in a business which has the capacity to generate cash flow by producing and selling fuel. ➤ If the IGE Transaction is not approved, there is a risk Foyson may not be able to continue as a going concern. ➤ Foyson believes the business model has attractive features, including: <ul style="list-style-type: none"> ▪ the Commercial Plant uses plentiful waste plastic as feedstock (in particular non-recyclable waste plastic which would otherwise be disposed of as landfill) and there is already a contract for the provision of sufficient feedstock for the scale up and operation of a 200fstpd plant in place; ▪ the business model is anticipated to be viable provided the Brent crude oil price is above US\$25 per barrel (subject to a number of assumptions, including that a feedstock price of less than \$250 per tonne is maintained and Foyson sells all fuel produced); ▪ the economic viability of the Commercial Plant does not depend on Government grants or subsidies; and ▪ there is potential for additional business opportunities associated with the Technologies, which may be exploited and/or sub-licensed. ➤ There is an opportunity for Foyson to leverage off its knowledge of the market in PNG in order to seek further business opportunities (including relating to the Technologies) in that country. ➤ Foyson may be better positioned to fund the development of the Amazon Bay Project in the future due to its business activities being more diversified and not exclusively cash flow negative mineral exploration. 	<p>Section 3.1</p>

	<ul style="list-style-type: none"> ➤ Following the IGE Transaction and the Fundraising Foyson will have a strengthened market capitalisation. ➤ Following completion of the IGE Transaction and Fundraisings, TVI's current Voting Power of approximately 23.05% will be diluted to below 10%. If the IGE Transaction and Fundraisings do not complete, TVI's Voting Power may increase to a maximum of 40.6%. ➤ The Independent Expert has concluded that the IGE Transaction is not fair but reasonable to Shareholders not Associated with the IGE Parties (please refer to section 1.13 for an explanation of what is meant by "not fair", and Annexure C for the full Independent Expert's Report). ➤ No superior proposal to the IGE Transaction has emerged. ➤ The Independent Directors consider that the IGE Transaction is the best option currently available to Foyson to increase Shareholder wealth in the longer term. 	
<p>What are the possible reasons to consider voting against the IGE Transaction?</p>	<ul style="list-style-type: none"> ➤ Whether the operation of the Commercial Plant or the sale of fuel produced by it is economically viable or becomes profitable depends on a number of factors outside the control of the Board, including the WPTF Technology working as anticipated in the Commercial Plant, the crude oil price and consumer demand for the fuel produced by the Commercial Plant. As such, there is no guarantee that this business will be economically viable or become profitable. ➤ After Completion of the IGE Transaction, the IGE Parties will have in aggregate at least 55.9% and at most 81.2% Voting Power. This will also result in the Voting Power of existing Shareholders being significantly diluted. At this shareholding level, if the IGE Parties are acting in concert, the IGE Parties will be able to control the composition of the Board and pass ordinary resolutions (ie requiring more than 50% of the votes cast) and the interests of the IGE Parties may not always be aligned with those of existing Shareholders. This level of Voting Power may also be a disincentive for third parties to make future offers for your Shares (as third parties seeking control may require the approval of the IGE Parties). ➤ Two directors of Foyson, Paul Dickson and 	Section 3.2

	<p>Bevan Dooley, are IGE Parties and will have input into Board decisions regarding Foyson (although will be subject to their directors duties, including to act in good faith and in the best interests of Foyson). Currently, the Board also includes four independent directors, but the IGE Parties will, if acting in concert, have sufficient Voting Power after the IGE Transaction to appoint additional directors.</p> <ul style="list-style-type: none"> ➤ If Resolutions 1 – 6 are approved, Foyson's Shares will be suspended from trading until such time as Foyson re-complies with Chapters 1 and 2 of the Listing Rules. If Foyson fails to re-comply, there is a risk that its Shares could continue to be suspended until such time as those requirements are met or the IGE Transaction is terminated for not satisfying the re-compliance condition (the sunset date for satisfaction of the conditions precedent under the Business Sale Agreement is 30 November 2015 unless the parties agree to extend it). ➤ Following Completion of the IGE Transaction, it is unlikely that Foyson will be able to use any carried forward tax losses (noting that Foyson has not determined whether those tax losses could be used on future profits regardless of whether the IGE Transaction completes – refer to sections 2.8 and 3.2(d)). ➤ There are costs associated with undertaking the IGE Transaction, including stamp duty, fees for legal and financial advisers and share registry costs. However, the majority of these costs will be incurred regardless of whether the IGE Transaction proceeds. ➤ Shareholders may disagree with the change of the nature and scale of Foyson's business, the Independent Expert's conclusion that the IGE Transaction is not fair but reasonable or the Independent Directors' recommendation. ➤ Shareholders may consider there is a possibility a superior proposal will emerge. 	
<p>What are the risks associated with the IGE Transaction?</p>	<p>The key risks specific to the IGE Transaction and, in particular, the waste plastic to fuel activities and other Technologies, are:</p> <ul style="list-style-type: none"> ➤ crude oil prices falling to a price at which production from the Commercial Plant becomes uneconomic; 	<p>Section 3.4</p>

	<ul style="list-style-type: none"> ➤ interruption to the supply of non-recyclable waste-plastic feedstock or issues with the quality of that feedstock; ➤ failure of the Technologies to work at a commercial scale or to stop working in the future; ➤ changes to laws or regulations that result in material increased costs; ➤ Foyson failing to adhere to health and safety laws and regulations, resulting in fatalities or serious personal injury to staff or service providers; ➤ Foyson failing to obtain the necessary environmental permits, observe environmental regulations or those regulations being changed in a material way; ➤ Foyson failing to protect its intellectual property rights relating to the Technologies; ➤ Foyson infringing third parties' intellectual property rights; ➤ the release of the restricted securities from escrow which may impact the price of Shares; ➤ Foyson failing to meet the Australian standards for Foyson's finished products; ➤ failure of the Commercial Plant to product at its planned capacity; ➤ Foyson failing to retain key management, or of management failing to deal with any rapid growth in operations; ➤ new fuel standards being introduced; ➤ Foyson failing to develop any necessary technology to remain competitive, optimise production or comply with new environmental or other regulations; ➤ Foyson failing to obtain funding for its growth strategy; ➤ Foyson failing to complete the Expansion at all or on time or within budget; ➤ Foyson failing to obtain customers for its products; ➤ Foyson failing to efficiently maintain the Commercial Plant; ➤ Foyson failing to obtain any necessary 	
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	<p>development approvals relating to the Expansion;</p> <ul style="list-style-type: none"> ➤ Foyson failing to build and maintain reliable distribution channels and access to freight, storage, infrastructure and logistic support; ➤ the Berkeley Vale site may be affected by events outside Foyson's control occurring, which may result in the site being unable to be used for the operation of the Commercial Plant and/or the lease being terminated; ➤ adverse movements in the Australian dollar as against the US dollar affecting the price at which Foyson can sell its products; and ➤ other general risks relating to the IGE Transaction summarised in section 3.4. 	
Who are the Directors of Foyson?	<p>The Directors are Mr Paul Dickson (Non-Executive Chairman), Mr Michael Palmer (Managing Director), Mr Bevan Dooley, Mr David McIntosh, Mr Clifford James and Mr Kilroy Genia.</p> <p>Mr Paul Dickson and Mr Bevan Dooley are each directors and shareholders of IGE.</p>	
Are the Directors currently receiving fees for their services?	<p>Shortly after Mr Dickson and Mr Dooley joined the Foyson Board, the Board requested that each Director (including Mr Palmer in his capacity as Managing Director) waive his right to receive director's fees (and in the case of Mr Palmer, his right to receive fees as Managing Director). Accordingly, none of the Directors currently receive Director's fees.</p>	Sections 12 and 16
Who are the Independent Directors?	<p>For the purpose of this Notice and Explanatory Statement, the Independent Directors are those Directors of Foyson who are not Associated with IGE. They are: Mr Michael Palmer, Mr David McIntosh, Mr Clifford James and Mr Kilroy Genia.</p> <p>The Independent Directors have no material personal interest in the outcome of the IGE Transaction (other than in their capacity as Shareholders or Optionholders of Foyson).</p>	
What do the Independent Directors recommend?	<p>The Independent Directors recommend that Shareholders VOTE IN FAVOUR of all Resolutions.</p> <p>The Independent Directors have considered the advantages, disadvantages and risks of the IGE Transaction and make their recommendation independently of Paul Dickson and Bevan Dooley, who are Directors Associated with IGE.</p>	Section 1.14
What is the Independent Expert's opinion?	<p>The Independent Expert has determined that the IGE Transaction is <i>not fair but reasonable</i> to Shareholders not Associated with the IGE Parties.</p>	Section 1.12 and Annexure C

	The Independent Expert has also determined that the TVI Conversions are <i>not fair but reasonable</i> to Shareholders not Associated with TVI.	
What does ‘not fair but reasonable’ mean?	<p>An offer is “<i>fair</i>” if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer. The comparison is made assuming 100% ownership of the target, irrespective of whether the consideration is cash or scrip, and further assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm’s length.</p> <p>An offer is “<i>reasonable</i>” if it is “<i>fair</i>”.</p> <p>However, an offer may also be reasonable if, despite being “<i>not fair</i>”, the expert believes there are other sufficient reasons for shareholders to accept the offer in the absence of any higher bid before the close of the offer.</p>	Annexure C

KEY DATES

These dates are indicative only and may change. Foyson may elect to postpone the meeting date or to withdraw from the IGE Transaction, the Consolidation, the Fundraising or the subject matter of any other Resolution at any time before the meeting date.

Date of this Notice	Friday, 26 June 2015
General Meeting	Thursday, 30 July 2015
Trading of Foyson’s securities suspended	Thursday, 30 July 2015
Prospectus lodged with ASIC and application for admission under Chapters 1 and 2 of the ASX Listing Rules lodged with ASX	Monday, 3 August 2015
Announce Rights Issue and Offer to ASX	Monday, 3 August 2015
Notice of Rights Issue given to Shareholders	Tuesday, 4 August 2015
Record date	Monday, 10 August 2015
Dispatch of Prospectus to Shareholders; Rights Issue Opens	Wednesday, 12 August 2015
Issue date of post-consolidation shares	Wednesday, 12 August 2015
Rights Issue and Offer Closes	Wednesday, 2 September 2015
Issue Date for Rights Issue	Wednesday, 9 September 2015*
Complete Placement	Wednesday, 9 September 2015*
Completion of IGE Transaction and issue	Wednesday, 9 September 2015*
Holding statements sent to subscribers under Rights Issue, Placement and (if holding lock	Wednesday, 16 September 2015*

applied) nominees under the Agreement	
Anticipated ASX quotation date	Friday, 18 September 2015*

* These events will not occur until ASX Confirmation is received (which is generally between 4 – 6 weeks after the application under Chapter 1 of the Listing Rules is lodged).

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of Shareholders of Foyson in relation to the business to be conducted at the Extraordinary General Meeting to be held at Mt Kenya Room, Christies, Level 4, 100 Walker Street North Sydney NSW 2060 on Thursday, 30 July 2015 at 11.00am.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to Foyson which is material to a decision on how to vote on the Resolutions in the accompanying Notice of Extraordinary General Meeting.

This Explanatory Statement should be read in conjunction with the Notice of Extraordinary General Meeting preceding this Explanatory Statement.

Capitalised terms in this Explanatory Statement are defined in the glossary to this document. All references to “sections” are to sections of this Explanatory Statement, unless otherwise stated.

1. SUMMARY OF THE IGE TRANSACTION

1.1 Overview

The IGE Transaction involves combining Foyson's existing assets with certain assets to be purchased from Integrated Green Energy Limited (**IGE**), under a Business Sale Agreement. In exchange, the IGE Shareholders (as IGE's nominees) will be issued Shares and Options in Foyson in two tranches: initially, when the Commercial Plant is built to its 50 tonnes feedstock per day (**fstopd**) capacity (and the other conditions to completing the transaction are met and Completion occurs) and secondly when the performance target described below (**Performance Target**) is met.

Due to the large number of Shares and Options being issued to the IGE Shareholders as consideration for the IGE Assets, there will be a control impact to the IGE Transaction, described in section 2.7.

Foyson announced the signing of a non-binding term sheet to implement the IGE Transaction on 30 September 2014 and on 18 March 2015, announced the execution of the Business Sale Agreement with binding terms to give effect to the IGE Transaction.

ASX has advised that the IGE Transaction constitutes a change to the nature and scale of activities of Foyson, requiring it seek Shareholder approval for the IGE Transaction and to re-comply with Chapters 1 and 2 of the Listing Rules. Accordingly, Foyson is seeking Shareholder approval for the IGE Transaction (and a number of related matters) at the Meeting.

1.2 IGE Transaction components and the Resolutions that must be approved for the IGE Transaction to proceed

There are a number of components to the IGE Transaction in order to implement the Business Sale Agreement, to re-comply with Chapters 1 and 2 of the ASX Listing Rules and to undertake the Fundraising.

These include:

- (a) Completion of the Business Sale Agreement, under which:
 - (i) IGE will transfer the IGE Assets to Foyson (refer section 1.5); and
 - (ii) Foyson will issue to the IGE Shareholders (as IGE's nominee) the Consideration Securities and, on satisfaction of the Performance Target, the Milestone Securities (refer section 1.8);

(Resolutions 1, 2, 3 and 4);
- (b) Foyson undertaking a 1 for 25 consolidation of its share capital (**Resolution 5**);
- (c) Foyson undertaking the Fundraising (refer section 1.11) (**Resolution 7**); and

- (d) Foyson granting 135,000,000 Options (on a pre Consolidation basis) with an exercise price of \$0.008 to Paul Dickson, a Related Party and Associate of IGE (**Resolution 6**).

Each of Resolutions 1 – 6 must be approved for the IGE Transaction to proceed. The IGE Transaction is not expressly conditional on the Fundraising being approved. However, the Fundraising may be required, in whole or part, to enable Foyson to re-comply with Chapters 1 and 2 of the Listing Rules (which is an express condition precedent to the IGE Transaction proceeding).

Foyson is preparing a prospectus, as required by the ASX Listing Rules, to provide information about Foyson and its business (**Prospectus**). Subject to the passing of Resolutions 1 - 6, this Prospectus is intended to be lodged at ASIC within two Business Days after the Meeting, as set out in the indicative timetable set out at the front of the Notice (and Foyson will update the market if this timetable materially changes). The Prospectus will also facilitate the Fundraising.

1.3 Conditionality

A number of the issues of securities to be approved under the Resolutions and other aspects of the IGE Transaction and Fundraising are conditional on other Resolutions being approved or other conditions being met. A summary of the conditionality of the various proposed security issues is set out below.

No.	Issue	Conditions Precedent
(a)	The issue of 135,000,000 Options to Paul Dickson (pre 1:25 consolidation)	Resolution 6 being approved
(b)	The issue of 144,354,253 Shares and 144,354,253 Options to TVI Pacific Inc (pre 1:25 consolidation) (being 75,388,736 Shares and Options owing under the Debt Conversion Deed and 68,965,517 Shares and Options owing under TVI's Capital Promissory Notes (Notes)), and Shares on conversion of all 228,965,616 Options held by TVI	Resolution 9 being approved (however, if Resolution 9 is not approved, TVI will still be entitled to be issued these securities if its Voting Power is sufficiently diluted below 20% or it can take up the securities under its 3% Creep Capacity) The conversion rights of 100,000 of TVI's Notes also need to be approved under Resolution 12 in order for TVI to be issued the securities into which those Notes convert (34,482,758 Shares plus 34,482,758 Options)
(c)	The issue of 7,078,866 Shares plus 7,078,866 Options to Clifford James (an Associate of TVI) under his Notes, and Shares on conversion of all 17,241,379 Options held by Mr James	Resolution 9 being approved (however, if Resolution 9 is not approved, Mr James will still be entitled to be issued these securities if TVI's and Mr James' Voting Power is sufficiently diluted below 20% or it can take up the securities under its 3% Creep Capacity)
(d)	The issue of 17,241,379 Shares plus 17,241,379 Options to Michael Palmer under his Notes	Resolution 10 being approved
(e)	The issue of 34,482,758 Shares plus 34,482,758 Options to David McIntosh under his Notes	Resolution 11 being approved
(f)	The issue of 17,241,379 Shares plus 17,241,379 Options to Doug Halley	Resolution 12 being approved

(g)	Up to 6,544,920 Shares and 6,544,920 Options (post 1:25 consolidation) to existing Shareholders under the Rights Issue	ASX Confirmation
(h)	The issue of up to 22,500,000 Shares and 22,500,000 Options (post 1:25 consolidation) under the Offer	Resolutions 1 – 7 being approved and ASX Confirmation
(i)	The issue of 250,000 Shares and 250,000 Options (post 1:25 consolidation) to Mike Palmer	Resolutions 1 – 8 being approved and ASX Confirmation
(j)	The issue of 100,000 Shares and 100,000 Options (post 1:25 consolidation) to David McIntosh	Resolutions 1 – 7 and 13 being approved and ASX Confirmation
(k)	The issue of 100,000 Shares and 100,000 Options (post 1:25 consolidation) to Kilroy Genia	Resolutions 1 – 7 and 14 being approved and ASX Confirmation
(l)	The issue of the Consideration Shares and Consideration Options to IGE Shareholders in their Respective Proportions	<ul style="list-style-type: none"> • Resolutions 1 – 6 • ASX Confirmation (in practice, ASX Confirmation will not be received unless Resolution 7 is also approved) • completion of the IGE Transaction
(m)	The issue of the Milestone Shares and Milestone Options to IGE Shareholders in their Respective Proportions	<ul style="list-style-type: none"> • Resolutions 1 – 6 • ASX Confirmation (in practice, ASX Confirmation will not be received unless Resolution 7 is also approved) • completion of the IGE Transaction • Performance Target being met

1.4 Rationale for the IGE Transaction

Foyson has been engaged in exploring for minerals in Papua New Guinea (**PNG**) since 2008. PNG has been an attractive location for Australian exploration companies, due to its close proximity and the significant number of major resource projects developed over the past thirty years, particularly based on gold and copper, and oil and gas.

Foyson has held a large land position in PNG during this period, exploring for gold and copper, and most importantly, exploring the iron sands project at Amazon Bay, 150kms south east of Port Moresby (**Amazon Bay Project**).

Exploration requires long term investment, particularly in a country like PNG, with its limited local infrastructure, and the funding for exploration is generally only available from the equities market.

Over the past eighteen months, commodity prices have dropped significantly (in April 2015, iron ore prices dropped below \$60 per tonne from a high of over \$150 per tonne in 2013, as an example), which has led to rapidly reducing capital market interest in exploration in general, and specifically for junior listed explorers.

The Board recognised this market position early in 2014 and subsequently made a number of announcements to the ASX, in which it identified the need to find a means of internally financing its exploration interests in PNG and in particular, the Amazon Bay Project.

Foyson sees potential in the Amazon Bay Project but it is still an Exploration Target only (as that term is defined in the JORC Code) and requires substantial funding to confirm, and then realise, this potential, including by:

- (a) completing exploration activities to establish whether there is a Mineral Reserve and an Ore Reserve (as those terms are defined in the JORC Code);
- (b) completing a pre-feasibility study, feasibility study and making a final investment decision;
- (c) applying for and obtaining all necessary approvals to move to production, including the grant of a mining lease; and then
- (d) constructing the necessary infrastructure required to move the Amazon Bay Project to the production phase, which a scoping study obtained by Foyson in 2013 indicates requires development capital of around \$150 million.
- (e) The Amazon Bay Project site presents a challenging environment in which to build a new project, due to the almost total lack of infrastructure and the remote location.

The Board embarked on a process of identifying a cash flow generating project or business which could potentially fund (at least in part) the Amazon Bay Project, and more importantly, stand alone as a worthwhile business in a public company. The criteria developed by the Board to search for such a cash flow generating business included the following:

- minimal upfront capital needs (ideally less than \$10 million);
- early cash flow;
- located in Australia;
- growth leverage available;
- environmentally friendly; and
- strong market for product.

These criteria were considered as achievable for a company with the limited resources of Foyson, and were selected to counter the inherent risks of an exploration project in PNG.

Foyson announced that it had signed a non-binding term sheet for the IGE Transaction on 30 September 2014. Foyson completed a placement of 135 million Shares at \$0.0025 per Share (above market rate at that date) and free attaching Options (subject to approval under Resolution 6) to Mr Paul Dickson on 23 October 2015 to raise \$337,500. On 24 October 2015, Mr Dickson and Mr Bevan Dooley were appointed Directors of Foyson (and that appointment was approved by Shareholders at Foyson's Annual General Meeting on 24 November 2014). Since then, all Directors of Foyson have agreed to waive any Directors' fees to which they would otherwise be entitled, to ensure that the Company reduces costs and continues as a going concern until completion of the IGE Transaction.

On 18 March 2015, Foyson announced that it had signed a binding agreement for the purchase of the IGE Assets (**Acquisition**). The IGE Assets are described in more detail in section 1.5. It should be noted that the Business Sale Agreement is still conditional on a number of conditions being satisfied, including ASX confirming that Foyson has re-complied with Chapters 1 and 2 of the Listing Rules (**ASX Confirmation**). These conditions precedent are described in section 1.9 and Annexure A.

The Board considered that the Acquisition met their criteria for the following reasons:

- upfront capital needs of approximately \$4 million;
- cash flow expected to be available immediately on completion of the Acquisition;
- located in New South Wales, approximately 100kms north of Sydney and within 10kms of major transport routes; and
- large quantities of feedstock available (in particular, non-recyclable waste plastic that would otherwise go to landfill) and vast market for petroleum products (diesel and petrol).

The IGE Assets being acquired are described in section 1.5

One of the many attractions of Foyson acquiring IGE's business is that the feedstock is primarily non-recyclable waste plastic, which is readily available near the major urban areas of Eastern Australia, and the product is on road diesel and petrol, of which Australia is a major importer. The Independent Directors consider that the ready availability of feedstock and the potential market for the product could assist to balance the project risk for Foyson's Non-Associated Shareholders.

Details of the advantages, disadvantages and risks associated with the IGE Transaction and the Acquisition are set out in section 3 and should be carefully reviewed.

1.5 What are the IGE Assets?

Under the IGE Transaction, Foyson will acquire:

- (a) royalty-free and, unless both parties agree to terminate the Licence or an insolvency event (as defined) occurs), perpetual licences to commercialise three specific technologies:
 - (i) waste plastics to fuel conversion (**WPTF Technology**);
 - (ii) biomass to fuel conversion (**BTF Technology**); and
 - (iii) biomass to energy conversion (**BTE Technology**)(collectively, the **Technologies**);
- (b) an operating 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 of waste plastic feedstock per day (**fstpd**));
- (c) the management team to operate the Commercial Plant, including the primary developer of the intellectual property on which the Licences are based, Mr Bevan Dooley; and
- (d) the other assets used exclusively in IGE's business, including a feedstock contract and the property lease at Berkeley Vale which will be entered into prior to Completion (see section 2.9 for a summary of material contracts).

Further details of key IGE Assets are set out in sections 1.6 and 1.7 below.

1.6 The Technologies and Licences

The WPTF Technology is the closest to full commercialisation (via the operation of the Commercial Plant on a commercial scale). The WPTF Technology depolymerises waste plastics to lower molecular weight hydrocarbons by subjecting them to heat. In the correct conditions, these lower molecular weight hydrocarbons will fall into the range of crude oil, from which LPG, petrol and diesel can be fractionated. In particular, the Commercial Plant will produce petrol, diesel and LPG. While the general process of depolymerising plastics to fuels has been known for some decades, the WPTF Technology as incorporated in the Commercial Plant addresses several issues which have previously hindered the commercial viability of this process. These improvements include:

- dealing with common contaminants by removing ash and depolymerising heavy hydrocarbon wax contaminants into fuel range hydrocarbons;
- producing ready-made fuel by cleaning, scrubbing and fractionating it directly off the kiln; and
- using multiple functionalities which produce operating efficiency, including feeding non-condensable waste gas into an indirectly fired gas turbine (**IFGT**) which provides heat to the system, can generate power and burns off gas at a sufficient temperature to destroy noxious compounds.

The BTE Technology has been trialled at a small scale but is likely to require around 12 – 18 months of development before it is ready to market. The BTE Technology uses high yielding energy crops, such as Bana Grass, as fuel for an IFGT which results in a more

efficient and economical process. Waste heat from the IFGT is re-injected into the kiln to provide a heat source for the combustion of Bana Grass.

The BTF Technology has not as yet been trialled at any scale and at this stage is largely lab based and theoretical. This process uses superheated steam to gasify the biomass, followed by a catalytic process to convert the biomass into liquid fuels.

The Technologies were developed by BTOLA Pty Ltd (**BTOLA**) and UTOF Pty Ltd (**UTOF**) and their principals, Bevan Dooley (who is a director of both BTOLA and UTOF and also a Director of Foyson) and Adrian Lake (a director of UTOF) (refer section 4.1 for more information on these entities).

In October 2014 IGE acquired the rights to use and commercialise these Technologies under the Licences (although the intellectual property remains with BTOLA and UTOF), and is now funding the construction of the Commercial Plant.

Each Licence is:

- (a) exclusive in Australia, New Zealand, China, India, North America, South East Asia, Papua New Guinea and Fiji;
- (b) 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
- (c) includes all future enhancements of the Technologies.

The material terms of the Licences are summarised in section 2.9 and Annexure B.

BTOLA filed a single Australian provisional patent application in September 2014 which relates to an invention that uses a gas turbine to heat solid fuel materials, chemically altering the fuel to produce a high temperature gas and ash. This provisional patent application broadly applies to both the WPTF and BTE Technology (and may relate to the BTF Technology, which is in the early stage of development).

However, the Directors believe that the value of the Technologies lies primarily in the industrial copyright, trade secrets and know-how relating to the Technologies (**Soft IP**), rather than the prospective patent. Foyson is in the process of having the Soft IP documented to preserve its value for future duplication of the Commercial Plant and to protect against losing key management in the future.

1.7 Commercial Plant

Foyson will be acquiring a Commercial Plant which is designed to convert waste plastics to fuel and incorporates the WPTF Technology. Under the Agreement, the Commercial Plant will have the capacity to process 50 fstd. The Commercial Plant has been designed on the basis of data collected from a pilot plant operating at the same location. The Commercial Plant commenced operation in May 2015.

Under the Business Sale Agreement, the Commercial Plant must meet the following commissioning requirements by 31 December 2016 (**Commissioning Test**):

- 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.

If the Commissioning Test has not been met by 31 December 2016, Foyson has a right to terminate and unwind the transactions under the Business Sale Agreement for nominal consideration (subject to receiving shareholder and other regulatory approvals at that time) (**Buy-back Provisions**).

Foyson has agreed to pay IGE up to \$400,000 with respect to the commissioning of the Commercial Plant within 20 Business Days of the date of Plant Full Commissioning or the date of Completion, whichever is later.

The Commercial Plant, whilst based on an operating pilot plant, is the first commercial scale plant of its type and at the date of this Notice does not have a long operating history. As such, there remains an inherent risk that the Commercial Plant may not fully deliver the financial benefits anticipated by Foyson.

It is the Board's current intention that, once the Commercial Plant has met its commissioning requirements, Foyson will undertake to increase the Commercial Plant's capacity to 200 fstd.

The Fundraising will be used to fund this expansion, amongst other things (refer section 1.11).

1.8 What is the consideration for the IGE Assets?

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

The number of Consideration Shares and Options (**Consideration Securities**) and Milestone Shares and Options (**Milestone Securities**) must comprise 68.88% of the total Shares in the capital of Foyson on a fully diluted basis (that is, on the basis that all Options and other convertible securities are exercised and converted into Shares) calculated at the time of Completion (and on the assumption that the Consideration Securities and Milestone Securities have already been issued).

The amount of each security to be issued as consideration for the IGE Assets are as follows:

When issued	Type of security	Defined term	Total Percentage interest after the relevant issue	What the percentage calculation is based on	Expected number of securities (post Consolidation) ¹
Completion	Shares	Consideration Shares	61.850% ² of issued Shares	Issued shares includes the Consideration Shares and shares issued under the Fundraising	154 million
Completion	Options	Consideration Options	61.229% of granted Options, or such number as is adjusted to ensure that the total convertible securities on issue do not exceed the total Shares on issue	Granted Options includes Consideration Options and Options issued under the Fundraising	94 million
Performance Target achieved	Shares	Milestone Shares	64.288% of issued Shares	Issued shares includes the Consideration Shares, Milestone Shares and shares issued under the Fundraising. ³	17 million

¹ Rounded to the nearest 1 million Shares or Options.

² At completion of the IGE Transaction, IGE Shareholders and their Associates will together hold more than 61.850% of the total issued Shares, as some IGE Shareholders already hold Shares at the date of this Notice. See sections 8.3 – 8.8.

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

Performance Target achieved	Options	Milestone Options	74.179% of granted Options, or such number as is adjusted to ensure that the total securities issued to the IGE Shareholders equal 68.88% on a fully diluted basis	Granted Options includes Consideration Options, Milestone Options and Options issued under the Fundraising. ⁴	77 million
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The Performance Target is achieving EBITDA of \$5,000,000 per annum from operating the Technologies or applications of the technology developed by certain key executives, 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 ASX and the Shareholders.

All securities issued to the IGE Shareholders as consideration for the IGE 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.

1.9 What are the conditions to Completion of the IGE Transaction?

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

If any one or more of the conditions is not satisfied by 30 November 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 Foyson has re-complied with Chapters 1 and 2 of the Listing Rules prior to completion of the IGE Transaction and Fundraising, and shareholder approval of Resolutions 1 to 6.

Completion is not conditional on the Fundraising. However, the Fundraising may be required, in whole or part, to enable Foyson to re-comply with Chapters 1 and 2 of the Listing Rules (for example to enable Foyson to obtain sufficient shareholder spread or adequate working capital, although the minimum subscriptions required under the Fundraising to satisfy these requirements is currently not quantifiable).

1.10 Are there any other material terms under the Business Sale Agreement?

Under the Agreement, IGE and Bevan Dooley have each agreed not to undertake certain actions that would be competitive with the Business for up to 3 years after termination of the Licences (unless the prior written consent of Foyson 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 several warranties in relation to the Business and the assets.

See Annexure B for further details of the material terms of the Business Sale Agreement.

1.11 What is the Fundraising?

In conjunction with the IGE Transaction, Foyson currently intends to raise:

- (a) up to approximately \$1.3 million by way of a non-renounceable pro-rata offer of 1 Share and 1 attaching Option for every 10 Shares held to existing Shareholders (**Rights Issue**); and
- (b) up to \$4.5 million under an offer of Shares and attaching Options (**Offer**), with the class of investors to whom the securities will be offered to be determined by Foyson prior to lodgement of the prospectus for the Rights Issue and Offer,

(collectively, **Fundraising**).

⁴ The percentage will not be grossed up for changes to capital after Completion.

Foyson intends that the Rights Issue, and potentially the Offer, will be underwritten. However, Foyson has not yet entered into an agreement with an underwriter. Foyson's agreement with the underwriter may also influence the form of the Offer. Full details of the underwriting agreement and Offer will be disclosed in the Prospectus.

The primary purpose of the Fundraising is to raise funds for transaction costs, capital expenditure to increase the Commercial Plant's capacity to 200fstpd and working capital (refer section 2.3 for details of Foyson's future intentions), as set out in the table below.*

Use	Amount
IGE Transaction and Fundraising costs	Up to \$1,250,000
Capital expenditure to increase Commercial Plant capacity	Up to \$3,700,000
Payment of commissioning expenses to IGE	up to \$400,000
Payment of costs associated with New Property Leases and other property	up to \$300,000
Working capital	\$150,000
Total amount of funds to be raised	Up to \$5,800,000

* The above table is a statement of the Board's current intentions as at the date of this Notice of Meeting. As with any work plan and budget, intervening events and new circumstances have the potential to affect the ultimate way funds will be applied. Accordingly, the actual expenditures may vary from the above estimates and the Board reserves the right to vary the expenditures dependent on circumstances and other opportunities.

The Fundraising will also assist Foyson to re-comply with Chapters 1 and 2 of the Listing Rules. Although the IGE Transaction is not expressly conditional on a minimum amount of funds being raised under the Fundraising, it is conditional on ASX Confirmation being received. If sufficient funds are not raised under the Fundraising, there is a risk that Foyson will not be able to re-comply with Chapters 1 and 2 of the Listing Rules and ASX Confirmation will not be received (in which case the IGE Transaction will not proceed).

1.12 Restricted securities

As mentioned in section 1.8, all securities issued to the IGE Shareholders as consideration for the IGE 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.

In addition, Foyson will enter into restriction agreements for all or some of the following securities, which were issued as part of prior fundraisings:

- (a) the Dickson Options;
- (b) the securities issued on conversion of the Capital Promissory Notes, which Foyson issued in February and April 2015 to raise \$1,000,000 (**Notes**); and
- (c) the securities issued under the Interim Placement (refer to the note to the table in section 2.6),

restricting the ability of the holders to dispose of those securities for a period of 12 or 24 months.

ASX may determine that additional securities of Foyson are restricted securities subject to escrow for a period of 12 or 24 months at the time Foyson makes its application for re-admission under Chapter 1 of the Listing Rules. However, ASX has advised Foyson that it is likely to form the view that the securities issued under the Offer (refer section 11) and to TVI under the Debt Conversion Deed (refer section 13) are not restricted securities.

1.13 Independent Expert's Report

The Independent Directors engaged Moore Stephens to prepare an Independent Expert's Report expressing an opinion as to whether:

- (a) the IGE Transaction is fair and reasonable to the Non-Associated Shareholders; and
- (b) the proposed issue of securities to TVI and Clifford James under Resolution 9 (**TVI Conversions**) is fair and reasonable to Shareholders not Associated with TVI.

