



9 FEBRUARY 2016

ASX: FOY

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

**SUMMARY**

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

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

The previous Business Sale Agreement announced on 18 March 2015 (as amended by Deed of Variation announced 10 June 2015) is terminated.

**CURRENT STATUS**

In the past 6 months the success of FOY's strategy in seeking partnerships both in Australia and internationally, including the Term Sheet signed with GEP Fuel & Energy LLC as announced on 23 October 2015, has led the Board to consider it vital to work towards re-listing as soon as possible so as to:

- develop new plastics to fuel conversion facilities elsewhere in Australia and explore further opportunities, particularly in North America and China;
- continue the progress made with GEP Fuel & Energy LLC and work towards achieving revenue through the design and construction of the 1,500 tonnes per day (**tpd**) plant being proposed for Austin, Texas;
- expand the Commercial Plant from the 50tpd facility acquired at completion of the IGE Transaction (**Completion**) by the addition of three further 50tpd modules;

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

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

- obtain shareholder approval for the IGE Transaction; and



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

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

## **1. DETAILS OF THE ASSETS BEING ACQUIRED BY THE COMPANY**

The assets being acquired through the Agreement have not changed to that of the original Business Sale Agreement announced on 18 March 2015.

### **1.1. The technology Licences**

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

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

Each licence is royalty free, perpetual and:

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

### **1.2. The Commercial Plant**

The Company will be acquiring a Commercial Plant which is designed to convert waste plastics to fuel. Under the Agreement, the Commercial Plant will have the capacity to process 50tpd, scalable to 200tpd. The Commercial Plant has been designed on the basis of data collected from a pilot plant operating at the same location.

The Commercial Plant must meet the following commissioning requirements prior to 31 May 2017:

- operating so as to process not less than 35 tonnes of plastic materials per day for not less than 8 days in any calendar month; and
- producing at least 245,000 litres in the same calendar month of petroleum products (being saleable on-road diesel and petrol) which meet or are blended with petroleum diesel to meet all applicable Australian standards and regulatory requirements.

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

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

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

The fund raising associated with the Agreement will be used for this expansion and other needs of FOY as deemed appropriate by the Board (refer section 5).

## **2. CONSIDERATION FOR THE IGE TRANSACTION**

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

The commercial agreement between FOY and IGE relating to the Consideration Securities and Milestone Securities remains unchanged from that announced on 10 June 2015. The agreement is that the number of Consideration Securities and Milestone Securities must comprise 68.88% of the total ordinary shares in the capital of FOY on a fully diluted basis (Fully Diluted Percentage) (that is, on the basis that all options and other convertible securities are exercised and converted into ordinary FOY shares) calculated at the time of completion of the IGE transaction (Completion) (and on the assumption that the Consideration Securities and Milestone Securities have already been issued).

Full details of these provisions will be included in the Notice of Extraordinary General Meeting.

The Performance Target is achieving EBITDA of \$5,000,000 per annum from operating the Business during any 6 month period ending on either 30 June or 31 December (pro-rata) between Completion and 30 June 2019. The number of Milestone Shares and Milestone Options, and the terms of the Performance Target, cannot be varied without the prior approval of the ASX and Shareholders.

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

All securities issued to IGE or its nominees as consideration for the Assets may be subject to an ASX imposed restriction agreement restricting the ability to dispose of those securities for a period of 12 or 24 months.

## **3. CONDITIONS TO COMPLETION OF THE IGE TRANSACTION**

### **3.1. Conditions**

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

If any one or more of the conditions is not satisfied by 30 June 2017, the IGE Transaction will not proceed (unless each of IGE and FOY agree to extend that date or to waive the relevant condition). The conditions include ASX confirming the Company has recompiled with Chapters 1 and 2 of the Listing Rules prior to completion of the IGE Transaction and Fundraising Activities, and shareholder approval of the IGE Transaction and associated transactions.

### **3.2. Undertakings and Warranties**

Under the Agreement, IGE and Bevan Dooley have each agreed not to undertake certain actions that would be competitive with the Business for certain time periods (unless the prior written consent of the Company is obtained). Certain other activities that may harm the Business are also restricted.

IGE has also given a number of warranties in relation to the Business and the assets.

### **3.3. Employees and Consultants**

IGE engages employees, consultants and contractors, and the Company will engage those consultants and contractors as required to continue the operation of the Berkeley Vale facility and the ongoing enhancement of the Technologies.

