



## **JUNE 2015 QUARTERLY REPORT TO SHAREHOLDERS**

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

Key Company activities include:

- Approval of the structure of the IGE Transaction with the Australian Securities Exchange Limited (**"ASX"**) and Australian Securities and Investment Commission (**"ASIC"**) in preparation for the Notice of Meeting to approve the IGE transaction.

Approval at the EGM held on 30 July 2015 of the IGE Transaction, resulting in the acquisition of 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

- Approval at the EGM held on 31 March 2015, to issue 199,817,582 shares and 199,817,582 unlisted options to the Capital Promissory Note Holders, reducing the debt from \$1,000,000 to \$420,529. Shareholders approved the conversion price of \$0.0029 per share plus one attaching option per share. The options are exercisable prior to 31 December 2019 and have an exercise price of \$0.008.
- Approval at the EGM held on 30 July 2015, to issue 145,009,998 shares and 145,009,998 unlisted options to the Capital Promissory Note Holders, extinguishing that remaining debt position.
- Approval at the EGM held on 31 March 2015 to issue 84,611,264 shares and 84,611,264 unlisted options to TVI Pacific Inc. reducing the debt from \$400,000 to \$188,472. Shareholders approved the conversion price of \$0.0025 per share plus one attaching option per share. The options are exercisable prior to 31 December 2019 and have an exercise price of \$0.008.
- Approval at the EGM on 30 July 2015 to issue of 75,388,736 shares and 75,388,736 unlisted options to TVI Pacific Inc., extinguishing that remaining debt position.

## **IGE TRANSACTION**

The Company on recommendation from the Directors not associated with IGE (“**Independent Directors**”) executed a binding Business Sale Agreement on 18 March 2015 with IGE.

Following approval by Shareholders on the 30 July 2015, the Company now has acquired the following assets:

- waste plastics to diesel and petrol conversion plant (“**Commercial Plant**”) located at Berkeley Vale;
- royalty-free, perpetual licences to commercialise three specific technologies:
  - plastics to fuel conversion;
  - biomass to fuel conversion; and
  - biomass to energy conversion
- the Management team 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, including feedstock contracts, the property lease at Berkeley Vale and goodwill.

### **The Commercial Plant**

The Company has acquired the Commercial Plant which is designed to convert waste plastics to fuel. Under the Agreement, the Commercial Plant will have the capacity to process 50 tonnes per day (“**tpd**”) of waste plastics feedstock. 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 December 2016:

- operating so as to process not less than 35 tpd feedstock 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.

IGE has advised the Company that the construction of the Commercial Plant at Berkeley Vale has been completed and the initial commissioning undertaken was successful. IGE is well advanced in obtaining the necessary Wyong Council and EPA permits required to for the operation of the Commercial Plant and advises these permits are likely to be finalised in August 2015

### **The Technology Licences**

The three specific technologies acquired by Foyson were developed by Btola Pty Ltd (**Btola**) and UTOF Pty Ltd (**UTOF**). One of the principals of Btola, Bevan Dooley, is now a Director of Foyson. IGE acquired the rights to commercialize these technologies (although the intellectual

property remains with Btola and UTOF) and funded the construction of the 50tpd Commercial Plant.

These Licences will be transferred to Foyson on Completion of the IGE transaction.

Each licence is royalty free, perpetual and:

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

### **WASTE PLASTIC SUPPLY AGREEMENTS**

Feedstock contracts have been secured to supply the 50 tpd waste plastics to diesel Commercial Plant at Berkeley Vale to supply the entire feedstock requirements of the Commercial Plant for the first three years to June 2018, as throughput increases from 50tpd to 200tpd. The contracts specify the minimum acceptable quality of waste plastic feedstock, and further specify the plastics are to be delivered in a form relatively free of contaminants.

A ten year agreement for the supply of plastic feedstock is nearing completion

### **OFFTAKE AGREEMENTS**

IGE is currently negotiating offtake arrangements for the sale of all fuel from the Berkeley Vale Plant.

### **FUTURE PLANS**

It is the Board's current intention when the Commercial Plant has met its commissioning requirements to increase the Plant's capacity to 200 tonnes of waste plastic feedstock per day. This will be done through the expansion of the Commercial Plant from the 50 tonnes per day (**tpd**) facility acquired at Completion by the addition of three further 50tpd modules.

In addition, the Board will look at the development of new plastics to fuel conversion facilities elsewhere on the East Coast of Australia.

The cashflow generated from the Commercial Plant will allow the Company to pursue its resource interests in Papua New Guinea, following the acquisition of the other 50% of the shares in Titan Mines Limited, the holder of the Amazon Bay iron sands Project.

The funding requirements to expand the Commercial Plant's capacity are summarised in the fundraising section below.

### **RELISTING PROCESS 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.

The Company intends to undertake a Placement and a Rights Issue ("**Fundraising Activities**"). 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 Fundraising Activities are subject to the approvals required under the Corporations Act or the ASX Listing Rules for the Fundraising Activities being 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.

### Use of funds

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

An approximate break down of the use of the funds raised is as follows:

Use	Amount
IGE Transaction and Fundraising costs	Up to \$1,250,000
Capital expenditure to increase capacity of Plant to 200tpd	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	Up to \$150,000
<b>Total amount of funds raised</b>	<b>Up to \$5,800,000</b>

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

## **PNG STRATEGY**

The Company has continued to progress its PNG strategy and the future development of the Amazon Bay project following the acquisition of the remaining 50% of Titan Mines Limited, the PNG Company that holds the tenements at Amazon Bay.

During the quarter, the Company has continued to progress and promote with the PNG Government the introduction of IGE's power generating technologies to the country.

The biomass to power technology is applicable to service remote rural communities and remote industrial developments such as Amazon Bay, at a much lower cost in addition to also providing local employment and infrastructure.

## **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. Foyson substantial shareholder holds 10%)
Amazon North	EL2149	100% interest
Maruta	EL 2281	100% interest

**Further information:**

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