IGE Transaction

The Independent Expert has concluded that the IGE Transaction is "*not fair but reasonable*" to the Non-Associated Shareholders.

The Independent Expert based their conclusion on the following:

- (a) An offer is "fair" if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer. The comparison is made assuming 100% ownership of the target, irrespective of whether the consideration is cash or scrip, and further assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length;
- (b) An offer is "reasonable" if it is "fair"; and
- (c) An offer may be reasonable if, despite being "not fair", the expert believes there are other sufficient reasons for shareholders to accept the offer in the absence of any higher bid before the close of the offer.

The Independent Expert considered the following valuation methods in assessing the IGE Transaction:

- (a) Discounted Cash Flow (**DCF**), which the Independent Expert considered the most appropriate method to value a business in growth stage. However, the Independent Expert concluded that it was challenging to create a reasonable forecast of revenue, profits and cash flows without a considerable amount of speculation, recognising that the Technology is in the process of being commercialised and IGE has not yet generated any revenue. As a result, the Independent Expert concluded that it was not possible to support the cash flow projections on a reasonable basis in a manner which satisfies the relevant scope requirements of ASIC Regulatory Guide 111 (RG 111).
- (b) Capitalised Future Maintainable Earnings (**CFME**), which the Independent Expert noted was not appropriate as IGE has limited historical financial data and is not currently profitable.
- (c) Net Asset Value (**NAV**), which the Independent Expert did not consider to be appropriate as IGE has a business model with potential for future growth, which the assets in the balance sheet do not capture, and as a result the balance sheet is not a fair representation of assets and liabilities of IGE.
- (d) Quoted Price, which was not applicable as IGE is not a publicly listed company (so no quoted prices are available).
- (e) Recent offers or potential acquirers, which was also not applicable as the Independent Expert was not aware of any recent offers or other parties interested in acquiring IGE.

Based on the above considerations, the Independent Expert concluded that there is no appropriate valuation methodology to value IGE in a manner which satisfies the relevant scope requirements of RG 111, and therefore was unable to assess the value of a Foyson share on a minority basis after the IGE Transaction.

However, to assist the Independent Expert's reasonableness conclusion, the Independent Expert made an assessment that IGE's required maintainable earnings in the 2017 financial year would need to be in the range of \$4.5 million to \$15.1 million in order to equate the

Foyson estimated equity value per Share (on a control basis) pre IGE Transaction and Fundraising to the Foyson equity value per Share (on a minority basis) post IGE Transaction and Fundraising.

The Independent Expert then considered a number of advantages associated with the IGE Transaction, including:

- The limited alternative sources of debt or equity funding available to Foyson if the IGE Transaction does not proceed;
- In light of the above, the most desirable way to fund the Amazon Bay project is through internal cash flow positive business activities;
- On completion of the IGE Transaction, Foyson will acquire an operating business and Shareholders will be able to participate in any potential upside from the acquisition of this business; and
- The Fundraisings to be conducted in conjunction with the IGE Transaction will give Foyson access to additional capital (noting that there is a theoretical risk that the IGE Transaction could proceed without the Fundraising, as the IGE Transaction is not conditional on the Fundraising – see section 1.3 of this Notice for more details on conditionality).

The Independent Expert then considered a number of disadvantages associated with the IGE Transaction, including:

- The dilution of existing Shareholders' voting power in Foyson;
- The high risk associated with investing in technology with no proven operating history;
- The possibility that the IGE Transaction may proceed without the necessary capital being raised under the Fundraising;
- The possible delay in removing Foyson's trading suspension if the IGE Transaction does not complete as and when anticipated;
- The IGE Shareholders having a controlling stake in Foyson, including Paul Dickson having potential individual voting power of up to 26.2%, giving him the ability to block special resolutions of Foyson and acting as a possible deterrent to takeover bids;
- Foyson's alternative business focus on its waste to energy technology may not be consistent with the objectives of all Non-Associated Shareholders; and
- When the IGE Transaction is approved, Non-Associated Shareholders will not have the opportunity to consider alternative proposals with a view to possibly achieving a more beneficial outcome.

These advantages and disadvantages are set out in more detail in section 9 of the Independent Expert's Report, and should be carefully reviewed.

Based on the above advantages and disadvantages, the Independent Expert concluded that the IGE Transaction is *not fair but reasonable* to the Non-Associated Shareholders.

TVI Conversions

The Independent Expert has also concluded that the TVI Conversions are "*not fair but reasonable*" to Shareholders not Associated with TVI. See section 13 for the background to the TVI Conversions.

The Independent Expert compared the fair value of a Foyson share on a control basis pre TVI Conversions with the fair value of a Foyson share on a minority basis after the TVI Conversions, using the NAV test. The Independent Expert concluded that the diluted value per Share (on a control basis) before TVI Conversions was between \$0.003 and \$0.009 and the diluted value per share (on a minority basis) after TVI Conversions was between \$0.002 and \$0.007. Therefore, the Independent Expert concluded that the TVI Conversions are not fair to Shareholders not Associated with TVI as the fair value of a Share on a minority basis

post TVI Conversions is lower than the fair value of a Share on a control basis pre TVI Conversions.

In valuing the Shares, the Independent Expert applied an assessment of the fair value of Foyson's underlying net assets as a going concern using the audit reviewed net assets of the Company as at 31 December 2014.

The Independent Expert then considered the advantages and disadvantages of the TVI Conversions. The advantages included:

- As TVI still retains the right (from 1 December 2015 if the TVI Conversions have not occurred by that date) to demand repayment of the outstanding debt, Foyson may be unable to fund the repayment (or the repayment would substantially deplete the funds raised to pursue the IGE Business);
- If Foyson was required to settle the amounts owing to TVI, its capital requirements would increase by approximately \$409,000;
- The terms of the Notes issued to TVI and Clifford James (including conversion price of \$0.0029) are consistent with those of the Notes issued to unrelated parties. The conversion price of Shares to satisfy the Outstanding Debt of \$0.0025 is the same as the issue price of the Dickson Shares in October 2014; and
- Even if the TVI Conversions are not approved, it would still be possible to issue those securities to TVI and Clifford James following completion of the IGE Transaction (when they are sufficiently diluted below 20%) or using Creep Capacity over the course of 2 years on a diluted basis or 2.5 years on an undiluted basis.

The Independent Expert also considered the following disadvantages to Shareholders not Associated with TVI:

- The conversion price of \$0.0029 for the Notes issued to TVI and Mr James, and \$0.0025 for Shares issued to satisfy the Outstanding Debt, are lower than the assessed value of each Share pre TVI Conversion; and
- The TVI Conversion would result in TVI's and Mr James' interest in Foyson and Voting Power increasing (before the IGE Transaction and Fundraisings complete).

After considering the advantages and disadvantages of the TVI Conversions for Shareholders not Associated with TVI, the Independent Expert concluded that the TVI Conversions are reasonable to Shareholders not Associated with TVI, in the absence of any other relevant information and/or a superior proposal.

Further details

The Independent Expert's Report is included in full at Annexure C to this document and you should read it as part of your assessment of the IGE Transaction and the Resolutions. The Independent Expert's Report:

- (a) is also accessible on Foyson's website www.foyson.net; and
- (b) if requested by a Shareholder, will be sent to the Shareholder in hard copy at no cost to the Shareholder.

1.14 Directors recommendation

The Independent Directors of Foyson unanimously recommend that Shareholders vote in favour of the Resolutions. In forming their recommendation, the Independent Directors have carefully considered the expected advantages, potential disadvantages and risks of the IGE Transaction and the opinion of the Independent Expert that the IGE Transaction and TVI Conversions are not fair but reasonable.

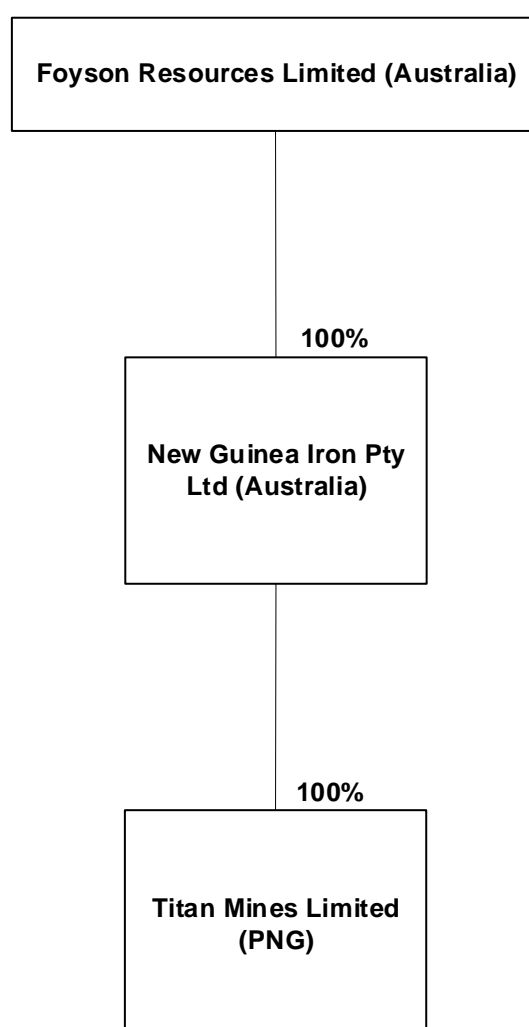
Due to their position as directors and beneficial shareholders in IGE, Paul Dickson and Bevan Dooley were excluded from deliberations in considering the IGE Transaction pursuant to the protocols of an independent board committee of Foyson. Accordingly, they do not make a recommendation in the relation to the Resolutions.

2. IMPACT OF THE IGE TRANSACTION

2.1 Structure of Foyson

On Completion, the IGE Assets will be held by Foyson. The Amazon Bay Project will continue to be held by Titan Mines Limited, which is a PNG registered company that became a wholly owned subsidiary of Foyson on or around 16 March 2015. Titan Mines Limited holds exploration tenements and conducts exploration activities in PNG. In addition, Foyson has 7 Australian registered wholly owned subsidiaries, two of which are holding companies (New Guinea Iron Pty Ltd and SAMAG Pty Ltd) and the rest of which are currently dormant (Magnesium Developments Pty Limited, Fairway Resources Limited, GAMAS Magnesium Technology Pty Limited, Magnesium International (No 1) Pty Ltd, Magnesium International (No 2) Pty Ltd, Magnesium Holdings Pty Ltd and Titan Metals Limited).

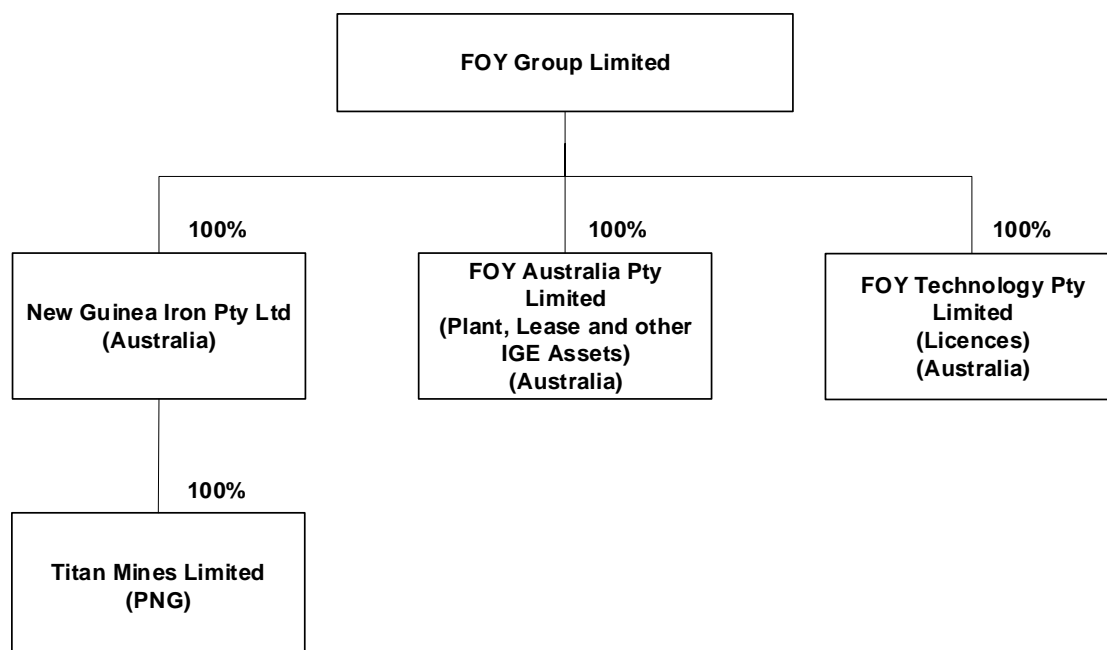
A diagram of the structure of Foyson and its subsidiaries (excluding the dormant subsidiaries) is set out below:



On completion of the IGE Transaction, the IGE Assets will be held as follows:

- the Licences will be assigned or novated to a new wholly owned subsidiary of Foyson, FOY Technology Pty Limited, which will incur any expenditure associated with maintaining the Licences and the intellectual property to which they relate, and receive income from sub-licensing the Technologies; and
- the Commercial Plant, Lease and associated plant and equipment will be held in a new wholly owned subsidiary of Foyson, FOY Australia Pty Limited, which will also incur the expenditure related to operating the Commercial Plant and receive the income from the sale of fuel products.

Foyson will be renamed “FOY Group Limited” if Resolutions 1 – 6 and 16 are approved.



The effect on Foyson’s capital structure is set out in section 2.6.

2.2 Company's business model post IGE Transaction

After Completion of the IGE Transaction, Foyson's business will be primarily focused on the following two business activities:

- (a) operation of the Commercial Plant and the sale of fuel products produced, and the exploitation or sub-licensing of the Technologies; and
- (b) exploration and development of the Amazon Bay Project.

In the short term, Foyson will focus its resources on the upgrade of the Commercial Plant and developing the business of the sale of fuel products in NSW with a view to generating cash flow and then profit. The key components of this proposed business model are:

What	How
Conversion plant	The Commercial Plant will process the waste plastic feedstock to produce fuel. The Commercial Plant is designed to process 50 fstpd and it is intended to increase this capacity to 200 fstpd.
Feedstock	<p>The Commercial Plant can process waste plastic which is not recyclable and which would normally be disposed of as landfill. This provides a number of possible sources for obtaining feedstock. In particular, if the IGE Transaction completes, Foyson intends to source waste plastic from:</p> <ul style="list-style-type: none">• waste management enterprises (who generally collect waste from businesses for a fee and deposit the waste with landfill operators, who charge a fee based on weight), as diverting this waste to Foyson's business may reduce their landfill fees;• plastic aggregators (who sort waste plastics for use by plastic reprocessors), with a focus on the plastics that cannot be provided to the reprocessors and which would otherwise be sent to landfill; and• plastic reprocessors (who value add plastic waste by converting it into other usable plastics), with a focus on sourcing contaminated or otherwise unrecyclable plastics which would otherwise have to be sent to landfill. <p>On completion of the IGE Transaction, all contracts for the supply of waste plastic feedstock with Odyssey Waste Control Pty Ltd will be assigned to Foyson (see section 2.9).</p>
Technology	<p>The key technology is the WPTF Technology (as described in section 1.5), which is incorporated in the Commercial Plant.</p> <p>After Completion of the IGE Transaction, Foyson will have exclusive rights to use and commercialise the Technologies in a number of jurisdictions including Australia (see section 1.5), and may either construct additional plants incorporating the Technologies or sub-licence these rights.</p>
Anticipated product	Fuel meeting Australian diesel and petrol standards (not biodiesel). The WPTF Technology is designed to produce fuel that does not require further refining before sale to consumers.
Revenue	Revenue is generated by selling the petrol and diesel produced by the Commercial Plant. Foyson's revenue will depend on the Commercial Plant's output, the price the company can receive for that output and the quantity of the company's output which

the company can sell (market adoption).

Output

The Commercial Plant's overall output will depend on:

- the number of days the Commercial Plant can operate for each year, taking into account the overall reliability of the Commercial Plant and its maintenance requirements;
- the throughput per day which the Commercial Plant can consistently achieve; and
- the yield of diesel and petrol meeting Australian Standards that can be obtained from each tonne of feedstock.

Target customers

Diesel fleet users and wholesale fuel blenders. There is no present intention to compete in the retail fuel market.

Potential competitors

Foyson's primary competitors will be existing participants in the wholesale market selling petrol and diesel.

Margins

Provided that the business model described above and the WPTF Technology works as anticipated, the viability of the business will not be reliant on:

- government subsidies; or
- any "green revenue".

The major factor which will influence the margins received by the business is the international crude oil price, which affects the terminal gate price which is used for the sale of fuel in Australia.

Once this business activity becomes profitable, Foyson intends to investigate opportunities to expand this business by constructing additional plants in Australia or sub-licensing the Technologies in appropriate foreign jurisdictions. In the longer term, the Directors will consider using additional profits generated to continue exploration activities at the Amazon Bay Project and move the project towards production.

On Completion, Foyson will acquire the operating and commissioned Commercial Plant, which the Board expects to be processing approximately 35 fstd in July 2015. Foyson will also acquire a feedstock contract with Odyssey Waste Control Pty Limited for the supply of waste plastic feedstock. IGE has signed basic agreements with Odyssey Waste Control Pty Limited for the supply of waste plastic. IGE is also in discussions regarding potential off take contracts for the fuel produced, but nothing binding has been signed at the date of this Notice of Meeting.

The risks associated with Foyson's business model are outlined in section 3.4.

The Board has no current intention to:

- (a) transfer legal ownership of its assets to any Associate or third party;
- (b) otherwise re-deploy the fixed assets of Foyson; or
- (c) inject further capital into Foyson, whether by a capital raising or debt financing.

The Board also has no current intention to significantly change the financial policies of Foyson, but does at this stage intend to retain all surplus cash flow for future expansion and development of its business activities (as described above) rather than pay dividends to Shareholders out of that amount.

2.3 Future intentions for Foyson

Foyson's future intentions are outlined in this section 2.3. As with all future growth plans, risks are inherent and these risks are outlined in section 3.4.

Expansion of Commercial Plant

The Board intends to use part of the funds raised by the Rights Issue and the Offer to fund the construction of three further 50 fstopd modules on the site at Berkeley Vale (**Modules**) to increase the Commercial Plant's total capacity to 200 fstopd by June 2016, with full throughput and utilisation planned for December 2016 (**Expansion**). Each Module is designed to work independently, so that scaling-up production from 50 fstopd to 100 fstopd (and again from 100 fstopd to 150 fstopd and from 150 fstopd to 200 fstopd) should be an identical process to scaling-up the first 50 fstopd, and the usual obstacles to increasing the capacity of a commercial facility should not be present.

Possibility of additional facilities in Australia

Once the Commercial Plant is operating profitably, the Board will investigate building additional production facilities in Australia using the WPTF Technology. Any decision to expand production will be based on a business plan, taking into consideration Foyson's needs and financial resources, as well as the prevailing market conditions at that point in time.

Overseas sub-licensing

While it is currently not the Board's intention to construct waste plastics and/or biomass conversion plants overseas (other than potentially PNG – see below), once the Commercial Plant achieves full production and the WPTF Technology is fully proven at a commercial scale, Foyson may sub-licence local operators in appropriate offshore jurisdictions and collect a royalty based on either revenue or net profit. This offshore strategy is aimed at reducing Foyson's exposure to sovereign risk, whilst providing the leverage to the global market.

Biomass to energy technology synergies with PNG activities

The Licences for the Technologies will also allow Foyson the opportunity to introduce a new value-add solution to address the inherent infrastructure issues in PNG, potentially reduce operating costs on the Amazon Bay Project and leverage Foyson into new resources and business opportunities. Representatives of Foyson have met with the PNG Government and the Mineral Resource Authority to discuss its future strategy for the Amazon Bay Project. With the demand for and pricing of iron ore at the current depressed levels, Foyson needs to introduce a significant new initiative to the Amazon Bay Project to ensure it can remain viable and worthy of further expenditure. Therefore, in conjunction with the Government meetings, Foyson requested IGE management to provide the PNG authorities with a proposal to introduce the biomass to energy generating technology (**BTE Technology**) (the licence for the use, commercialisation and exploitation of the BTE Technology will be assigned to Foyson on Completion). The BTE Technology may be able to service remote rural communities and remote industrial developments such as the Amazon Bay Project.

Amazon Bay Project

Foyson will pursue the Amazon Bay Project and other resource and business opportunities in PNG provided that they can be self-funded (eg by using the potential PNG biomass to power projects). Cash generated from the operation of the Commercial Plant and sale of fuel products will provide the initial seed capital to investigate opportunities in PNG.

2.4 Employees

As part of the IGE Transaction, Foyson will take on such employees and contractors (including senior management) from IGE as required to continue the operation of the Commercial Plant and the ongoing enhancement of the Technologies, including Bevan Dooley who will be engaged as Foyson's Chief Technical Officer under a consultancy agreement between Foyson and BTOLA.

On Completion of the IGE Transaction, it is the intention of the Board that Mike Palmer will remain as CEO of Foyson. However, Mr Palmer is not under any fixed term contract with Foyson and accordingly is free to reconsider his position at any time.

It is also intended that Joshua Herbertson will be appointed as Chief Financial Officer of Foyson at the time of Completion of the IGE Transaction. Mr Herbertson is currently IGE's Chief Financial Officer.

Foyson's current Chief Financial Officer and Company Secretary, Aliceson Rourke, will be stepping down from that position. A new Company Secretary will be appointed from the time that Ms Rourke steps down.

Transferring IGE Senior management

Bevan Dooley and Joshua Herbertson currently work for IGE and will transfer to the employment of Foyson on Completion. Their biographies are set out below.

Bevan Dooley

Mr Dooley brings to Foyson 15 years of experience in the energy, fuel and chemical processing industries. Mr Dooley has a solid engineering and management background that leads to a deep understanding of processing techniques for energy conversion, as well as the energy and fuels market in Australia and Asia. In 2001 Mr Dooley co-founded Australian Biodiesel Group Ltd, an entity that listed on ASX in 2005. Mr Dooley held various roles with Australian Biodiesel Group Ltd, including technical director, Chief Executive Officer and Director. Since 2009 Mr Dooley has held board positions on proprietary companies commercialising fuel and energy technologies.

Mr Dooley has been integral in the design, construction, commissioning and ongoing management of many energy, fuel and chemical processing facilities in Australia and around the world. Mr Dooley and his team have developed the core technologies within the IGE group, the entity with which Foyson has signed its term sheet.

Mr Dooley holds a Bachelor of Mechanical Engineering (Hons) from the Queensland University of Technology.

Joshua Herbertson

Mr Herbertson has 10 years' experience in financial management, chiefly in the professional service industry. Working in a range of finance and operations roles for both publicly listed and private companies, he has been involved in ASX listings, mergers and acquisitions, corporate restructuring and financial due diligence, in addition to responsibilities as Chief Financial Officer.

He holds a Bachelor of Commerce, and is a Member of CPA Australia.

2.5 Pro-forma balance sheet of Foyson post IGE Transaction and Fundraising

A pro forma consolidated statement of financial position for Foyson following the IGE Transaction (including notes and commentary) is set out below.

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION				
	Notes	Unaudited Actual 31 Dec 2014 \$'000	Proforma Adjustments \$'000	Proforma 31 December 2014 \$'000
Current Assets				
Cash and cash equivalents	1	107	5,130	5,237
Trade and other receivables		22	-	22
Other current assets		68	-	68
Total Current Assets		197	5,130	5,327
Non Current assets				
Property, plant & equipment		19	-	19
IGE Acquisition	2	-	739	739
Mineral Rights		12,924	-	12,924
Exploration and evaluation assets		3,125	-	3,125
Total Non Current Assets		16,068	739	16,807
TOTAL ASSETS		16,265	5,869	22,134
Current Liabilities				
Trade and other payables		406	-	406
Provisions		-	-	-
Convertible Promissory Notes		-	-	-
Loans from related parties	3	700	(700)	-
Interest Payable to related parties	4	10	(10)	-
Total Current Liabilities		1,116	(710)	406
Non Current Liabilities				
Non-financial liability		-	-	-
Deferred tax liabilities		-	-	-
Total Non Current Liabilities		-	-	-
TOTAL LIABILITIES		1,116	(710)	406
NET ASSETS		15,149	6,579	21,728
Equity				
Issued Capital & Share Option Reserve	5	110,010	8,629	118,639
Acquisition Reserve	6	(900)	900	-
Foreign Currency Reserve		718	-	718
Accumulated Losses	7	(106,634)	8,805	(97,829)
TOTAL EQUITY		3,194	18,334	21,528
NCI – TVI Pacific Inc		200	-	200
NCI – Titan Mines		11,755	(11,755)	-
TOTAL EQUITY		15,149	6,579	21,728

The notes and commentary to the pro forma consolidated statement of financial position are set out on the following pages.

Notes to pro forma consolidated statement

Note 1: Cash and Cash Equivalents	Notes	\$'000
Unaudited Actual 31 December 2014		107
<u>Proforma Adjustments</u>		
Issue of Convertible Notes	(a)	1,000
Acquisition of Titan Mines Limited	(b)	(150)
Payment of Stamp Duty on Acquisition of Titan Mines	(b)	(18)
Funds raised from June 2015 Placement	(c)	480
Payment of CPN Interest - Tranche 1	(a)	(11)
Transaction costs paid	(d)	(1,248)
Funds raised from Placement	(e)	4,500
Funds raised from Rights Issue	(e)	1,309
Payment of commissioning expenses to IGE	(f)	(400)
Payment of new lease and other property costs	(f)	(300)
Payment of CPN Interest - Tranche 2	(a)	(8)
Payment of TVI Debt Interest	(g)	(24)
Total Proforma Adjustments		5,130
Proforma 31 December 2014		5,237

Note 2: IGE Acquisition	Notes	\$'000
Unaudited Actual 31 December 2014		-
<u>Proforma Adjustments</u>		
Acquisition of IGE Assets and Technology	(f)	739
Total Proforma Adjustments		739
Proforma 31 December 2014		739

Note 3: Loans from Related Parties	Notes	\$'000
Unaudited Actual 31 December 2014		700
<u>Proforma Adjustments</u>		
Part Repayment of TVI Loan approved at EGM 31 March 2015	(g)	(212)
Liability released on acquisition of Titan Mines Limited	(b)	(300)
Repayment of TVI Loan	(g)	(188)
Total Proforma Adjustments		(700)
Proforma 31 December 2014		-

Note 4: Interest Payable to Related Parties	Notes	\$'000
Unaudited Actual 31 December 2014		10
<u>Proforma Adjustments</u>		
Additional Interest payable on TVI Loan	(g)	14
Payment of interest to TVI	(g)	(24)
Total Proforma Adjustments		(10)
Proforma 31 December 2014		-

Note 5: Issued Capital and Share Option Reserve	Notes	\$'000
Unaudited Actual 31 December 2014		110,010
<u>Proforma Adjustments</u>		
Adjustment to Unaudited Actual 31 December 2014 - Transaction Costs expensed	(d)	111
Shares & Options Issued for TVI Loan approved at EGM 31 March 2015	(g)	212
Shares & Options issued on Conversion of CPN's approved at EGM 31 March 2015	(a)	579
Shares & Options issued June 2015 Placement	(c)	480
Shares & Options issued IGE Transaction	(f)	739
Shares & Options issued under Placement and Rights Issue	(e)	5,809
Shares & Options issued to Mike Palmer	(h)	50
Shares & Options issued for TVI Loan	(g)	188
Shares & Options issued for conversion of TVI CPN's	(a)	200
Shares & Options issued for conversion of Cliff James CPN's	(a)	21
Shares & Options issued for conversion of Mike Palmer CPN's	(a)	50
Shares & Options issued for conversion of David McIntosh CPN's	(a)	100
Shares & Options issued for conversion of unrelated parties CPN's	(a)	50
Shares & Options issued to David McIntosh	(i)	20
Shares & Options issued to Kilroy Genia	(i)	20
Total Proforma Adjustments		8,629
Proforma 31 December 2014		118,639

Note 6: Acquisition Reserve	Notes	\$'000
Unaudited Actual 31 December 2014		900
<u>Proforma Adjustments</u>		
Transferred to Accumulated Losses on Acquisition of Titan Mines Limited	(b)	(900)
Total Proforma Adjustments		(900)
Proforma 31 December 2014		-

Note 7: Accumulated Losses	Notes	\$'000
Unaudited Actual 31 December 2014		(106,634)
<u>Proforma Adjustments</u>		
Acquisition Reserve eliminated on Acquisition of Titan Mines Limited	(b)	(900)
Loans to Related Parties eliminated on Acquisition of Titan Mines Limited	(b)	150
Non-Controlling Interest eliminated on Acquisition of Titan Mines Limited	(b)	11,755
Stamp Duty on Acquisition of Titan Mines	(b)	(18)
Adjustment to Unaudited Actual 31 December 2014 - Transaction Costs expensed	(d)	(111)
Transaction Costs from 1 January 2015 to Completion of the Transaction	(d)	(1,248)
Commissioning expenses payable to IGE	(f)	(400)
New lease and other property costs payable to IGE	(f)	(300)
Shares & Options issued to Mike Palmer	(h)	(50)
Shares & Options issued to David McIntosh	(i)	(20)
Shares & Options issued to Kilroy Genia	(i)	(20)
Additional Interest payable on TVI Loan	(g)	(14)
Interest payable on CPN's	(a)	(19)
Total Proforma Adjustments		8,805
Proforma 31 December 2014		(97,829)

Commentary to pro forma consolidated statement

(a) Issue of Convertible Notes

On 26 February 2015, Foyson announced its intention to raise up to \$1,000,000 through the issue of Notes. The Notes are debt securities with a face value of \$1.00 each, which contained conversion rights that were conditional on, and of no force and effect until, Shareholder approval is obtained under ASX Listing Rule 7.1 and, where relevant, Listing Rule 10.11. Shareholder approval was received at the Extraordinary General Meeting held on 31 March 2015.

On 27 April 2015, Foyson announced that the issue of Notes, each with a face value of \$1, had been fully subscribed raising \$1m.

Most of the Notes issued had a maturity date of 15 May 2015, when they automatically converted into Shares and Options (with the issue of those Shares and Options subject to the holder of the Notes first agreeing to a holding lock or entering into a restriction agreement), but some of the Notes issued in April 2015 (including those previously issued to TVI) have a maturity date of the earlier of the business day immediately following the Extraordinary General Meeting or 30 September 2015.

Interest accrues and is capitalised daily at the rate of 12% per annum on each Note from (and including) 18 February 2015 (for the Notes with a May maturity date) or 27 April 2015 (for all other Notes) until (but excluding) the earlier of the date on which the holder converts the Note or the maturity date. Interest will be paid by Foyson in cash after the maturity date.

(b) Acquisition of Titan Mines Limited

On 16 March 2015, Foyson announced that it had acquired the remaining 50% of the shares in Titan Mines Limited (**Titan**) for an immediate cash consideration of \$150,000 plus a commitment to pay a royalty from the proceeds of any production from the Amazon Bay iron sands Project. The parties agreed to terminate all existing agreements including the Amazon Bay Option Agreement. These new arrangements remove the obligations of the Company to pay both the outstanding Option Fee of \$300,000 and the Option Exercise consideration of \$10 million, and to issue new shares equivalent to 2.16% of the total issued capital of Foyson.

Stamp duty is payable on the transaction in Papua New Guinea at a rate of 2% of the transaction plus 10,000 kina for each exploration tenement transferred

As a result of the acquisition, Foyson made an adjustment to accumulated losses for the non-controlling Interest of \$11,755,000 that represented 50% of the assets that had been allocated to the other shareholders of Titan. Foyson also made an adjustment to accumulated losses for the \$900,000 acquisition reserve which represented the option payments previously made to the vendors of Titan.

(c) Funds raised from Interim Placement

In the period up to and including 30 July 2015, the Company intends to issue 80,000,000 Shares at a price of \$0.006 per share. The proceeds of the placement will be applied towards the costs associated with completion of the IGE Transaction, activities at Amazon Bay and working capital for Foyson. In addition to the Shares issued, the Company issued a one-for-one free attaching Option with an exercise price of \$0.008 (pre Consolidation) with an expiry date of 31 December 2019.

(d) Transaction costs

Transaction costs include costs associated with completion of the IGE Transaction and Fundraising and include the costs associated with Foyson's due diligence, legal fees, preparation of independent expert reports and Fundraising documents, printing, mail and meeting costs to approve the IGE Transaction, stamp duty, underwriting fees and relisting fees. These have been expensed in accordance with the Australian Accounting Standards "AASB 2: Share Based Payments".

(e) Funds raised from Offer and Rights Issue

As outlined in Resolution 7, as part of the IGE Transaction, Foyson proposes to issue up to 22,500,000 Shares (on a post Consolidation basis) at an issue price of \$0.20, with one attaching Option for each Share issued, to raise up to \$4,500,000. In addition, Foyson also proposes to issue up to 6,544,920 Shares (on a post Consolidation basis) under the Rights Issue at an issue price of \$0.20, with one attaching Option for each Share issued, to raise up to \$1,308,984.

(f) IGE Acquisition

As outlined in Resolution 4 and section 8, as part of the IGE Transaction, Foyson proposes to issue Consideration Securities and Milestone Securities to the IGE Shareholders for the acquisition of the IGE Assets and Technologies and their subsequent performance, outlined in the Business Sale Agreement.

The number of shares issued to the IGE Shareholders will change based on Foyson's capital structure immediately before the issue of those Shares. Therefore, the issue of the Consideration Shares will give the IGE Shareholders (as a group and excluding existing Shares held by any of them) 61.850% of Foyson's issued Shares and the issue of the Milestone Shares will give the IGE Shareholders (again, as a group and excluding existing Shares held by any of them) 64.288% of Foyson's issued Shares.

