



## **SEPTEMBER 2013 QUARTERLY REPORT TO SHAREHOLDERS**

The Directors are pleased to provide Shareholders with the September 2013 Quarterly Report.

- **TVI Pacific Inc (TVI) reconfirms its commitment to provide the funding to Foyson and the Amazon Bay Project under the arrangements announced in the June Quarterly Report;**
- **TVI advances its own funding restructuring, by announcing the signing of a Letter of Interest with a Philippines investor;**
- **Foyson completes a positive Scoping Study on the Amazon Bay iron sands Project;**
- **Amazon Bay Project area expanded with granting of a further tenement at Amazon Bay North, together with renewal of the Sandbank tenement in the Project area;**
- **Foyson has commissioned a high level review of appropriate smelting techniques for the concentrate from the Amazon Bay Project;**
- **Foyson receives continuing interest from potential investors in the Amazon Bay Project, both for direct Project equity, and as an off-taker of the concentrate product;**

### **CORPORATE**

The Tranche 1 placement by TVI was successfully completed in August 2012 and raised \$884,000. TVI have also provided a loan of \$600,000 to the Company and has contributed \$590,018 and \$1,064,320 towards exploration activities in New Britain and Amazon Bay respectively. The Tranche 2 placement approved by shareholders in April 2013 was to raise \$1,000,000 however due to TVI having to restructure their own funding requirements to allow for the development of two new resource projects in the Philippines, they were only able to partially complete the placement contributing \$100,000.

On 30 October 2013, TVI reconfirmed its commitment to completing the agreed investment in Foyson and the Amazon Bay Project and they remain enthused about the quality of our PNG assets. TVI has reaffirmed its support to the Board and have committed, subject to successfully completing its own funding restructuring, to complete the lapsed Tranche 2 placement and the Phase 1 funding of \$2,000,000 towards the Amazon Bay Project.

The Board and TVI have been closely cooperating to accommodate the realities of this funding restructuring in the current resources market. The Board has previously provided TVI with relief from several deadlines because Directors considered that this was in the best interests of our shareholders. This decision was taken having regard to TVI's technical expertise and established operating capabilities in the Philippines, as well as the fact that this was the most attractive funding source at the time, and that the Tranche 2 funding was at a material premium to the prevailing Foyson share price.

Foyson and TVI reached an agreement on 30 July 2013, subject to TVI successfully completing its own funding restructuring, that TVI would undertake a new placement for \$900,000 at 0.7cents per share, on terms consistent to the lapsed Tranche 2 placement previously approved by shareholders. The placements will be received in two payments, one for \$315,000 within 10 days of TVI completing its current funding restructuring, and the remainder of \$585,000 within 10 days following a General Meeting of shareholders, assuming shareholder approval for the Placement is received.

As part of the amended funding arrangements, the Company has agreed to make an early repayment of 50% of the \$600,000 unsecured convertible loan from TVI, payable from the final placement proceeds following the General Meeting TVI has also agreed to fund the \$300,000 Amazon Bay option fee, to preserve the Company's right to acquire the remaining 50% interest in the Amazon Bay Project.

TVI has recently made significant progress on its funding restructuring, with an announcement to the Toronto Stock Exchange (on 21 October 2013) that it had entered into a Letter of Interest with a Philippines investor, Prime Assets Ventures Inc (PAVI). Both TVI and PAVI are working towards completing due diligence and final binding legal documentation and the parties are planning to settle, subject to satisfactory outcome of these investigations, prior to 17 November 2013.

On the basis that the PAVI transaction is completed as currently planned, the TVI funding would flow to Foyson in the latter half of November.

Over the past several months, a number of Chinese parties have expressed interest in the Amazon Bay Project and due diligence, at varying stages of completion, is continuing. This has involved sampling of various sites over the Amazon Bay Project area and testing at laboratories in Beijing.

