



## **MARCH 2014 QUARTERLY REPORT TO SHAREHOLDERS**

Foyson Resources (the Company) is pleased to provide Shareholders with the March 2014 Quarterly Report. The Report provides a summary of the activities of the Company for the Quarter and the strategic direction for the forthcoming period.

Major activities include:

- Completion of the Tranche 2 Placement with TVI Pacific Inc. ("TVI") to raise \$1million, following Shareholder approval at the EGM on 18 March 2014;
- Expansion of the Amazon Bay Project area to 1,597 sq. km with the grant of Exploration License EL 2281 together with the renewal of EL 1623. EL1396 is currently under renewal with the PNG Government.
- Ongoing discussions with TVI and potential strategic partners to progress the next phase of exploration for the Amazon Bay Project;
- Development of a sustainable business model to provide an internal funding source for future exploration and corporate costs;
- Preparation and submission of the Company's Research and Development claim covering the commercialization of technology for the processing of the Amazon Bay material.

### **CORPORATE**

The Company completed the fundraising program with TVI on 18 March 2014 which saw shareholders approve the balance Tranche 2 placement of \$900,000 and partial repayment of the existing convertible loan of \$300,000.

Subsequent to the placement, several days of strategic discussions were held in Sydney with representatives of the Board of TVI regarding the status of the Amazon Bay Project, the overall approach to the Company's PNG assets, and future funding options for both Amazon Bay and a sustainable cash flow project to support the ongoing costs of the Company.

The Company has previously announced its intention to seek to develop a sustainable cash flow, independent from the ongoing capital injections required from existing and potential strategic investors. To this end sustainable project opportunities are being sought and evaluated.

The representatives of TVI agreed with the strategic plan concepts and have agreed to seek support of the Company's funding initiatives, to develop a sustainable business model which will allow for the ongoing funding of exploration and technical assessment of the Amazon Bay project, selected gold and copper projects, as well as the corporate costs of the Company.

With regards to the Amazon Bay project, TVI in conjunction with the Board is focused on the most cost effective means of advancing the understanding and assessment of the project.

TVI is enthusiastic about the Amazon Bay project and the quality of the assets, and is reviewing work programs and funding which will include the commissioning of detailed, independent marketing studies on the Project concentrate. As a part of the process, TVI will also undertake its own independent metallurgical assessment of the raw product in its facilities in Manila.

### **AMAZON BAY PROJECT**

In February 2014 EL 2281 Maruta was granted, which expanded the Amazon Bay Project area by an additional 652 sq. kms to 1,527 sq. kms.

The key tenement EL 1396 at Amazon Bay is currently under renewal and subject to PNG Mineral Resources Authority (MRA)/Ministerial consent. The Company has been assured by the MRA that the time taken in processing the renewal is related only to internal administrative matters.

Exploration activities continued during the Quarter with further sampling programs undertaken in the Margarida and Deba areas resulting in 600kg of samples being provided to a major Chinese group in Beijing for metallurgical testing. Preliminary sampling and exploration activities were undertaken in the Maruta tenement following its grant in February 2014. The results will be analyzed in conjunction with existing geological data to develop a comprehensive exploration program.

A 500kg sample of Amazon Bay ironsands is currently being shipped to TVI as part of its continued assessment of the project. TVI plans to undertake their own

independent metallurgical assessment of the raw product in its facilities in Manila to support their ongoing investment in the project.

In addition, as part of the Company's ongoing R&D program, it is expected that a contract for a detailed marketing study on the Amazon Bay concentrate will be awarded in the next quarter.

### **SUMMARY OF PNG TENEMENTS**

The Company has previously advised of its intention to rationalize its tenement holding in PNG and this stance was supported in the recent discussions with TVI.

The focus in PNG will be on the Amazon Bay project, with the exception of the Atui copper porphyry target on New Britain and the applications on and adjacent to the Legusulum gold/copper project on New Ireland.

<b>Project</b>	<b>Tenement</b>	<b>Interest</b>
Amazon Bay	EL 1396	45% with an option over remaining 45%
Sandbank Bay	EL 1623	45% with an option over remaining 45%
Amazon North	EL2149	50% with an option over remaining 50%
Maruta	EL 2281	50% with an option over remaining 50%
South New Britain	EL 1642	100%

There is a current farm-in arrangement with TVI which incorporates EL1396 and EL1623 under which TVI earned a 10% interest in these tenements during the quarter.

### **MT HUTTON MAGNESITE TENEMENTS**

The Company remains committed to its Mt Hutton magnesite Project near Leigh Creek in South Australia.

Processing of its valid application for an Extractive Minerals Lease (EML) over this important deposit has been put on hold by the Department of Manufacturing, Innovation, Trade, Resources and Energy (DMITRE), due to objections lodged by the holder of underlying exploration tenure, a subsidiary of Archer Exploration Ltd (LCM). LCM's objections were only raised following

release by DMITRE of the Company's extensive Mt Hutton Mining Lease Plan for public consultation in July 2013.

Following receipt of submissions by LCM, DMITRE reversed its long held stance that Mineral Claims held by the Company over Mt Hutton remained active.

The Company instituted proceedings in the Wardens Court of South Australia in December 2013 seeking approval of the Warden to peg fresh Mineral Claims over Mt Hutton to enable its existing application for an EML to progress through final assessment and grant.

The matter has been listed for trial on 23 June 2014 and the Company has resolved to pursue all legal avenues available to it to gain recognition of its long standing interest in the area. In the meantime, the Company has not ruled out pursuing a negotiated outcome.

#### **RESEARCH AND DEVELOPMENT APPLICATION**

The Company has submitted an application with AusIndustry under the Research & Development tax incentive relating to the development and future commercialization of the processing technology for the Amazon Bay material.

The tax incentive will provide short term funding to continue the Company's PNG exploration activities and further develop the R&D program with the commencement of a detailed marketing study on the Amazon Bay concentrate in the next quarter. The combined tax incentive for the 2013 and 2014 financial year may exceed \$600,000.

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