In accordance with the Australian Accounting Standards "AASB 2: Share Based Payments", for equity-settled share-based payment transactions, the entity shall measure the fair value of the goods or services received. As outlined in the Independent Expert's Report, the value of the IGE Assets and Technologies being acquired could not be determined. As such, the Company has recorded the fair value based on IGE's cost to construct the Commercial Plant.

Foyson has agreed to contribute up to \$400,000 towards the costs of commissioning the Commercial Plant. In addition, Foyson has agreed to pay the reasonable costs incurred by IGE in:

- (1) improving the presentation of the site on which the Commercial Plant is situated to Foyson's satisfaction;
- (2) acquiring or leasing land proximate to the Commercial Plant, if Foyson considers it desirable in connection with the operation of the Commercial Plant or the Business; and
- (3) negotiating, documenting and registering the new leases to be put in place in respect of the land on which the Commercial Plant is situated.

(g) TVI Loan and Debt Conversion

As outlined in Resolution 9 and section 13, on or about 17 August 2012, TVI agreed to loan Foyson the principal amount of \$400,000. The Loan Agreement was amended from time to time in 2013 and 2014, under which further advances were made to Foyson (together with the amount loaned under the original Loan Agreement, and reduced for amounts paid by Foyson from time to time, the TVI Debt).

The TVI Debt was due to be repaid on 30 September 2014. However, TVI agreed that Foyson could satisfy the outstanding TVI Debt of \$400,000 by issuing 160,000,000 Shares and 160,000,000 free attaching options (with an exercise price of \$0.008) to TVI. This arrangement was effected under a Debt Conversion Deed between parties dated 28 February 2015.

Under the Debt Conversion Deed, an additional cash payment of 8% per annum interest on the TVI Debt outstanding will be paid for the period from 1 October 2014 until all of the TVI Debt has been converted into Shares and Options.

Foyson has issued to date 84,611,264 Shares and 84,611,264 Options to TVI to reduce the outstanding TVI Debt by \$211,528 (from \$400,000 to \$188,472) using TVI's Creep Capacity. To reduce the remaining TVI Debt to zero under the Debt Conversion Deed, Foyson must issue 75,388,800 further Shares and 75,388,800 further Options to TVI.

(h) Issue of Shares and Options to Mike Palmer

As outlined in Resolution 8 and section 12, Mr Palmer has waived his right to receive remuneration for the period between 31 December 2014 and completion of the IGE Transaction in order to ensure Foyson's expenses remain as low as reasonably possible as it progresses to completion of the IGE Transaction. Foyson now proposes to issue Mr Palmer (or his nominee) of a total of 250,000 Shares and 250,000 Options exercisable at \$0.20 (on a post consolidation basis) in lieu of the remuneration which Mr Palmer has waived.

(i) Issue of Shares and Options to David McIntosh and Kilroy Genia

As outlined in Resolutions 13 and 14 and section 16, Foyson proposes to issue a total of 100,000 Shares and 100,000 Options exercisable at \$0.20 to both Mr McIntosh (or his nominee) and Mr Genia (or his nominee) in lieu of the fees which they would otherwise have been paid for their specialist services. Mr McIntosh has provided specialist accounting services to Foyson and Mr Genia has provided specialist services to Foyson in relation to its PNG operations. These services were in addition to their Directors duties and both Mr McIntosh and Mr Genia have not received any fees for these services, and have also waived their right to receive director's fees until the Commercial Plant is operating profitably.

2.6 Effect on Foyson's Capital Structure

The table below provides details on the impact which the Consolidation and the issue of the Dickson Options, TVI Securities, Note Securities, the Consideration Securities, the Rights Issue, the Offer, the Palmer Securities, the McIntosh Securities, the Genia Securities and the Milestone Securities are expected to have on Foyson's capital structure.*

Point in time	Number of Securities in Foyson	
	Shares	Options
As at the date of the Meeting**	1,415,831,181	394,158,251
Immediately following the Meeting, if Resolutions 6, 9, 10, 11 and 12 are approved and the Dickson Options, TVI Securities, and Note Securities are issued	1,636,229,914	749,529,885
1:25 Consolidation	65,449,197	29,981,195
Rights Issue	71,994,116	36,526,115
Offer	94,494,116	59,026,115
Consideration Securities (assuming Rights Issue and Offer fully subscribed and all issues described above take place)	248,394,116	152,926,115
Issue of Palmer, Genia and McIntosh Securities	248,844,116	153,376,115
Milestone Securities (assuming Rights Issue and Offer fully subscribed and all issues described above take place)	265,844,116	230,376,115

* Foyson has 33,333,333 Convertible Redeemable Preference Shares (**CRPSs**) on issue. Foyson anticipates that the price trigger for conversion of the CRPSs into Shares will not be met and the CRPSs will be redeemed on 15 October 2015 in accordance with their terms.

** The proposed Interim Placement of up to 80,000,000 Shares and 80,000,000 Options will take place in the period up to and including 30 July 2015. As such, it is anticipated that these securities will be on issue at the date of the Meeting and are therefore included in the number of securities on issue at the date of the Meeting.

2.7 Effect on the control of Foyson

The IGE Parties

The IGE Parties are IGE, each of the IGE Shareholders (identified in section 8.4) and their Associates.

The IGE Shareholders will be issued the Consideration Securities and (if the Performance Target is met) Milestone Securities as IGE's nominees.

Despite the disparity among the group of IGE Shareholders (described in section 4.1), the Corporations Act treats them (together with their respective Associates and IGE) as potentially being Associates (for the reasons given in sections 8.1 and 8.2).

In determining each IGE Shareholder's Voting Power in Foyson, therefore, the relevant interests in Shares of each of IGE, the IGE Shareholders and their respective Associates must be added together.

The IGE Parties' Voting Power in Foyson after completion of the IGE Transaction is dependent on a number of factors, including whether the Fundraising is fully subscribed or underwritten and whether the Performance Target is met. The IGE Parties' maximum and minimum Voting Power in various scenarios has been calculated based on a number of assumptions (see section 8) and is summarised in the table below.

The percentages outlined below are rounded to one decimal point. Refer to sections 8.6 and 8.7 for percentages to three decimal points.

IGE Parties' Voting Power	Consideration Shares	Milestone Shares
Minimum Voting Power***	55.9%	58.2%
Maximum Voting Power****	76.0%	81.2%

*** This assumes that all Non-Associated Optionholders exercise their Options but no IGE Parties exercise their Options.

**** This assumes that no Non-Associated Optionholders exercise their Options but all IGE Parties exercise their Options. However, as most, if not all, of the IGE Parties' Options will be restricted securities escrowed for up to 24 months from the date of re-quotations of Foyson's Shares on ASX, any exercise of these Options during this period will be in breach of the restriction agreements to be entered into between each of the IGE Parties and Foyson. As such, the IGE Parties' voting power is unlikely to be increased to this level until the end of the applicable escrow period (and this also assumes that no other Optionholders have exercised their Options during that time).

It can be seen from this table that:

- (a) **immediately following Completion of the IGE Transaction and the Fundraising**, the IGE Parties will have Voting Power of between 55.9% and 76% (see the first column of the above table).
- (b) **following the issue of the Milestone Securities** (if the Performance Target is met) the IGE Parties will have Voting Power of between 58.2% (see the second column and first row of the table above) and 81.2% (see the second column of the table above).

The maximum Relevant Interest which each IGE Party will have following the issue of the Consideration Securities and the Milestone Securities (and the assumptions on which those are based) are set out in section 8.8. For example, the maximum Relevant Interest of Mr Dickson will be 26.15%, while the maximum Relevant Interest of the smallest IGE Shareholders will be 0.031%.

The Independent Directors consider that the likely Voting Power of the IGE Parties from day one following Completion of the IGE Transaction will be 66.1%, which assumes that no Optionholders have exercised their Options. This is for a number of reasons, including that a large number of Options will be restricted securities (which means they cannot be exercised until the end of the applicable escrow period otherwise than in breach of the relevant restriction agreement) and because Optionholders may wish to wait for a period of time before contributing additional capital to Foyson by exercising their Options.

Further, if Foyson issues further securities to investors not Associated with the IGE Parties after Completion of the IGE Transaction, the maximum Voting Power following the issue of the Milestone Securities will be diluted.

TVI

If Resolution 9 is the only Resolution approved (and the IGE Transaction does not complete as a result), then TVI's maximum aggregate Voting Power may increase to 40.6%.

However, if the Interim Placement is fully subscribed, all Resolutions are approved, the Fundraising fully subscribed or underwritten and the IGE Transaction completes and Consideration Securities issued, then the aggregate Voting Power of TVI will be reduced to 6.99% on a fully diluted basis.

2.8 Taxation implications for Foyson

Stamp duty

The IGE Transaction is subject to stamp duty in New South Wales. The Company has submitted the IGE Transaction for stamping with the Office of State Revenue (**OSR**) together with the amount of stamp duty payable in accordance with the relevant stamp

duties legislation. Foyson has determined that the dutiable property (as that term is defined in the Duties Act 1997 (NSW)) being transferred under the IGE Transaction is the lease of the property at Berkley Vale where the Commercial Plant is situated and the plant and equipment (including the Commercial Plant). Until the IGE Transaction has been assessed by the OSR there is a risk the OSR will form a different view to Foyson as to the amount of duty payable on the IGE Transaction.

Impact on carried forward tax losses

Foyson has not yet generated a profit as its business activities are currently mineral exploration only. Therefore, Foyson's tax group has substantial unused tax losses (\$88.6m revenue losses and \$23.4m capital losses) as reported in the 2014 income tax return lodged with the Australian Taxation Office. Foyson can continue to carry forward tax losses after the IGE transaction for future recoupment if it can pass either the Continuity of Ownership Test (**COT**) or the Same Business Test (**SBT**). The Board has historically considered that Foyson would not be able to use the majority of these tax losses and, as such, has not recognised the full amount of its deferred tax assets in its accounts. This is primarily because, in order to generate a profit, it is likely that Foyson would need to change its principal business activity from exploration to a cash flow positive business, and therefore would be unlikely to satisfy the SBT at the time that Foyson generates taxable profits.

Foyson has received advice that Foyson is unlikely to satisfy the statutory loss recoupment tests after the proposed IGE transaction due to the following:

- (a) Foyson is unlikely to satisfy the COT as a direct result of the IGE shareholders' proposed aggregate stake of 66% to 81% in Foyson. That is, Foyson will not maintain a continuity of ownership of more than 50% over the test period for the pre-2015 tax losses after the IGE Transaction.
- (b) Due to the significance of the IGE Transaction, it appears that Foyson's principal business activity is no longer the exploration of mining tenements. That is, Foyson's overall business has transitioned from the mineral resources sector to the development and commercialisation of waste to fuel technology. Based on this, Foyson may not be able to satisfy the SBT for the tax losses incurred prior to the IGE Transaction.

Based on the above, Foyson will not be able to shelter any future taxable profits against the tax losses incurred in the prior years. As such, Foyson will be required to pay income tax on any post-IGE Transaction taxable profits.

Other tax implications

The tax cost base of the IGE Assets in the hands of Foyson will be the purchase price plus the incidental costs of acquisition (such as legal fees, stamp duty etc). The total purchase price will then be required to be allocated to the various assets. This can be done via adopting an appropriate allocation methodology or alternatively by obtaining a valuation report to ascertain the fair value of assets. The tax issues associated with an asset acquisition is dependent on the type of asset acquired. To the extent that any tax depreciable assets are acquired, Foyson will be able to obtain a tax deduction over the effective lives of the depreciable assets.

2.9 Material contracts and licenses

Contracts and licences to be assigned or novated

The material contracts held by IGE, which will be assigned or novated to Foyson on completion of the IGE Transaction, are:

- (a) the Licences for the Technology;
- (b) all feedstock contracts between IGE and Odyssey Waste Control Pty Ltd; and
- (c) the consecutive leases for the Berkeley Vale premises where the Commercial Plant is situated (which will be entered into between IGE and the registered owner of the land prior to Completion) (**New Property Leases**).

The key terms of the licences and feedstock contracts are set out in Annexure B.

The New Property Leases will together have an effective term of up to 25 years, with the right to break the lease every 5 years.

The assignment or novation of these contracts to Foyson is conditional on completion of the IGE Transaction.

Other relevant contracts

As a condition precedent to Completion, Foyson and BTOLA will enter into a consultancy agreement with BTOLA for a term of 3 years, and on such other terms as the parties agree, under which BTOLA will procure that Bevan Dooley acts as Chief Technical Officer to Foyson, subject to and effective from Completion.

Foyson will also enter into an underwriting agreement in respect of the Rights Issue (and potentially the Offer). The key terms of that underwriting agreement will be disclosed in the Prospectus.

3. ADVANTAGES, DISADVANTAGES AND RISKS OF THE IGE TRANSACTION AND ASSOCIATED ISSUES OF SECURITIES

In making their recommendations to vote in favour of the Resolutions, the Independent Directors have carefully considered a range of alternatives to the IGE Transaction, as well as the advantages, disadvantages and risks associated with the IGE Transaction. The Board has also considered the advantages and disadvantages of the Placement, issue of Options to Paul Dickson and issue of Shares and Options to Michael Palmer.

3.1 Benefits of the IGE Transaction

The **Independent Directors recommend** that Shareholders **VOTE IN FAVOUR** of each of the Resolutions required for the IGE Transaction to proceed, being each of Resolutions 1 – 7. The benefits which the Independent Directors considered in making this recommendation include the following:

- (a) **Interest in an operating business:** Foyson will obtain an interest in a business which, once the Commercial Plant meets its Commissioning Test, will have the capacity to generate cash flow by producing and selling fuel. Once the Commercial Plant is operating at 100fstpd, Foyson anticipates cash flow will provide sufficient funding to maintain Foyson as a going concern.
- (b) **Risk that may not continue as a going concern:** If the IGE Transaction does not complete, Foyson will continue to be exposed to the financial difficulties faced by, and risks associated with, the Amazon Bay Project, and there will be a question as to whether Foyson will be able to continue to operate as a going concern. For example, the Board may not be able to obtain equity or debt funding (at all or on acceptable terms) for an early stage exploration project such as Amazon Bay Project in the current environment and there is no guarantee that the Board would be able to identify an alternative cash flow positive business opportunity.
- (c) **Attractive business model:** The purchase of the IGE Assets, operation of the Commercial Plant and sale of fuel produced by it has attractive features, including:
 - (i) non-recyclable waste plastic, which is used as feedstock for the Commercial Plant, is plentiful (and contracts for the provision of waste plastic feedstock are already in place);
 - (ii) a business model which (subject to a number of factors including those risks considered in section 3.4) is anticipated to be viable provided that the Brent crude oil price is above US\$25 per barrel (assuming Foyson maintains a feedstock price of less than A\$250 per tonne and sells all fuel produced);
 - (iii) the economic viability of the Commercial Plant does not depend on Government grants or subsidies; and
 - (iv) there is potential for additional business opportunities associated with the Technologies, which may be exploited and/or sub-licensed by Foyson.

- (d) **Leverage off existing PNG opportunities:** There is an opportunity for Foyson to leverage on its knowledge of the market and contacts in Papua New Guinea in order to seek further business opportunities (including relating to the use of the Technologies) in that country.
- (e) **Better position to fund Amazon Bay Project:** Foyson may be better positioned to fund the development of the Amazon Bay Project in the future, whether from cash flow, capital raisings or debt financing, due to its business activities being more diversified and not exclusively cash flow negative mineral exploration. In particular, the significant fall in iron ore prices has meant that there are poor current prospects for junior iron ore exploration companies and the Independent Directors have actively sought but been unable to obtain adequate funding for Foyson's exploration activities, in the absence of a change of business direction.
- (f) **Strengthened market capitalisation:** Following the IGE Transaction and the Fundraising, Foyson will have a strengthened market capitalisation.
- (g) **TVI's controlling interest diluted:** TVI currently holds approximately 23.05% Voting Power in Foyson. Following Completion of the IGE Transaction, TVI's and Mr James' Voting Power in Foyson is likely to be diluted to below 10%. However, if Resolutions 1 – 6 are not approved or the IGE Transaction otherwise does not complete, but Resolution 9 is approved, then TVI's and Mr James' Voting Power in Foyson may increase up to 40.6% (refer to section 13.7 for more details and section 13.9 for the advantages and disadvantages associated with this potential increase in Voting Power).
- (h) **Independent expert conclusion:** The independent expert has concluded that the IGE Transaction is not fair but is reasonable to Non-Associated Shareholders.
- (i) **No superior proposal:** As at the date of this Notice of Meeting, no superior proposal to the IGE Transaction has emerged and the Independent Directors are not aware of any superior proposal which may emerge in the future.
- (j) **Best available option to increase Shareholder wealth:** The Independent Directors consider that the IGE Transaction is the best option currently available to Foyson to increase Shareholder wealth in the longer term.

3.2 Why you may vote against the IGE Transaction

The Independent Directors consider that there are some disadvantages to the IGE Transaction and Shareholders should take these into account when deciding how to vote on Resolutions 1 – 7:

- (a) **No guarantee of economic viability or profitability:** There is no guarantee that the operation of the Commercial Plant and the sale of fuel products produced will be economically viable, or become profitable, as this depends on a number of factors outside of the control of the Board, including the price of crude oil, the availability of buyers, the continued ability to obtain feedstock and the Commercial Plant operating efficiently. However, the Board currently has no reason to believe that the operation of the Commercial Plant will not be economically viable, due to its business model allowing the Brent crude oil price to drop to US\$25 per barrel (assuming it maintains a feedstock price of less than A\$250 per tonne and sells all fuel produced), IGE's review of the market for fuel products in Australia indicating that price is a significant driver for buyers, the ready availability of waste plastic and the fact contracts for the purchase of feedstock have already been entered into, and tests conducted on a pilot plant indicating that the WPTF Technology is capable of operating efficiently.
- (b) **IGE Parties' potential Voting Power:** After Completion of the IGE Transaction, the IGE Parties will have at least 55.9% and at most 81.2% Voting Power. This has several implications:
 - (i) At this shareholding level, the IGE Parties will, if acting in concert or under a relevant agreement, arrangement or understanding, be able to:

- (A) control the composition of the Board and pass ordinary resolutions (ie requiring more than 50% of the votes cast);
- (B) if the IGE Parties' Voting Power is 75% or more, also be able to pass special resolutions,

subject to certain restrictions under the Corporations Act, Foyson's constitution, and the ASX Listing Rules which will prevent them from voting in some situations (generally where the relevant IGE Party is interested in the subject matter of the relevant resolution).

The IGE Parties may vote in their own interests and, as set out in paragraph 3.2(b)(ii), the interests of the IGE Parties may not always be aligned with minority shareholders. As the IGE Parties have greater than 20% Voting Power, they cannot further increase their Voting Power unless they do so in limited circumstances. These limited circumstances include acquisitions with the approval of other Shareholders, launching a takeover bid for the remaining Shares, or acquiring up to a further 3% every 6 months. However, although the IGE Parties have a common interest in receiving Milestone Securities under the Business Sale Agreement and the IGE Shareholders Agreement until 30 June 2018, Foyson is not aware of there being any other agreement, arrangement or understanding between the IGE Parties regarding Foyson's Board composition or its affairs, or any intent between the IGE Parties to act in concert in relation to Foyson's affairs.

- (ii) The interests of the IGE Parties might not always be aligned with the interests of minority Shareholders. However, in some circumstances, minority Shareholders will have the benefit of protections provided by the Listing Rules, Corporations Act and other applicable laws, including:
 - (A) in certain circumstances, but not all, a requirement to obtain Shareholder approval for transactions between Foyson and any of the IGE Parties (in relation to which the IGE Parties may be excluded from voting);
 - (B) a requirement for all Directors on the Board to comply with any applicable laws regarding conflicts of interest; and
 - (C) a requirement for all Directors on the Board to comply with the legal obligations to act in good faith, in the best interests of Foyson and for proper purposes, and to have regard to the interests of the Shareholders and Foyson as a whole.
- (iii) The IGE Parties' potential Voting Power may deter a third party from making a takeover offer for your Shares, as they may require approval from the IGE Parties. In these circumstances, a takeover premium may not be realised except through a transaction supported by the IGE Parties.
- (iv) The issue of the Consideration Securities and Milestone Securities, in addition to the issue of up to 22,500,000 Shares under the Offer (on a post Consolidation basis), will result in the Voting Power of existing Shareholders being significantly diluted.

- (c) **Possible delay or failure to end ASX suspension:** If Resolutions 1 – 5 are approved, Foyson's Shares will be suspended from trading until such time as Foyson re-complies with Chapters 1 and 2 of the Listing Rules. Completion of the IGE Transaction is conditional on ASX confirming that Foyson has re-complied with Chapters 1 and 2 of the Listing Rules. There is a risk that if Foyson fails to re-comply with Chapters 1 and 2 of the Listing Rules, trading of its Shares will remain suspended (and accordingly Shareholders will not be able to trade their Shares) until such time as these requirements are met or the IGE Transaction is terminated for not satisfying the re-compliance condition (the sunset date for satisfaction of the conditions precedent under the Business Sale Agreement is 30 November

2015, unless the parties agree to extend it). During the period that the Shares are suspended, Non-Associated Shareholders will have a minority interest in an unquoted public company.

- (d) **Inability to use carried forward tax losses:** Following Completion of the IGE Transaction, Foyson may be unable to use carried forward tax losses (refer section 2.8). Foyson's carried forward tax losses at 31 December 2014 were notionally in the amount of \$88,623,439, however as Foyson has not yet generated a profit the Board has historically considered it would not be able to use those tax losses. Changes to Foyson's business in the past may mean that some or all of these losses are unusable in the future regardless of whether the IGE Transaction proceeds (refer section 2.8 for details of the relevant test). As such, Foyson has not recognised the full amount of its deferred tax assets in its accounts.
- (e) **Costs of undertaking IGE Transaction:** Foyson estimates that the costs of undertaking the IGE Transaction will be approximately \$1,250,000, including for stamp duty, fees for legal and financial advisers and share registry costs (and some of these costs are associated with undertaking the Interim Placement, the Rights Issue and the Offer). However, the majority of these costs will be incurred regardless of whether the IGE Transaction proceeds.
- (f) **Disagree with change of nature and scale:** Shareholders may disagree with the change of the nature and scale of Foyson's business.
- (g) **Disagree with Independent Expert conclusion:** Shareholders may disagree with the determination of the independent expert that the IGE Transaction is not fair but reasonable for Non-Associated Shareholders.
- (h) **Disagree with Independent Directors' recommendation:** Shareholders may disagree with the Independent Directors' recommendation.
- (i) **Possibility of a superior proposal:** Shareholders may consider that there is a possibility a superior proposal will emerge.

3.3 Implications if the resolutions are not approved

If Shareholders do not approve Resolutions 1 – 6, the IGE Transaction will not proceed. If Resolution 7 is not approved, then the Offer will not proceed and there is a risk that the IGE Transaction will not proceed as ASX Confirmation may not be obtained. If the IGE Transaction does not proceed, Foyson will continue with its existing capital structure and assets, which your Independent Directors consider would create material uncertainty as to whether Foyson will be able to continue as a going concern.

The primary asset of Foyson, the Amazon Bay Project, is an exploratory asset which does not derive any revenue at this stage. Foyson has no other arrangements in place to obtain funding from an alternative source to progress the Amazon Bay Project. While the Board would seek alternatives if the IGE Transaction does not proceed, there can be no assurance that any funding would be available to Foyson, either at all or on terms which the Independent Directors consider appropriate.

Therefore, in the absence of a superior proposal, your Independent Directors unanimously recommend that Shareholders **VOTE IN FAVOUR** of Resolutions 1 – 6 to implement the IGE Transaction and Resolution 7 to implement the Offer.

3.4 Risks associated with IGE Transaction

The IGE Transaction (and any investment in Foyson after completion of the IGE Transaction) is not risk free and Shareholders should consider the risk factors described below, together with information contained elsewhere in this Notice and Explanatory Statement, before deciding how to vote on the Resolutions.

The following list is not intended to be an exhaustive list of the risk factors relating to the IGE Transaction (and any investment in Foyson after completion of the IGE Transaction) and other risk factors may apply.

In this section, references to Foyson assume that the IGE Transaction has proceeded and that Foyson is operating the waste plastic to fuel activities.

Risks specific to the waste plastic to fuel activities, and other Technologies

(a) Crude oil prices

Oil and fuel prices are volatile and low prices could have a material adverse impact on cash flow and on Foyson's business. This volatility has been evident in the last decade. For example, crude oil prices began to climb in 2004 and reached an all-time high in mid-2008. The price of crude oil dropped from just over US\$145/barrel in July 2008 to US\$45/barrel at the end of December 2008 and to US\$35/barrel in mid February 2009. By July 2011, the price of crude oil climbed to more than US\$100/ barrel and until August 2014 the Europe Brent ("Brent") crude price, the global benchmark, was in excess of US\$100/barrel. Since August 2014 the price has continued to fluctuate and as at 2 June 2015 Brent crude was trading at around US\$65/barrel. The risk exists if the Brent price falls significantly and remains at a low price for a period of time, Foyson may not be able to compete on price and this could have a material and adverse impact on the financial performance of Foyson.

Future production from the Commercial Plant will be dependent on the price of oil being adequate to make the Commercial Plant economic. Future price declines in the market value of oil could cause production from the Commercial Plant to be rendered uneconomic. Depending on the price of oil, Foyson could be forced to discontinue production. There is no guarantee that, if commercial quantities of fuel are consistently produced, a profitable market will exist for it.

(b) Interruption to feedstock supply or quality

The operation of the Plant requires substantial quantities of plastic waste feedstock to be sourced from external suppliers. The characteristics of the supplied feedstock affects the yield and the density of fuel produced by the Plant, and the price at which the feedstock is sourced affects the economic viability of the Plant. Any interruption to the supply of feedstock to Foyson may result in interruptions to production. This could occur as a result of, for example, a breach of contract by Foyson's feedstock supplier or a force majeure event under that contract, or increased demand for non-recyclable waste plastics from other sources.

Any issues with the quality of the feedstock supplied or any increase to the price at which it is sourced could also materially and adversely affect the financial performance of Foyson.

Foyson currently sources all of its waste plastic feedstock from one aggregator, Odyssey Waste Control Pty Ltd (**Odyssey**) (see section 2.9 and Annexure B for a summary of Foyson's contracts with Odyssey). Odyssey is an aggregator of waste plastics and sources its waste plastic from various suppliers. There is always a risk that, notwithstanding appropriate safeguards, Odyssey may experience financial, supply or other difficulties which may affect Odyssey's ability to perform its obligations to Foyson. In addition, the terms of the contracts currently entered into between Odyssey and Foyson are uncertain in several respects, which means there is a risk Odyssey could dispute its obligation to supply or to compensate for failure to supply, or the applicable price for the feedstock. At the date of this Notice, Foyson is negotiating new agreements with Odyssey with the aim of addressing some of these uncertainties. There is no guarantee that the re-negotiated agreement, once signed, will guarantee a supply of feedstock. There is also a risk that Foyson may need to agree to "take or pay" clauses, which oblige Foyson to take a minimum quantity of feedstock (even if it is surplus to the Commercial Plant's needs) or pay for the rejected minimum quantity of feedstock. There is also a risk that, at the end of the contract term, Odyssey may stop supplying waste plastic feedstock to Foyson, or Odyssey may terminate the contract early, and that Foyson will not be able to find alternative suppliers, at all, on as favourable terms or in the quantities required. Such termination or failure to renew could result from things such as an inability to source feedstock for

aggregation, delivery difficulties, or an ability to obtain higher prices from other customers.

(c) **Failure of Technology**

The WPTF Technology and BTE Technology have been trialled on a small scale in a pilot plant, but have not yet been conclusively proven to produce fuel or energy (as applicable) on a commercial scale, consistently or at all. The BTF Technology is still laboratory based and has not been tested in a pilot plant on any scale.

Whilst key aspects of the Technologies are based on existing technologies in the public domain, these technologies have rarely been successfully applied on a commercial scale. Aspects of the Technologies relating (for example) to design, processes and control, are novel in that they allow the fuel or energy to be produced consistently and in large quantities suitable for commercial sale.

As with all technology, there is a risk that the particular application of the Technology will not work at all or may stop working in the future. There is no guarantee that the issue that causes the failure can be fixed economically or at all. If such a failure of the Technology occurs, that failure would have a material and adverse effect on the financial position of Foyson.

(d) **Regulatory risks**

(i) **General regulatory risk**

Foyson's operations are subject to regulation at the Federal, State and local Government level and some of the laws, rules and regulations that govern operations carry substantial penalties for non-compliance. Rules and regulations include those relating to taxation, environmental protection, management and occupational health and safety standards.

Changes to regulatory requirements could result in increased operating, financial and capital costs that could make continued operations unsustainable.

In addition to possible increased costs, the imposition of increased regulatory based procedures may result in delays to completing the Expansion or in being able to initiate or complete new production facilities.

(ii) **Health and safety laws and regulations**

Fuel production operations may expose Foyson's personnel and the staff of service providers to potentially dangerous working environments.

If any of Foyson's personnel or the staff of a service provider suffer injury or death in the course of those operations, Foyson may be exposed to liability for fines and / or compensation payments. These liabilities have a potential to adversely impact upon the financial performance and reputation of Foyson.

(iii) **Environmental Risk**

Foyson's operations and the production of diesel, petrol and other fuel products by Foyson generate greenhouse gas emissions. There is increasing recognition that energy consumption is a contributor to global warming, greenhouse effects and potentially climate change. While there is no specific change contemplated that poses a currently known risk to Foyson, the world's governments including those in Australia, have introduced or are contemplating regulatory change in response to the potential impacts of climate change and greenhouse gas emissions. If these regulatory changes affected Foyson's business, they could have a material adverse effect on Foyson's current and future operations.

Further, Foyson may be exposed to liabilities for damages, clean-up costs, or penalties in the event of any unintended discharge in the environment from its commercial plants or any of its products. Such a

discharge recently occurred during the commissioning process and, following this incident, Foyson has implemented procedures with regards to minimising the chances of any unintended discharge into the environment (in addition to those already in place), however despite these precautions there is no guarantee that a similar discharge will not occur in the future. Regulatory authorities are increasing the penalties being applied to Companies that breach regulations and any such liability imposed may impact adversely on Foyson's financial performance and value of Foyson's shares.

Foyson may also become liable for the cost of remediating any contamination of the Berkeley Vale site (regardless of whether it caused or contributed to that contamination). Whilst the Lessor is liable for this cost under the lease between IGE and the Lessor, there is a risk the Lessor may experience financial or other difficulties which may affect the Lessor's ability to perform its obligations to Foyson. Foyson has not yet identified whether the site is currently contaminated nor quantified the actual or potential cost of remediating current or future contamination on the site.

(e) Failure to protect intellectual property rights

BTOLA filed a single Australian provisional patent application in September 2014 which broadly applies to both the WPTF and BTE Technology. The provisional patent relates to part only of the valuable intellectual property within the WPTF and BTE Technology, which lies primarily in the industrial copyright, trade secrets and know-how relating to the Technologies.

Currently, the majority of trade secrets and know-how relating to the Technology reside in the minds of Bevan Dooley and Adrian Lake. There is a risk that, should Bevan Dooley leave Foyson for whatever reason, this valuable intellectual property will be lost to Foyson which could have a material and adverse effect on the financial performance of Foyson. Further, Foyson must ensure that its trade secrets and know-how are kept confidential and are otherwise protected. Actions taken by Foyson to protect its trade secrets may not be adequate and this could erode its competitive advantage in respect of such trade secrets. Further, others may independently develop similar technologies.

It is a condition precedent to Completion that the trade secrets and know-how, as well as all industrial copyright, relating to the Technology be professionally recorded and transferred to Foyson at Completion. Foyson has engaged a professional patent attorney to compile the necessary documents. It is also a condition precedent to Completion that Bevan Dooley (through BTOLA) enter into a consultancy agreement with Foyson for a 3 year term, and on such other terms (including as to termination rights) as are acceptable to Foyson.

The current patent application is filed as a provisional specification dated in September 2014. A provisional specification acts to secure a date for the disclosure of an invention. It defines the date on which the information was received by the patent office but is not examined. It is incumbent on the applicant to progress the application to a complete specification in Australia and/or pursue any overseas filings of interest within 12 months of the original filing date. It is only that later specification that will be examined and assessed for grant.

The filing of a provisional specification gives no inherent indication of the patentability of the invention or the freedom to exercise the Technology in any particular jurisdiction. If a patent is granted over the Technologies, the granting of a patent does not guarantee that Foyson's intellectual property is protected and that others will not develop similar technologies that circumvents such patents. There can be no assurance that any patents Foyson ultimately licences, whether now or in the future, will give Foyson commercially significant protection of its intellectual property.

Foyson's success depends, in part, on its ability to obtain, maintain and protect its intellectual property. Actions taken by Foyson to protect its intellectual property (including those described in this Notice) may not be adequate, complete or enforceable and may not prevent the misappropriation of its intellectual property and proprietary information or deter independent development of similar technologies by others. Foyson may also suffer damage if former employees infringe its intellectual property rights or assert their moral rights.

Monitoring unauthorised use of Foyson's intellectual property rights is difficult and can be costly. Foyson may not be able to detect unauthorised use of its intellectual property rights. Changes in laws in Australia and other jurisdictions in which Foyson operates may adversely affect Foyson's intellectual property rights.

