

HD TVI TVI's Foyson to acquire waste-conversion licences

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TVI Pacific Inc (TSX:TVI)

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Tuesday November 11 2014 - News Release

Mr. Clifford James reports

TVI'S AMAZON BAY **IRON** SANDS JOINT VENTURE PARTNER TO ENTER INTO DEAL FOR PLASTICS TO FUEL CONVERSION TECHNOLOGY

Foyson Resources Ltd., a **company** in which TVI Pacific Inc. holds a 20.04-per-cent **equity** interest and is TVI's joint venture partner on the Amazon Bay **iron** sands project in Papua New Guinea, has entered into an agreement with Integrated Green **Energy** Ltd. to acquire exclusive licences to commercialize initially IGE's plastic-to-fuel technology and then its technologies for biomass to both fuel and **energy** conversion. As announced by Foyson, this agreement reflects its strategy of acquiring a cash flow project to assist in financing development activities at the Amazon Bay project.

Clifford James, president and chief executive officer of TVI, stated, "Given that TVI holds a significant **stake** in Foyson, we are pleased to see their intention to enter into a potential cash-flowing business with IGE, which could increase the value of our investment and represent a potential source of funding for our Amazon Bay **iron** sands joint venture project."

IGE is an Australian **company** with a focus on the development of its waste-conversion technologies to produce sustainable **energy** resources. The technologies are applicable to both processing non-recyclable and waste plastics to fuel and for power generation in remote locations by processing a hybrid biomass. IGE currently operates a semi-commercial demonstration plant producing industry-standard diesel suitable for use in conventional diesel engines.

As set out in the non-binding term sheet signed between Foyson and IGE in September, 2014, Foyson intends to acquire exclusive licences to use IGE's waste-conversion technology in Australia, New Zealand, **China**, North America, India, Southeast Asia, Papua New Guinea and Fiji. Secondly, Foyson intends to acquire non-exclusive licences to use IGE's technology in other jurisdictions globally, with IGE to grant no more than three licences to any party in any jurisdiction. Thirdly, Foyson intends to acquire IGE's existing pilot-scale plastic-to-fuel-conversion plant at Berkeley Vale on New South Wales's central coast. The intention of the term sheet is that Foyson will be required to construct and operate new plants based on the existing Berkeley Vale plant over the next four years.

The term sheet also required Foyson to carry out two private placements with parties associated with IGE for a total of 235 **million** shares. The first of these placements, involving a placement of 135 **million** shares at 0.025 cent per share, was completed in October, 2014, resulting in TVI's original **equity** interest of 23.01 per cent being diluted to 20.04 per cent.

The term sheet states that the remuneration to be paid by Foyson for IGE will be performance based. To obtain the maximum remuneration in terms of Foyson shares and options, the operating facilities utilizing

the IGE technology must earn annual earnings before interest, taxes, depreciation and amortization in excess of \$20-million.

In order to complete the arrangement, Foyson plans to undertake a consolidation of its share capital and issue 70 million convertible performance shares and 70 million convertible performance options to IGE. The performance securities will be issued to IGE in tranches, with the vesting conditions for each tranche linked to each plant or new plant generating \$5-million in EBITDA per annum. The first tranche will be linked to the existing plant and has a performance period of two years from completion of the IGE transaction. Each multiple of \$5-million EBITDA generated will result in the vesting of another tranche of performance securities.

CO travv : TVI Pacific Inc | wndbul : Foyson Resources Ltd.

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