

Appendix 5B

Rule 5.3

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/2010, 17/12/2010

FOYSON RESOURCES LIMITED

ABN 23 003 669 163

Quarter ended ("current quarter")

31 December 2012

Consolidated statement of cash flows	Current quarter \$A'000	Year to date 6 Months \$A'000
Cash flows related to operating activities		
1.1 Receipts from product (magnesite) sales and related debtors	-	88
1.2 Payments for		
(a) exploration and evaluation (PNG Tenements)	(504)	(1,349)
(b) development	-	-
(c) production (magnesite)	(18)	(37)
(d) administration	(375)	(642)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	5	9
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(892)	(1,931)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects - Amazon Bay Option	(150)	(150)
(b) equity investments	-	-
(c) other fixed assets	(8)	(26)
1.9 Proceeds from sale of:		
(a) prospects - Myrtle Springs Tenement	440	440
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	282	264
1.13 Total operating and investing cash flows (carried forward)	(610)	(1,667)
Cash flows related to financing activities		
1.14 Proceeds from issues of shares, options, etc.	-	884
1.15 Proceeds from sale of forfeited shares	-	-
1.16 Proceeds from borrowings	-	400
1.17 Repayment of borrowings	-	-
1.18 Dividends paid	-	-
1.19 Other - Exclusivity Fee paid by TVI Pacific re Due Diligence	-	300
1.19 Other - Costs of issue of shares & ongoing TVI investment costs	(264)	(383)
Net financing cash flows	(264)	1,201
Net increase (decrease) in cash held	(874)	(466)
1.20 Cash at beginning of quarter/year to date	1,105	697
1.21 Exchange rate adjustments to item 1.20	-	-
1.22 Cash at end of quarter	231	231
Payments to directors of the entity and associates of the directors		Current quarter
Payments to related entities of the entity and associates of the related entities		\$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2		50
1.24 Aggregate amount of loans to the parties included in item 1.10		-
1.25 Explanation necessary for an understanding of the transactions	Payment of \$50,000 to Blue Lake Resources, an entity associated with Director John Haggman as a vendor of Amazon Bay, approved by shareholders at the Extraordinary General Meeting held 15 October 2012.	
Non-cash financing and investing activities		
2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows	Issue of 10,000,000 shares to the vendors of Amazon Bay approved by shareholders at the Extraordinary General Meeting held 15 October 2012.	
2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest		
Amount		
Financing facilities available	Available \$A'000	Amount Used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil
\$A'000		
Estimated cash outflows for next quarter		
4.1 Exploration and evaluation expenditure, which will be funded by Foyson Resources outside of the joint venture arrangements with TVI Pacific Inc	50	
4.2 Development	-	
4.4 Production	-	
4.5 Corporate expenses	350	
Total	400	

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	156	8
5.2 Deposits at call	-	1,022
5.3 Bank overdraft	-	-
5.4 Other - term deposits and trust account	75	75
Total cash at end of quarter (item 1.22)	231	1,105

Changes in interests in mining tenements

	Tenement reference	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, lapsed or reduced				
6.2 Interests in mining tenements acquired or increased				

Issued and quoted securities at end of current quarter

	Total number	Number quoted	Issue price per security	Amount paid up per security
7.1 Preference securities (Unlisted Converting Redeemable Preference Shares)	33,333,333	N/A		
7.2 Changes during quarter	-	-	-	-
7.3 Ordinary securities on issue at start of quarter	751,403,821	751,403,821		
7.4 Changes during quarter				
(a) Increases through issues (see 2.1 non-cash activities)	10,000,000	10,000,000	\$0.00	\$0.00
(b) Decreases through returns of capital, buy-backs	-	-		
Ordinary shares at end of quarter	761,403,821	761,403,821		
7.5 Convertible debt securities	-	-		
7.6 Changes during quarter				
(a) Increases through issues	-	-		
(b) Decreases through securities matured, converted	-	-		

7.7 Options

Conversion factor	Total Number	Number Quoted	Exercise price	Expiry Date
1 share for 1 option	5,000,000	-	\$0.070	31/12/2013
1 share for 1 option	10,000,000	-	\$0.060	30/06/2014
1 share for 1 option	5,000,000	-	\$0.100	31/12/2014
1 share for 1 option	1,329	-	\$0.137	31/05/2015
1 share for 1 option	5,000,000	-	\$0.120	31/12/2015
1 share for 1 option	6,500,000	-	\$0.060	30/09/2016
1 share for 1 option	45,570,190	-	Refer the attached Appendix Option terms and conditions of issue	
	77,071,519	-		
7.8 Issued during quarter	1 share for 1 option	45,570,190	-	Refer the attached Appendix Option terms and conditions of issue
7.9 Expired during quarter	1 share for 1 option	150,000	\$2.00	31/10/2012
7.10 Exercised during quarter		None		

7.11 Debentures

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7.12 Unsecured notes

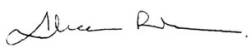
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Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX.

2 This statement does give a true and fair view of the matters disclosed.

Signature:



Date:

31 January 2013

Company Secretary

Print name:

Aliceson Rourke



Foyson Resources Limited
ACN 003 669 163

Terms of Options Issued to Cormi Pty Limited

In accordance with the approval obtained by Shareholders at the Annual General Meeting of Shareholders on 22 November 2012 the terms of the options issued to Cormi Pty Limited are outlined below:

- The options will be issued to Cormi Pty Limited, a company controlled by Michael Palmer.
- The option holder will receive one Share for each option upon exercise and payment of the exercise price.
- The options will be issued for no consideration.
- The options will vest in four tranches, with the first three tranches on 30 June 2013, 30 June 2014 and 30 June 2015 each equivalent to 9,114,038 options, provided the Service Agreement whereby Cormi Pty Ltd provides the services of Mr Michael Palmer continues and he achieves the necessary performance conditions set by the Board.. The hurdles for the period to June 2013 comprise:
 - the Company continuing as a “going concern” as confirmed by an unqualified audit report;
 - doing all things necessary to maintain existing exploration licences; gain approval for exploration licence applications, and apply for new exploration licences as applicable and agreed;
 - subject to receipt of Tranche 1 and Tranche 2 subscriptions from TVI Pacific Inc, and in the absence of new strategic initiatives requiring incremental funding, to have sufficient funds at group level at 1 July 2013 to meet corporate budget funding requirements for the 2014 financial year;
 - signing of a sale or JV agreement for Amazon Bay and one other licence held by the Company on terms acceptable to the Board;
 - achieving significant progress towards JORC resource status on Amazon Bay;
 - establishing and maintaining systems for day to day project management of tenements, field logistics and geological data base management; and
 - advancing exploration activities on selected projects within PNG..
- If the first three tranches of options have vested and if the VWAP of the Company’s ordinary share price is no less than 7 cents for the trading days in the month of June 2015, then, if the Service Agreement has not been terminated prior to 1 July 2014, Cormi will be entitled to a fourth tranche of 18,228,076 options on 30 June 2015.

- The exercise price of the options for the first three tranches will be as follows:
 - 30 June 2013: Tranche 1: 3 cents
 - 30 June 2014: Tranche 2: 50% at 4 cents and 50% at 5 cents
 - 30 June 2015: Tranche 3: 50% at 5 cents and 50% at 7 cents
 - 30 June 2015: Tranche 4: .exercise price will 15% greater than the VWAP for June 2015.
- The options will expire if not exercised within 3 years of vesting.
- The intended use of the funds raised on exercise of these options will be for working capital purposes.
- If the Company's capital on issue changes over the course of the relevant periods, the Company is obliged to seek Shareholder approval for further options by way of adjustment accordingly.