



DECEMBER 2014 QUARTERLY REPORT TO SHAREHOLDERS

The Directors of Foyson Resources Limited ("Company") are pleased to provide Shareholders with a summary of the activities for the December 2014 Quarter, together with the strategic direction for the next quarter.

Key Company activities include:

- Appointment of PNG Director, Mr Kilroy Genia, a former Minister in the PNG Parliament, with extensive experience in both private and government enterprises. Mr Genia's appointment is instrumental in assisting with the Company's efforts in developing the medium term corporate strategy for Papua New Guinea;
- Completion of a comprehensive Environmental Management Plan (EMP) at Amazon Bay required by the PNG Department of Conservation. The EMP covered the environmental regulatory concerns and requirements that needed to be addressed prior to the issue of a Drill permit for the Amazon Bay iron sands Project;
- Negotiations continued with Integrated Green Energy Limited (IGE) to progress and restructure the transaction in order to provide more immediate benefits for Shareholders and to comply with Australian Stock Exchange requirements;
- Ongoing discussions with the Australian Stock Exchange regarding the structuring of the IGE transaction and the future funding requirements of the Company;
- Appointment of new Directors to broaden the skills and knowledge of the Board and develop the future strategic direction of the Company
- Resolution by the Directors to waive any form of remuneration until the Company has a sustainable positive cash flow;
- Placement completed to raise \$337,500 to fund the ongoing due diligence and legal documentation associated with the IGE transaction as well as the working capital and Amazon Bay project requirements;
- Receipt of Research and Development funding for 2013/14 year of \$317,061 to assist with Amazon Bay project requirements and working capital.

PNG STRATEGIC PLAN

The Company has held interests in resource exploration assets in Papua New Guinea for eight years since September 2007.

The primary asset has been an interest in the Amazon Bay iron sands Project, together with various gold and copper exploration tenements. In the current economic climate of falling commodity prices and minimal market interest in junior resource companies, the Board has decided to relinquish all gold and copper interests and to protect its interests in the Amazon Bay Project.

Consistent with the Company's advice to Shareholders over the course of the past year, and the uncertain market outlook, the ongoing short term funding of any resource exploration asset, specifically the Amazon Bay Project, can only occur through internal funding, by way of a cash flow project.

The Company has previously advised Shareholders that the IGE transaction has been identified as an ideal cash flow project with significant upside, and the Company has made excellent progress on negotiating and refining this transaction during the past Quarter for the benefit of all Shareholders (see below).

The Board has also continued to develop and refine its prime strategic objective of leveraging the Company's experience and knowledge in PNG in order to develop its existing PNG assets. A comprehensive strategy is now being developed in order to bring long term benefits to the Company's Shareholders.

The Company is scheduled to meet with the PNG Government and the Mineral Resource Authority in the next Quarter to discuss its future strategy for the Amazon Bay Project. However with the demand for and pricing of iron ore at the current depressed levels, the Company needs to introduce a significant new initiative to the Project to ensure it can remain viable and worthy of further expenditure.

The major operating cost for the Amazon Bay Project previously identified is power, but as there is no local grid supply, the Project would be dependent on locally produced diesel generated power, which is prohibitively expensive.

Therefore in conjunction with the Government meetings, the Company has requested IGE management to provide the PNG authorities with a proposal to introduce one of the IGE 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 investment.

Subject to negotiation and completion of the IGE transaction, the exclusive licence to operate this technology in PNG will be held by the Company and the Company believes it will provide an ideal means of demonstrating to the PNG Government, the Company's ongoing interest in Amazon Bay and in PNG generally, and may lead to further resource opportunities.

The Board considers that this strategy is the optimal means of preserving our interests in PNG and maintaining value in the Amazon Bay Project.

The Company has continued to seek an Environmental Permit for a drilling program at Amazon Bay and has held various consultations with local communities to explain the progress on the Project. The remote generation of power will be introduced to the local Amazon Bay communities during the next Quarter.

