



## **SEPTEMBER 2015 QUARTERLY REPORT TO SHAREHOLDERS**

The Directors of FOY Group Limited (**"FOY or "Company"**) are pleased to provide Shareholders with a summary of the activities for the September 2015 Quarter.

On 4 September 2015 Mr David McIntosh was appointed Managing Director of FOY following the resignation of Mr Mike Palmer. Mr McIntosh's appointment has provided a new direction and energy to FOY and has assisted greatly in focusing the Company's efforts and in maximising the knowledge and experience of the Board. The Company is now focused on the completion of the IGE Transaction through the Business Sale Agreement (BSA), leveraging off the technologies acquired and the assets held by the Company and pursuing the Board's vision for growth and the creation of shareholder value.

### **Execution of Term Sheet to Construct a Plastics to Fuel Facility in the USA**

On 23 October 2015 the Board of FOY was extremely pleased to announce a Term Sheet had been executed between IGE and GEP Fuel & Energy LLC ("GEP") to Design and Construct a 1,500 tonnes per day Plastics to Fuel Facility at Port Arthur in Texas, USA. The project is expected to commence by the end of the 2015 calendar year.

The GEP term sheet is the first formalised international market interest in the technology, and reflects the appointment of Mr McIntosh and the goals of the Chairman and the Board. The term sheet establishes the validity of the IGE technology in the market and the underlying shareholder value that exists in the BSA.

The GEP term sheet provides for:

- Fees receivable for the Design & Construction component of the GEP facility;
- A royalty stream at 4% of Gross Sales for 15 years; and
- A 5% equity position in the US entity created to control and run the plant.

Further, GEP will have the right to construct a further 4 Plastics to Fuel Facilities throughout the US under the same commercial terms, but for the royalty stream that becomes 5% of Gross Sales for 15 years.

Discussions are underway with other local and international companies to leverage off the IGE technology acquired under the BSA. Mr McIntosh's view is that this term sheet will be the first of many and will drive the Company to continue to pursue both Australian and international opportunities, particularly in the USA and China. The Board notes that all agreements between IGE and other parties related to the IGE transaction will transfer to FOY on the completion of the BSA.

### **Execution of New Feedstock Supply Contract**

The Board was pleased to inform shareholders that IGE executed a new feedstock supply agreement on 4 August 2015. The agreement secures the provision of the feedstock required to operate the plant at its maximum capacity of 200 tonnes per day of plastics. The agreement locks in the supply of high quality plastic feedstock with strict impurity and quality tolerances to ensure ideal operation. This agreement is for up to 10 years, with an initial 5 year period and an optional 5 year extension and replaces the previous feedstock supply agreement announced in April 2015.

The terms specify fixed yearly prices for its Feedstock as low as \$160 per tonne (plus GST), and provides significantly more certainty to the supply arrangements for the plant. As per the GEP term sheet, this agreement will be assigned to FOY on completion of the IGE Transaction.

### **BSA Completion Strategy**

The IGE technology acquired under the BSA fits well into the environmental goals of the NSW Environment Protection Authority (NSW EPA). The conversion of plastics bound for landfill into both diesel and petrol has the capacity to significantly reduce the flow of plastics to landfill sites and provides a real and valuable commodity for sale into the market. In order to finalise the BSA, the Berkley Vale site must obtain its environmental protection license (EPL) from the NSW EPA.

The applications for the license are well underway with the engagement of Coffey, an ASX listed recognised specialist in the field, and Katestone, a leading provider of expert air quality and meteorology services in Australia.

The Board is pleased with the progress of the EPL made this quarter. The Board, particularly the Managing Director and the Chairman, are working closely with Coffey and Katestone to finalise this matter. As advised by Coffey, the Board anticipates that the EPL will be awarded in the near future.

### **Patent Development**

The Board's vision for FOY is to be a market leader in the space of plastics to fuel and to maximise the potential of the technology designed by IGE and secured under the BSA. The Board is determined not to rest on the technology as it stands, but to improve the technology and maximise shareholder value in the development of the next generation of plastics to fuel plants.

Work is underway on the next generation of the technology but such advances remain confidential at this time. As and when further technological developments are secured under patents, the Board will inform the market.

