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ASX: FOY

ASX ANNOUNCEMENT

FOYSON RESOURCES EXECUTES HEADS OF AGREEMENT TO ENTER STRATEGIC RELATIONSHIP WITH TVI PACIFIC INC.

Summary

The directors of Foyson Resources Limited ("Foyson" or the "Company") are pleased to announce that the Company has signed a Heads of Agreement (the "HOA") to enter into a strategic relationship with TVI Pacific Inc (TSX:TVI) to explore and develop the Company's mineral projects in Papua New Guinea.

TVI is a publicly-traded Canadian company focused on the production, development, exploration and acquisition of resource projects in the Philippines.

The HOA sets out the terms of various proposed transactions between the two companies, consisting of a private placement of Foyson shares (in two tranches), two joint ventures and the right to enter two other joint ventures and a secured loan. The principal terms include:

- TVI to acquire up to 25% of Foyson's expanded share capital via a placement to be completed in two tranches:
 - Tranche 1 of 68 million shares in total equal to approximately 9.96% of Foyson's issued capital at 1.3 cents per share raising \$884,000. The Tranche 1 placement is expected to close on 24 August 2012.
 - Following receipt of shareholder approval, TVI has the right to subscribe for a further 160 million shares (Tranche 2) to be issued at 1.5 cents per share raising a further \$2,400,000. Tranche 2 is expected to close by end November 2012.
- On Tranche 2 closing, TVI will be granted options to subscribe for and purchase up to an additional 140 million shares exercisable at 3.0 cents per share until 30 June, 2015.
- TVI has agreed to make a loan to Foyson in the principal amount of \$400,000 secured against the expected proceeds from the sale of Foyson's Myrtle Springs interests, or if not sold by 31 October, 2012, the tenement itself. This loan is to be repaid by 30 November, 2012.
- TVI and Foyson have agreed to enter joint ventures to develop Foyson's PNG tenements at Amazon Bay and New Britain with options over the exploration licence applications on New Ireland and Massau and Tanga Islands.

Completion of the proposed private placement and joint venture transactions contemplated by the HOA are subject to the satisfaction or waiver of various conditions including completion by TVI of satisfactory due diligence and, as required, approval by Foyson's shareholders at two general meetings, which are expected to be held on or about Thursday 4 October, 2012 and Thursday 22 November, 2012.

TVI has the exclusive right to conduct due diligence on Foyson, its subsidiaries and operations until the close of business (Sydney, Australia time) on Friday 24 August, 2012. Subject to the first stage of the placement transaction (Tranche 1) closing by this date, this period of exclusive due diligence will be extended until 8 October, 2012. If TVI determines to subscribe for Tranche 2 of the placement, the exclusive due diligence period will be extended to 30 November, 2012.

Mr. Doug Halley, Chairman of Foyson noted: "The Company is delighted to enter into this strategic relationship with TVI to develop Foyson's assets in PNG. TVI has excellent skills and demonstrated competencies in exploring, developing and operating resource projects in the Asia Pacific region and we welcome them to both our share register as an aligned strategic partner and to assisting in developing our projects in PNG."

Mr. Clifford M. James, TVI's Chairman and President noted: "the Foyson projects represent an exciting opportunity to diversify TVI into a new country with strong Government support for mining and to diversify TVI's asset mix and we are excited to be pursuing these projects with Foyson."

The Proposed Transactions

Secured Loan

Under the HOA, and subject to the satisfaction of certain conditions, TVI has agreed to make a loan to Foyson in the principal amount of A\$400,000 (the "Loan"). The Loan is to be secured by a charge over all proceeds from the sale of Foyson's Myrtle Springs magnesite tenements or failing the sale being concluded prior to 31 October, 2012, then directly over the Myrtle Springs Interests. Interest will accrue and be payable on the principal amount of the Loan at the rate of 8% per annum (calculated semi-annually and not in advance). The Loan will be repayable by Foyson in cash on or before 30 November 2012. TVI has agreed to advance the Loan as soon as practicable.

Placement

Under the HOA, TVI will acquire an equity interest in Foyson by way of private placement, which is expected to close in two tranches subject to the receipt of all necessary regulatory approvals and satisfaction or waiver of various other conditions.