#### 4. KEY RISKS AND ASSUMPTIONS

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

#### 5. ASSOCIATED FUNDRAISING ACTIVITIES

##### 5.1. Placement and Rights Issue

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

- (a) **Placement:** a placement of Shares (at a minimum of \$0.20 per Share) plus one free attaching Option per Share (with an exercise price of \$0.20 exercisable at any time on or before 31 December 2019) to sophisticated investors to raise approximately \$5,000,000 (**Placement**); and
- (b) **Rights Issue:** a rights issue of one Share (at a minimum of \$0.20 per Share) plus one free attaching Option (with an exercise price of \$0.20 exercisable at any time on or before 31 December 2019) for every 10 Shares held, to existing shareholders at the record date to raise approximately \$1,300,000 (**Rights Issue**).

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

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

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

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

#### 6. EFFECT ON COMPANY'S CAPITAL STRUCTURE AND BOARD

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

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

#### 7. ASX IN PRINCIPLE ADVICE

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

## **8. UPDATES TO PRIOR AGREEMENT**

The Company has made several announcements regarding its proposed transaction with IGE which were based on facts which have now changed as the transaction has progressed. In response to these changing facts, the agreement has been updated as follows:

- the Commissioning Target date has been amended to 31 May 2017;
- the Performance Target date has been amended to 30 June 2019;
- the Sunset Date has been amended to 30 June 2017;
- the requirement for environmental approvals has been removed;
- Provide for certain amounts to be paid by FOY to IGE, subject to FOY Board approval and the transaction completing, in respect of works and activities which FOY will carry out, at FOY's request, in respect of the Commercial Plant prior to completion;
- address minor changes required as a result of delaying implementation of the IGE transaction (a revised indicative timetable is included below); and
- the amounts to be raised under the Placement and Rights Issue have changed.

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



## 9. TIMETABLE AND NEXT STEPS

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

Action	Date
General Meeting	Tuesday, 29 March 2016
Lodge prospectus with ASIC	Wednesday 30 March 2016
Opening date of Offer	Thursday, 14 April 2016
Closing date of Offer	Wednesday, 4 May 2016
Completion of IGE acquisition and issue of shares to IGE shareholders and applicants under the prospectus	Friday, 6 May 2016
Expected dispatch of Shareholder holding statements	Tuesday, 10 May 2016
Shares expected to commence trading on ASX	Monday, 16 May 2016

These dates are indicative only and may change.

### FOR FURTHER INFORMATION CONTACT:

**David McIntosh, Managing Director**

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## Annexure A – Capital Structure

FOY GROUP LIMITED CAPITAL STRUCTURE				
		SHARES	OPTIONS	FUNDS RAISED
<b>SHARES POST CONSOLIDATION 1:25</b>	<b>25</b>	<b>64,992,530</b>	<b>29,525,560</b>	
Directors		450,000	450,000	
Placement \$5 million @ 20 cents	\$ 0.2000	22,500,000	22,500,000	\$5,000,000
Rights Issue 1 for 10		6,499,253	6,499,253	\$1,299,851
<b>SUBTOTAL</b>		<b>94,441,783</b>	<b>58,974,813</b>	
<b>ISSUE IGE ON COMPLETION</b>		153,100,000	93,200,000	
<b>TOTAL BEFORE ISSUE OF MILESTONE SECURITIES</b>		<b>247,541,783</b>	<b>152,174,813</b>	
<b>IGE MILESTONE SECURITIES</b>				
EBITDA - 5 MILLION		16,300,000	76,200,000	
<b>TOTAL SHARES AND OPTIONS AFTER MILESTONE SECURITIES ISSUED</b>		<b>263,841,783</b>	<b>228,374,813</b>	\$6,299,851
<b>TOTAL IGE INTEREST (excluding associates)</b>		<b>169,400,000</b>	<b>169,400,000</b>	

- (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) **Due diligence:** The Company must be satisfied, acting reasonably, with its due diligence enquiries in relation to the Business. The Company currently expects these due diligence enquiries will be on-going while it prepares the prospectus for its proposed fundraising activities
- (c) **Key Executives:** Bevan Dooley and other executives agreed between IGE and FOY must enter into consultancy contracts with FOY.
- (d) **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.
- (e) **Assignment or novation of material contracts:** certain material agreements, assignments and novation deeds must be agreed and executed before Completion.
- (f) **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.
- (g) **Transaction Documents:** Any property lease or property purchase agreement assignment and the Licence Assignment Agreements have become unconditional (save any condition that is dependent on Completion).
- (h) **First Plant:** Construction of the Commercial Plant must be complete.
- (i) **Shareholder confidentiality agreement:** each shareholder of the Seller signs the Shareholder Confidentiality Agreement.
- (j) **IP Assignment Deed:** an assignment deed in a form acceptable to the Buyer assigning to the licensors under the Licences all Intellectual Property Rights that are licensed under the Licenses which are owned by either of Bevan Dooley or Adrian Lake.

**FOR FURTHER INFORMATION CONTACT:**

**David McIntosh, Managing Director**

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