### **PNG Strategy**

The Company has continued to progress its PNG strategy and the future development of the Amazon Bay Project.

During the quarter, the Company has continued to progress and promote the introduction of IGE's Green Coal power generating technologies to the PNG Government and the PNG Mining

Resource Authority. The Board sees great potential for these technologies to the local community that operates without reliable power, and to industrial developments that require reliable power to operate - such as the Amazon Bay project. This technology not only allows development into the region and encourages employment and growth of regional PNG, but does so at an inexpensive cost.

To this end, the Company has completed a revision of the pre-feasibility study undertaken by Engenium Pty Limited in late 2013. The pre-feasibility study identified the generation of electricity as the most significant cost factor in the Project, accounting for 57% of the operating costs. With the incorporation of the IGE Green Coal technology into Amazon Bay, the project shows significant commercial improvements. The Board has determined that FOY will continue to work with PNG authorities to advance the Project and to commercially supply the Green Coal technology to PNG.

### **SUMMARY OF PNG TENEMENTS**

The Company's focus in PNG continues to be on the Amazon Bay Project.

<b>Project</b>	<b>Tenement</b>	<b>Interest</b>
Amazon Bay	EL 1396	90% interest (TVI Pacific Inc. FOY substantial shareholder holds 10%)
Amazon North	EL2149	100% interest
Maruta	EL 2281	100% interest

### **Extraordinary General Meeting**

All resolutions voted on at the EGM held on 30 July 2015, were approved by Shareholders, including:

- The IGE Transaction, where following the completion of the Business Sale Agreement FOY will acquire the IGE waste plastics to diesel and petrol conversion plant located at Berkeley Vale and royalty-free, perpetual licences to commercialise three specific technologies:
  - plastics to fuel conversion;
  - biomass to fuel conversion; and
  - biomass to energy conversion
- The issue 5,800,400 shares and 5,800,400 unlisted options to the Capital Promissory Note Holders on a post consolidation basis, reducing the debt from \$420,529 to zero, at a conversion price of \$0.725 per share plus one attaching option per share. The options are exercisable prior to 31 December 2019 and have an exercise price of \$0.20.

- The Debt Conversion Deed between FOY and TVI Pacific, resulting in the issue of 3,015,550 shares and 3,015,550 unlisted options to TVI Pacific on a post consolidation basis, reducing the debt from \$188,472 to zero, at a conversion price of \$0.625 per share plus one attaching option per share. The options are exercisable prior to 31 December 2019 and have an exercise price of \$0.20.
- To undertake a consolidation of its share capital, with 1 new share for every 25 existing shares being issued.
- To change the Company's name from Foyson Resources Limited to FOY Group Limited.

### **Re-Listing and Fundraising**

As previously announced, the ASX has advised the Company that the IGE Transaction constitutes a significant change to the nature and scale of the Company's activities to which ASX Listing Rule 11.1 applies and required the Company to:

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

Shareholders approved the IGE transaction at the EGM held on the 30 July 2015 and the Company's shares have been suspended until the relisting process has been completed, including the completion of the BSA.

The Company intends to undertake a Placement and a Rights Issue ("**Fundraising Activities**") to enable the Company to maximise the potentials of the new technology acquired under the BSA and to give the most benefit to shareholders from that agreement as possible. The terms of each are currently expected to be:

- **Placement:** a placement of Shares (at a minimum of \$0.20 per Share) plus one free attaching Option per Share (with an exercise price of \$0.20 exercisable at any time on or before 31 December 2019) to sophisticated investors to raise up to \$4,500,000 (**Placement**); and
- **Rights Issue:** a 1 for 10 Rights Issue of one Share (at a minimum of \$0.20 per Share) plus one free attaching Option (with an exercise price of \$0.20 exercisable at any time on or before 31 December 2019) for every 10 Shares held, to existing shareholders at the record date to raise approximately \$1,300,000 (**Rights Issue**).

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

To continue with the re-listing process, FOY issued Shares and Options to raise \$351,500 to fund the ongoing due diligence and legal documentation associated with the IGE transaction as well as the working capital and Amazon Bay project requirements. It has approval from the ASX to raise an additional \$628,500 if deemed necessary by the Board.

**Further information:**

**Mr David McIntosh, Managing Director,  
+61 2 9114 9957**