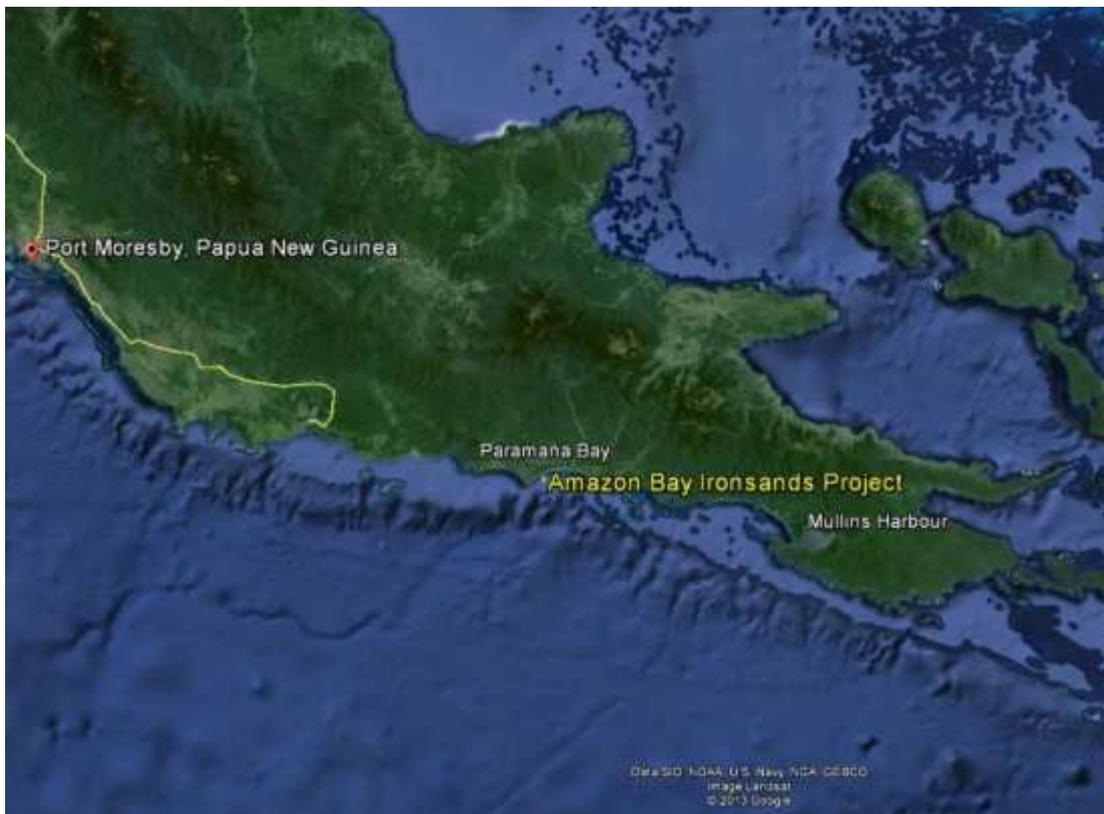
In line with the successful sale of the Myrtle Springs assets in South Australia earlier this year, the Company is currently considering the sale of other non-core Australian tenements as a means of providing cash flow to advance its more prospective PNG tenements.

### **AMAZON BAY PROJECT SCOPING STUDY**

The Company has undertaken a Scoping Study on the Amazon Bay Project during the last Quarter. The outcome of the Study was encouraging and indicated the likely viability of the Amazon Bay Project and its potential to deliver long term benefits to Foyson's shareholders, the Amazon Bay region and the PNG economy.