Tranche 1

In the first tranche of the private placement ("Tranche 1") TVI would be issued a number of voting shares ("Shares") equal to approximately 9.96% of Foyson's issued capital of 683,403,821 shares. The HOA provides that, subject to certain conditions and the delivery of definitive joint venture agreements on selected Foyson properties contemplated by the HOA ("Tranche 1 Conditions"), TVI will subscribe for 68 million voting shares ("Shares") of Foyson at a price of \$0.013 per Share for total consideration of \$884,000.

Tranche 2

In the second tranche ("Tranche 2") Foyson will, following shareholder approval, issue to TVI an additional 160 million Shares of Foyson at \$0.015 per share to raise a further \$2,400,000. TVI will own approximately 25% of Foyson's expanded issued share capital of 911,403,821 shares (prior to giving effect to the exercise of any options or other convertible securities held by TVI. Also in connection with the closing of Tranche 2, TVI will also be granted, for nominal aggregate consideration, options (the "Options") to subscribe for and purchase up to an additional 140 million Shares of Foyson at an exercise price of \$0.03 per Option. Subject to adjustment in accordance with its terms, each Option will entitle the holder to subscribe for and purchase one Share at a price of \$0.03, at any time and from time to time until 30 June 2015.

TVI has the right but not the obligation to proceed with Tranche 2. If TVI determines to proceed with Tranche 2, it is required to provide a notice to that effect ("Tranche 2 Notice") to Foyson no later than 9 October, 2012. If the Tranche 2 Notice is delivered by TVI, Tranche 2 will proceed subject to the receipt of all necessary regulatory approvals and the satisfaction or waiver of certain other conditions agreed to by TVI and Foyson, including conclusion of satisfactory due diligence with respect to Foyson and its affiliated entities and the receipt of all necessary approvals from shareholders of Foyson regarding the acquisition of the Option over the remaining 50% interest in the Amazon Bay Project, the terms of the definitive agreement to be entered into by all of the shareholders in Titan Mines Limited ("TMiL") regarding the management and control of TMiL ("TMiL Shareholders Agreement") and any other arrangements between Foyson and the other TMiL shareholders in connection with the joint venture arrangements to be entered into between TVI and TMiL as contemplated by the HOA. After the Tranche 2 Closing, TVI will own 228 million Shares of Foyson and 140 million Options. The Shares and Options may be acquired directly by TVI or indirectly through a wholly-owned subsidiary or other affiliate of TVI.

The Tranche 2 subscription will require the approval of Foyson's shareholders under the Listing Rules of the Australian Securities Exchange ("ASX"). Shareholder approval will also be sought for the grant and exercise of the options to be issued to TVI under the Listing Rules and the Corporations Act.

Subject to Foyson securing any necessary third party consents and Tranche 2 closing occurring, TVI will be granted preemptive rights, which will apply in respect of any future issuance of shares (or securities convertible into or exchangeable for

shares) of Foyson, for so long as TVI owns not less than 15% of the total number of issued and outstanding voting shares of Foyson and the strategic relationship between TVI and Foyson continues, in order to enable TVI to maintain its percentage ownership of Foyson voting shares. The shares or securities must be offered to TVI on terms no more favourable than those to which the shares or securities are proposed to be issued to any third party. Foyson will use its best efforts to obtain any third party consents (including ASX waivers and regulatory consents) that may be required in connection with the grant of such preemptive rights.

Joint Ventures

Under the HOA, TVI or an affiliate, has the exclusive right to enter into joint venture arrangements with Foyson (and its affiliates) with respect to several projects. Subject to the execution and delivery of definitive subscription agreements for Tranche 1 and Tranche 2, Foyson will procure the owner of the assets relating to the relevant projects (whether that is Foyson, Titan Metals Limited (“TMeL”) or TMeL) to enter into the joint venture arrangements described below. Foyson will either appoint or procure the appointment of TVI or its affiliate, as the operator of each of the proposed joint ventures. Each such joint venture will be overseen by a management committee comprising three representatives from each of the parties. During the earning period of each joint venture, TVI will have the casting vote on each applicable management committee in respect to the allocation of funds. TVI, in its own right or through its wholly-owned drilling subsidiary, Exploration Drilling Company, will also have the right to provide drilling services and technical and commercial services to Foyson or the relevant joint venture on a reasonable commercial basis.