IGE TRANSACTION

The IGE opportunity was identified by the Company in mid-2014 and the Company subsequently has been working with the principals of IGE to develop a business model which provides benefits to both parties and meets all regulatory requirements (“**Proposed Transaction**”). IGE currently operates a “plastics to diesel conversion” pilot plant at Berkeley Vale, approximately 100kms north of Sydney.

On 30 September 2014, the Company announced the execution, and material terms, of a non-binding term sheet with IGE providing for the substantive terms of the Proposed Transaction (“**Term Sheet**”). Under the Term Sheet, the Proposed Transaction is conditional on completion of due diligence by the Company, the agreement and execution of long form documentation, and all shareholder and regulatory approvals.

On 29 December the Company announced that the ASX had ruled the Proposed Transaction as a change in the nature and scale in the Company’s activities in terms of ASX listing rule 11.1 and that the Company would need to comply with Chapters 1 and 2 of the ASX listing rules before it completes the Proposed Transaction.

The independent Directors of the Company, in the continuing discussions with IGE, has focused on the preservation of the Amazon Bay interests and the strategy outlined above for PNG has emerged as a key consideration in developing the framework for the Proposed Transaction. The other prime consideration for the Board has been to accelerate the cash inflows that the IGE transaction will bring to the Company and to identify and mitigate the risk of the Proposed Transaction as much as is feasible.

The independent Directors believe that, on these aspects, based on current negotiations, the long form documentation will reflect terms that are more favourable to the Company than those previously announced in the Term Sheet. The Company will disclose a summary of the key terms of the long form documentation when negotiations are complete and documentation is finalised.

The Company’s due diligence program and progression of the long form documentation with regards to the IGE transaction is well progressed. The Company’s independent Directors have previously commissioned both a detailed technical assessment of the IGE technology and a comprehensive Business Plan of the Berkeley Vale operations. To date the independent Directors consider that the results of the technical assessment and the business plan have each reported positive outcomes.

The independent Directors expect the current negotiations and the execution of long form documentation to be completed by mid-February 2015 at which time the Company will provide an updated timetable for implementation and completion of the Proposed Transaction to the market. Based on current timeframes, the Company anticipates that the Proposed Transaction will complete during July 2015.

The Company is pleased to announce that Moore Stephens Accountants and Advisors has been appointed to provide an Independent Experts' Report on the Proposed Transaction. In addition, Allion Legal Pty Ltd has been retained to assist in preparing the Prospectus and completion of the final legal documentation between the parties.

FUND RAISING

On 23 October 2014, the Company raised \$337,500 by way of a Share Placement to fund the due diligence and legal documentation for the Proposed Transaction. To date, approximately \$36,000 of these funds has been spent on transaction costs associated with the Proposed Transaction, whilst approximately \$211,500 has been applied to the Amazon Bay activities and general working capital commitments. Approximately \$90,000 of the Placement funds remains as cash in bank at 31 December 2014 (which will cover other transaction costs associated with the Proposed Transaction that have been and will be incurred, provided that further capital can be raised for Amazon Bay costs and working capital).

This Share Placement supplemented the \$317,061 received from the Australian Tax Office in November 2014 relating to the refund of the Company's 2014 R&D tax activities, which has been applied to general working capital commitments and the Amazon Bay activities.

The Company is taking positive steps to reduce its operating costs, including moving offices to premises with lower rent in March 2015 and obtaining a waiver from the Directors and the Managing Director to their entitlement to all remuneration during the period required to complete the Proposed Transaction and until the Company is operating on a cash flow positive basis.

The Company still requires imminent funding in the order of \$1,000,000 to progress its PNG assets at Amazon Bay, for general working capital commitments and transaction costs for the Proposed Transaction, even though operating costs have been reduced significantly. The Company as a junior resource company, does not currently generate any revenue and relies solely on equity fundraising and / or debt financing to fund its operations.