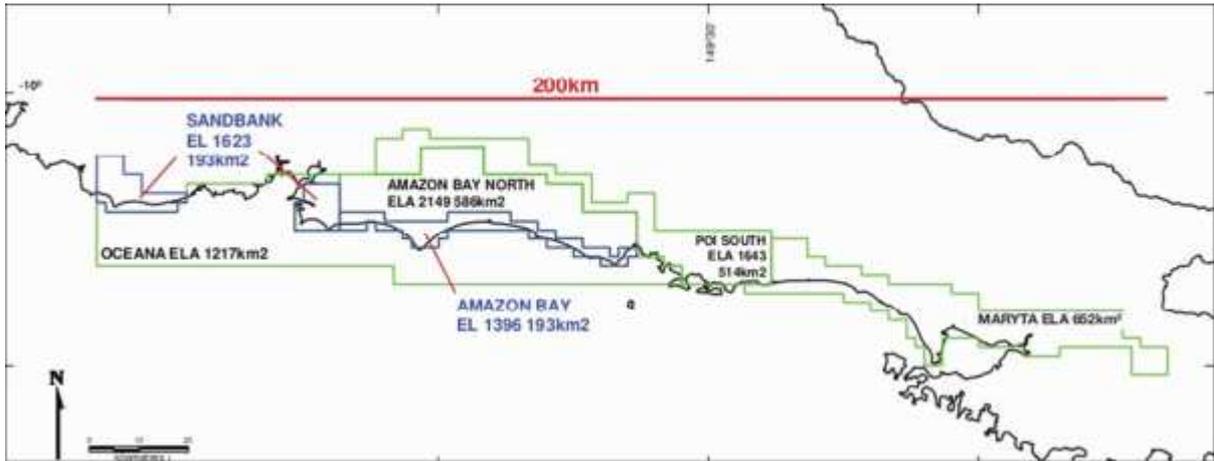
The Study was prepared by Perth based engineering group, Engenium Pty Ltd, which is a leading project delivery company specialising in mine, port and rail projects. Significantly, Engenium has current experience in preparing detailed engineering studies on iron sands projects located in remote areas of the South Pacific, having completed the bankable feasibility study on Amex Resources Ltd's Mba Delta Project in Fiji.

Amazon Bay is a mineral Exploration Target of vanadiferous titanomagnetite sands spanning over 100km of the southern PNG coastline. The sands occur on a coastal plain formed of significant parallel dunes and swales which varies in width from 1.6km to 8km. An Exploration Target of between 500million tonnes and 750million tonnes of iron sands with a heavy mineral grade of between 8 and 12% has been determined from a regional assessment of aeromagnetic data and limited drilling and sampling. An Exploration Target is defined as conceptual in nature, as there has been insufficient exploration to estimate a Mineral Resource and that it is uncertain if further exploration will result in the estimation of a Mineral Resource.



**Location of Amazon Bay Ironsands Project**

The Company intends to evaluate and delineate the iron sands Exploration Target utilising sonic drilling technology in sequential drilling campaigns commencing in calendar year 2014. Sonic drilling can provide essentially 100% recovery and is ideal for drilling below the water table in unconsolidated material. The sand recovered accurately reflects the depth and grade variations of the deposit. The initial drilling program is planned to take three months. The sequencing of subsequent drilling programs to enable full delineation of an Indicated Mineral Resource will be subject to the results of these programs.



Amazon Bay Tenement Area

The Study was based on an assessment of all previous metallurgical work conducted on samples taken from the Amazon Bay Project area. A figure of 10.4% mass yield of concentrate from the insitu mineralisation was utilized in the Study. The Study considered wet production of magnetite concentrate from Amazon Bay and possible options for export.

The Study proposed excavation of the magnetite bearing sands by a floating bucket wheel dredge operating 24 hours per day, at an annual mining rate of 15 million tonnes, this being within the capacity of a single standard dredge. This mining rate and the assessed mass yield resulted in 1.56 million tonnes per annum of magnetite concentrate being produced. Following extraction of the magnetite, the sand tailings would be redeposited back into the dredged areas. The rehabilitated areas would be shaped and planted with agricultural cash crops, for the future economic benefit of the local land owners. At present, the mining area has no agricultural value.

The dredged slurry would be pumped from the floating concentrator plant to a land based site where screening and ore upgrading using low intensity magnetic separation (LIMS) and grinding would take place. The concentrate would then be barged to non-geared Handymax vessels, with floating cranes used for ship loading, prior to export.