(f) **Infringement of third party intellectual property rights**

Other parties may develop, or have already developed, processes or technologies substantially similar to those used by Foyson, and other parties may allege that Foyson's technologies and processes incorporate intellectual property rights derived from third parties without their permission. Whilst Foyson is not the subject of any claim that its technologies infringe the intellectual property rights of a third party, allegations of this kind may be received in the future and, if successful, injunctions may be granted against Foyson which could materially affect the operation of Foyson and Foyson's ability to earn revenue, and cause disruption to Foyson's services. The defence and prosecution of intellectual property rights lawsuits, proceedings and related legal and administrative proceedings are costly and time-consuming, and their outcome is uncertain. Ultimately, a negative decision could result in closure of the Plant and cessation of Foyson's business.

(g) **Low liquidity and release from escrow risk**

Some Shareholders will be subject to ASX imposed escrow requirements which are designed to protect the integrity of the market. Related Parties and promoters of Foyson will not be able to deal with any of their Shares or Options which are restricted securities for a period of 24 months from the date of re-quotation of Foyson's Shares on ASX following compliance with Chapters 1 and 2 of the Listing Rules. Any other Shareholders who ASX decides are seed capitalists of Foyson will not be able to deal with any of their Shares which are restricted securities for a period of up to 12 months from the date of re-quotation of Foyson's Shares on ASX following compliance with Chapters 1 and 2 of the Listing Rules. At the end of these escrow periods, a significant sale of the Shares released from escrow, or the perception that such sales have occurred or might occur, may impact the Share price of Foyson. See section 1.12 for further information regarding the restricted securities.

The number of restricted securities during the restriction periods may cause or contribute to a limited liquidity in the market for Shares, which could affect the market price at which other Shareholders are able to sell their Shares.

Illiquid securities tend to be of lesser value than equivalent securities which are more liquid in character.

(h) **Failure to meet Australian Standards**

Failure to meet the Australian standards for Foyson's finished products would adversely impact the price at which the diesel, petrol and fuel products produced could be sold, or sold at all. Inconsistencies, errors or contamination of the products could result in cancellation of any off-take agreements then in place, and leaving Foyson exposed to compensation payments or penalties.

(i) **Plant 50 fstopd capacity risk**

Foyson's business model assumes that following a year of operation, the Commercial Plant will be capable of processing 50 fstopd for 330 days per annum on a 24 hour, 7 days per week basis.

There is a risk that the Commercial Plant will be unable to process feedstock at this capacity, whether due to engineering issues which mean the Commercial Plant does not work at full capacity, Technology failures, maintenance requirements or unanticipated shut-downs.

(j) **Management risk**

The responsibility of undertaking the WPTF business is currently concentrated amongst a small number of key management personnel. Further, if Foyson's development programme is successful, Foyson could experience a rapid growth in its operations which could place significant demand on managerial, operational and financial resources due to the need to manage relationships with business partners, difficulties in hiring, managing and retaining appropriate personnel and pressures for the development of information systems.

The loss of these key employees or the inability to retain additional key employees as Foyson's operations develop may materially impact the financial performance and the value and price of Foyson's shares.

Foyson has engaged key management personnel on attractive employment and contractual arrangements with cross training in skills undertaken to ensure minimal disruption to Foyson if it suffers the loss of key management personnel.

(k) **Change in fuel standards**

New fuel standards may be introduced and existing fuel standards may be amended or repealed from time to time. It is possible that lobby groups (such as traditional fuel wholesalers) could pressure the government to introduce such changes. Any change to the standards in any market in which Foyson sells its products may result in Foyson needing to modify its production process or procure alternate or additional feedstock, which may impact the revenue and expenditure of Foyson and materially and adversely affect Foyson's financial performance. In an extreme case, such new or amended standards could significantly limit or prevent altogether the use of non-petroleum derived fuels, having a material and adverse effect on the future viability of Foyson.

(l) **Technology upgrades required to remain competitive**

To remain competitive and better optimise production from the Commercial Plant as well as complying with emerging industry standards and increasingly stringent environment regulations, additional capital will be required to install technology upgrades. There is a risk that Foyson may not be able to develop the necessary technology or secure the capital necessary to implement advanced technologies into the Commercial Plant at all or in a timely manner.

(m) **Funding risk**

After completing the Expansion, Foyson's growth plans involve (amongst other things) constructing similar plants using the WPTF Technology in Australia (see section 2.3), as well as proving the BTE Technology and, if successful, commercialising that technology in PNG (see section 2.3). Whilst Foyson currently foresees self-funding some of this growth, Foyson may require additional financing to fund its strategy. This additional financing may be in the form of equity, debt or a combination of them. Foyson's ability to raise additional capital will depend on various factors, including the results of its operations and the status of various capital and industry markets at the time it seeks such capital. Accordingly, additional financing may not be available on acceptable terms, if at all. In the event additional capital resources are unavailable, Foyson may be required to curtail its planned growth. It is difficult to quantify the amount of financing Foyson may need to fund its planned growth beyond the completion of the expansion of the Commercial Plant's installed capacity to 200 fstdpd (refer also to "Plant Expansion Risk" in paragraph (n)).

The amount of funding Foyson may need in the future depends on various factors such as:

- Foyson's financial condition; and
- the success or otherwise of its operations.

Further, the availability of such funding may depend on:

- the liquidity and price of Foyson's shares at the time Foyson seeks to raise funds;
- the prevailing and forecast market price of diesel, petrol and fuel products; and
- the applicable economic conditions at the time Foyson seeks to raise funds.

(n) **Plant Expansion risks**

(i) **New design**

Foyson's business model is based on the Commercial Plant's capacity being expanded from 50 fstopd to 200 fstopd by December 2016 (**Expansion**) by constructing three additional 50 fstopd modules identical to the existing Plant (**Modules**).

Each Module is designed to work independently, so that scaling-up production from 50 fstopd to 100 fstopd (and again from 100 fstopd to 150 fstopd and from 150 fstopd to 200 fstopd) should be an identical process to scaling-up the first 50 fstopd, and the usual obstacles to increasing the capacity of a commercial facility should not be present. The Expansion is based on a new and untested design, there is no guarantee that the Modular system will work as predicted and without complication. Foyson is in the process of obtaining a technical report from an independent expert to opine on the Modular system and confirm that there is no reason why the Modular system ought not work in accordance with its design. If the Modular system does not work as predicted or there are unforeseen design complications, this may prevent or delay the Expansion or increase costs which may materially and adversely affect Foyson's financial position.

(ii) **Construction delay and cost overruns**

Delays in the Expansion could arise if the equipment is damaged or faulty and requires replacement. Other factors that could impact the completion of the Expansion include the availability and delays in delivery of key equipment.

Cost overruns could occur if there are delays in completing the Expansion or if equipment has to be sourced from alternative, more expensive suppliers.

If completion of the Expansion does not occur within the above timeframe or the costs to Foyson materially exceed the costs budgeted for by Foyson, for whatever reason, Foyson's financial performance is likely to be materially and adversely affected.

(o) **Customer risk**

Foyson's revenue depends, among other factors, on Foyson's ability to acquire customers to purchase its fuel products and react to challenges from existing and new competitors. There is a risk that Foyson may be unable to compete with existing fuel suppliers, who have greater resources and access to more markets than Foyson and may not, therefore, obtain sufficient sales of its product at all or at the required quantities or price. If Foyson does not obtain customers, at all or at sufficient volumes, or is unable to retain customers, this will have a material and adverse affect on Foyson's financial performance.

(p) **Plant maintenance and efficiency**

Foyson's performance will be affected by the efficient operation and maintenance of the Commercial Plant. The Commercial Plant may be affected by reduced operating capacity as a result of damage to or equipment failure, lead times to replace key equipment components resulting in extended and unscheduled interruptions to production, occupational health and safety incidents requiring the Commercial Plant to shut down for investigations, and disaster whether arising from the acts or omissions of Foyson or from external factors.

For example, the tank farm into which fuel production from the Commercial Plant's modules would feed has only two arms for loading finished product into transport carriers. It is Foyson's intention to acquire additional loading capabilities, however in the short term there is a risk that if either or both of these arms fail then production from the Modules would have to be slowed or ceased to meet the capacity of the tank farm.

If the above risks eventuate, they could have a material and adverse effect on the financial performance of Foyson.

(q) **Development application risk**

There is a risk that the local government may require a development application to be lodged in relation to the Commercial Plant, particularly in relation to certain additional infrastructure proposed to be constructed on the site as a result of the Expansion. If delays are experienced with obtaining the necessary development application or if the development application is refused, this could have a material and adverse impact on the financial performance of Foyson.

(r) **Failure to build and maintain distribution channels**

Foyson will be required to build and maintain a solid distribution channel and access sufficient amounts of freight, storage, infrastructure and logistic support. Competition for transport carriers, union strikes and increased costs of these services could impact the ability of Foyson to deliver its finished products. If this risk eventuates, it could have a material and adverse effect on the financial performance of Foyson.

(s) **Title to Berkeley Vale Risk**

The Commercial Plant will be situated on leased premises at Berkeley Vale. Foyson proposes to enter into registered 5 year consecutive leases (with a total term of up to 25 years) on the Berkeley Vale premises to secure its interest in the premises in the event the landlord sells the land. Entering into these leases in a form and on terms acceptable to Foyson (in its absolute discretion) is a condition precedent to the IGE Transaction completing. There is a risk that the site may be affected by events outside the parties' control, such as government compulsory acquisition orders or serious damage (for example, caused by inclement weather), which may render the site unable to be used by Foyson to carry on the operation of the Commercial Plant or associated activities and/or result in the termination of the lease.

(t) **Exchange risk**

The price at which Foyson can sell its fuel products will be pegged to the wholesale price of fuel in Australia. This price (referred to as the 'terminal gate price') is determined by, amongst other things, crude oil prices and other costs (such as shipping and insurance costs) incurred by fuel distributors. As crude oil and shipping and insurance costs are priced in US dollars, the Australian wholesale fuel price is affected by the strength of the Australian dollar as against the US dollar. Movements in the Australian dollar as against the US dollar that materially and negatively affect the wholesale fuel price in Australia could have a material and adverse effect on the financial performance of Foyson.

General investment risks

(a) **General economic or market conditions**

Foyson's operating and financial performance may be influenced by a variety of general economic and business conditions including the level of interest rates, international fiscal, monetary and regulatory policies and the level of inflation and economic growth. Prolonged deterioration in general economic conditions, including increases in interest rates, or reduced consumer and business demand could have a material adverse effect on Foyson's financial performance. In particular, such changes may have a greater impact on Foyson because, as a small company, it lacks the financial resources of larger companies.

(b) **Taxation**

Changes to tax legislation and regulation, or their interpretation, may adversely affect the value of an investment in Shares and may affect Shareholders differently.

(c) **Interest Rates**

A rise in interest rates may impact adversely on demand for Foyson's products and Foyson's financial performance.

(d) **Accounting Standards**

Changes in accounting standards or the interpretation of those accounting standards that occur after the date of this Prospectus may impact adversely the financial performance and position reported in Foyson's financial statements.

(e) **Counterparty risk**

There is a risk that Foyson, or a third party Foyson has contracted with, will be unable or unwilling to perform its obligations under Foyson's material contracts. If this occurs, Foyson's fuel production or sale of product may be delayed and further costs in making alternative arrangements are likely to be incurred by Foyson. Foyson may or may not be able to recover damages or amounts from third parties if they do not uphold the terms of their contract with Foyson or be sufficient to cover Foyson's actual loss or damage. There is also a risk that a material contract may not be renewed or recontracted upon expiry or may be terminated early. Any of the above may materially impact the financial performance and the value and price of Foyson's shares.

The material contracts of Foyson are described in Section 2.9 and Annexure B.

(f) **Insurance risk**

In accordance with industry practice Foyson maintains insurance against some, but not all, of the operating risks to which its business is exposed. For example, Foyson does not expect to acquire business interruption risk insurance as it considers the cost to be prohibitive. In addition, as a result of the number of environmental and climate events such as earthquakes, cyclones and tsunamis insurance underwriters have increased premiums for many of the coverages that would have been maintained by Company and made significant changes for the level and variety of cover. Future insurance coverage for the industry could increase in cost and may include higher deductibles, in addition, some forms of insurance may become unavailable in the future or unavailable on terms that are economically acceptable.

(g) **Commercial risk**

Foyson is subject to the same commercial risks faced by all businesses, including the risk of litigation and other business disruptions. This litigation may include, but is not limited to, intellectual property claims (including in relation to the Technology rights), contractual claims, personal injury claims, employee claims and environmental claims. If a successful claim is pursued against Foyson, the litigation may adversely impact the production, sales, profits or financial performance of Foyson. Any claim, whether successful or not, may adversely impact on Foyson's share price.

(h) **Force Majeure**

Force Majeure is a term used to refer to an event beyond the control of a party claiming that the event has occurred. These include acts of God, fire, flood, earthquakes, war and strikes. To the extent that Force Majeure events may occur, they may adversely affect Foyson's financial performance, the value and the price of Shares and Foyson's ability to operate.

(i) **Acts of Terrorism and breakout of International Hostilities**

Acts of terrorism or the breakout of international hostilities may adversely affect the demand for Foyson's products and Foyson's financial performance. This, or an associated adverse sentiment change with respect to the share market, could have a negative impact on the value of an investment in Foyson.

(j) **Prospective Information**

No assurance as to future profitability or dividends can be given as they are dependent on future earnings and the capital requirements of Foyson.

There can be no guarantee that the assumptions on which any prospective development strategies of the Board, or those upon which Foyson bases its decisions to proceed, will ultimately prove to be valid or accurate. The prospective development strategies depend upon various factors which are outside the control of Foyson.

Other risks

The above list of risk factors should not be taken as exhaustive of the risks faced by Foyson in connection with the IGE Transaction.

4. DETAILS ABOUT IGE

4.1 Who is IGE?

IGE is an unlisted public company established on 15 February 2013 in New South Wales as a shelf company. In October 2014 a number of investors joined with the original developers of the Technologies using IGE as the investment vehicle for the purpose of raising the capital required to develop and commercialise the Technologies.

Operations

The Technologies were developed, and the intellectual property rights in the technology owned, by UTOF Pty Ltd (ACN 158 526 857) (**UTOF**) and BTOLA Pty Ltd (ACN 135 198 711) (**BTOLA**). Details of BTOLA and UTOF are set out below.

BTOLA and UTOF granted a licence to use, commercialise and exploit each Technology to IGE in October 2014, in consideration for the sum of A\$1.00.

UTOF constructed a pilot plant, on which the Commercial Plant is based, to test the WPTF Technology. The pilot plant was subsequently transferred to IGE (and has now been moved to Queensland to test the biomass to energy technology). IGE provided the funds for the construction of the Commercial Plant, which incorporates the WPTF Technology. Foyson has agreed to pay IGE up to \$400,000 with respect to the commissioning of the Commercial Plant within 20 Business Days of the date of Plant Full Commissioning or the date of Completion, whichever is later.

The Commercial Plant commenced operation in May 2015.

IGE Directors and Shareholders

IGE's directors are Paul Dickson, Bevan Dooley, Adrian Lake and Stuart Clark. Paul Dickson and Bevan Dooley were also appointed as Directors of Foyson on 24 November 2014.

The IGE shareholders broadly fall in to three categories: the developers of the Technology (and their friends and family), early supporters of the Technology and seed capitalists.

The developers of the Technologies (through Bevan Dooley, BTOLA and each of the shareholders of UTOF) collectively hold 34.9% of the shares in IGE.

The largest single shareholder of IGE, with 27.5% of IGE's issued share capital, is Mr Dickson, a seed capitalist (and current Chairman of Foyson) who has contributed significant cash investment to IGE.

In addition to the Technology developers and Mr Dickson, there are several other IGE Shareholders, identified in section 8.4.

About BTOLA

Bevan Dooley is the sole director of BTOLA. He holds 50% of the shares in BTOLA, with the remaining 50% held by David Dooley, Bevan Dooley's father. Bevan Dooley is one of the primary inventors of the Technologies (the other being Adrian Lake) and is managing the construction of the Plant. He is also a current director of Foyson.

About UTOF

The directors of UTOF are Bevan Dooley, Adrian Lake, Rodney Healey and Andrew Kelly. BTOLA, CVO Family Investments Pty Ltd, Healey Enterprises Australia Pty Ltd and Biodiesel Network Pty Limited each hold 25% of the shares in UTOF. Adrian Lake is one of the primary inventors of the Technologies (the other being Bevan Dooley). Andrew Kelly is the landlord of the Berkley Vale site on which the Commercial Plant is situated. UTOF was responsible for constructing the pilot plant which tested the WPTF Technology.

4.2 Current equity interests in Foyson

As at the date of this Notice, IGE does not hold any of the issued share capital of Foyson.

The following IGE Shareholders will hold the following Shares in Foyson at the date of the Meeting:

- (a) 169,482,758 Shares held by Paul Dickson;
- (b) 34,482,758 Shares held by Bevan Dooley; and
- (c) 34,482,758 Shares held by Rebelly Healthcare (Shanghai) Ltd (**Rebelly**).

Each of Mr Dickson, Mr Dooley and Rebelly subscribed for their Shares in cash under fundraisings conducted by Foyson in October 2014 (the placement of Shares to Mr Dickson to raise \$337,500) and in February 2015 (the issue of Notes to various investors to raise \$1,000,000).

At the date of the Meeting, Mr Dickson, Mr Dooley and Rebelly will also each hold 34,482,758 Options, but as these are restricted securities they cannot be exercised until the escrow period ends 12 – 24 months (for Rebelly) or 24 months (for Mr Dickson and Mr Dooley) from re-quotation of Foyson's Shares on ASX.

Mr Dickson, Mr Dooley and Rebelly will not be entitled to vote on Resolutions 1 – 5 in relation to the IGE Transaction and Mr Dickson will not be entitled to vote on Resolution 6.

4.3 IGE Parties' intentions for Foyson

The IGE Parties' intentions for Foyson are reflected in section 2.2 and 2.3 of this Notice.

4.4 The Board

There is currently no intention to change the Board upon Completion of the IGE Transaction. Paul Dickson and Bevan Dooley, each directors and shareholders of IGE, joined Foyson's Board on 24 November 2014.

5. RESOLUTION 1 – APPROVAL FOR CHANGE IN NATURE AND SCALE OF ACTIVITIES OF THE COMPANY

5.1 Regulatory requirements

Listing Rule 11.1 provides that where a listed company proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, it must provide full details to ASX as soon as practicable and comply with the following:

- (a) the company must provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;
- (b) if ASX requires, the company must obtain the approval of its ordinary security holders and comply with the requirements of the ASX in relation to the notice of meeting; and
- (c) if ASX requires, the company must meet the requirements in Chapters 1 and 2 of the Listing Rules as if the company were applying for admission to the official list of ASX.

ASX has indicated to Foyson that the change in the nature and scale of Foyson's activities as a result of the IGE Transaction requires Foyson to obtain Shareholder approval in accordance with Listing Rule 11.1.2, and must comply with any requirements of the ASX in relation to the Notice of Meeting. This Resolution 1 seeks that Shareholder approval.

In addition, ASX has indicated that the change in the nature and scale of Foyson's activities as a result of the IGE Transaction requires Foyson to re-comply with the admission requirements set out in Chapters 1 and 2 of the Listing Rules, in accordance with Listing Rule 11.1.3.

5.2 Re-compliance

Among other things, Chapters 1 and 2 of the Listing Rules require Foyson to:

- (a) have a structure (including a capital structure) and operations that are appropriate for a listed entity;
- (b) meet the minimum spread requirements of Shareholders each holding at least \$2,000 of Shares;
- (c) issue a prospectus;
- (d) meet either of the tests set out in the Listing Rules in relation to Foyson's profitability or asset value;
- (e) ensure that all of Foyson's securities on issue each have a price of not less than \$0.20; and
- (f) demonstrate that each director is of good fame and character.

Foyson has received in principle advice from ASX confirming that ASX would be likely to consider that Foyson has a structure that is appropriate and equitable for a listed entity, provided that it complies with certain ASX requirements in relation to the Buy-back Provisions and the Performance Right (and the Independent Directors consider that Foyson has complied, or will be able to comply, with such requirements).

ASX Guidance Note 12 sets out matters for inclusion in a notice of meeting to approve a transaction under Listing Rule 11.1.2. The table below sets out these matters and provides a cross-reference within this Explanatory Statement where the information regarding these matters can be found.

Item	Cross-reference
the material terms of the transaction	Sections 1.8 to 1.10 and Annexure A
an assessment of the financial effect of the transaction on the entity and on the interests of security holders in the entity	Section 2.3
if the transaction involves a significant change in the nature or scale of the listed entity's activities, details of how the entity will be modifying its business model to accommodate that change	Section 2.2

Item	Cross-reference
if the transaction will result in the entity needing to borrow funds or raise capital in the short term, information about its needs in that regard;	Section 2.2, 2.3 and Section 11.2
any changes proposed to the entity's board or senior management as a consequence of the transaction	Section 4.4
the timetable for implementing the transaction	Key Dates

5.3 Recommendation of directors

The Independent Directors unanimously recommend that Shareholders vote in favour of Resolution 1 as the Independent Directors consider that the IGE Transaction is in the best interests of Foyson and its Shareholders as a whole.

5.4 Resolution is conditional

Resolution 1 is conditional on Resolutions 2 – 6 (inclusive) being approved by the required majority. If one or more of those Resolutions are not approved, then Resolution 1 will be deemed not to have been approved.

6. RESOLUTION 2 – APPROVAL FOR ACQUISITION OF IGE ASSETS AND TECHNOLOGY RIGHTS

6.1 Regulatory requirements

Listing Rule 10.1 prohibits a listed entity from acquiring a substantial asset from a Related Party or a substantial holder, or any of their Associates, without shareholder approval. An asset is a “substantial asset” if its value, or the value of the consideration for it, is 5% or more of the equity interests of Foyson as set out in its latest accounts given to ASX under the Listing Rules.

In addition, section 208 of the Corporations Act requires a public company to obtain shareholder approval to give a financial benefit to a Related Party (unless an exception applies). A “financial benefit” is construed widely and in determining whether a financial benefit is being given, section 229 of the Corporations Act requires that any consideration that is given is disregarded, even if the consideration is adequate. It is necessary to look at the economic and commercial substance and the effect of the transaction in determining the financial benefit. Examples of “giving a financial benefit” include buying an asset from a Related Party and issuing securities to a Related Party.

Foyson will be acquiring:

- (a) the IGE Assets from IGE under the Business Sale Agreement; and
- (b) as a result of the assignment of Licences to Foyson as part of the acquisition of the IGE Assets, the right to use, commercialise and develop the intellectual property in the Technologies from the licensors, BTOLA and UTOF, under the terms of the Licences (following assignment or novation of the Licences to Foyson by IGE).

The consideration to be paid to IGE for the acquisition of the IGE Assets exceeds 5% or more of the equity interests of Foyson, so the IGE Assets are a substantial asset of Foyson for the purpose of Listing Rule 10.1. The value of the right to use, commercialise and develop the Technologies has not been determined by Foyson, but Foyson considers that the value may be such that it would be considered a substantial asset of Foyson in the future and will obtain shareholder approval for this acquisition under Listing Rule 10.1. In addition, Foyson considers that these acquisitions are likely to constitute “giving a financial benefit” to a Related Party.

Accordingly, Resolution 2 seeks approval of the acquisition of:

- (a) the IGE Assets from IGE; and
- (b) the right to use, commercialise and develop the Technologies from BTOLA and UTOF,
- (c) for the purposes of Listing Rule 10.1 and section 208 of the Corporations Act.

6.2 Related parties and Associates

For the purposes of section 208 of the Corporations Act:

- (a) IGE may be a Related Party of Foyson under section 228(4) or section 228(7) of the Corporations Act, on the basis that it is, or could be, controlled by a director of Foyson (namely Mr Paul Dickson, who holds 27.5% of the shares in IGE) or is acting in concert with that controlling director on the understanding that the director will receive a financial benefit (in this case, the issue of his Respective Proportion of the Consideration Securities and Milestone Securities to Mr Paul Dickson) if Foyson gives a financial benefit to IGE (being the sale of the IGE Assets to Foyson); and
- (b) BTOLA is a Related Party of Foyson under section 228(4) of the Corporations Act as BTOLA is controlled by Bevan Dooley, a director of Foyson.

For the purposes of Listing Rule 10.1:

- (a) IGE and BTOLA are related parties as they are related parties under section 228 of the Corporations Act; and
- (b) UTOF is an Associate of BTOLA in relation to the affairs of Foyson.

BTOLA and UTOF, the owners of the intellectual property rights in the Technology and licensors under the Licences, will also be Shareholders of Foyson. The Independent Directors believe this shareholding in Foyson will align the interests of BTOLA and UTOF with those of Foyson and its Shareholders. Following Completion of the IGE Transaction, Associates of UTOF and BTOLA will together hold a Relevant Interest in up to 27.3% of the Shares in Foyson.

6.3 Exceptions

An exception to the requirement to seek shareholder approval under section 208 of the Corporations Act is if the financial benefit would be reasonable if the parties were dealing at arm's length (or are less favourable to the Related Party than terms negotiated at arm's length). Foyson considers that the Business Sale Agreement was negotiated at arm's length and understands that the Licences were also negotiated on arm's length terms.

In addition, there is an argument that the Licences are on terms less favourable to the licensors (and therefore more favourable to the licensee, Foyson) than could be obtained at arm's length. It is common for a licensee to pay either material upfront consideration or a royalty to the licensor (or both) and licences generally continue for a set number of years and then terminate. However, under the Licences:

- (a) BTOLA and UTOF have received \$1.00 as consideration for them granting the right to use, commercialise and develop the intellectual property in the Technologies to Foyson;
- (b) no royalty is payable by Foyson under the Licences; and
- (c) the Licences are perpetual and irrevocable, other than where both parties decide to terminate the Licences or if a defined insolvency event occurs.

These factors suggest that the Licences are on terms less favourable to the licensors than could be obtained at arm's length. A summary of the material terms (including the obligations imposed on Foyson) under the Licences is set out in section 1 of Annexure B.

Nonetheless, Foyson considers it prudent to seek shareholder approval under section 208 of the Corporations Act.

6.4 Information required under Listing Rule 10.1

Listing Rule 10.10 requires that, in respect of a resolution to approve the acquisition of a substantial asset under Listing Rule 10.1, Shareholders must be provided with a report on the transaction from an independent expert which states the expert's opinion on whether the transaction is fair and reasonable to Non-Associated Shareholders.

The Independent Expert's Report is summarised in section 1.12 and set out in full in Annexure C. The Independent Expert has concluded that the IGE Transaction is "*not fair but reasonable*" to the Non-Associated Shareholders.

6.5 Information required for approval under section 208

In compliance with the information requirements of section 219 of the Corporations Act, Shareholders are advised of the specific information below, as well as the general information regarding the IGE Transaction in sections 1 to 4 of the Notice of Meeting. Neither the Directors nor Foyson are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by Resolution 2.

(a) **Identity of the Related Parties to whom Resolution 2 permits financial benefits to be given**

IGE (and the IGE Shareholders, who are identified in section 8.4) and BTOLA and UTOF (see section 4.1 for more details), who are Related Parties or Associates for the reasons set out in section 6.2.

(b) **Nature of the financial benefit**

Resolution 2 seeks approval from Shareholders to allow Foyson to give the following financial benefits:

- (i) buy the IGE Assets from a Related Party (IGE);
- (ii) issue the Consideration Securities and Milestone Securities to a Related Party (IGE Shareholders); and
- (iii) acquire the right to use, commercialise and develop the Technologies under the Licences from a Related Party (BTOLA) and its Associate (UTOF).

(c) **Valuation of financial benefit**

The Independent Expert's Report, which is summarised in section 1.12 and set out in full in Annexure C, includes the Independent Expert's valuation of the financial benefit given by Foyson to IGE and the IGE Shareholders and under the Licences. The Independent Expert's Report concludes that the IGE Transaction is not fair but reasonable to Non-Associated Shareholders.

6.6 Recommendation of directors

The Independent Directors unanimously recommend that Shareholders vote in favour of Resolution 2 as the Independent Directors consider that the IGE Transaction is in the best interests of Foyson and its Shareholders as a whole.

6.7 Resolution is conditional

Resolution 2 is conditional on:

- (a) Resolutions 1 – 6 (inclusive but excluding this Resolution 2) being approved by the required majority; and
- (b) ASX Confirmation being received.

If one or more of those Resolutions are not approved, or if ASX Confirmation is not received, then Resolution 2 will be deemed not to have been approved.

7. RESOLUTION 3 – APPROVAL OF THE ISSUE OF THE PERFORMANCE RIGHT

7.1 Regulatory requirements

ASX considers performance rights to be equity securities. As such, to comply with Listing Rule 6.1, the terms of a performance right must, in ASX's opinion, be appropriate and equitable.

IGE's contractual right under the Business Sale Agreement to receive the Milestone Securities on the achievement of the Performance Target is considered by ASX to be a performance right (**Performance Right**). ASX has advised that this Performance Right will be considered by ASX to be appropriate and equitable for the purposes of Listing Rule 6.1 provided that:

- (a) Foyson obtains shareholder approval for the Performance Right and the notice of meeting includes sufficient information about the terms and conditions of the Performance Right;
- (b) the Performance Right is not quoted;
- (c) the Performance Right is not transferable;
- (d) the Performance Right does not have voting rights (subject to any required by law);
- (e) the Performance Right does not permit the holder to participate in new issues of capital such as bonus issues and entitlement issues;
- (f) the Performance Right does not carry an entitlement to a dividend;
- (g) if the milestone is not achieved within the specified timeframe, the Performance Right will expire and lapse;
- (h) Foyson must make an announcement immediately upon conversion of the Performance Right; and
- (i) the terms and conditions of the Performance Right (including without limitation the relevant milestones that must be satisfied before the Performance Right may be converted) are not to be changed without the approval of ASX and ordinary shareholders.

ASX has also required Foyson to disclose the following in each annual report, annual audited accounts and half-yearly report, issued by Foyson, in respect of any period during which the Performance Right remains on issue or was converted or cancelled:

- (a) the number of Performance Rights on issue during the relevant period;
- (b) a summary of the terms and conditions of the Performance Right;
- (c) whether the Performance Right was converted or cancelled during that period;
- (d) whether the performance milestone for the Performance Right was met during that period;

Foyson must also disclose the Performance Right and the maximum number of ordinary shares into which it may convert at the time of lodgement of each Appendix 3B during the period that the Performance Right remains on issue.

This Resolution 3 seeks the shareholder approval for the Performance Right referred to in paragraph (a), including for the purposes of Listing Rule 10.11.

7.2 Terms and conditions of the Performance Right

The Performance Right is a contractual right of IGE under the Business Sale Agreement to be issued the Milestone Securities on achieving the Performance Target. The Performance Target is achieving earnings before interest, tax, depreciation and amortisation⁵ (**EBITDA**)

⁵ In calculating EBITDA only income, costs and expenses attributable to either production activities utilizing the technology of the Licences or applications of the Technology will be considered. Costs and expenses incurred by Foyson at the head office level and income from other activities will be excluded. EBITDA will be calculated in accordance with the Accounting Standards applicable to Foyson from time to time. A qualified auditor selected by Foyson and IGE or, failing agreement, Foyson's auditor,

of \$5,000,000 per annum from operating the Technologies or applications of the technology developed by certain key executives, 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.

As required by ASX, the Performance Right will not be quoted, is not transferable, does not have voting rights, does not permit IGE to participate in new issues of capital and does not carry an entitlement to a dividend.

Once the Performance Target has been met, Foyson will issue to IGE Shareholders the Milestone Shares, which are ordinary fully paid shares, and grant the Milestone Options, which are exercisable at \$0.20 and on the terms set out in Schedule 1. Foyson will make an announcement to ASX on the issue of the Milestone Securities.

If the Performance Target is not met by 30 June 2018, then the Performance Right will expire and lapse and IGE and its nominees will have no right to be issued the Milestone Securities.

7.3 Listing Rule 10.11

Listing Rule 10.11 provides that, unless a specified exception applies, a company must not issue or agree to issue Equity Securities to a Related Party without the approval of ordinary shareholders. A “related party”, for the purposes of the Listing Rules, has the meaning given to it in the Corporations Act.

Shareholder approval under Listing Rule 10.11 is sought with respect to the Performance Right, as ASX has advised that it considers the Performance Right to be an equity security. If approval under Listing Rule 10.11 is received for the Performance Right, then Listing Rule 10.11 approval is not required for the issue of the Milestone Securities as these will fall under exception 7 of Listing Rule 10.12 (the person receives the securities on conversion of convertible securities which were issued in compliance with Listing Rule 10.11). In this case, the convertible security is the Performance Right.

As Shareholder approval is being sought under ASX Listing Rule 10.11, approval is not also required under Listing Rule 7.1 for the issue under Resolution 3.

7.4 Information required for approval under Listing Rule 10.13

In accordance with ASX Listing Rule 10.13, the following information is provided for approval under Listing Rule 10.11:

- (a) **Name of persons to receive securities and maximum number to be issued**
The Performance Right entitles the IGE Shareholders to be issued the Milestone Securities if the Performance Target is met. The name of each of the IGE Shareholders is set out in section 8.4. The maximum number of securities to be issued is that number that will bring each IGE Shareholder’s maximum relevant interest up to that number set out in section 8.8.
- (b) **Date of issue**
The Performance Right will become effective not later than one month after the date of the Meeting or such later date as approved by ASX.
- (c) **Relationship with Foyson**
The IGE Shareholders will be issued the Milestone Securities on exercise of the Performance Right. The IGE Shareholders are either Related Parties (including Mr Dickson and Mr Dooley) or may be Associates of one or more Related Parties of Foyson (including IGE and Mr Dickson).
- (d) **Issue price**

will calculate the EBITDA after the end of each 6 months period. Such calculation will be binding on the parties in the absence of manifest error.

The Performance Right is treated by ASX as an option to be issued the Milestone Securities for no consideration. The Performance Right forms part of the consideration for the acquisition of the IGE Assets.