The Company is seeking regulatory approval in order to raise the required funds. Subject to obtaining this approval, the Company anticipates being able to announce its method of fundraising and the associated timetable by or around mid-February.

BOARD OF DIRECTORS

The Company has decided to broaden the skills and business experience of the Board, and coupled with the decision of Mr Doug Halley and Mr John Holliday to step down to pursue other interests, a total of five new Directors have been appointed to the Board.

The Company is grateful for the contributions of Messrs Halley and Holliday and wishes them well in their future endeavours.

The Directors appointed fall into three categories:

- Messrs Dickson and Dooley are associated with IGE and bring broad commercial and technical skills to the Board;

- Messrs McIntosh and Genia are Independent Directors with broad commercial skills and in the case of Mr Genia, brings strong political and Government relationships in PNG;
- Mr James is a representative of the major shareholder, TVI Pacific Inc. and brings international resource industry management and technical skills.

The Directors and Managing Director have waived their entitlement to all remuneration during the period required to complete the Proposed Transaction and until the Company is operating on a cash flow positive basis.

A summary of the qualifications and careers of the new Directors is as follows:

Mr Paul Dickson - appointed 24 October 2014

Paul Dickson has more than 20 years' experience in business management in a broad range of multifunctional senior roles across a range of disciplines both in Australia and overseas, including finance, logistics, operations, sales, marketing, and systems general management. His primary role since 2008 has been as founder and owner of Dickson & Dickson Healthcare Limited, a public company competing in the healthcare (medical products) sectors in Australia, New Zealand and South Africa.

Paul holds a Bachelor of Commerce from the University of NSW and a Master of Logistics at Sydney University.

Mr Bevan Dooley - appointed 24 October 2014

Bevan Dooley brings 15 years' experience in the energy, fuel and chemical processing industries, providing a solid engineering and management background and a detailed understanding of processing techniques for energy conversion, as well as the energy and fuels market in Australia and Asia.

Bevan has been integral in the design, construction, commissioning and ongoing management of many energy, fuel and chemical processing facilities in Australia and internationally, and his team have developed the core technologies held by Integrated Green Energy.

Bevan holds a Bachelor of Mechanical Engineering (Hons) from the Queensland University of Technology.

Mr David McIntosh - appointed 15 December 2014

David McIntosh is the Principal of McIntosh & Associates, a boutique accounting firm providing accounting, audit, business structure, planning and taxation services and advice to large corporations, resident and non-resident individuals and a diverse array of small to medium companies and other entities. Prior to moving into finance, David gained exposure in the chemical engineering industry through his work with Shell Oil Company and Environment Australia.

David is a Chartered Accountant and CPA and the holder of Master of Commerce (Accounting), Bachelor of Engineering (Chemical), Graduate Diploma (Chartered Accountant).

Mr Cliff James - appointed 22 December 2014

Cliff James is a geologist and business executive with over 35 years of technical and financial experience in the natural resource sector. His work has taken him throughout North America, Africa and Asia, where he held senior positions in oil, gas and mining companies. Since 1993, Cliff has spearheaded TVI Pacific Inc.'s resource activities in the Philippines.

Cliff holds a Bachelor of Science (Hons), a Master of Science and a Doctorate in Geology.

Mr Kilroy Genia - appointed 21 January 2015

Kilroy Genia has broad experience in both private and government enterprises having spent nine year holding various Ministerial positions within the PNG cabinet, including Minister of Justice, Defence, Foreign Affairs and Trade.

SUMMARY OF PNG TENEMENTS

The Company's focus in PNG continues to be on the Amazon Bay Project. During the Quarter, the Company relinquished the less prospective tenements at Sandbank Bay and in New Britain.

Project	Tenement	Interest
Amazon Bay	EL 1396	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%

Further information: Mr Michael Palmer, Managing Director, on 0418 950 694 or mpalmer@foyson.net