Amazon Bay Iron Sands Project (“AB”)

TVI will earn a 10% interest in AB by committing to a minimum expenditure of \$2 million to AB in the twelve months following the date on which all joint venture conditions precedent are satisfied or waived. TVI will also refund to Foyson any expenditure incurred by Foyson in respect of AB since 1 July, 2012 to a maximum of \$200,000. These funds are creditable against TVI’s spending commitments in relation to the AB joint venture. TVI will have the right to earn a further 20% in AB by spending an additional \$5.5 million within twelve months of the expiration of the first earning period.

During this period, the parties will also evaluate the feasibility of early production through a Direct Shipping Ore (“DSO”) operation intended to generate early cash flow for funding future developments. In the event a DSO project is determined to be feasible, TVI would have the exclusive right to sole fund the development of the project to production and earn a 51% interest in the DSO project.

Foyson will seek the approval of shareholders at the general meeting to be held on or about Thursday 4 October, 2012 to secure an option over the remaining 50% interest in AB (“AB Option”). The terms of the AB Option are substantially the same as previously advised to shareholders, other than the option period has been extended to five years (previously three years) and 10 million shares in Foyson will be included in the initial consideration on shareholder approval, with the further

15million shares to be granted on execution of the AB Option being protected from dilution (previously 25 million shares in total on execution of the AB Option).

New Britain Gold/Copper ("NB")

TVI will commit to a minimum expenditure on NB of \$1.25 million in the twelve months following the later of the date on which all joint venture conditions precedent are satisfied and the date of the Tranche 1 Closing. TVI will also refund to Foyson any expenditure incurred by Foyson on NB since 1 July, 2012, to a maximum of \$200,000. These funds are creditable against TVI's spending commitments in respect of the NB joint venture. TVI will earn a 12.5% interest in NB as a result of this initial expenditure. TVI will have the right to earn a further 42.5% interest in NB by spending an additional \$5.25 million within twelve months of the expiration of the first earning period.

New Ireland Gold/Copper ("NI")

TVI will commit to spending a minimum of \$100,000 within six months of the granting of the NI tenements, to conduct a preliminary geological assessment of NI and produce a detailed information memorandum on NI. This expenditure will earn TVI the right to match any third party offer to farm into NI received during the period of the expenditure by TVI or during the twelve months following the finalization of the information memorandum on NI.

Massau and Tanga Islands ("MTI")

TVI will commit to spending a minimum of \$100,000 within six months from the granting of the MTI tenements, to conduct a preliminary geological assessment of MTI and produce a detailed information memorandum on MTI. This expenditure will earn TVI the right to match any third party offer to farm into MTI received during the period of the expenditure by TVI or during the twelve months following the finalization of the information memorandum on MTI.

Right to Develop

With respect to each of the NB, NI or MTI tenements, in the event that gold or copper (or both) resources are defined, which are less than 2 million ounces of recoverable gold and 1 billion pounds of recoverable copper, TVI will have a right of first refusal to develop that resource, on behalf of Foyson or the relevant joint venture.

If TVI exercises this right, TVI will solely fund the completion of the necessary technical studies and to arrange financing to secure project development using the joint venture assets as security. These costs will be recovered by TVI from the project operation.

Where larger resources are defined on properties, the joint venture participants will discuss in good faith the development of those resources by a major mining company. If any or all of the NB, NI or MTI tenements are farmed out to a major mining company, the applicable agreements will contain a provision whereby TVI, on behalf of Foyson or the relevant joint venture, will have the right of first refusal to

develop the gold or copper resources (or both), where the major mining company declines to develop them, on the terms set out in the applicable agreements.

About Foyson

Foyson is an Australian company engaged in mining exploration in Papua New Guinea. The common shares of Foyson are listed on the Australian Securities Exchange. Foyson trades under the symbol FRL on the ASX. A copy of Foyson's announcement can be accessed at www.foyson.net

About TVI

TVI is a publicly-traded Canadian company focused on the production, development, exploration and acquisition of resource projects in the Philippines. TVI Resources Development Phils., Inc. produces copper and zinc concentrates from its Canatuan mine and is pre-developing its Balabag gold and silver project. TVI also has an indirect interest in an offshore Philippine oil property.

Further information can be obtained from:

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