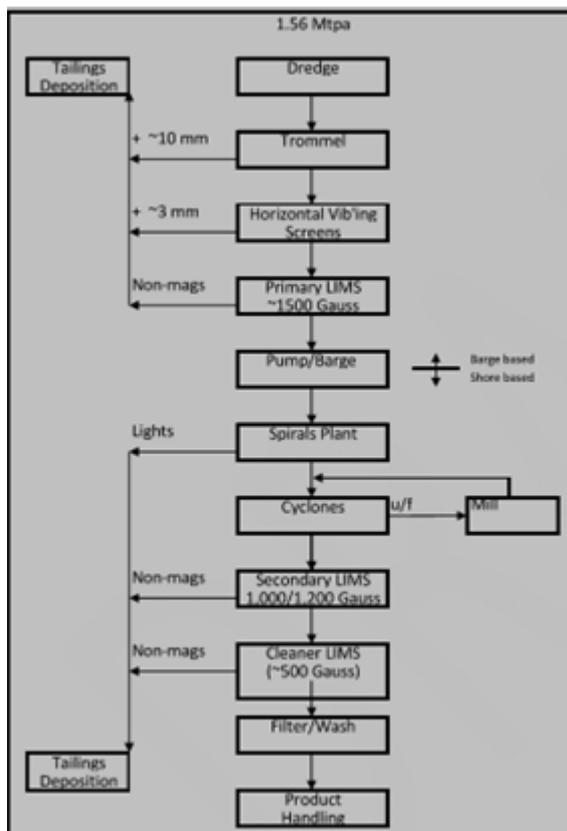
Dredging Operation similar to that proposed at Amazon Bay

The Project requires the following operational areas;

- Dredging;
- Processing and floating concentrator;
- Logistics to transport primary concentrate to land based facility;
- Processing in land based facility;
- Product storage;
- Ship loading

The process flow sheet would comprise:

- Dredging slurry to be pumped to a floating concentrator for initial processing;
- Trommel and trash screening to remove organic and oversize material;
- Primary wet low intensity magnetic separation (LIMS);
- Spiral cleaning of primary LIMS concentrate;
- Milling of spirals product to liberate magnetite;
- Secondary and cleaner wet LIMS;
- Product dewatering and storage;
- Ship loading of concentrate from barges;



**Flowsheet 1.56Mtpa**

The Company is unable to provide any details of the financial outcomes from the Scoping Study, as the JORC standards do not allow the public reporting of any indicative capital or operating cost estimates on the basis of an Exploration Target or any indicative financial analysis.

The Company has also commissioned a high level study from Electrum Pty Ltd to identify suitable smelting techniques for the likely Amazon Bay concentrate.

The high titanium levels in the concentrate are best suited to more recent smelting techniques which can realise the value of the titanium and vanadium in the concentrate.

### **AMAZON BAY TENEMENTS**

The Company received notification during the Quarter, from the PNG Mineral Resources Authority, that EL2149, covering an area of 588 sq. km. at Amazon Bay North had been granted, and that EL1623 at Sandbank had been renewed.

### **NEW IRELAND**

The Company received notification during the Quarter, in a letter dated 18 September 2013, from the Minister for Mining, Hon. Byron Chan, that the New Ireland exploration applications were still being considered, subject to ongoing review and discussions with the New Ireland provincial government.

#### **FOR FURTHER INFORMATION CONTACT:**

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The information in this report that relates to Exploration Results is based on information compiled by a consultant to the Company, Mr Chris Young, who is a Member of the Australasian Institute of Mining & Metallurgy and a Member of the Australian Institute of Geoscientists.

Mr Young has over 40 years' experience in the industry and has more than 5 years' experience which is relevant to the style of mineralization being reported on, to qualify as a Competent Person, as defined in the "Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Young consents to the inclusion of this information in this announcement.

### **ABOUT FOYSON RESOURCES LIMITED**

Foyson Resources Limited (ASX: FOY) is focussed on mineral resources opportunities in Papua New Guinea. The Company holds a 50% interest (and an option over the other 50% interest) in a major iron sands exploration target at Amazon Bay, located 170km south east of Port Moresby.

The Company is also exploring for gold and copper in 100% owned licence areas, covering over 8,000 square kilometres, and has completed a successful drilling program and IP survey on a copper porphyry system at Atui, in south New Britain.