(e) **Terms of issue**

The Performance Right will become effective if and when the IGE Transaction completes. Refer to section 1 for further details of the IGE Transaction, including conditions precedent. The Performance Right may be exercised if the Performance Target is met on or before 30 June 2018.

(f) **Use of funds**

Foyson will not receive any funds from the issue of the Performance Right under this Resolution, as it is issued as part consideration for the acquisition of the IGE Assets.

(g) **Voting exclusion statement**

A voting exclusion statement for Resolution 3 is included in the Notice.

7.5 Recommendation of directors

The Independent Directors unanimously recommend that Shareholders vote in favour of Resolution 3 as the Independent Directors consider that the IGE Transaction is in the best interests of Foyson and its Shareholders as a whole.

7.6 Resolution is conditional

Resolution 3 is conditional on:

- (a) Resolutions 1 – 6 (inclusive but excluding this Resolution 3) being approved by the required majority; and
- (b) ASX Confirmation being received.

If one or more of those Resolutions are not approved, or ASX Confirmation is not received, then Resolution 3 will be deemed not to have been approved.

8. RESOLUTION 4 – APPROVAL FOR ISSUE OF CONSIDERATION SECURITIES AND MILESTONE SECURITIES

8.1 Regulatory requirements

Under section 606 of the Corporations Act, a person must not acquire a Relevant Interest in issued voting shares of a company if because of the transaction that person's or someone else's Voting Power increases from:

- (a) 20% or below to more than 20%; or
- (b) a starting point that is above 20% and below 90%.

Under section 610 of the Corporations Act, the calculation of a person's Voting Power involves determining the voting Shares in Foyson in which the person, and the person's Associates, have a relevant interest. A person has a relevant interest in Shares if (among others) they:

- (a) are the holder of the Shares;
- (b) have the power to exercise, or control the exercise of, a right to vote attached to the Shares; or
- (c) have power to dispose of, or control the exercise of a power to dispose of, the Shares.

Under Item 7 of section 611 of the Corporations Act, section 606 of the Corporations Act does not apply in relation to any acquisition of shares in a company approved by a resolution passed at a general meeting of the company at which no votes were cast in favour of the resolution by the acquirer or the disposer or their respective Associates.

A person (**A**) is an associate (**Associate**) of another (**B**) in relation to a company (**C**) if, among other things:

- (a) A is a body corporate and B is:
 - (i) a body corporate controlled by A;
 - (ii) a body corporate that controls A; or
 - (iii) a body corporate that is controlled by an entity that controls A;⁶
- (b) A has entered into, or proposes to enter into, an agreement with B to control or influence the composition of C's board or the conduct of C's affairs; or
- (c) A and B are acting in concert in relation to C's affairs.⁷

Under section 610 the Corporations Act, a person's Voting Power is calculated by including both the voting securities that the person has a relevant interest in and the voting securities which their Associates have a relevant interest in. Therefore, it is necessary to determine whether the IGE Shareholders are Associates of each other for the purpose of adequate disclosure of Voting Power for section 611 item 7 approval.

8.2 Association

The IGE Shareholders will be issued the Consideration Securities and (if the Performance Target is met) Milestone Securities in their Respective Proportions, as IGE's nominees. Details of the IGE Shareholders and their Respective Proportions are set out in section 8.4. IGE will not itself be issued any Consideration Securities or Milestone Securities.

The IGE Shareholders may be considered to either have an agreement for the purposes of controlling or influencing the conduct of Foyson's affairs, or be "acting in concert" in relation to the IGE Transaction and Foyson's affairs, and may therefore be Associates of IGE and of each other.

In particular:

- (a) the IGE Shareholders are party to a shareholders' agreement in respect of IGE, which expressly provides that the IGE Shareholders must use best endeavours to ensure that IGE carries out its stated purpose, which is the development, manufacture and licensing of the Technology to Foyson and the commercialisation of the Technologies as agreed between IGE and Foyson; and
- (b) the IGE Shareholders have a common interest in receiving the Milestone Securities under the Business Sale Agreement until 30 June 2018.
- (c) Therefore, as a precaution, the IGE Shareholders' Voting Power has been aggregated (as required for Associates under the Corporations Act) and the aggregate Voting Power of IGE, the IGE Shareholders and their Associates (**IGE Parties**) will be considered for the purposes of this Resolution 4.

As a result of the issue of the Consideration Shares and (if the Performance Target is met) the Milestone Shares, and the exercise of the Consideration Options and (if the Performance Target is met) the Milestone Options, the aggregate Voting Power of the IGE Parties will increase from below 20% to a maximum of 81.2%, as further described in sections 2.7 and 8.5 to 8.7.

Accordingly, Shareholder approval under section 611, item 7 of the Corporations Act is required for the:

- (a) issue of the Consideration Shares, the Milestone Shares and all Shares that may be issued on exercise of the Consideration Options and Milestone Options; and

⁶ A person (**X**) controls another person (**Y**) if X has the capacity to determine the outcome of decisions about Y's financial and operating policies, having regard to the practical influence that X can exert over Y and any practice or pattern of behaviour affecting Y's financial or operating policies.

⁷ The "affairs" of C is defined broadly. Under the Corporations Act, affairs includes certain matters that would not be within the ordinary meaning of the term, for example the ownership of shares in C and the power to control the disposal or voting rights of shares in C.

- (b) issue of Shares on exercise of any of the Options currently on issue and held by IGE Parties, or which will be granted to IGE Parties prior to or contemporaneously with the Completion of the IGE Transaction.

Shareholder approval under Listing Rule 7.1 is not required for the issue of securities which are approved for the purpose of section 611 item 7 of the Corporations Act (Listing Rule 7.2 exception 16) and, as such, the Consideration Securities and Milestone Securities will not be counted in determining whether any future issue of securities by Foyson exceeds the 15% placement threshold under Listing Rule 7.1. However, ASX may consider that the IGE Shareholders' relationship to Related Parties of Foyson is such that approval under Listing Rule 10.11 is required for the issue of these securities. As such, Listing Rule 10.11 approval is also being sought (see section 8.9)

8.3 Information required by section 611, item 7 of the Corporations Act

Shareholders asked to approve an acquisition under item 7 must be given all information known to the acquirer, its Associates or the company that is material to the decision on how to vote on the resolution, including:

- (a) the identity of the person proposing to make the acquisition and their Associates (see section 8.4);
- (b) the maximum extent of the increase in that person's Voting Power (see sections 8.5 to 8.7);
- (c) the Voting Power the person would have as a result of the acquisition (see sections 8.5 to 8.7);
- (d) the maximum extent of the increase in the Voting Power of each of the acquirer's Associates that would result from the acquisition (see sections 8.5 to 8.7); and
- (e) the Voting Power that each of the acquirer's Associates would have as a result of the acquisition (see sections 8.5 to 8.7).

ASIC Regulatory Guide 74, at paragraph 74.25 sets out information which should be given in the notice of meeting or explanatory material for a section 611, item 7 resolution.

The table below sets out these matters and provides a cross-reference within this Explanatory Statement where the information regarding these matters can be found.

Item	Cross-reference
an explanation of the reasons for the proposed acquisition	Section 1.4 [Rationale for the Transaction]
when the proposed acquisition is to occur	Key Dates
the material terms of the proposed acquisition	Sections 1.2 to 1.10 and Annexure A
details of the terms of any other relevant agreement between the acquirer and the target entity or vendor (or any of their Associates) that is conditional on (or directly or indirectly depends on) members' approval of the proposed acquisition	Section 2.9 [Material contracts]
a statement of the acquirer's intentions regarding the future of the target entity if members approve the acquisition and, in particular: <ul style="list-style-type: none"> (i). any intention to change the business of the entity; (ii). any intention to inject further capital into the entity; (iii). the future employment of present 	Section 2.2 [Company's business model post IGE Transaction] and 2.3 [Future intentions for Foyson]

Item	Cross-reference
<p>employees of the entity;</p> <p>(iv). any proposal where assets will be transferred between the entity and the acquirer or vendor or their Associates; and</p> <p>(v). any intention to otherwise redeploy the fixed assets of the entity</p>	
any intention of the acquirer to significantly change the financial or dividend distribution policies of the entity	Section 2.2 [Company's business model post IGE Transaction] and 2.3 [Future intentions for Foyson]
the interests that any director has in the acquisition or any relevant agreement disclosed	Section 4.2 [Current equity interests in Foyson] and 4.4 [IGE members of the Board]
details about any person who is intended to become a director if members approve the acquisition	Not applicable

8.4 Identity of the IGE Parties

The identity of the IGE Shareholders and their Associates is set out in the table below. This table also sets out the Respective Proportion of the Consideration Securities and (if the Performance Target is met) Milestone Securities which each IGE Shareholder will be issued.

IGE Shareholder	Respective Proportion ⁸	Associates (other than IGE Shareholders)	Foyson Securities held at date of Meeting (pre Consolidation)
Paul Dickson****	27.473%		<p>169,482,758 Shares and 34,482,758 Options</p> <p>Mr Dickson is entitled to be issued another 135,000,000 Options if Resolution 6 is approved, and will be entitled to subscribe for 16,948,276 Shares and 16,948,276 Options in the Rights Issue</p>
Rebely Healthcare (Shanghai) Ltd*****	23.246%		<p>34,482,758 Shares and 34,482,758 Options</p> <p>Rebely is entitled to subscribe for 3,448,276 Shares and 3,448,276 Options in the Rights Issue</p>
Bevan Dooley and Btola Pty Ltd ⁹	12.461%	UTOF**	<p>34,482,758 Shares and 34,482,758 Options</p> <p>Mr Dooley is entitled to subscribe for 3,448,276 Shares and 3,448,276 Options in the Rights Issue</p>

⁸ The Respective Proportion is the percentage shareholding in IGE which the relevant IGE Shareholder has (rounded to three decimal places) and also represents the proportion of the Consideration Securities and (if the Performance Target is met) Milestone Securities that IGE Shareholder will be issued.

⁹ As Bevan Dooley controls and is the sole shareholder of BTOLA, their voting power will be aggregated for the purpose of this section 8. Mr Dooley holds 9.06% of the shares in IGE directly and BTOLA holds 6.04% of the shares in IGE.

IGE Shareholder	Respective Proportion ⁸	Associates (other than IGE Shareholders)	Foyson Securities held at date of Meeting (pre Consolidation)
Adrian Phillip Lake*	7.478%	UTOF**	
CVO Family Investments Pty Ltd	7.478%	Andrew Kelly*** and UTOF**	
Healey Enterprises Australia Pty Ltd	7.478%	Rodney Healey*** and UTOF**	
Alpha Darling Pty Ltd	5.347%	Benjamin Robertson***	
Svenska Seamans	3.367%		
E2E Consulting Pty Ltd ATF The Influence Investment Trust	2.503%	Andrew Kenyon***	
Garry Ohlson	1.584%		
The Kylin Unit Trust	0.753%		
Martin Ohlson	0.396%		
Adrian Bunter	0.396%		
Powell-Trestrail Family Trust	0.040%		
Total % interest in IGE	100%		

* Adrian Lake is a co-founder of the WPTF Technology, together with Bevan Dooley.

** Each of Adrian Lake (through Biodiesel Network Pty Ltd, a company he controls), CVO Family Investments Pty Ltd, Healey Enterprises Australia Pty Ltd and BTOLA are 25% shareholders of UTOF. UTOF is a Licensor of the Technologies to IGE. Accordingly, UTOF may be considered to be an Associate.

*** Each of Andrew Kelly, Rodney Healey, Benjamin Robertson and Andrew Kenyon are sole directors of the IGE Shareholder company next to their name. None of Kelly, Healey, Robertson or Kenyon hold or will hold Shares directly, but they will have a relevant interest in the Shares held by their respective IGE Shareholder companies. As such, their Voting Power will increase in the same proportion as their respective IGE Shareholder companies' Voting Power.

****Paul Dickson is Chairman of Foyson. He has made substantial cash contributions to IGE since October 2014 as a seed capitalist.

***** Rebelly has made cash contributions to IGE as a recent seed capitalist.

8.5 Calculation of Voting Power of IGE Parties

The number of Consideration Securities and Milestone Securities issued to the IGE Shareholders will change based on Foyson's capital structure immediately before the issue of those Shares. Therefore, the issue of the Consideration Shares will give the IGE Shareholders (as a group and excluding existing Shares held by any of them) 61.850% of Foyson's issued Shares and the issue of the Milestone Shares will give the IGE Shareholders (again, as a group and excluding existing Shares held by any of them) 64.288% of Foyson's issued Shares. To determine the IGE Parties' maximum and minimum Voting Power, the securities in Foyson currently held by the IGE Parties (refer to section 4.2 and 8.4) are also factored into the calculation and are therefore included in the percentages set out in the tables in sections 8.6 and 8.7.

Maximum and minimum Voting Power calculation and assumptions

The maximum and minimum Voting Power of the IGE Parties:

- (a) following the issue of the Consideration Securities; and
- (b) following the issue of the Milestone Securities, assuming the Performance Target is met and the capital structure of Foyson has not changed since the issue of the Consideration Securities (for example due to additional security issues or capital reductions),

is set out in the tables in sections 8.6 and 8.7 below.

The maximum Voting Power calculation assumes that all IGE Parties have exercised the Options which they hold (including the Consideration Options and, for the second table, the Milestone Options), but no Non-Associated Optionholders have exercised their Options. It also assumes that Resolutions 8, 13 and 14 (which approve the issue of securities to Mr Palmer, Mr McIntosh and Mr Genia after Completion of the IGE Transaction) are not approved and those security issues do not take place, but that all other Resolutions are approved and proposed issues of securities take place.

The minimum Voting Power calculation assumes that no IGE Parties have exercised the Options which they hold, but all Non-Associated Optionholders have exercised their Options. It also assumes that all Resolutions are approved and all proposed security issues take place.

Effect of capital structure on Voting Power and Relevant Interest

As the Consideration Securities and Milestone Securities are calculated by reference to a percentage of Foyson's Share and Option capital at the time of Completion, the maximum Voting Power of the Company does not change materially depending on (for example) the number of subscriptions received under the Fundraising. The tables in sections 8.6 and 8.7 assume that (other than as set out above) all proposed security issues have taken place and the Fundraising has been fully subscribed or underwritten, as this gives the highest potential Voting Power on the maximum Voting Power assumptions described above.

However, the actual number of Shares and Options on issue at the time of Completion does affect the percentage Relevant Interest which each IGE Shareholder will hold in Foyson. Please see section 8.8 for examples of how the maximum percentage Relevant Interests which each IGE Shareholder may hold in Foyson after Completion can vary depending on the capital structure at the time of Completion.

Anticipated outcome

The Independent Directors expect that the most likely scenario is that, immediately following Completion of the IGE Transaction and the issue of the Consideration Securities, no Optionholders will have exercised their Options. This is because a large number of the Options on issue, including the Dickson Options, the Options issued on conversion of the Notes and under the Interim Placement, the Consideration Options and the Milestone Options, will be restricted securities subject to escrow for 12 or 24 months. This means that the restricted Options cannot be exercised during the escrow period without breaching the relevant restriction agreement. In addition, Optionholders may wish to wait before

contributing additional capital to Foyson (by exercising their Options) if they have only recently subscribed for Shares.

Assuming that all Resolutions have passed and all proposed security issues have taken place (including that the Fundraising is fully subscribed), and no granted Options are exercised, the IGE Parties will have Voting Power of 66.1% immediately following Completion of the IGE Transaction.

Throughout this Explanatory Statement, the potential Voting Power of the IGE Parties is generally expressed in a range between the minimum and maximum Voting Power post IGE Transaction.

8.6 Maximum and minimum Voting Power immediately after the issue of the Consideration Securities

The maximum and minimum Voting Power of the IGE Parties immediately after the issue of the Consideration Securities is set out below.

The second column shows the minimum Voting Power, which assumes that no IGE Parties exercise their Options but all Non-Associated Optionholders exercise their Options.

The third column shows the maximum Voting Power, which assumes that the IGE Parties exercise all their Options (including the Consideration Options) but that no Non-Associated Option holder exercises their Options.

The Voting Power of IGE Shareholders that held securities prior to Completion of the IGE Shareholders is factored into the figures below (and assumes that they have taken up their full entitlements in the Rights Issue). Please refer to section 8.8 for an explanation of the Relevant Interest of each IGE Shareholder.

FOY Shareholder	Minimum % Aggregate Voting Power (IGE Parties)*	Maximum % Aggregate Voting Power (IGE Parties)*
Other Shareholders	44.068%	24.000%
IGE Parties	55.932%	76.000%
Total	100%	100%

* As the proposed issue of securities to Mr Palmer, Mr McIntosh and Mr Genia will not take place until after Completion, these securities are not factored in to these percentage calculations. If and when issued, they will slightly dilute the IGE Parties' Voting Power.

8.7 Maximum and minimum Voting Power immediately after the issue of the Milestone Securities

The maximum and minimum Voting Power of the IGE Parties immediately after the issue of the Milestone Securities is set out below. This Voting Power assumes that:

- (a) Resolutions 8, 13 and 14 are not approved and no issues of securities take place between Completion of the IGE Transaction and the issue of the Milestone Securities; and
- (b) no capital reductions, such as selective buy-backs, taking place between Completion of the IGE Transaction and the issue of the Milestone Securities.

as no such issues or reductions are currently contemplated and, accordingly, are impossible to quantify.

The second column shows the minimum Voting Power, which assumes that no IGE Parties exercise their Options but all Non-Associated Optionholders exercise their Options.

The third column shows the maximum Voting Power, which assumes that the IGE Parties exercise all their Options (including the Consideration Options and Milestone Options) but that no Non-Associated Option holder exercises their Options.

The Voting Power of IGE Shareholders that held securities prior to Completion of the IGE Shareholders is factored into the figures below (and assumes that they have taken up their full entitlements in the Rights Issue). Please refer to section 8.8 for an explanation of the Relevant Interest of each IGE Shareholder.

FOY Shareholder	Minimum % Aggregate Voting Power (IGE Parties)	Maximum % Aggregate Voting Power (IGE Parties)
Other Shareholders	41.827%	18.802%
IGE Parties	58.173%	81.198%
Total	100%	100%

8.8 Relevant interest of the IGE Parties

The percentage which the Relevant Interest of each of the IGE Parties bears to the total Shares on issue in Foyson varies depending on the capital structure of Foyson at the time of Completion.

To demonstrate the change, the Relevant Interest of each IGE Party under the maximum aggregate Voting Power is set out below. Please refer to paragraphs (a) and (b) below the table for an explanation of the relevant assumptions regarding the capital structure.

In the first example, which is based on the assumptions set out in paragraph (a), Mr Dickson's Relevant Interest is higher than on the assumptions set out in paragraph (b), despite the fact that the total Voting Power of the IGE Parties is slightly higher on the assumptions set out in paragraph (b) than the assumptions set out in paragraph (a). This is because Mr Dickson (in addition to Mr Dooley and Rebelly) hold securities as at the date of this Notice and the percentage which those securities bear to the total securities on issue will vary depending on the total number of securities on issue at that time (unlike the Consideration Securities and Milestone Securities, which adjust to ensure that the percentage they bear to the total securities on issue remains constant).

IGE Shareholder	% Relevant Interest after issue of Consideration Securities and Milestone Securities and exercise of Options by IGE Parties only (Refer to capital structure assumptions in paragraph (a))	% Relevant Interest after issue of Consideration Securities and Milestone Securities and exercise of Options by IGE Parties only (Refer to capital structure assumptions in paragraph (b))	% Relevant Interest after issue of Consideration Securities and Milestone Securities and exercise of Options by IGE Parties only (Refer to capital structure assumptions in paragraph (c))
Paul Dickson	26.192%	25.923%	24.355%
Rebelly Healthcare (Shanghai) Ltd	17.943%	18.014%	18.463%
Bevan Dooley and BTOLA	10.238%	10.232%	10.212%
Adrian Phillip Lake	5.342%	5.396%	5.721%
CVO Family Investments Pty Ltd	5.342%	5.396%	5.721%
Healey Enterprises Australia Pty Ltd	5.342%	5.396%	5.721%
Alpha Darling Pty Ltd	3.820%	3.858%	4.091%
Svenska Seamans	2.405%	2.429%	2.576%

IGE Shareholder	% Relevant Interest after issue of Consideration Securities and Milestone Securities and exercise of Options by IGE Parties only (Refer to capital structure assumptions in paragraph (a))	% Relevant Interest after issue of Consideration Securities and Milestone Securities and exercise of Options by IGE Parties only (Refer to capital structure assumptions in paragraph (b))	% Relevant Interest after issue of Consideration Securities and Milestone Securities and exercise of Options by IGE Parties only (Refer to capital structure assumptions in paragraph (c))
E2E Consulting Pty Ltd ATF The Influence Investment Trust	1.788%	1.806%	1.915%
Garry Ohlson	1.132%	1.143%	1.212%
The Kylin Unit Trust	0.538%	0.543%	0.576%
Martin Ohlson	0.283%	0.286%	0.303%
Adrian Bunter	0.283%	0.286%	0.303%
Powell-Trestrail Family Trust	0.029%	0.029%	0.031%
Total % Voting Power of IGE Parties	80.677%	80.735%	81.189%

(a) **Assumptions for Relevant Interests in the second column:** The calculation of Voting Power in the second column of the above table assumes that:

- (i) the Interim Placement does not take place;
- (ii) Shareholders do not approve Resolutions 9 to 14 (inclusive) and the Shares and Options the subject of those Resolutions are not issued; and
- (iii) the Rights Issue and the Offer have taken place, and:
 - (A) the IGE Parties currently holding shares (see section 8.4) have taken up their full entitlement under the Rights Issue, but no other subscriptions have been received under the Rights Issue and the underwriting arrangement has been terminated; and
 - (B) no subscriptions have been received under the Offer;¹⁰ and
 - (C) no Non-Associated Optionholders have exercised their Options.

These assumptions are made on the basis that:

- (i) the IGE Transaction is not conditional on Resolutions 9 – 14 being passed; and
- (ii) technically, the IGE Transaction is not conditional on any amounts being raised under the Rights Issue and the Offer (see qualification below).

These assumptions are largely theoretical as, in practice, it is likely a material number of subscriptions will need to be received under the Offer in order to meet the spread requirements under Chapter 1 of the Listing Rules and receive ASX Confirmation (a condition precedent to Completion of the IGE Transaction). However, as the number of subscriptions required under the Offer to meet the spread requirements is not quantifiable at this stage, this is ignored for the purpose of these assumptions.

Based on these assumptions:

¹⁰ None of the IGE Parties will be participating in the Offer.

- (i) Foyson would have 54,387,040 Shares and 18,920,123 Options on issue immediately prior to the issue of the Consideration Securities;
 - (ii) the Consideration Securities would comprise 88,200,000 Shares and 29,900,000 Options, so Foyson would have a total of 142,587,040 Shares and 48,820,123 Options on issue immediately following the issue of the Consideration Securities; and
 - (iii) the Milestone Securities would comprise 9,700,000 Shares and 34,500,000 Options, so Foyson would have a total of 152,287,171 Shares and 83,320,123 Options on issue immediately following the issue of the Milestone Securities.
- (b) **Assumptions for Relevant Interests in the third column:** The calculation of Voting Power in the third column of the above table is based on the same assumptions in paragraph (a), except it assumes that the Interim Placement has taken place and is fully subscribed. Based on these assumptions:
- (i) Foyson would have 57,587,040 Shares and 22,120,123 Options on issue immediately prior to the issue of the Consideration Securities;
 - (ii) the Consideration Securities would comprise 93,400,000 Shares and 34,900,000 Options, so Foyson would have a total of 150,987,040 Shares and 57,020,123 Options on issue immediately following the issue of the Consideration Securities; and
 - (iii) the Milestone Securities would comprise 10,300,000 Shares and 37,800,000 Options, so Foyson would have a total of 161,287,171 Shares and 94,820,123 Options on issue immediately following the issue of the Milestone Securities.
- (c) **Assumptions for Relevant Interests in the fourth column:** The calculation of Voting Power in the fourth column of the above table assumes that:
- (i) Shareholders do not approve Resolutions 8, 13 and 14 but approve all other Resolutions, and the Shares and Options the subject of the approved Resolutions are issued;
 - (ii) the Rights Issue and the Offer have taken place and are each fully subscribed;
 - (iii) there are no other share issues made by Foyson; and
 - (iv) no Non-Associated Optionholders have exercised their Options.

Based on these assumptions:

- (i) Foyson would have 94,494,116 Shares and 59,026,115 Options on issue (on a post Consolidation basis) immediately prior to the issue of the Consideration Securities;
- (ii) the Consideration Securities would comprise 153,900,000 Shares and 93,900,000 Options, so Foyson would have a total of 248,394,116 Shares and 152,926,115 Options (on a post Consolidation basis) on issue immediately following the issue of the Consideration Securities; and
- (iii) the Milestone Securities would comprise 17,000,000 Shares and 77,000,000 Options, so Foyson would have a total of 265,394,116 Shares and 229,926,115 Options on issue immediately following the issue of the Milestone Securities (assuming no further issues of securities take place prior to the date of issue of the Milestone Securities).

8.9 Listing Rule 10.11

Listing Rule 10.11 provides that, unless a specified exception applies, a company must not issue or agree to issue Equity Securities to a Related Party without the approval of ordinary

shareholders. A “related party”, for the purposes of the Listing Rules, has the meaning given to it in the Corporations Act, and includes the directors of a company.

Shareholder approval under Listing Rule 10.11 is sought with respect to the Consideration Securities. As Listing Rule 10.11 approval has been sought in respect of the Performance Right under Resolution 3, Listing Rule 10.11 approval is not required for the issue of the Milestone Securities as these fall under exception 7 of Listing Rule 10.12 (the person receives the securities on conversion of convertible securities which were issued in compliance with Listing Rule 10.11). In this case, the convertible security is the Performance Right.

As Shareholder approval is being sought under ASX Listing Rule 10.11, approval is not also required under Listing Rule 7.1 for the issue under Resolution 6.

8.10 Information required for approval under Listing Rule 10.13

In accordance with ASX Listing Rule 10.13, the following information is provided for approval under Listing Rule 10.11:

- (a) **Name of persons to receive securities and maximum number to be issued**
The name of each of the IGE Shareholders is set out in section 8.4. The maximum number of securities to be issued is that number that will bring each IGE Shareholder’s maximum Relevant Interest up to that number set out in section 8.8.
- (b) **Date of issue**
Foyson will issue the Consideration Securities under this Resolution not later than one month after the date of the Meeting or such later date as approved by ASX.
- (c) **Relationship with Foyson**
Paul Dickson and Bevan Dooley are IGE Shareholders and Related Parties of Foyson. The other IGE Shareholders and IGE may be Associates of one of more Related Parties of Foyson.
- (d) **Issue price**
The Consideration Securities are issued as consideration for the purchase of the IGE Assets under the Business Sale Agreement.
- (e) **Terms of issue**
The Consideration Securities will be issued if the IGE Transaction completes. Refer to section 1 for further details of the IGE Transaction, including conditions precedent.
- (f) **Use of funds**
Foyson will not receive any funds from the issue of the Consideration Securities under this Resolution, as they are issued as consideration for the acquisition of the IGE Assets.
- (g) **Voting exclusion statement**
A voting exclusion statement for Resolution 4 is included in the Notice.

8.11 Recommendation of directors

The Independent Directors unanimously recommend that Shareholders vote in favour of Resolution 4 as the Independent Directors consider that the IGE Transaction is in the best interests of Foyson and its Shareholders as a whole.

8.12 Resolution is conditional

Resolution 4 is conditional on:

- (a) Resolutions 1 – 6 (inclusive but excluding this Resolution 4) being approved by the required majority; and
- (b) ASX Confirmation being received;

- (c) If one or more of those Resolutions are not approved, or ASX Confirmation is not received, then Resolution 4 will be deemed not to have been approved.

9. RESOLUTION 5 – SHARE CONSOLIDATION

9.1 Reasons for the Consolidation

The purpose of Resolution 5 is to seek Shareholder approval for the Consolidation, as required by 254H of the Corporations Act. There are two significant reasons for the Consolidation:

- (a) Under ASX Listing Rule 2.1 condition 2, the issue price for the securities for which Foyson seeks quotation on ASX must be at least A\$0.20 in cash. Therefore, Foyson proposes to undertake the Consolidation to ensure that all Shares for which it proposes to seek quotation (that is, all Shares except for the Restricted Securities) have an issue price of approximately A\$0.20.

The Consolidation will occur prior to the issue of the Shares under the Rights Issue and the Offer. This will enable those Shares to be issued at A\$0.20 (which will mean that those Shares will not be Restricted Securities subject to escrow); and

- (b) Immediately prior to the scheduled date for the Consolidation, assuming all Resolutions are approved, Foyson will have 1,636,202,914 Shares on issue. The Consolidation will be effected using a ratio of consolidating every 25 Shares into 1 Share and have the effect of reducing the number of Shares on issue to approximately 65,448,117 Shares (subject to rounding). The Independent Directors believe that the Consolidation will thus establish a Share price that is more appropriate for its size and more attractive to potential investors.

9.2 Regulatory requirements

Section 254H(1) of the Corporations Act provides that a company may convert all or any of its shares into a larger or smaller number of shares by a resolution passed at a general meeting of shareholders. Accordingly, Foyson is seeking the approval of Shareholders for the Consolidation under section 254H of the Corporations Act.

9.3 Options

As at the date of this Notice, Foyson has 394,131,251 unlisted Options on issue. If the Consolidation is approved, the Options will also be reorganised in accordance with the terms and conditions of Listing Rule 7.22.1 on the basis that the number of Options will be consolidated in the same ratio as the Share Consolidation and the exercise price will be amended in inverse proportion to that ratio.

For example, a holding of 25 Options with an exercise price of \$0.008 each prior to the Share Consolidation would result in a holding of approximately one Option with an exercise price of \$0.20 after the Consolidation.

The Consolidation will not result in any change to the substantive rights and obligations of existing holders of Options.

9.4 Treatment of fractions

Where a Shareholder's Shareholding (or Optionholder's Optionholding) is not a multiple of 25, this will result in holding a fraction of a security following the Consolidation. It is proposed that each fraction of a Share or Option will be rounded up to the nearest whole number after the Consolidation.

9.5 Holding Statements

Taking effect from the date of the Consolidation, being Wednesday, 12 August 2015 (or such other subsequent date that is notified to the ASX by Foyson), all existing holding statements will cease to have any effect, except as evidence of entitlement to a certain number of securities on a post Consolidation basis. New holding statements will be issued to security holders, who are encouraged to check their holdings after the Consolidation.

9.6 Taxation

It is not considered that any taxation implications for Shareholders will arise out of the Consolidation, however, Shareholders are advised to seek their own tax advice relevant to their particular circumstances. Neither Foyson nor the Directors accept any responsibility for any individual taxation implication arising out of the Consolidation.

9.7 Indicative Timetable

If approved by Shareholders, the Consolidation will take effect on Wednesday, 12 August 2015 (or such other subsequent date that is notified to the ASX by Foyson).

The following is an indicative timetable only (and subject to change) of the key events associated with the Consolidation:

Action	Date
General Meeting	Thursday, 30 July 2015
Notification to ASX that Consolidation is approved	Thursday, 30 July 2015
Last day to register transfers on a pre-Consolidation basis	Tuesday, 11 August 2015*
Registration of securities on a post-Consolidation basis	Wednesday, 12 August 2015
Despatch of new holding statements	Tuesday, 18 August 2015

* Note: Foyson's securities will be in a trading suspension from the date of the General Meeting, so the last full day for trading in Foyson's securities (assuming all Resolutions are approved) will in effect be Wednesday, 29 July 2015.

9.8 Board Recommendation

The Board recommends Shareholders vote in favour of Resolution 5.

9.9 Resolution is conditional

Resolution 5 is conditional on Resolutions 1 – 6 (inclusive but excluding this Resolution 5) being approved by the required majority. If one or more of those Resolutions are not approved, then Resolution 5 will be deemed not to have been approved.

10. RESOLUTION 6 – ISSUE OF OPTIONS TO RELATED PARTY – PAUL DICKSON

10.1 Background

On 23 October 2014, Paul Dickson (now a Director of Foyson) subscribed for 135,000,000 Shares (on a pre Consolidation basis) at \$0.0025 (0.25 cents) per Share, which was above market value of the Shares at the time (Foyson's Shares were trading at \$0.001 (0.1 cents) each prior to this placement taking place). As Foyson had limited funding at this time, the funds raised from this placement (\$337,500) were used to conduct preliminary due diligence on the IGE Transaction and for general working capital purposes.

These Shares were placed using Foyson's capacity under Listing Rule 7.1. Given the Shares were subscribed for at above market value, Foyson also agreed to grant one free attaching Option per Share to Mr Dickson (exercisable at \$0.008), but requires Shareholder approval in order to issue these Options to Mr Dickson.

Therefore, Resolution 6 seeks Shareholder approval in accordance with Listing Rule 10.11 and Chapter 2E of the Corporations Act for the grant of a total of 135,000,000 Options (on a pre Consolidation basis) to Mr Dickson. These Options will be issued to Mr Dickson prior to the Consolidation taking effect. As a result of the Consolidation, these Options will be reorganised to 5,400,000 Options exercisable at \$0.20. As Mr Dickson may be an

Associate of the other IGE Shareholders, the exercise of these Options has been factored in to the assumptions regarding and calculation of the IGE Parties' potential maximum Voting Power - see sections 8.6 and 8.7.

The Options to be issued to Mr Dickson will be subject to an ASX imposed restriction agreement restricting the ability to dispose (including exercise) those Options for a period of 24 months.

Completion of the IGE Transaction is conditional on the Shareholders approving the grant of these Options. As such, if Resolution 6 is not approved, the IGE Transaction will not proceed.

10.2 Listing Rule 10.11

Listing Rule 10.11 provides that, unless a specified exception applies, a company must not issue or agree to issue Equity Securities to a Related Party without the approval of ordinary shareholders. A "related party", for the purposes of the Listing Rules, has the meaning given to it in the Corporations Act, and includes the directors of a company. The Options are Equity Securities for the purposes of the Listing Rules.

As such, Shareholder approval is sought under Listing Rule 10.11 for the issue of 135,000,000 Options exercisable at \$0.008 (on a pre Consolidation basis) to Mr Dickson.

As Shareholder approval is being sought under ASX Listing Rule 10.11, approval is not also required under Listing Rule 7.1 for the issue under Resolution 6.

10.3 Information required for approval under Listing Rule 10.13

In accordance with ASX Listing Rule 10.13, the following information is provided for approval under Listing Rule 10.11:

- (a) **Name of persons to receive securities and maximum number to be issued**
Mr Paul Dickson will receive 135,000,000 Options (on a pre Consolidation basis). As a result of the Consolidation, these Options will be reorganised to 5,400,000 Options exercisable at \$0.20.
- (b) **Date of issue**
Foyson will issue the Options to Mr Dickson under this Resolution on the Business Day immediately following the Meeting but, in any case, not later than one month after the date of the Meeting or such later date as approved by ASX, but prior to the date of Completion of the IGE Transaction.
- (c) **Relationship with Foyson**
Mr Dickson is a Director.
- (d) **Issue price**
The Options will be granted for nil consideration. The Options were offered as part of a placement to Mr Dickson which took place in October 2014 (see section 10.1).
- (e) **Terms of issue**
The Options will be issued on the terms and conditions set out in Schedule 1 and exercisable at \$0.008 per Option.
- (f) **Use of funds**
Foyson will not receive any funds from the issue of the Options under this Resolution. The funds raised from the placement to Mr Dickson, to which this grant of Options relate, were used to conduct preliminary due diligence on the IGE Transaction and for general working capital purposes (see section 10.1).
- (g) **Voting exclusion statement**
A voting exclusion statement for Resolution 6 is included in the Notice.

10.4 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act regulates the provision of “financial benefits” to “related parties” by a public company. Chapter 2E prohibits a public company from giving a financial benefit to a Related Party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit.

A “related party” is widely defined under the Corporations Act, and includes the directors of the company under section 228 of the Corporations Act. As such, the Directors of Foyson are Related Parties of Foyson for the purposes of section 208 of the Corporations Act.

A “financial benefit” is construed widely and in determining whether a financial benefit is being given, section 229 of the Corporations Act requires that any consideration that is given is disregarded, even if the consideration is adequate. It is necessary to look at the economic and commercial substance and the effect of the transaction in determining the financial benefit. Section 229 of the Corporations Act includes as an example of a financial benefit, the issuing of securities or the granting of an option to a Related Party.

The issue of the Options under Resolution 6 constitutes the provision of a financial benefit to a Related Party (as Mr Dickson is a Director of Foyson and therefore a Related Party of Foyson).

Under section 210 of the Corporations Act, an exception to the requirement to obtain shareholder approval is if the giving of the financial benefit would be reasonable in the circumstances if the public company and the Related Party were dealing at arm’s length. The Board (other than Mr Dickson and Mr Dooley) consider that:

- (c) as the issue of the Options the subject of this Resolution to Mr Dickson forms part of a fundraising agreement between Foyson and Mr Dickson which was negotiated prior to Mr Dickson being appointed a Director; and
- (d) the Board had previously sought and failed to obtain the additional equity or debt funding it required to undertake due diligence on the IGE Transaction,

the issue of the Options the subject of this Resolution 6 to Mr Dickson is on arm’s length terms. However, the Board nonetheless considers it prudent to obtain shareholder approval under section 208 of the Corporations Act given approval under Listing Rule 10.11 is already being sought.

10.5 Information requirements for Chapter 2E of the Corporations Act

In compliance with the information requirements of section 219 of the Corporations Act, Shareholders are advised of the information below. Neither the Directors nor Foyson are aware of any other information (other than the information set out in this Notice and Explanatory Statement) that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by Resolution 6.

- (a) **Identity of the Related Parties to whom Resolution 6 permit financial benefits to be given and nature of the financial benefit**

See section 10.3.

- (b) **Valuation of financial benefit**

The Options to be granted to Mr Dickson if Resolution 6 is approved form part of the initial fundraising on 23 October 2014, under which Foyson agreed that Mr Dickson would subscribe for 135,000,000 Share at \$0.0025 per Shares and be granted 135,000,000 Options (subject to Shareholder approval under this Resolution 6), in return for Mr Dickson paying \$337,500 cash.

Immediately prior to 23 October 2014, Foyson’s Share price was trading at \$0.001, with the result that the 135,000,000 Shares issued to Mr Dickson had a total value of \$135,000 at that time. On this basis, the value of the 135,000,000 Options agreed to be granted by Foyson was, at the time Mr Dickson made the cash

payment for the placement, \$202,500 (being the total cash payment of \$337,000 minus \$135,000 Share value).

On the basis of the assumptions below, Foyson has determined the technical value of one Option is likely to be \$0.0022 as at 30 July 2015. This valuation imputes a total value of approximately \$302,248 for the proposed Options. The discrepancy of approximately \$100,000 between the value of the Options at 23 October 2014 and the date of the Meeting is due to the increase in Foyson's Share price during that period whilst Mr Dickson has awaited the grant of his Options.

The Black & Scholes methodology has been used to calculate the value of the Options to be granted to Mr Dickson under Resolution 6, together with the following assumptions:

- (i) interest rate set at 1.96% which is based on the Australian Government bond rate with 4.5 year maturity as at 29 May 2015;
- (ii) the date of valuation for the purposes of setting the current market value of a Share and the exercise price of an Option is 30 July 2015;
- (iii) a Share price of \$0.006 being the closing price on ASX on 9 June 2015;
- (iv) the exercise price of each Option is \$0.008; and
- (v) volatility of 54% which is based on median 4 to 5 year volatilities for a set of public companies, including Iluka Resources Limited, Atlas Iron Limited, Mount Gibson Iron Limited, Fortescue Metals Group Limited, Covanta Holding Corporation, Progressive Waste Solutions Ltd, Clean Harbors, Inc, Vertex Energy, Inc, Plastic2Oil, Inc and Foyson.

The Independent Directors consider that, despite the higher value of the 135,000,000 Options under the Black & Scholes calculation (which must be determined as at the date of issue of the Options), Mr Dickson's cash payment on 23 October 2014 represented fair consideration for the Options at that time.

(c) **Dilution**

The maximum dilution effect of this Resolution 6 to Shareholders, is set out in the table below and reflects a situation where:

- (i) the Interim Placement does not take place;
- (ii) Resolution 6 is approved but no other Resolutions are approved; and
- (iii) all Options issued under this Resolution 6 are exercised and no other Shares are issued.

Number of Shares on Issue (pre-consolidation)	1,335,831,181
Number of Options to be offered (pre-consolidation)	135,000,000
Dilution Effect if all Options exercised	9.18%*

* This means the Voting Power which a parcel of shares conferred pre exercise of the Dickson Options will be reduced by 9.18% immediately following the exercise of the Dickson Options.

(d) **Interests of Paul Dickson in Foyson**

As at the date of this Notice, Paul Dickson has a relevant interest in 169,482,758 Shares in Foyson. In addition, the 34,482,758 Shares held by each of Bevan Dooley and Rebelly (68,965,516 in total) may be counted towards the calculation of Mr Dickson's Voting Power, if they are considered Associates of each other (on the basis that they are IGE Shareholders). If the Shares held by Mr Dooley and Rebelly are counted towards Mr Dickson's total Voting Power, Mr Dickson has Voting Power of between 16.84% (if the Interim Placement takes place) and

17.85% (if the Interim Placement does not take place) as at the date of the Meeting.

Mr Dickson will, after the issue of the Dickson Options, hold 169,482,758 Options. Mr Dooley and Rebelly also each hold 34,482,758 Options. However, as these are restricted securities they cannot be exercised (and therefore will not give rise to a relevant interest or voting power) until the escrow period ends 12 – 24 months (for Rebelly) or 24 months (for Mr Dickson and Mr Dooley) from re-quotation of Foyson's Shares on ASX.

(e) **Remuneration of Director**

Paul Dickson does not currently receive any remuneration for his role as a Director of Foyson.

(f) **Other information**

This Resolution 6 must be approved for the IGE Transaction to proceed. Information relating to the IGE Transaction is, therefore, relevant to a decision on how to vote on this Resolution 6 and is included in this Notice (in particular, in sections 1 to 4).

Neither the Directors nor Foyson are aware of any other information (other than the information set out in this Notice and Explanatory Statement) that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated in Resolution 6.

10.6 Board recommendation

The Directors (other than Mr Dickson) recommend that Shareholders vote in favour of Resolution 6.

10.7 IGE Transaction is conditional on this Resolution

Resolution 6 is not conditional on the approval of any other Resolutions. However, if Resolution 6 is not approved, Resolutions 1 – 5 and 7 (and the IGE Transaction) will not proceed as they are all conditional on Resolution 6 being approved.

11. RESOLUTION 7 – ISSUE OF SECURITIES UNDER THE OFFER

11.1 Background

As part of the IGE Transaction, Foyson proposes to issue up to 22,500,000 Shares (on a post Consolidation basis) at an issue price of \$0.20, with one attaching Option for each Share issued, to raise up to \$4.5 million (**Offer**). Foyson has not as yet decided the form which the Offer will take (for example a public offer, private placement or broker firm offer) or the class of investors to which it will be made, but will disclose all relevant details of the Offer (including any underwriting agreement) in the Prospectus. Resolution 7 relates to approvals required by Foyson to undertake the Offer.

The Offer will bring in new Shareholders who will enable Foyson to comply with the spread requirements imposed by ASX under Listing Rule 1.1 condition 7. If the Offer does not proceed, then Foyson may not satisfy ASX's spread requirements. If the spread requirements are not met, ASX will not confirm re-compliance with Chapters 1 and 2 of the Listing Rules and, as a result, the IGE Transaction will not be able to proceed. If the IGE Transaction does not proceed, there is a question as to whether Foyson will be able to continue to operate as a going concern.

Foyson also proposes to issue up to 6,544,920 Shares (on a post Consolidation basis) under the Rights Issue at an issue price of \$0.20, with one attaching Option for each Share issued, to raise up to \$1,308,984. Foyson is relying on the exception in Listing Rule 7.2 exception 1 (an issue to holders of ordinary securities under a pro rata issue) in respect of the Rights Issue, so Listing Rule 7.1 Shareholder approval is not required by Foyson to conduct the Rights Issue.

11.2 Regulatory Requirements

Listing Rule 7.1 provides that, unless an exemption applies, a company must not, without prior approval of shareholders, issue or agree to issue Equity Securities if the Equity Securities will, in themselves or when aggregated with the Equity Securities issued by the company during the previous 12 months, exceed 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

The issue and allotment of Shares and Options under this Resolution 7 will exceed the 15% limit and therefore requires the approval of Shareholders. The securities proposed to be issued, for which approval is sought under Resolution 7, comprise approximately 62% of Foyson's fully diluted issued capital (based on the number of Shares and Options on issue as at the date of this Notice¹¹). A table showing Foyson's capital structure following completion of the Fundraising is set out in section 2.6.

In compliance with the information requirements of Listing Rule 7.3, Shareholders are advised of the following information, in addition to the information regarding the Fundraising contained in section 1.11:

(a) **Maximum number of securities to be issued**

Foyson intends to issue up to 22,500,000 Shares (on a post Consolidation basis) and 22,500,000 attaching Options (on a post Consolidation basis).

(b) **Date of issue and allotment**

Based on Foyson's current timetable, the Shares and Options will be allotted and issued on 9 September 2015 (assuming ASX Confirmation has been received by this time) but, in any case, not later than 3 months after the date of Shareholder approval under this Resolution 7 or such later date as approved by ASX.

(c) **Issue price**

The issue price will be \$0.20 per Share.

Each Option may be exercised for one Share at an issue price of \$0.20 per Share.

(d) **Allottees of the securities**

22,500,000 Shares and Options may be issued to professional, sophisticated, retail or unsophisticated investors (with the class of investors to be decided by Foyson at a later date and disclosed in the prospectus for the Offer).

(e) **Terms of the securities**

The Shares will be fully paid ordinary shares in the capital of Foyson on the same terms and conditions as Foyson's existing Shares and rank equally in all respects with the existing Shares. Foyson will apply to ASX for official quotation of the Shares.

The Options will be issued on the terms and conditions set out in Schedule 1.

(f) **Intended use of the funds raised**

The proceeds from the Offer, together with the proceeds from the Rights Issue, will be used for transaction costs, capital expenditure to increase the Commercial Plant's capacity to 200 tonnes per day and working capital, with the following approximate breakdown:*

Use	Amount
IGE Transaction and Fundraising costs	Up to \$1,250,000
Capital expenditure to increase Commercial Plant capacity	Up to \$3,700,000

¹¹ It is likely that Foyson fully diluted share capital will increase prior to the Offer being undertaken, due to the proposed security issues which will take place immediately after the Meeting if Shareholder approval is received.

Payment of commissioning expenses to IGE	up to \$400,000
Payment of costs associated with New Property Leases and other property	up to \$300,000
Working capital	\$150,000
Total amount of funds to be raised	Up to \$5,800,000

* The above table is a statement of the Board's current intentions as at the date of this Notice of Meeting. As with any work plan and budget, intervening events (such as unanticipated cost blow outs or practical issues with increasing the capacity of the Commercial Plant) and new circumstances have the potential to affect the ultimate way funds will be applied. Accordingly, the actual expenditures may vary from the above estimates and the Board reserves the right to vary the expenditures dependent on circumstances and other opportunities.

(g) **Voting exclusion statement**

A voting exclusion statement for Resolution 7 is included in the Notice of Extraordinary General Meeting preceding this Explanatory Statement.

11.3 Board Recommendation

The Board recommends Shareholders vote in favour of Resolution 7.

11.4 Resolution is conditional

Resolution 7 is conditional on:

- (a) the approval of Resolutions 1 – 6 (inclusive); and
- (b) ASX Confirmation being received.

If Resolutions 1 – 6 are not approved, or ASX Confirmation is not received, then Resolution 7 will be deemed not to have been approved.

Although the IGE Transaction is not expressly conditional on the successful completion of the Fundraising, if sufficient spread is not obtained or sufficient capital for Foyson's stated objectives is not raised, then Foyson may not meet the requirements of Chapter 1 of the Listing Rules, in which case the IGE Transaction will not proceed.

12. RESOLUTION 8 – ISSUE OF SHARES AND OPTIONS TO A RELATED PARTY – MICHAEL PALMER (OR HIS NOMINEE)

12.1 Background

Resolution 8 seeks Shareholder approval in accordance with Listing Rule 10.11 and Chapter 2E of the Corporations Act for the grant of a total of 250,000 Shares and 250,000 Options exercisable at \$0.20 (on a post consolidation basis) (**Palmer Securities**) to Michael Palmer, a director of Foyson, or his nominee, subject to approval of Resolutions 1 to 7 and ASX Confirmation being received.

Mr Palmer has waived his right to receive remuneration for the period between 31 December 2014 and completion of the IGE Transaction in order to ensure Foyson's expenses remain as low as reasonably possible as it progresses to completion of the IGE Transaction. The Board (other than Mr Palmer) considers that the issue of the Palmer Securities to be fair remuneration for Mr Palmer's services during this time. By comparison, Mr Palmer is entitled, under his contract for services with Foyson, to be paid \$30,000 per month (although Mr Palmer had previously agreed for this amount to be discounted to \$7,500 per month due to Foyson's cash flow issues).

Accordingly, Foyson now proposes to issue Mr Palmer or his nominee the Palmer Securities in lieu of the remuneration which Mr Palmer has waived.

The issue of the Palmer Securities will give Mr Palmer Voting Power of approximately 1.586% on a fully diluted basis, after the Interim Placement has taken place,¹² the Fundraising has taken place, the IGE Transaction has completed (and the Consideration Securities, but not the Milestone Securities, have been issued) and all other security issues to be approved under the Resolutions have taken place.

If Resolution 8 is not approved, Foyson may be liable to reimburse Mr Palmer for his services for the period 31 December 2014 to Completion out of its cash funds or the Board may resolve to make a cash payment to Mr Palmer in lieu of the Shares and Options the subject of Resolution 8, in such amount as the Board considers reasonable in the circumstances and subject to all applicable legal requirements.

This Resolution 8 is conditional on Resolutions 1 – 7 being approved. As such, if Resolutions 1 – 7 are not approved, this Resolution 8 will be deemed not to have been approved and the Palmer Securities will not be issued to Mr Palmer.

12.2 Listing Rule 10.11

Listing Rule 10.11 provides that, unless a specified exception applies, a company must not issue or agree to issue Equity Securities to a Related Party without the approval of ordinary shareholders. A “related party”, for the purposes of the Listing Rules, has the meaning given to it in the Corporations Act, and includes the directors of a company.

As such, Shareholder approval is sought under Listing Rule 10.11 for the issue of the Palmer Securities to Michael Palmer or his nominee.

As Shareholder approval is being sought under ASX Listing Rule 10.11, approval is not also required under Listing Rule 7.1 for the issue under Resolution 8.

12.3 Information required for approval under Listing Rule 10.13

In accordance with ASX Listing Rule 10.13, the following information is provided for approval under Listing Rule 10.11:

- (a) **Name of persons to receive securities and maximum number to be issued**
Mr Michael Palmer or his nominee will be issued 250,000 Shares and 250,000 Options (on a post Consolidation basis).
- (b) **Date of issue**
Foyson will issue the Palmer Securities to Mr Palmer or his nominee under this Resolution as soon as the conditions precedent to this issue are satisfied (which the Board currently anticipates will occur at the same time as the securities under the Fundraising are issued), but in any event no later than one month after the date of the Meeting or such longer time as is approved by ASX.
- (c) **Relationship with Foyson**
Mr Palmer is a Director and Foyson’s Managing Director.
- (d) **Issue price**
The Palmer Securities will be issued for nil consideration (in lieu of Mr Palmer receiving remuneration otherwise owed to him between 31 December 2014 and completion of the IGE Transaction).
- (e) **Terms of issue**
The Shares will be fully paid ordinary shares in the capital of Foyson. Options will be issued on the terms and conditions set out in Schedule 1.
- (f) **Use of funds**
Foyson will not receive any funds from the issue of the Palmer Securities.
- (g) **Voting exclusion statement**

¹² If the Interim Placement does not take place, Mr Palmer’s Voting Power will be 1.668% fully diluted.

A voting exclusion statement for Resolution 8 is included in the Notice

12.4 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act regulates the provision of “financial benefits” to “related parties” by a public company. Chapter 2E prohibits a public company from giving a financial benefit to a Related Party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit.

A “related party” is widely defined under the Corporations Act, and includes the directors of the company under section 228 of the Corporations Act. As such, the Directors of Foyson are Related Parties of Foyson for the purposes of section 208 of the Corporations Act.

A “financial benefit” is construed widely and in determining whether a financial benefit is being given, section 229 of the Corporations Act requires that any consideration that is given is disregarded, even if the consideration is adequate. It is necessary to look at the economic and commercial substance and the effect of the transaction in determining the financial benefit. Section 229 of the Corporations Act includes as an example of a financial benefit, the issuing of securities or the granting of an option to a Related Party.

The issue of the Palmer Securities constitutes the provision of a financial benefit to a Related Party (as Mr Palmer is a Director and therefore a Related Party of Foyson).

Under section 211 of the Corporations Act, shareholder approval is not required for giving a financial benefit to a Related Party where the financial benefit is reasonable remuneration for the Related Party's role as an officer or employee of Foyson. A financial benefit will be remuneration if the benefit, were it received by a director of Foyson, would be remuneration of the director for the purposes of an accounting standard that deals with disclosure in companies' financial reports of information about directors' remuneration. The Board (other than Mr Palmer) consider that the issue of the Palmer Securities is fair remuneration for Mr Palmer's service to Foyson between 31 December 2014 and Completion (and in respect of other payments waived by Mr Palmer) in accordance with this definition. However, for the avoidance of doubt, the Board has decided to seek Shareholder approval for the issue of Shares and Options to Mr Palmer for the purposes of section 208 of the Corporations Act.

12.5 Information requirements for Chapter 2E of the Corporations Act

In compliance with the information requirements of section 219 of the Corporations Act, Shareholders are advised of the information below. Neither the Directors nor Foyson are aware of any other information (other than the information contained in this Notice and Explanatory Statement) that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by Resolution 8.

- (a) **Identity of the Related Parties to whom Resolution 8 permit financial benefits to be given and nature of the financial benefit**

See section 12.3.

- (b) **Valuation of financial benefit**

The Palmer Securities will be issued to Mr Palmer at the same time as the Shares and Options to be issued to investors under the Fundraising. Accordingly, the value attributable to the Palmer Securities is the same as that proposed for the Fundraising, being \$0.20 per Share with one attaching Option per Share. Using this price, the value of the Palmer Securities is \$50,000.

- (c) **Dilution**

The maximum dilution effect of this Resolution 8 to Shareholders is set out in the table below and reflects a situation where:

- (i) Resolution 8 is approved; and
- (ii) Resolutions 1 – 7 are approved, the Fundraising is fully subscribed and the Consideration Shares are issued.

Number of Shares on issue (post Consolidation) on completion of IGE Transaction (assuming Consideration Shares are issued)	248,492,928
Number of Shares to be offered (post Consolidation)	250,000
Number of Options to be offered (post Consolidation)	250,000
Dilution Effect assuming all Palmer Options exercised	0.002%

(d) **Interests of Michael Palmer in Foyson**

As at the date of the Meeting, Michael Palmer will have a relevant interest in 50,000 Notes (the subject of Resolution 10, which if approved will convert into 17,241,379 Shares and 17,241,379 Options), 35,469,455 unlisted Options and 77,107,649 Shares in Foyson, in each case on a pre Consolidation basis, being less than 1% Voting Power at the date of this Notice.

If the Notes are approved and converted, this equates to 3,773,961 Shares and 2,108,433 Options on a post Consolidation basis.

(e) **Remuneration of Director**

For the period 1 July to 31 December 2014, Michael Palmer received \$45,000 by way of remuneration. Michael Palmer has waived his right to receive remuneration for the period between 31 December 2014 and Completion.

(f) **Other information**

Mr Palmer waived his rights to any remuneration from Foyson for the period between 31 December 2014 and Completion (and has previously waived his rights to certain payments under his original contractual agreement with Foyson).

Mr Palmer has participated in the evaluation of numerous cash flow projects and initially identified the opportunity to undertake the IGE Transaction.

The issue of the Palmer Securities is conditional on Shareholders approving all elements of the IGE Transaction as represented by Resolutions 1 – 7.

As such the Board (excluding Mr Palmer) considers that the issue of the Palmer Securities is fair remuneration for Mr Palmer's service to Foyson between 31 December 2014 and Completion (and in respect of other payments waived by Mr Palmer).

Neither the Directors nor Foyson are aware of any other information (other than the information contained in this Notice and Explanatory Statement) that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated in Resolution 8.

12.6 **Board recommendation**

The Directors (other than Mr Palmer) recommend that Shareholders vote in favour of Resolution 8.

12.7 **Resolution is conditional**

Resolution 8 is conditional on the approval of Resolutions 1 – 7 (inclusive). If Resolutions 1 – 7 are not approved, then Resolution 8 will be deemed not to have been approved.

13. **RESOLUTION 9 – ISSUE OF SHARES AND OPTIONS TO TVI PACIFIC INC AND CLIFFORD JAMES**

13.1 **Background**

TVI is Foyson's Amazon Bay Project joint venture partner and a substantial shareholder of Foyson. Clifford James is TVI's nominee director on the Board.

TVI:

- (a) has agreed to forgive the TVI Debt (being a debt currently owing to TVI by Foyson) in exchange for the issue of a number of Shares and Options to it (see section 13.2); and
- (b) holds a number of Notes which upon their maturity convert (subject to shareholder approval, if required) to Shares and Options, requiring Foyson to issue those Shares and Options at that time (subject to shareholder approval, if required, and any necessary restriction agreements being entered into by TVI at that time).

Clifford James also holds a number of Notes and, therefore, is also entitled to receive upon their maturity a number of Shares and Options, subject to shareholder approval, if required, and any necessary restriction agreements being entered into by Mr James at that time.

As TVI's nominee director on the Board, Mr James is likely to be an Associate of TVI.

As TVI and Mr James currently hold Voting Power of approximately 23.05%, any issue of the Shares to TVI or Mr James will be in breach of section 606 of the Corporations Act for increasing TVI's and Mr James' Voting Power from above 20% to below 90%, unless:

- (a) Shareholder approval under section 611 item 7 of the Corporations Act is obtained or the Creep Capacity under section 611 item 9 of the Corporations Act is used; or
- (b) TVI's and Mr James' Voting Power is sufficiently diluted below 20% so that the issue of securities does not increase TVI's or Mr James' Voting Power to above 20%.

Foyson has chosen to seek Shareholder approval under section 611 item 7 of the Corporations Act in order to issue the Shares and Options to TVI and Mr James as soon as possible. In addition, this will also allow these securities to be issued regardless of whether the IGE Transaction proceeds. If the IGE Transaction does proceed, then TVI's and Mr James' Voting Power will be diluted below 10%.

Details of the relevant agreements are set out below.

13.2 Loan Agreement and Debt Conversion Deed

On or about 17 August 2012, TVI agreed to loan Foyson the principal amount of \$400,000 (**Loan Agreement**). The Loan Agreement was amended from time to time in 2013 and 2014, under which further advances were made to Foyson (together with the amount loaned under the original Loan Agreement, and reduced for amounts paid by Foyson from time to time, the **TVI Debt**). The TVI Debt is secured by the security agreements between Magnesium Developments Pty Limited (a wholly owned subsidiary of Foyson) and TVI (**Security Agreements**).

The TVI Debt was due to be repaid on 30 September 2014. However, TVI agreed that Foyson could satisfy the outstanding TVI Debt of \$400,000 by issuing 160,000,000 Shares and 160,000,000 free attaching options (with an exercise price of \$0.008) to TVI. This arrangement was effected under a Debt Conversion Deed between TVI, Foyson and Magnesium Developments Pty Limited dated 28 February 2015 (**Debt Conversion Deed**).

Under the Debt Conversion Deed, an additional cash payment of 8% per annum interest on the TVI Debt outstanding will be paid for the period from 1 October 2014 until all of the TVI Debt has been converted into Shares and Options.

As at the date of this Notice and pursuant to the Debt Conversion Deed, Foyson has issued 84,611,264 Shares and 84,611,264 Options to TVI to reduce the outstanding TVI Debt by \$211,528 (from \$400,000 to \$188,472 (**Outstanding Debt**)) using TVI's Creep Capacity.¹³

¹³ At the time of the issue of the 84,611,264 Shares and 84,611,264 Options to TVI, TVI's Voting Power was higher than 20%. Accordingly, TVI was only permitted to acquire 84,611,264 Shares as they fell within TVI's Creep Capacity under section 611, item 9 of the Corporations Act. This section permits a person, who would otherwise contravene section 606 of the Corporations Act, to acquire voting shares in a company if it does not increase their Voting Power more than 3% higher than they had 3 months before the Acquisition. Creep Capacity cannot be relied on if during the 6 months before the acquisition the person's Voting Power dropped below 19%.

To reduce the Outstanding Debt to zero under the Debt Conversion Deed, Foyson must issue 75,388,800 further Shares and 75,388,800 further Options (on a pre-Consolidation basis) (**Outstanding Debt Securities**). As TVI's Creep Capacity will be exhausted at the date of the Meeting (see section 13.3 on the James Note Securities), Foyson is seeking Shareholder approval for the issue of the Outstanding Debt Securities under section 611 item 7 to allow these to be issued to TVI, regardless of the outcome of the IGE Transaction.

Once the Outstanding Debt Securities are issued to TVI, the Loan Agreement and Security Agreements will be terminated and TVI will release all security interests granted under the Security Agreements. Under the Debt Conversion Agreement, TVI has undertaken not to exercise any of its rights or take any action in respect of the Loan Agreement or Security Agreements before 1 December 2015.

Implications under Debt Conversion Deed if Resolution 9 not approved

The issue of the Outstanding Debt Securities under the Debt Conversion Deed is conditional on either:

- (a) Shareholder approval of this Resolution 9 being received; or
- (b) the Outstanding Debt Securities otherwise being able to be issued without breaching section 606 of the Corporations Act (for example by TVI's and Mr James' Voting Power being sufficiently diluted below 20% so that they will not exceed 20% Voting Power on the issue of the Outstanding Debt Securities, or being able to rely on TVI's Creep Capacity, when that becomes available).

Therefore, unless:

- (a) Resolution 9 is approved; or
- (b) the IGE Transaction completes and TVI's and Mr James' Voting Power is diluted below 10%, as expected,

the Outstanding Debt will remain unsatisfied and the Loan Agreement and Security Agreements will not be terminated.

If the Outstanding Debt Securities are not issued by 1 December 2015, TVI will be entitled from that date to exercise its rights under the Loan Agreement and Security Agreements or bring a claim against Foyson in relation to the Outstanding Debt.

13.3 Capital Promissory Notes

In February and April 2015, Foyson issued Notes to sophisticated investors, including TVI and Mr James, to raise \$1,000,000.

Foyson issued the Notes in February 2015 to unrelated parties and new investors, as well as TVI (who subscribed for \$100,000 worth of Notes) and a number of Directors, including Mr James (who subscribed for \$50,000 worth of Notes). TVI agreed to subscribe for an additional \$100,000 worth of Notes in April 2015, as Foyson had not yet raised the total \$1 million investment into the Notes at that time.

Most of the Notes issued had a maturity date of 15 May 2015, but some of the Notes issued in April 2015 (including those issued to TVI) have a maturity date of the earlier of the Business Day immediately following the Meeting or 30 September 2015. Apart from the varying maturity dates, the Notes are otherwise on the terms set out in section 14.2(e). ASX has advised that the Shares and Options issued on conversion of the Notes will be restricted securities subject to escrow for between 12 and 24 months, which means that these securities cannot be traded or otherwise disposed of until the relevant escrow period ends. On the maturity date, the Notes "automatically" convert into Shares and Options, which means that Foyson is obliged to issued those Shares and Options to the Note holders after restriction agreements (as required by ASX) are entered into by the holders in respect of those Shares and Options.

TVI Note Securities

The Notes issued to TVI in February 2015 were due to convert into 34,482,758 Shares and 34,482,758 Options on the maturity date of 15 May 2015 (**February Note Securities**).

However, TVI has agreed that the February Note Securities can be issued by Foyson after approval under this Resolution 9 has been received so that the issue of the February Note Securities will not breach section 606 of the Corporations Act.

The Notes issued to TVI in April 2015 have a maturity date of the earlier of the Business Day immediately following this Meeting or 30 September 2015. Therefore, if this Resolution 9 is approved, those Notes will convert into 34,482,758 Shares and 34,482,758 Options on 31 July 2015 (**April Note Securities**).

James Note Securities

The Notes issued to Mr James in February 2015 were due to convert into 17,241,379 Shares and 17,241,379 Options on the maturity date of 15 May 2015.

Given that TVI's and Mr James' Voting Power will be diluted following the issue of Shares and Options on conversion of Notes held by Non-TVI Associated Note Holders with a 15 May 2015 maturity date (which is expected to occur prior to the date of the Meeting), Foyson intends to issue 10,162,513 Shares and 10,162,513 Options to Mr James under his Notes using TVI's Creep Capacity.

Mr James has agreed to delay the issue of the remaining 7,078,866 Shares and 7,078,866 Options to which he is entitled under his Notes (**James Note Securities**) until either further Creep Capacity is available (as a result of dilution of TVI's and James' Voting Power) or approval of this Resolution 9 has been received.

Implications under Notes if Resolution 9 not approved

If the issue of the February Note Securities, April Note Securities and James Note Securities is not approved, then under the terms of the Note agreements, Foyson is required to repay the outstanding amounts under the relevant Note agreement (\$200,000 plus any unpaid interest to TVI and \$20,529 plus any unpaid interest to Mr James). The terms of the Notes are summarised in section 14.2(e) (save for the varying maturity dates, which are described above).

13.4 Regulatory requirements

Please refer to section 8.1 for an overview of section 606 of the Corporations Act, which relevantly prohibits an entity acquiring shares which would increase its Voting Power from above 20% to below 90%, and related provisions. Under Item 7 of section 611 of the Corporations Act, section 606 of the Corporations Act does not apply in relation to any acquisition of shares in a company approved by a resolution passed at a general meeting of the company at which no votes were cast in favour of the resolution by the acquirer or the disposer or their respective Associates.

As a result of issuing the:

- Outstanding Debt Securities;
- February Note Securities;
- April Note Securities; and
- James Note Securities;
- Shares to which TVI and Mr James are entitled on exercise of all the Options then held by TVI and Mr James,

TVI's and Mr James' aggregate Voting Power will increase from approximately 23.05% to a maximum of 40.57%, as further described in section 13.8.

Accordingly, Shareholder approval under section 611, item 7 of the Corporations Act is required for those issues.

This approval is required even though, after the Fundraising has occurred and the Consideration Shares have been issued to the IGE Shareholders, TVI's and Mr James' Voting Power will drop to a level below 20%. This is for two reasons:

- (a) first, issuing the Outstanding Debt Securities, the February Note Securities, the April Note Securities and the James Note Securities is not conditional on the IGE

Transaction proceeding. Accordingly, if Resolution 9 is approved but Resolutions 1 to 7 are not approved, TVI's and Mr James' Voting Power will not be diluted by the Fundraising or the Consideration Shares (nor the issue of 450,000 Shares and Options to Directors the subject of Resolutions 8, 13 and 14, which are conditional on the approval of Resolutions 1 to 7, amongst other things); and

- (b) second, even a temporary breach of section 606 can result in liability. For example, if Resolutions 1 to 7 are approved but Resolution 9 is approved, the Outstanding Debt Securities, the February Note Securities, the April Note Securities and the James Note Securities still cannot be issued until TVI's and Mr James' Voting Power is sufficiently diluted below 20% to ensure that TVI's and Mr James' Voting Power does not exceed 20% at any time. Further, TVI and Mr James cannot rely on Creep Capacity if their Voting Power is diluted below 19% at any time. Therefore, to avoid difficulties with the timing of the issue, Foyson is seeking section 611 item 7 approval.

Shareholder approval under Listing Rule 7.1 is not required for the issue of securities which are approved for the purpose of section 611 item 7 of the Corporations Act (Listing Rule 7.2 exception 16) and, as such, the issue of the securities the subject of this Resolution 9 will not be counted in determining whether any future issue of securities by Foyson exceeds the 15% placement threshold under Listing Rule 7.1.

13.5 Information required by section 611, item 7 of the Corporations Act

Shareholders asked to approve an acquisition under item 7 must be given all information known to the acquirer, its Associates or the company that is material to the decision on how to vote on the resolution, including:

- (a) the identity of the person proposing to make the acquisition and their Associates;
- (b) the maximum extent of the increase in that person's Voting Power;
- (c) the Voting Power the person would have as a result of the acquisition;
- (d) the maximum extent of the increase in the Voting Power of each of the acquirer's Associates that would result from the acquisition; and
- (e) the Voting Power that each of the acquirer's Associates would have as a result of the acquisition.

ASIC Regulatory Guide 74, at paragraph 74.25, sets out information which should be given in the notice of meeting or explanatory material for a section 611, item 7 resolution.

The table below sets out these matters and provides a cross-reference within this Explanatory Statement where the information regarding these matters can be found.

Item	Details / Cross-reference
an explanation of the reasons for the proposed acquisition	Section 13.1 [Background]
when the proposed acquisition is to occur	The issue of Outstanding Debt Securities, February Note Securities, April Note Securities and James Note Securities will occur the Business Day immediately following this Meeting, provided Resolution 9 is approved.
the material terms of the proposed acquisition	Section 13.1 [Background]
details of the terms of any other relevant agreement between the acquirer and the target entity or vendor (or any of their Associates) that is conditional on (or directly or indirectly depends on) members' approval of the proposed acquisition	Sections 13.2 (in relation to the Debt Conversion Deed) and 13.3 (in relation to the Note agreements)

Item	Details / Cross-reference
a statement of the acquirer's intentions regarding the future of the target entity if members approve the acquisition and, in particular:	Section 13.7
(i) any intention to change the business of the entity;	
(ii) any intention to inject further capital into the entity;	
(iii) the future employment of present employees of the entity;	
(iv) any proposal where assets will be transferred between the entity and the acquirer or vendor or their Associates; and	
(v) any intention to otherwise redeploy the fixed assets of the entity	
any intention of the acquirer to significantly change the financial or dividend distribution policies of the entity	Section 13.7
the interests that any director has in the acquisition or any relevant agreement disclosed	Section 13.3 – Clifford James is a director of Foyson and is also a director of TVI. Mr James holds 50,000 Notes in Foyson, which have partially converted into 10,162,513 Shares and 10,162,513 Options and will convert into 7,078,866 Shares and 7,078,866 Options if this Resolution 9 is approved.
details about any person who is intended to become a director if members approve the acquisition	Not applicable

13.6 Identity of the person proposing to make the acquisition and their Associates

TVI and Clifford James will be making the acquisition.

TVI is a substantial Shareholder of Foyson, holding a maximum of 23.05% Voting Power as at the date of this Notice. TVI is a Canadian resource company focused on the production, development, exploration and acquisition of diversified resource projects in Southeast Asia. It is a joint venture partner with Foyson in the Amazon Bay Project.

Clifford James is Chairman and director of TVI and a substantial (but not controlling) shareholder of TVI, and a Director of Foyson. Mr James does not control TVI but may be an Associate of TVI on the basis that, as TVI's nominee director, he is acting in concert with TVI in relation to FOY's affairs.

13.7 TVI's future intentions for Foyson

If the IGE Transaction completes, TVI's and Mr James' Voting Power will be diluted below 20% and TVI and Mr James will therefore have limited ability to influence the outcome of Shareholder resolutions.

As such, TVI and Mr James have not currently formed any specific intentions for Foyson.

Similarly, if the IGE Transaction does not complete, it is currently intended that the relationship between TVI and Foyson will continue as it has previously. In particular, TVI and Mr James have no intention to:

- (a) change the business of the entity;
- (b) inject further capital into the entity;

- (c) change the employees of the entity;
- (d) introduce any proposal where assets will be transferred between Foyson and TVI or its Associates;
- (e) otherwise redeploy the fixed assets of Foyson; or
- (f) change the financial or dividend distribution policies of Foyson.

TVI may reconsider its options regarding Foyson in the future if the IGE Transaction does not complete. However, even if the IGE Transaction does not complete, TVI's and Mr James' Voting Power will be insufficient for them to unilaterally pass Shareholders resolutions appointing new Board members or implementing significant new proposals, and will likely require the support of other Shareholders to do so.

13.8 Voting power in Foyson

As at the date of this Notice, TVI holds 295,468,407 Shares and 84,611,264 Options.

If Resolution 9 is approved, TVI will be issued a total of 144,354,252 Shares (75,388,736 Shares under the Debt Conversion Deed and 68,965,516 under the Notes) and will be entitled to be issued:

- (a) another 144,354,252 Shares on exercise of the Options issued with the Shares approved under this Resolution 9; and
- (b) 84,611,264 Shares on exercise of the Options already held by TVI.

If Resolution 9 is approved, Clifford James will hold a total of 17,241,379 Shares and will be entitled to be issued another 17,241,379 Shares on exercise of the Options issued with those Shares.

All Shares and Options are stated on a pre-Consolidation basis.

If Resolution 9 is approved, TVI's and Mr James' maximum aggregate Voting Power will be 40.57%. This assumes:

- (a) the Interim Placement does not complete;
- (b) TVI and Mr James have both exercised all the Options that they hold;
- (c) no other current Optionholders have exercised their Options; and
- (d) Resolutions 1 – 7 are not approved so that the Fundraising does not proceed and completion of the IGE Transaction (and the issue of the Consideration Shares) does not occur.

Although in this scenario the Shares directly held by Mr James will only represent 1.99% of the total Shares on issue in Foyson, Mr James may also be taken to have Voting Power of 40.57% as TVI may also be considered to be acting in concert with Mr James in relation to the affairs of Foyson.

If all Resolutions are approved, the Interim Placement fully subscribed, the Fundraising fully subscribed or underwritten and the IGE Transaction completes and Consideration Securities issued, then the aggregate Voting Power of TVI and Mr James will be 6.99% on a fully diluted basis.

13.9 Advantages and disadvantages

In making their recommendation to vote in favour of Resolution 9, the Directors (other than Mr James) carefully considered the following advantages and disadvantages.

Advantages of approving Resolution 9

- (a) If Resolution 9 is not approved, then:
 - (i) Foyson will not issue the Outstanding Debt Securities until TVI is sufficiently diluted following the completion of the IGE Transaction (if it completes). Under the Debt Conversion Deed, TVI has agreed not to exercise its rights under the Loan Agreement and Security Agreements until 1 December 2015. As such, once this date has passed, if Foyson

has not issued the Outstanding Debt Securities then TVI may enforce its rights under the Loan Agreement and Security Agreements, which may mean that Foyson is required to re-pay the Outstanding Debt plus interest in cash.

- (ii) Under the terms of the Notes, Foyson will be obliged to repay the cash equivalent of the Outstanding Note Securities and Outstanding James Note Securities to TVI and Mr James respectively (unless TVI and Mr James agree to defer Foyson's obligation to issue the Outstanding Note Securities and Outstanding James Note Securities until TVI and Mr James are sufficiently diluted below 20% following the completion of the IGE Transaction (if it completes), but there is no guarantee of TVI and Mr James so agreeing).

There is a risk that Foyson may not be able to raise the funds required to pay the cash equivalent and will therefore be in breach of contract.

- (b) The Independent Expert has concluded that the issue of the TVI Securities is *not fair but reasonable* to Shareholders not Associated with TVI.

Disadvantages of approving Resolution 9

If Resolution 9 is approved, but Resolutions 1 – 6 are not approved (or the IGE Transaction does not proceed for some other reason) then:

- (a) TVI and Mr James will have a maximum aggregate Voting Power of 40.57%. This will result in the Voting Power of existing Shareholders being diluted. At this shareholding level, TVI and Mr James can block the passing of special resolutions. TVI and Mr James may vote in their own interests and their own interests may not always be aligned with minority shareholders. In these circumstances, as TVI and Mr James will have greater than 20% Voting Power, TVI and Mr James cannot further increase their Voting Power unless they do so in limited circumstances. These limited circumstances include acquisitions with the approval of other Shareholders, launching a takeover bid for the remaining Shares, or acquiring up to a further 3% every 6 months under Creep Capacity; and
- (b) You may disagree with the Independent Expert's conclusion that the issue of the TVI Securities is *not fair but reasonable* to Shareholders not Associated with TVI.

13.10 Independent Expert's conclusion

The Independent Expert has concluded that the issue of the TVI Securities is *not fair but reasonable* to Shareholders not Associated with TVI. The Independent Expert's Report is included in full at Annexure C to this Explanatory Statement and you should refer this when deciding how to vote on Resolution 9. The Independent Expert's Report:

- (a) is also accessible on Foyson's website www.foyson.net; and
- (b) if requested by a Shareholder, will be sent to the Shareholder in hard copy at no cost to the Shareholder.

13.11 Board recommendation

The Directors (other than Clifford James) recommend that Shareholders vote in favour of Resolution 9.

13.12 Resolution is not conditional

Resolution 9 is not conditional on the approval of any other Resolution. Accordingly, if Resolution 9 is approved, the issue of the Shares and Options the subject of this Resolution (and the resulting increase in TVI's and Mr James' Voting Power) will be approved and effective regardless of whether the other Resolutions (including those in relation to the IGE Transaction) are approved.

14. RESOLUTIONS 10 AND 11 – APPROVAL OF CONVERSION TERMS FOR NOTES ISSUED TO RELATED PARTIES

14.1 Background

On 26 February 2015, Foyson announced that it intended to raise up to a maximum of \$1,000,000 by the issue of 1,000,000 Capital Promissory Notes (**Notes**) on the terms set out in section 14.2(e) below (other than item 3, maturity date, which for some of the Notes issued was 15 May 2015).

The Notes are debt securities which become equity securities on Shareholder approval of the conversion terms under those Notes as described in items 5 – 8 of section 14.2(e) below (**Conversion Terms**) for the purposes of Listing Rule 7.1 (or Listing Rule 10.11 for Notes that will be issued to Related Parties).

On 31 March 2015, Shareholders approved the Conversion Terms of 700,000 Notes under Listing Rule 7.1 which were, or were intended to be, issued to unrelated parties of Foyson. 400,000 Notes were ultimately subscribed for by and issued to unrelated parties (including the initial 100,000 Notes subscribed for in February 2015 by TVI). Shareholders also approved the Conversion Terms of 300,000 Notes under Listing Rule 10.11 which were issued to Related Parties.

In order to raise the full \$1,000,000, directors Michael Palmer and David McIntosh, past director Doug Halley and substantial shareholder TVI have subscribed for the remaining 300,000 Notes.

Resolutions 10 and 11 seek approval for the Conversion Terms to apply to the Notes that have been issued to Michael Palmer and David McIntosh (or their nominees). The Notes issued to Doug Halley and TVI will be approved under Resolution 12 for the purpose of Listing Rule 7.1, which requires different disclosure. Doug Halley (who resigned as Director on 4 December 2014) will no longer be a Related Party of Foyson at the date of the Meeting.

ASX has advised that the Shares and Options issued on conversion of the Notes will be restricted securities subject to escrow for between 12 and 24 months, which means that these securities cannot be traded or otherwise disposed of until the relevant escrow period ends. The holders of the Notes must enter into restriction agreements (substantially in the form set out in Appendix 9A of the Listing Rules) prior to Foyson issuing the Shares and Options on conversion of the Notes.

14.2 Listing Rule 10.11

Listing Rule 10.11 provides that, unless a specified exception applies, a Company must not issue or agree to issue Equity Securities to a Related Party without the approval of ordinary shareholders. A “related party”, for the purposes of the Listing Rules, has the meaning given to it in the Corporations Act, and includes the directors of a company and persons who were related parties of the company (including directors) in the previous 6 months.

As such, Shareholder approval is sought under Listing Rule 10.11 as Resolutions 10 and 11 propose the Conversion Terms to apply to the Notes issued to certain Directors of Foyson (namely Michael Palmer and David McIntosh or their nominees), who are related parties of Foyson by virtue of their directorships.

Shareholder approval of the Conversion Terms under Listing Rule 10.11 will enable the Notes to be convertible into Shares and Options as Equity Securities.

As Shareholder approval is being sought under ASX Listing Rule 10.11, approval is not also required under Listing Rule 7.1 for the issue under Resolutions 10 to 12.

In accordance with ASX Listing Rule 10.13, the following information is provided for approval under Listing Rule 10.11:

- (a) **Name of persons to receive securities and maximum number to be issued**

The number of Notes issued to each director (or their nominee) and the maximum number of Shares and Options (on a pre-consolidation basis) which the Notes may convert into is outlined in the table below.

Name	Amount	Number of Notes	Number of Shares	Number of Options
Michael Palmer	\$50,000	50,000	17,241,379	17,241,379
David McIntosh	\$100,000	100,000	34,482,758	34,482,758

(b) **Date of issue**

The 200,000 Notes were issued on or around 27 April 2015 and will only become Equity Securities convertible into Shares with shareholder approval. If Shareholders do not approve the terms (including convertibility) of the Notes then the notes will not be convertible and the \$200,000 investment amount and interest under the notes will become repayable by Foyson at the Maturity Date.

(c) **Relationship with Foyson**

Messrs Palmer and McIntosh are Directors of Foyson. Mr Palmer is also Managing Director of Foyson.

(d) **Issue price**

The Notes have a face value of \$1.00 each.

On conversion of the Notes, the holder will be issued Shares at \$0.0029 per Share to the equivalent value of their Notes, plus one free attaching Option per Share exercisable at \$0.008 per Share. Prices are quoted on a pre-Consolidation basis.

(e) **Terms of issue**

The key terms of the Notes are set out in the table below:

No	Item	Details
1.	Face Value	Each Note has a face value of A\$1.00 in total.
2.	Conditions precedent	<p>The subscription for Notes by the investor and the issue of Notes by Foyson is conditional on the investor providing to Foyson a certificate of a qualified accountant (as that term is defined in the Corporations Act) in respect of the investor which:</p> <ul style="list-style-type: none"> certifies the matters specified in section 708(8)(c) of the Corporations Act (relating to sophisticated investors); and was given by the qualified accountant on or after 31 March 2015. <p>These conditions precedent have been satisfied or waived by Foyson in respect of each subscription.</p>
3.	Maturity Date	<p>The maturity date is the earlier of:</p> <ul style="list-style-type: none"> the Business Day immediately following this Meeting; or 30 September 2015.
4.	Shareholder approval	The Notes contain conversion rights that are conditional on, and of no force and effect until, shareholder approval

No	Item	Details
		<p>is obtained under ASX Listing Rule 7.1 and, where relevant, 10.11.</p> <p>If shareholder approval is not obtained the Notes remain a basic promissory note and the holder will be repaid their money plus interest accrued from 27 April 2015 until the Maturity Date (at the default rate of 18% per annum) on the Maturity Date.</p> <p>If shareholder approval is obtained the terms set out in items 6 – 9 below become effective.</p>
5.	<p>Interest*</p> <p>This term becomes effective if shareholder approval is obtained.</p>	<p>Interest accrues and is capitalised daily at the rate of 12% per annum on each Note from (and including) 27 April 2015 until (but excluding) the earlier of the date on which the holder converts the Note or the Maturity Date. Interest will be paid by Foyson in cash after the Maturity Date.</p>
6.	<p>Conversion*</p> <p>This term becomes effective if shareholder approval is obtained.</p>	<p>If a conversion notice is given by a holder of a Note at any time from the date of shareholder approval until the Maturity Date, the Note will be converted into fully paid ordinary shares in Foyson at a conversion price of \$0.0029 per share, on a pre-consolidation basis (Conversion Shares) plus one free attaching option per Share (with any fractional entitlements upon conversion being rounded down).</p> <p>The options issued on conversion of the Convertible Notes will be options entitling the holder to subscribe for one Share at an exercise price of \$0.008 (on a pre-consolidation basis), exercisable on or before 31 December 2019.</p> <p>The conversion price and number of securities a holder is entitled to receive on exchange of their Notes will be appropriately adjusted in the event of a reorganisation, reconstruction, consolidation or sub-division of the capital of Foyson.</p> <p>In the case of a bonus issue or pro-rata issue, the exercise price of the Options will be adjusted in accordance with the formula and criteria specified in the Agreement in accordance with the ASX Listing Rules.</p>
7.	<p>Automatic Conversion at maturity*</p> <p>This term becomes effective if shareholder approval is obtained.</p>	<p>A holder will be deemed to have given a conversion notice at 5pm (EST) on the Maturity Date in respect of each Note held by the holder, unless Foyson elects to repay the initial sum.</p>

No	Item	Details
8.	Cash payment in lieu* This term becomes effective if shareholder approval is obtained.	If the issue of Conversion Shares on conversion of Notes will result in an investor acquiring more than 20% voting power, then Foyson may provide a cash payment equal to the value of the number of Conversion Shares that would have taken the investor's Voting Power above 20%, in lieu of issuing those Conversion Shares. If the investor still elects to receive Conversion Shares in these circumstances, then Foyson must convene a shareholder meeting seeking approval for the issue of Conversion Shares which take the investor's Voting Power above 20% within 60 days.
9.	Quotation of Notes	The Notes will not be quoted.
10.	Quotation of Conversion Shares	<p>The Conversion Shares will not be quoted at least until Foyson has re-complied with Chapters 1 and 2 of the ASX Listing Rules in connection with the IGE Transaction.</p> <p>If the IGE Transaction does not proceed, Foyson will apply to ASX for official quotation of the Conversion Shares at that time. If the Proposed Transaction does proceed, the ASX may consider the Shares to be restricted securities under the ASX Listing Rules and those Consideration Shares may be subject to the restrictions in Appendix 9B of the Listing Rules.</p> <p>Foyson will confirm the status of the Consideration Shares when it receives ASX's determination. If ASX considers the Conversion Shares to be restricted securities, Foyson will apply for quotation of the Conversion Shares once the relevant escrow period ends.</p>

Any Shares issued on conversion will be fully paid ordinary shares in the capital of Foyson on the same terms as Foyson's existing Shares and rank equally in all respects with the existing Shares. The Shares issued on conversion will not be quoted at least until Foyson has re-complied with Chapters 1 and 2 of the ASX Listing Rules, as it is required to do for the IGE Transaction to proceed. If the IGE Transaction does not proceed, Foyson will apply to ASX for official quotation of the Shares at that time. If the IGE Transaction does proceed, ASX has confirmed that it is likely to consider the Shares and Options issued on conversion of the Notes to be restricted securities subject to the restrictions in Appendix 9B of the Listing Rules.

Options issued on conversion of the Notes will be options entitling the holder to subscribe for one Share at an exercise price of \$0.008 (on a pre-consolidation basis) and exercisable on or before 31 December 2019 on the terms set out in Schedule 1.

(f) **Use of funds**

Foyson intends on using the funds raised from the issue of Notes for the following purposes:

- (i) for Foyson's immediate funding needs for its Amazon Bay Project;
- (ii) other working capital requirements primarily associated with maintaining its offices in Sydney (**Working Capital**); and
- (iii) legal fees, the preparation of expert reports and printing and mailing costs which must be incurred in order to obtain shareholder approval and

re-comply with the requirements of Chapters 1 and 2 of the Listing Rules in relation to the Proposed Transaction.

(g) **Voting exclusion statement**

Voting exclusion statements for Resolutions 10 and 11 are included in the Notice.

14.3 Corporations Act

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. Notes issued to related parties (or their nominees), constitute the provision of a financial benefit to a Related Party. For the purpose of the Corporations Act, directors and persons who were directors in the past 6 months are a Related Party of a company. As such Messrs Palmer, McIntosh and Halley are considered related parties of Foyson.

Chapter 2E of the Corporations Act prohibits Foyson from giving a financial benefit to a Related Party of Foyson unless either:

- (a) the giving of the financial benefit falls within an exception to the provision; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit and the benefit is given within 15 months after shareholder approval is obtained.

One of the nominated exceptions to the prohibition includes the provision of a financial benefit on terms that would be reasonable in the circumstances if Foyson and the Related Party were dealing at arm's length (or on terms less favourable than arm's length).

Given the Notes issued to Directors are on the same arm's length terms as the parties who are not related parties of Foyson, the non-participating Directors consider the issue of Notes to constitute provision of a financial benefit on arm's length terms, and accordingly that Chapter 2E of the Corporations Act does not apply.

14.4 Board recommendations

The Directors (other than Mr Palmer in relation to Resolution 10 and Mr McIntosh in relation to Resolution 11) recommend that Shareholders vote in favour of Resolutions 10 and 11.

14.5 Resolutions not conditional

Resolutions 10 and 11 are not conditional on the approval of any other Resolution and are not conditional on each other. Accordingly, if Resolution 10 or 11 is approved, the Conversion Terms of the Notes the subject of that Resolution will be approved and effective regardless of whether the other Resolutions (including those in relation to the IGE Transaction) are approved.

15. RESOLUTION 12 – APPROVAL OF CONVERSION TERMS OF NOTES ISSUED TO UNRELATED PARTIES

15.1 Background

Please refer to the background to the issue of Notes outlined in section 14.1. This Resolution 12 seeks approval for the Conversion Terms of the Notes issued to Doug Halley and TVI as unrelated parties of Foyson, for the purpose of Listing Rule 7.1. Doug Halley resigned as Director on 4 December 2014 and as such will no longer be a Related Party of Foyson at the date of the Meeting.

ASX has advised that the Shares and Options issued on conversion of the Notes will likely be restricted securities subject to escrow for between 12 and 24 months, which means that these securities cannot be traded or otherwise disposed of until the relevant escrow period ends. The holders of the Notes must enter into restriction agreements (substantially in the form set out in Appendix 9A of the Listing Rules) prior to Foyson issuing the Shares and Options on conversion of the Notes.

15.2 Regulatory Requirements

Listing Rule 7.1 provides that, unless an exemption applies, a company must not, without prior approval of shareholders, issue or agree to issue Equity Securities if the Equity Securities will in themselves or when aggregated with the Equity Securities issued by the company during the previous 12 months, exceed 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

Approval for the conversion rights of the Notes issued to Doug Halley and TVI is required because:

- (a) Foyson will have already utilised its 15% placement capacity on the Interim Placement (although that will be ratified under Resolution 15); and
- (b) the Listing Rule 7.1 approval for Notes sought at EGM 1 expired on 30 June 2015.

In compliance with the information requirements of Listing Rule 7.3, Shareholders are advised of the following information, in addition to the information regarding the Fundraising contained in section 1.11:

(a) **Maximum number of securities to be issued**

The Conversion Terms will apply to 150,000 Notes. The maximum number of Shares and Options which these Notes may convert into is 51,724,137 Shares and 51,724,137 Options.

(b) **Date of issue and allotment**

The Shares and Options will be allotted and issued the Business Day immediately following the Meeting (being Friday, 31 July 2015) but, in any case, not later than 3 months after the date of Shareholder approval under this Resolution 12 or such later date as approved by ASX.

(c) **Issue price**

Each Note has a face value of \$1.00.

On conversion of the Notes, the holder will be issued Shares at \$0.0029 per Share to the equivalent value of their Notes, plus one free attaching Option per Share exercisable at \$0.008 per Share. Prices are quoted on a pre-Consolidation basis.

(d) **Allottees of the securities**

The 150,000 Notes will be issued to sophisticated investors who are unrelated parties of Foyson, namely TVI and an entity controlled by Doug Halley (a previous Director of Foyson who resigned on 4 December 2014 and is therefore no longer a Related Party).

(e) **Terms of the securities**

Please refer to section 14.2(e) for a summary of the key terms of the Notes.

(f) **Intended use of the funds raised**

Foyson intends on using the funds raised from the issue of Notes for the following purposes:

- (i) for Foyson's immediate funding needs for its Amazon Bay Project;
- (ii) other working capital requirements primarily associated with maintaining its offices in Sydney (**Working Capital**); and
- (iii) legal fees, the preparation of expert reports and printing and mailing costs which must be incurred in order to obtain shareholder approval and re-comply with the requirements of Chapters 1 and 2 of the Listing Rules in relation to the Proposed Transaction.

(g) **Voting exclusion statement**

A voting exclusion statement for Resolution 12 is included in the Notice of Extraordinary General Meeting preceding this Explanatory Statement.

15.3 Board Recommendation

The Board recommends Shareholders vote in favour of Resolution 12.

15.4 Resolution is conditional

Resolution 12 is not conditional on the approval of any other Resolution. Accordingly, if Resolution 12 is approved, the Conversion Terms of the Notes the subject of this Resolution will be approved and effective regardless of whether the other Resolutions (including those in relation to the IGE Transaction) are approved.

16. RESOLUTIONS 13 AND 14 – ISSUE OF SHARES AND OPTIONS TO RELATED PARTIES – DAVID MCINTOSH AND KILROY GENIA

16.1 Background

Resolutions 13 and 14 seek Shareholder approval in accordance with Listing Rule 10.11 and Chapter 2E of the Corporations Act for the grant of a total of 100,000 Shares and 100,000 Options exercisable at \$0.20 and on the terms set out in Schedule 1 (except for an expiry date of 30 June 2017) to each of David McIntosh or his nominee (**McIntosh Securities**) and Kilroy Genia or his nominee (**Genia Securities**), subject to approval of Resolutions 1 to 7 and ASX Confirmation being received.

Mr McIntosh and Mr Genia are independent non-executive directors of Foyson. Mr McIntosh has provided specialist accounting services to Foyson and Mr Genia has provided specialist services to Foyson in relation to its PNG operations. Both Mr McIntosh and Mr Genia have not received any fees for these services, and have also waived their right to receive director's fees until the Commercial Plant is operating profitably. Foyson now proposes to issue the McIntosh Securities to Mr McIntosh (or his nominee) and the Genia Securities to Mr Genia (or his nominee) in lieu of the fees which they would otherwise have been paid for their specialist services.

16.2 Listing Rule 10.11

Listing Rule 10.11 provides that, unless a specified exception applies, a company must not issue or agree to issue Equity Securities to a Related Party without the approval of ordinary shareholders. A "related party", for the purposes of the Listing Rules, has the meaning given to it in the Corporations Act, and includes the directors of a company.

As such, Shareholder approval is sought under Listing Rule 10.11 for the issue of the McIntosh Securities to Mr McIntosh (or his nominee) and the Genia Securities to Mr Genia (or his nominee).

As Shareholder approval is being sought under ASX Listing Rule 10.11, approval is not also required under Listing Rule 7.1 for the issue under Resolution 8.

16.3 Information required for approval under Listing Rule 10.13

In accordance with ASX Listing Rule 10.13, the following information is provided for approval under Listing Rule 10.11:

(a) **Name of persons to receive securities and maximum number to be issued**

David McIntosh or his nominee will be issued 100,000 Shares and 100,000 Options (on a post Consolidation basis).

Kilroy Genia or his nominee will be issued 100,000 Shares and 100,000 Options (on a post Consolidation basis).

(b) **Date of issue**

Foyson will issue the McIntosh Securities to Mr McIntosh or his nominee under Resolution 13 as soon as the conditions precedent to this issue are satisfied (which the Board currently anticipates will occur at the same time as the securities under the Fundraising are issued), but in any event no later than one month after the date of the Meeting or such longer period as is approved by ASX.

Foyson will issue the Genia Securities to Mr Genia or his nominee under Resolution 14 as soon as the conditions precedent to this issue are satisfied (which the Board currently anticipates will occur at the same time as the securities under the Fundraising are issued), but in any event no later than one month after the date of the Meeting or such longer period as is approved by ASX.

(c) **Relationship with Foyson**

Mr McIntosh and Mr Genia are both Directors.

(d) **Issue price**

The McIntosh Securities and the Genia Securities will be issued for nil consideration (in lieu of Mr McIntosh and Mr Genia receiving cash fees for the specialist services provided by them to Foyson prior to completion of the IGE Transaction).

(e) **Terms of issue**

The Shares will be fully paid ordinary shares in the capital of Foyson. Options will be issued on the terms and conditions set out in Schedule 1, except with an expiry date of 30 June 2017.

(f) **Use of funds**

Foyson will not receive any funds from the issue of the McIntosh Securities or the Genia Securities.

(g) **Voting exclusion statement**

A voting exclusion statement for Resolutions 13 and 14 is included in the Notice

16.4 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act regulates the provision of “financial benefits” to “related parties” by a public company. Chapter 2E prohibits a public company from giving a financial benefit to a Related Party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit.

A “related party” is widely defined under the Corporations Act, and includes the directors of the company under section 228 of the Corporations Act. As such, the Directors of Foyson are Related Parties of Foyson for the purposes of section 208 of the Corporations Act.

A “financial benefit” is construed widely and in determining whether a financial benefit is being given, section 229 of the Corporations Act requires that any consideration that is given is disregarded, even if the consideration is adequate. It is necessary to look at the economic and commercial substance and the effect of the transaction in determining the financial benefit. Section 229 of the Corporations Act includes as an example of a financial benefit, the issuing of securities or the granting of an option to a Related Party.

The issue of the McIntosh Securities and the Genia Securities constitutes the provision of a financial benefit to a Related Party.

Under section 211 of the Corporations Act, shareholder approval is not required for giving a financial benefit to a Related Party where the financial benefit is reasonable remuneration for the Related Party’s role as an officer or employee of Foyson. A financial benefit will be remuneration if the benefit, were it received by a director of Foyson, would be remuneration of the director for the purposes of an accounting standard that deals with disclosure in companies’ financial reports of information about directors’ remuneration. The Board (other than Mr McIntosh and Mr Genia) consider that the issue of the McIntosh Securities and Genia Securities is fair remuneration for the respective specialist services provided by Mr McIntosh and Mr Genia to Foyson prior to Completion in accordance with this definition. However, for the avoidance of doubt, the Board has decided to seek Shareholder approval for the issue of Shares and Options to Messers McIntosh and Genia.

16.5 Information requirements for Chapter 2E of the Corporations Act

In compliance with the information requirements of section 219 of the Corporations Act, Shareholders are advised of the information below. Neither the Directors nor Foyson are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by Resolution 13 and 14.

(a) **Identity of the Related Parties to whom Resolutions 13 and 14 permit financial benefits to be given**

The McIntosh Securities will be issued to David McIntosh or his nominee, a Director of Foyson and as such, a Related Party of Foyson.

The Genia Securities will be issued to Kilroy Genia or his nominee, a Directors of Foyson and as such, a Related Party of Foyson.

(b) **Nature of the financial benefit**

Resolutions 13 and 14 seek approval from Shareholders to allow Foyson to issue 100,000 Shares and 100,000 Options (on a post Consolidation basis) to each of Mr McIntosh and Mr Genia or their nominees, in lieu of fees for the specialist services they have respectively provided to Foyson prior to Completion.

Schedule 1 sets out the terms of the Options, which will be exercisable at \$0.20, except that the Options will have an expiry date of 30 June 2017. The Shares will be fully paid ordinary shares in the capital of Foyson.

(c) **Valuation of financial benefit**

The McIntosh Securities and Genia Securities will be issued to Mr McIntosh and Mr Genia respectively at the same time as the Shares and Options to be issued to investors under the Fundraising. Accordingly, the value attributable to the McIntosh Securities and Genia Securities is the same as that proposed for the Fundraising, being \$0.20 per Share with one attaching Option per Share. Using this price, the value of the McIntosh Securities is \$20,000 and the value of the Genia Securities is \$20,000.

(d) **Dilution**

The maximum dilution effect of Resolutions 13 and 14 to Shareholders, is set out in the table below and reflects a situation where:

- (i) Resolutions 13 and 14 are approved; and
- (ii) Resolutions 1 – 7 are approved, the Fundraising is fully subscribed and the Consideration Shares are issued.

Number of Shares on Issue (post Consolidation) on completion of the IGE Transaction (assuming all Consideration Shares are issued)	248,492,928
Number of Shares to be offered (post Consolidation)	200,000
Number of Options to be offered (post Consolidation)	200,000
Dilution Effect assuming all Options exercised	0.001%

(e) **Interests of Mr McIntosh and Mr Genia in Foyson**

As at the date of this Notice, Mr McIntosh has a relevant interest in 7,224,231 Shares in Foyson and holds 100,000 Notes (on the terms set out in section 14.2(e)), being less than 1% Voting Power as at the date of this Notice (which will increase to 2.946% if the Conversion Terms of the Notes are approved and the

Notes converted into 34,483,758 Shares and Options¹⁴). Mr McIntosh's Voting Power will be less than 1% again after the issue of the 100,000 Shares and Options the subject of Resolution 13 and Completion of the IGE Transaction.

As at the date of this Notice, Mr Genia does not have a relevant interest in any Shares of Foyson and does not hold any other securities issued by Foyson. Mr Genia's Voting Power in Foyson will be less than 1% after the issue of the 100,000 Shares and Options the subject of Resolution 14 and Completion of the IGE Transaction.

(f) **Remuneration of Director**

Mr McIntosh and Mr Genia have not received any director's fees to date.

(g) **Other information**

The services provided by Mr McIntosh include providing advice on stamp duty in relation to the IGE Transaction and general commercial and accounting advice. The services provided by Mr Genia include both meeting with PNG Government representatives to discuss the future of the Amazon Bay project and negotiating reduced expenditure obligations while the Amazon Bay project is on care and maintenance, and undertaking preliminary discussions in relation to introducing the BTE Technology to PNG. The parcels of Shares to be provided to Mr McIntosh and Mr Genia if Resolutions 13 and 14 are approved are worth approximately \$20,000 each, which the Directors (other than Mr McIntosh and Mr Genia) consider to be fair compensation for the services described above, given that Mr McIntosh and Mr Genia are currently being paid no fees by Foyson in respect of their roles as non-executive directors or specialised services.

Neither the Directors nor Foyson are aware of any other information (other than the information contained in this Notice and Explanatory Statement) that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated in Resolutions 13 and 14.

16.6 Board recommendation

The Directors (other than Mr McIntosh in relation to Resolution 13 and Mr Genia in relation to Resolution 14) recommend that Shareholders vote in favour of Resolutions 13 and 14.

16.7 Resolutions are conditional

Resolutions 13 and 14 are both conditional on the approval of Resolutions 1 – 7 (inclusive). If Resolutions 1 – 7 are not approved, then Resolutions 13 and 14 will be deemed not to have been approved.

17. RESOLUTION 15 – RATIFICATION OF PREVIOUS SHARE ISSUE – INTERIM PLACEMENT

17.1 Background

In the period up to and including 30 July 2015, Foyson will issue up to 80,000,000 Shares and 80,000,000 Options to unrelated sophisticated investors to raise \$480,000 under section 708 of the Corporations Act (**Interim Placement**) and in accordance with its 15% placement capacity under Listing Rule 7.1.

17.2 Regulatory Requirements

Listing Rule 7.1 restricts the number of Equity Securities (as that term is defined in the Listing Rules) that a listed entity may issue in any 12 month period, without the approval of shareholders, to 15% of the number of ordinary securities on issue, subject to certain adjustments and permitted exceptions.

¹⁴ As the Options will be restricted securities for 24 months from the date of re-quotation of Foyson's securities on ASX following re-compliance with Chapters 1 and 2 of the Listing Rules, the Options are not taken into account in this voting power calculation.

Under Listing Rule 7.4, an issue of securities will be treated as having been made with shareholder approval if the issue did not breach the 15% limit under Listing Rule 7.1 at that time, and shareholders subsequently approve the issue.

The Share and Option issue under Resolution 15 (if approved) will no longer be included within Foyson's 15% limit. Shareholder approval of Resolution 15 will refresh Foyson's ability to raise further funds up to the 15% limit at any time during the next 12 months, providing flexibility in dealing with fundraising opportunities.

In accordance with Listing Rule 7.5, Shareholders are advised of the following information, for the purpose of obtaining Shareholder approval pursuant to Listing Rule 7.4.

(a) **Number of securities issued**

Under Resolution 15, Foyson seeks from Shareholders approval for, and ratification of, the issue of up to 80,000,000 Shares and Options.

(b) **The price at which the securities were issued**

The Shares under the Interim Placement will be issued at \$0.006.

(c) **Terms of the securities**

The Shares to be issued are fully paid ordinary shares in the capital of Foyson and rank equally and will be issued on the same terms as Foyson's existing Shares.

The Options are exercisable at \$0.008 and have an expiry date of 31 December 2019, and are otherwise on the terms set out in Schedule 1.

(d) **Persons to whom the securities were issued to**

The Shares and Options will be issued to sophisticated investors within the meaning of section 708(8) of the Corporations Act who were not Related Parties of Foyson.

(e) **The use of the funds raised**

The funds raised under the Interim Placement will be used partly on costs associated with the IGE Transaction and partly on costs associated with the Amazon Bay Project and Working Capital.

(f) **Voting exclusion statement**

A voting exclusion statement for Resolution 15 is included in the Notice preceding this Explanatory Statement.

17.3 Board recommendation

The Directors recommend that Shareholders vote in favour of Resolution 15.

17.4 Resolution not conditional

Resolution 15 is not conditional on the approval of any other Resolution. Accordingly, if Resolution 15 is approved, the issue of Shares and Options under the Interim Placement will be ratified, and Foyson's 15% placement capacity refreshed, regardless of whether the other Resolutions (including those in relation to the IGE Transaction) are approved.

The IGE Transaction is not conditional on the passing of this Resolution 15.

18. RESOLUTION 16 – APPROVAL OF CHANGE OF NAME TO FOY GROUP LIMITED

18.1 Background

The Directors have determined that the name "FOY Group Limited" will be more appropriate for Foyson than its current name of Foyson Resources Limited if the IGE Transaction completes. This is because Foyson's business activities will no longer be confined to activities in the resources industry. However, given the name "FOY Group Limited" is generic, the Directors consider that this name is also appropriate even if the IGE Transaction does not complete.

Therefore, Foyson is seeking Shareholder approval for the change of its name to “FOY Group Limited”. This is conditional on Resolutions 1 – 6 being approved, but for practical reasons is not conditional on ASX Confirmation nor Completion of the IGE Transaction.

18.2 Regulatory requirements

Section 157 of the Corporations Act provides that Shareholders must approve a change of Foyson’s name by special resolution. This means that Resolution 16 must be passed by at least 75% of the votes cast by Shareholders entitled to vote on the Resolution.

Foyson must apply to ASIC to change its name by lodging the prescribed form within 14 days of Resolution 16 being passed, and the name change becomes effective on the date ASIC alters the details of the company’s registration.

18.3 Board recommendation

The Directors recommend that Shareholders vote in favour of Resolution 16.

18.4 Resolution not conditional

Resolution 16 is conditional Resolutions 1 – 6 being approved. Accordingly, if Resolutions 1 – 6 are not approved, then Resolution 16 will be deemed not to have been approved. However, Resolution 16 is not conditional on ASX Approval or the IGE Transaction completing, so the name change may occur even if the IGE Transaction ultimately does not proceed.

The IGE Transaction is not conditional on the passing of this Resolution 16.

19. GLOSSARY OF KEY TERMS

Amazon Bay Project has the meaning given in section 1.4 of the Explanatory Statement.

Ancillary Document means any document contemplated by or required or reasonably necessary to give effect to the Business Sale Agreement or any aspect of it or the IGE Transaction.

Associate has the meaning given in section 12 of the Corporations Act, that is, a person (the second person) is an Associate of the primary person if, and only if, one or more of the following paragraphs applies:

- (a) the primary person is a body corporate and the second person is:
 - (i) a body corporate the primary person controls; or
 - (ii) a body corporate that controls the primary person; or
 - (iii) a body corporate that is controlled by an entity that controls the primary person;
- (b) the second person is a person with whom the primary person has, or proposes to enter into, a relevant agreement for the purpose of controlling or influencing the composition of the designated body's board or the conduct of the designated body's affairs;
- (c) the second person is a person with whom the primary person is acting, or proposing to act, in concert in relation to the designated body's affairs,

and **Associated** has the corresponding meaning.

ASX means ASX Limited, where the context requires, the financial market that it operates.

ASX Confirmation means written confirmation from ASX that Foyson has complied with the requirements of Chapters 1 and 2 of the Listing Rules.

Board means the board of Directors of Foyson.

BTE Technology means the biomass to energy technology, as further described in section 1.6.

BTF Technology means the biomass to fuel technology, as further described in section 1.6.

BTOLA means BTOLA Pty Ltd (ACN 135 198 711).

Business means the business carried on by IGE immediately prior to, and transferred to Foyson on, Completion, including the operation of and sale of any fuel produced by the Commercial Plant.

Business Sale Agreement means the business sale agreement between Foyson, IGE and Bevan Dooley dated 17 March 2015, as amended by Deed of Variation dated 6 June 2015.

Buy-back Provisions means the provisions in the Business Sale Agreement which give Foyson the right to terminate and unwind the transactions under the Business Sale Agreement for nominal consideration (subject to receiving shareholder and other regulatory approvals at that time) if the Commissioning Test is not met by 31 December 2016.

Calculation Period means each period of 6 months ending on either 30 June or 31 December during the period from Completion to 30 June 2018.

Chairman means the chairman of the Meeting.

Commercial Plant means the waste plastics to diesel and petrol conversion plant located at Berkeley Vale, NSW, with a design capacity of 50 tonnes of waste feedstock per day.

Commissioning Test means that the Commercial Plant must be:

- (a) 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
- (b) 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.

Completion means completion of the sale of the IGE Assets to Foyson under the Business Sale Agreement.

Consideration Options means that number of Options which would bring IGE's holding of Options to 61.229% of granted Options (after issuing the Consideration Options and Options under the Fundraising), if they were granted to IGE (the Consideration Options will actually be issued to IGE shareholders as IGE's nominees). See the explanatory table in section 1.8.

Consideration Securities means the Consideration Shares and the Consideration Options.

Consideration Shares means that number of Shares which would bring IGE's holding of Shares to 61.850% of issued Shares (after issuing the Consideration Shares and Shares under the Fundraising), if they were issued to IGE (the Consideration Shares will actually be issued to IGE shareholders as IGE's nominees). See the explanatory table in section 1.8.

Constitution means the constitution of Foyson.

Consolidation has the meaning given in Resolution 4.

Corporations Act means the *Corporations Act 2001* (Cth).

Creep Capacity means a person's ability to acquire a relevant interest in voting securities under section 611 item 9 of the Corporations Act, which permits a person to acquire a relevant interest in voting securities that would otherwise be a breach of section 606 of the Corporations Act where:

- (a) throughout the 6 months before the acquisition that person, or any other person, has had Voting Power of at least 19%; and
- (b) as a result of the acquisition, none of the persons referred to in paragraph (a) would have Voting Power of more than 3% higher than they had 6 months before the acquisition.

Debt Conversion Deed has the meaning given in section 13.1 of the Explanatory Statement.

Dickson Options means 135,000,000 Options (on a pre Consolidation basis) at an exercise price of \$0.008 to be granted to Paul Dickson subject to shareholder approval of Resolution 6.

Director means a Director of Foyson and Directors means some or all of the Directors acting as a Board.

EBITDA means the earnings before interest, tax, depreciation and amortisation for that Calculation Period annualised for that Calculation Period. In calculating EBITDA only income, costs and expenses attributable to either production activities utilizing the technology of the Licences or applications of the Technology will be considered. Costs and expenses incurred by Foyson at the head office level and income from other activities will be excluded. EBITDA will be calculated in accordance with the Accounting Standards applicable to Foyson from time to time.

Equity Securities has the meaning giving in the Listing Rules.

Expansion means the proposed expansion of the capacity of the Commercial Plant, as described in sections 2.3 and 3.4(n).

Explanatory Statement means this explanatory statement accompanying the Notice.

Foyson means Foyson Resources Limited (ACN 003 669 163).

fstpd means feedstock tonnes per day.

Fundraising means the Rights Issue and the Offer.

Genia Securities means 100,000 Shares and 100,000 Options with an exercise price of \$0.20 and an expiry date of 30 June 2017 (on a post Consolidation basis) to be issued to Kilroy Genia subject to shareholder approval of Resolutions 1 – 7 and 14.

IGE means Integrated Green Energy Limited (ABN 75 162 406 706).

IGE Assets means all the assets purchased by Foyson under the terms of the Business Sale Agreement, including (but not limited to) the Commercial Plant and the Licences.

IGE Parties means IGE, the IGE Shareholders and their Associates.

IGE Shareholders Agreement means the shareholders agreement between IGE and the IGE Shareholders in respect of IGE, which expressly provides that the IGE Shareholders must use best endeavours to ensure that IGE carries out its stated purpose, which is the development, manufacture and licensing of the Technology to Foyson and the commercialisation of the Technologies as agreed between IGE and Foyson.

IGE Transaction means the acquisition of the IGE Assets by Foyson from IGE in exchange for the issue of the Consideration Securities and, if applicable, the Milestone Securities, on the terms set out in the Business Sale Agreement, and associated transactions, as described in section 1.

IGE Shareholders means the shareholders of IGE.

Independent Directors means those directors who are not Associated with IGE, being Michael Palmer, David McIntosh, Clifford James and Kilroy Genia.

Independent Expert means Moore Stephens, the independent expert in respect of the IGE Transaction appointed Foyson.

Interim Placement means the proposed interim placement of up to 80,000,000 Shares and Options (pre Consolidation) to raise up to \$480,000, which Foyson proposes to undertake in the period up to and including 30 July 2015.

Independent Expert's Report means the report issued by the Independent Expert provided at Annexure C.

Licences means royalty-free and, unless both parties agree to terminate the Licence or an insolvency event (as defined) occurs, perpetual licences to commercialise three specific technologies:

- (a) plastics to fuel conversion;
- (b) biomass to fuel conversion; and
- (c) biomass to energy conversion

Listing Rules means the Listing Rules of ASX, except to the extent of any express written waiver given by ASX.

McIntosh Securities means 100,000 Shares and 100,000 Options with an exercise price of \$0.20 and an expiry date of 30 June 2017 (on a post Consolidation basis) to be issued to David McIntosh subject to shareholder approval of Resolutions 1 – 7 and 13.

Meeting or Extraordinary General Meeting means the meeting convened by the Notice.

Milestone Securities means the Milestone Shares and the Milestone Options.

Milestone Shares means that number of Shares which would bring IGE's holding of Shares to 64.288% of issued Shares (after issuing the Consideration Shares, Milestone and Shares under the Fundraising), if they were issued to IGE on Completion (the Milestone Shares will actually be issued to IGE shareholders as IGE's nominees and after the Performance Target is met). See the explanatory table in section 1.8.

Milestone Options means that number of Options which would bring IGE's holding of Options to 74.179% of granted Options (after issuing the Consideration Options, Milestone

Options and Options under the Fundraising), if they were granted to IGE on Completion (the Milestone Options will actually be granted to IGE shareholders as IGE's nominees and after the Performance Target is met) and adjusted so that the total number of Consideration Shares, Consideration Options, Milestone Shares and Milestone Options equal 68.88% of the total Shares on a fully diluted basis. See the explanatory table in section 1.8.

New Property Leases has the meaning given in section 2.9.

Non-Associated refers to a person that is not an Associate of IGE.

Non-TVI Associated means, in respect of a person, that the person is not an Associate of TVI.

Notes has the meaning given in section 13.1 of the Explanatory Statement.

Note Holder means a person who has subscribed for and holds Notes.

Notice or **Notice of Meeting** means this notice of meeting.

Offer means the offer of 22,500,000 Shares at \$0.20 per Share plus one free attaching Option per Share (on a post-Consolidation basis) to raise up to \$4.5 million.

Option means an option to subscribe for one Share on the terms set out in Schedule 1.

Palmer Securities means 250,000 Shares and 250,000 Options to be issued to Michael Palmer subject to shareholder approval.

Performance Right means the right of the IGE Shareholders (as IGE's nominees) under the Business Sale Agreement to be issued the Milestone Securities on the achievement of the Performance Target.

Performance Target means achieving EBITDA of \$5,000,000 per annum from operating the Technologies or applications of the technology developed by certain key executives, during any 6 month period ending on either 30 June or 31 December (pro-rata) between Completion and 30 June 2018.

Plant Full Commissioning means the Commercial Plant:

- (a) 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
- (b) producing at least 245,000 litres in the same calendar month of petroleum products (being saleable diesel and petrol) which meet all applicable Australian standards and regulatory requirements.

Prospectus means the prospectus under which the securities for the Fundraising will be offered, and which is required to provide information about Foyson and the Business for re-compliance with the ASX Listing Rules.

Proxy Form means the proxy form for the Meeting enclosed with this Notice and Explanatory Statement.

Related Party means a person or entity who is a related party for the purpose of section 228 of the Corporations Act.

Relevant Interest has the meaning given in sections 608 and 609 of the Corporations Act

Resolution means a resolution to be considered at the Meeting as set out in the Notice, and **Resolutions** means all of them.

Respective Proportion means the percentage outlined next to each IGE Party's name in the table in section 8.4.

Rights Issue has the meaning given in section 1.11 of the Explanatory Statement.

Share means an ordinary share in the capital of Foyson.

Shareholder means a registered holder of a Share.

Soft IP means the industrial copyright, trade secrets and know-how, and any other non-registrable intellectual property, in relation to the Technologies.

Technology or **Technologies** has the meaning set out in section 1.5 of the Explanatory Statement.

TVI means TVI Pacific Inc.

TVI Conversion means the issue of the TVI Securities the subject of Resolution 9.

TVI Securities means the securities to be issued to TVI and Clifford James the subject of approval under Resolution 9.

UTOF means UTOF Pty Ltd (ACN 158 526 857).

Voting Power means a person's voting power in Foyson determined in accordance with section 610 of the Corporations Act.

WPTF means waste plastic to fuel.

WPTF Technology means the waste plastic to fuel technology, as further described in section 1.6.

SCHEDULE 1

1. TERMS OF OPTIONS

- (a) **Expiry Date:** The Options will expire on 31 December 2019 (**Expiry Date**).^{*} Options not exercised on or before the Expiry Date will automatically lapse.

^{*}The expiry date for the Options issued to David McIntosh and Kilroy Genia under Resolutions 13 and 14 is 30 June 2017.

- (b) **Entitlement:** Each Option entitles the holder (Optionholder) to subscribe for one fully paid ordinary share (Share) which will rank equally in all respects with the then issued ordinary shares of Foyson.

- (c) **Exercise Price:** The Options have an exercise price of \$0.008 on a pre Consolidation basis and \$0.20 on a post Consolidation basis.

- (d) **Rights in new issues:** There are no participating entitlements inherent in any Option to participate in new issues of capital which may be offered to Shareholders during the currency of the Option (unless that Option has been exercised and Shares issued in respect of that Option prior to the record date for determining entitlements for the new issue). Foyson must give notice to Optionholders of any new issue before the record date for determining entitlements to the issue in accordance with the Listing Rules.

- (e) **Reconstruction:** In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of Foyson prior to the Expiry Date, the number of Options or the exercise price of the Options or both shall be reconstructed (as appropriate) in a manner which will comply with the Listing Rules and Corporations Act applying to a reconstruction of capital at the time of reconstruction.

- (f) **Bonus Issues and pro-rata issues:**

If between the date of issue and the date of exercise of an Option Foyson makes 1 or more rights issues (being a pro rata issue of Shares in the capital of Foyson that is not a bonus issue), the exercise price of Options will be reduced in respect of each rights issue according to the following formula:

$$NE = OE - ((E[P - (S + D)]) / (N + 1))$$

Where:

NE is the new exercise price of the Option;

OE is the old exercise price of the Option;

E is the number of underlying Shares into which 1 Option is exercisable;

P is the average closing sale price per Share (weighted by reference to volume) recorded on the stock market of the ASX during the 5 trading days ending on the day before the ex-rights date or ex entitlement date (excluding special crossing and overnight sales);

S is the subscription price for a Share under the rights issue;

D is the dividend due but not yet paid on each Share at the relevant time; and

N is the number of Shares that must be held to entitle holders to receive a new Share in the rights issue.

If there is a bonus issue to the holders of Shares, the numbers of Shares over which the Option is exercisable will be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.

- (g) **Quotation:** Foyson will not apply for quotation of the Options on ASX. However, if and when the Options comprise part of a class of options that is eligible to be

quoted under the terms of the Listing Rules and the Corporations Act, and subject to paragraph (k), Foyson will use reasonable endeavours to apply for quotation of the Options on ASX.

- (h) **Transfer:** An Option must not be transferred unless and until it is quoted on ASX.
- (i) **Exercise:** The Optionholder may exercise any number of the Options on or before the Expiry Date by:
 - (i) delivering to Foyson an application for Shares:
 - (A) duly executed by the holder,
 - (B) specifying the number of Options being exercised (**Exercise Number**);
 - (C) consenting to be a member of Foyson and to be bound by its Constitution,
 - (ii) (Application Form) together with the Option Certificate in respect of the Options being exercised; and
 - (iii) transferring to Foyson an amount equal to the Exercise Number multiplied by the Exercise Price (**Application Price**) by way of an electronic funds transfer to the nominated bank account of Foyson.
- (j) **Issue of Shares:** Foyson must within 3 Business Days of the receipt of the Application Form or the Application Price (whichever is later):
 - (i) issue to the holder the Exercise Number of Shares;
 - (ii) subject to paragraph (k), apply to ASX to have the Shares issued granted official quotation;
 - (iii) procure that a holding statement for the Exercise Number of Shares is sent to the Optionholder; and
 - (iv) if applicable, issue a replacement Option Certificate for the balance of any unexercised Options.
- (k) **Restricted securities:** If the Options are restricted securities (as defined in Listing Rule 19.12), then Foyson must apply for quotation of the Options (if the Options may otherwise be quoted under paragraph (g)) within 10 Business Days of the end of the applicable escrow period in accordance with Listing Rule 2.8.2 (but Foyson is not obliged to apply for quotation prior to this time).

ANNEXURE A

1. CONDITIONS TO IGE TRANSACTION

The following are conditions precedent to the IGE Transaction completing under the Business Sale Agreement:

- (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:** Foyson must be satisfied, acting reasonably, with its due diligence enquiries in relation to the Business. Foyson currently expects these due diligence enquiries will be on-going while it prepares the Prospectus.
- (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.
- (j) **Property lease:** a new leases for the property on which the Commercial Plant is situated on must be entered into with the registered owner of that land and properly executed and registered before the date of the Prospectus.
- (k) **Mortgagee consent:** the mortgagee of the property on which the Commercial Plant is situated must consent to each of the New Property Leases referred to in paragraph (j) and the assignment of those leases to Foyson on terms acceptable to Foyson.
- (l) **Intellectual property:** all intellectual property relating to the Technology which is still held by the individual inventors of the Technology (namely Bevan Dooley and Adrian Lake) must be assigned to BTOLA and UTOF.

- (m) **IGE Shareholder confidentiality:** each IGE Shareholder must sign a confidentiality agreement.

If the conditions precedent are not satisfied on or before 31 November 2015, or such later date as the parties agree, the Business Sale Agreement will automatically terminate.

2. **CONSIDERATION FOR IGE ASSETS**

- (a) The consideration payable by Foyson for the acquisition of the IGE Assets under the Business Sale Agreement is described in section 1.8 of the Explanatory Statement.
- (b) Subject to Completion, Foyson has also agreed to pay to IGE, within 20 Business Days of Plant Full Commissioning or Completion (whichever is later), the reasonable costs that IGE has incurred in relation to:
- (i) clearing and cleaning the site on which the Commercial Plant is located to bring the presentation of the site up to Foyson's satisfaction, and
 - (ii) the proposed acquisition or lease of land on which, or proximate to where, the Commercial Plant is situated (if the Buyer considers that such acquisition or lease is necessary or desirable in connection with the operation of the Commercial Plant or the conduct of the Business) and the negotiation, documentation and registration of the New Property Leases.

These costs must be backed up with receipts.

3. **PROVISIONS IN RELATION TO PLANT COMMISSIONING**

Foyson and IGE have agreed certain matters in relation to the commissioning of the Commercial Plant, which are described in section 1.7 of the Explanatory Statement.

4. **OTHER MATERIAL OBLIGATIONS**

- (a) The parties will use best endeavours to procure that all intellectual property that is not registered (including copyright material, processes, know-how and trade secrets) relating to IGE's business must be documented to Foyson's satisfaction prior to Completion (but if not completed prior to Completion, then within 90 days of Completion).
- (b) IGE must use its reasonable commercial endeavours to assign or novate the contracts in respect of the Business to Foyson or its nominee on or before Completion and, failing that, as soon as practicable after Completion. There is also a mechanism which allows Foyson to effectively take over the performance of any contracts in respect of the Business from Completion that have not yet been assigned or novated to Foyson.
- (c) IGE must use its reasonable commercial endeavours to transfer all authorisations (including licences, permits etc) to the Foyson on or before Completion or, if IGE is unable to transfer an authorisation, to surrender that authorisation to enable a replacement authorisation to be issued to Foyson with effect from Completion. IGE must also use its best endeavours to ensure that environmental permits in respect of the conduct of the Business are obtained and in full force and effect by the date of Plant Full Commissioning.

5. **RESTRAINTS**

- (a) Under the Business Sale Agreement, IGE and Bevan Dooley have each agreed not to undertake certain actions that would be competitive with the Business (unless the prior written consent of the Company is obtained).

These actions include carrying on a business that is similar to or competitive with the Business during the term of the Licence in any of the exclusive or non-exclusive territories (refer to section 1.6 of the Explanatory Statement) and for 3 years after the termination of the Licences in New South Wales.

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. Other restrained actions include soliciting customers of the Business to cease doing business with the Company, accepting business from such a customer of a kind ordinarily forming part of the Business and inducing employees of the Company to terminate their employment.

- (b) IGE has also agreed to change its business name to a name that does not include “Integrated Green Energy” and not use any words in its new business name which resemble, or are likely to be confused with, “Integrated Green Energy”.

6. WARRANTIES

- (a) IGE has given a number of warranties, including in relation to its authority and capacity to enter into the Business Sale Agreement, solvency, conduct of the Business, Licences, other intellectual property, Assets, financial matters, plant and equipment, contracts, property, business records, employees and superannuation obligations, taxes and duties, environmental matters, insurance, and litigation and disputes.
- (b) Foyson provided warranties regarding its authority and capacity to enter into the Business Sale Agreement and its solvency.
- (c) The parties have agreed to indemnify each other against any claim for a breach of warranty or the Business Sale Agreement. Claims for a breach must be notified within a specified time frame (for breach of the tax or environmental warranties given by IGE, on or before the date 4 years after Completion, and for all other claims, on or before the date 3 years after Completion).
- (d) There is also a minimum monetary threshold for claims, other than claims for breach of the tax or environmental warranties (\$10,000 for each claim and \$50,000 for all claims taken together). However, there is no cap on the maximum amount that may be claimed.

ANNEXURE B

MATERIAL CONTRACTS

1. LICENCES

There is a separate licence agreement for each of the Technologies, which are on materially identical terms. These will be assigned or novated by IGE to Foyson on completion of the IGE Transaction. The key terms and conditions are as follows:

- (a) **(grant of Licence)** In consideration for payment of \$1.00, BTOLA and UTOF **(the Licensors)** grant IGE **(the Licensee)** a licence to commercialise and exploit the Technology, including by:
 - (i) developing, manufacturing, using and testing the Technology;
 - (ii) applying for all authorisations required in connection with the use, exploitation and commercialisation of the Technology;
 - (iii) marketing, distributing, selling, installing, maintaining and repairing the Technology, as well as providing promotional and training services in respect of the Technology;
 - (iv) modify, improve and develop the Technology with the intellectual property in any improvements being owned by the Licensee; and
 - (v) sub-licensing the Technology,**(the Licence)**.
- (b) **(key terms of Licence)** The Licence is royalty free, transferable and (unless both parties agree to terminate the Licence or an insolvency event (as defined) occurs), irrevocable and perpetual and:
 - (i) an exclusive licence for the Technology within Australia, New Zealand, China, India, North America, South East Asia, Papua New Guinea and Fiji; and
 - (ii) one of only 4 licences for the Technology in aggregate across all of Western Europe, Eastern Europe, South America, Japan, Africa and the Philippines.
- (c) **(Improvements)** All intellectual property rights created or developed by the Licensee (and its officers, agents, employees and contractors) during the course of the exploitation and commercialisation of the Technology, including any improvements, will vest in the Licensee upon their creation or development
- (d) **(Patents)** The Licensee may at its own cost (but is not obliged to) obtain the issue of all patents under pending patent applications in respect of the Technology, or take any acts to amend those applications, maintain all granted patents, enforce all granted patents, obtain extensions of applications or granted patents, apply for patent protection for any improvements, and defend an objection to the applications or any challenge to the validity of granted patents.
- (e) **(assistance by Licensors)** The Licensors also agree to provide advice to the Licensee on the technical characteristics of the Technology, the equipment and processes used in connection with the Technology, each step of the processing and manufacture of the product using the Technology, operating manuals and details of improvements and developments to the Technology that become known to or owned by the Licensor, on request by the Licensee for the term of the Licence. The Licensors will also provide personnel for 2 week periods at nominated production facilities on request by the Licensee (with the personnel's reasonable expenses, including transportation and accommodation, to be borne by the Licensee).

- (f) **(further assurances)** If the Licensors are, for whatever reason, or becomes unable to grant the Licence (for example, if it becomes apparent that they are not the owners of certain intellectual property the subject of the Technology) then the Licensors are required to promptly enter into any other agreements necessary to ensure that the Licensee is granted a licence on substantially similar terms to the Licence.
- (g) **(conduct of claims)** Both parties are obliged to notify the other if they become aware of any infringement or threatened infringement of the intellectual property rights in the Technology or passing-off in respect of the Technology. The Licensee is then obliged to seek legal advice and institute proceedings (unless advised that there is little prospect of success). If successful, the proceedings from the judgement or settlement must be used to reimburse the Licensee for the expenses incurred in the proceedings and for damages sustained as a result of the infringement. The remainder of the proceeds must be shared between the Licensors and Licensee equally.
- (h) **(confidentiality)** For the term of the Licence and 5 years after the term of the Licence ends, information in relation to the patents, trade secrets, proprietary systems, designs, processes, technical know-how and business information in relation to the Technology must be kept confidential by the Licensee, subject to certain exceptions, and only used for the purposes of the Licence.
- (i) **(Licensors' warranties and indemnity)** The Licensors warrant, amongst other things, that they have full and unencumbered right, title and interest in the Technology and that the exploitation and commercialisation of the Technology in accordance with the Licence will not infringe the rights of any third parties. The Licensors also indemnify the Licensee (and its sub-licensees) against any loss arising out of a third party being entitled to prevent or interfere with the free use of the Technology, improvements or intellectual property rights by the Licensee under the Licence.
- (j) **(Licensee's obligations and indemnity)** The Licensee must advise the Licensors of any claim brought against them in respect of the commercialisation activities or other use of the Technology by the Licensee. Subject to the Licensors' obligations to indemnify (as set out in paragraph (i)), the Licensee must indemnify the Licensors against any loss arising out of the Licensee's commercialisation activities in respect of the Technology.
- (k) **(Insolvency)** If certain insolvency events occur, the Licensors are entitled to give a notice to Foyson within 60 days of that event occurring and, on the giving of that notice:
 - (i) the licences for the exclusive territories become non-exclusive licences; and
 - (ii) each licence can only be used to exploit and / or commercialise the Technologies embodied within production facilities that are, at the time of the insolvency event, partially or wholly constructed.

2. FEEDSTOCK SUPPLY AND PROCUREMENT CONTRACTS

IGE (**Customer**) has entered into two contracts with Odyssey Waste Control Pty Ltd ACN 604 645 650 (**Odyssey**) for the supply of waste plastic (**Feedstock Contracts**). These contracts are currently being renegotiated with Odyssey with a view to achieving further certainty in their terms.

In addition, the Customer has entered into a separate procurement contract with Odyssey under which the Customer has agreed to pay Odyssey incentive payments of between \$500,000 and \$6,000,000 for each plastic source Odyssey procures and supplies to the Customer for less than \$100 per tonne (with the amount of the incentive payment increasing the further below \$100 the price per tonne decreases) (**Procurement Contract**). The Procurement Contract is expressed to be for a term of 10 years, and also imposes a broad

exclusivity obligation on the Customer not to obtain goods supplied under supply agreements between Odyssey and the Customer, or similar goods, from third parties.

The material terms of the current Feedstock Contracts (which are substantially on identical terms except as otherwise identified) are set out below.

- (a) The Feedstock Contracts are for the supply of mixed plastics with minimal PET & PVC content, delivered to the Berkeley Vale site. Odyssey must use best endeavours to deliver the plastic with minimal organic and dust contamination. The plastic is priced per dry tonne, with the actual tonnage delivered adjusted for moisture content. There are also a number of “supply targets”, including regarding the quality (PET & PVC is less than 5% combined), form of delivered goods (eg shredded in bulker bags) and, for one of the contracts, quantity. The supply targets may not give the Customer any rights against Odyssey for failure to meet those targets, unless that constitutes a breach of the warranty described in paragraph (f).
- (b) Pricing starts at \$275 per dry tonne of plastic, inclusive of GST.
- (c) The current Feedstock Contracts do not expressly oblige Odyssey to supply the agreed tonnages of plastic, nor do they expressly oblige the Customer to take those tonnages of plastic. If Odyssey does provide the agreed tonnages, the Board considers that these tonnages will provide sufficient feedstock to operate the Commercial Plant consistently at 50fstpd and then during and after the scale up to 200fstpd (assuming that scale up proceeds according to the proposed schedule).
- (d) The Feedstock Contracts state that nothing prevents the Customer from appointing any other person or entity to provide similar goods from other sources. However, this may be affected by the obligation on the Customer under the Procurement Agreement not to obtain similar goods from third parties, and Foyson intends to request that this uncertainty is clarified before the Feedstock Contracts and Procurement Contracts are assigned to Foyson on Completion.
- (e) The term of the contract is 3 years from the commencement date.
- (f) Odyssey warrants that the goods are “fit for purpose and capable of being used by the Customer for their intended purpose” (without those terms being expressly defined), with a carve-out applying if the plastic is “incorrectly used” (not defined). If the warranty is breached, the Feedstock Contracts expressly provide that the Customer can source alternative goods and will reimburse the Customer for any price difference between the alternative goods and the quoted price under the Feedstock Contracts, up to the agreed tonnages.

ANNEXURE C

INDEPENDENT EXPERT'S REPORT