



TVI Pacific Inc.

Annual Information Form

March 19, 2014

(Information provided in this AIF is as of December 31, 2013 unless otherwise stated)

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CORPORATE INTRODUCTION

TVI Pacific Inc. (“**TVI**” or “**the Company**”) is a publicly-traded Canadian resource company focused on the production, development, exploration and acquisition of resource projects in the Philippines and Southeast Asia. TVI's affiliate, TVI Resource Development (Phils.), Inc. (“**TVIRD**”), has to date produced copper and zinc concentrates from its Canatuan mine and is advancing its Balabag Gold-Silver project and its Agata Nickel direct shipping ore (“**DSO**”) operation. TVI is a direct or indirect participant/operator in several joint venture projects in the Philippines and Papua New Guinea and also has an interest in an offshore Philippine oil property.

TVI is focused on the following areas of growth:

- Continuing to capitalize on its investments in the Philippines through its interest in TVIRD and its relationship with TVIRD shareholder, Prime Resources Holdings, Inc. (“**PRHI**”), which includes to:
 - Explore opportunities for mine life extension at Canatuan mine,
 - Move the Agata Nickel DSO operation into production.
 - Capitalize on near-term development at its Balabag property.
 - Expedite exploration on other North Zamboanga tenements:
 - Prioritize exploration activities on identified prospects in the Greater Canatuan Tenement Area (“**GCTA**”) and other near-mine prospects to expand current mine life.
 - Pursue other exploration opportunities on its 1,240 square kilometer (479 square mile) tenement package on the Zamboanga Peninsula.
- Develop its current joint venture projects and pursue value creating acquisition opportunities both within and outside of TVIRD.
- Participate in the exploration of the offshore Philippine oil property.

As discussed further in this Annual Information Form (“**AIF**”), TVI signed various definitive agreements on December 11, 2013, with Prime Resources Holdings, Inc. (“**PRHI**”) relating to the private placement in TVI and third party investment in its indirectly held Philippine assets (“**Transactions**”). The Transactions are expected to occur in multiple closings and TVI continues to work toward the final close that will result in TVI receiving total proceeds of US \$10.650 million and US \$11.850 million for TVIRD and various subsidiaries, each before tax and related fees. As a result of the Transactions, TVI continues to hold a 30.66% indirect interest in TVIRD and the assets owned by TVIRD (including Canatuan, Balabag, the Agata Mining and the Agata Processing Joint Ventures, and various exploration properties), a 15.51% equity interest in Foyson Resources Limited (“**Foyson**”), a 14.4% equity interest in Mindoro Resources Ltd. (“**Mindoro**”), 100% of TG World Energy Corp., and a 10% interest in the Amazon Bay Iron Sands project (for which the exploration license is held by Titan Mines Limited, a company in which Foyson holds 50% shareholding and has an option to acquire the remaining 50%).

Please see Appendix 2 for the Corporate Organizational Chart.

THREE YEAR HISTORY OF TVI

2011

March 4, the proposed Arrangement with TG World Energy Corp. (“**TG World**”) was approved at a special meeting of TG World shareholders. On March 9, TVI received court approval and completed the Plan of Arrangement.

March 14, TVI's partners started drilling the North Tarn #1 exploration oil well located on the Alaskan North Slope. Operations wound down for the season before the zone could be tested due to the spring break-up. On November 8, TVI entered into a definitive agreement to sell all of its leasehold interests in Alaska for US\$16 million.

April 5 and July 21, TVIRD released additional drilling results from the Balabag project. Based on these findings TVIRD reiterated its intention to proceed towards a mine development decision and approved further additional drilling.

April 11, TVIRD announced the beginning of exploratory drilling on its Tamarok copper and gold prospect. Results from the initial four holes completed revealed substantial faulting and dismemberment of the porphyry style mineralization so the drill program was temporarily halted in the third quarter of 2011.

April 25, TVIRD announced the commencement of zinc production at the Canatuan mine. The first shipment of zinc concentrate was completed on August 12.

May 10, TVIRD announced that it had concluded its exploration program at the Siennalynn prospect and decided to terminate its involvement in the property. The copper-gold zones did not produce consistent mineralization to proceed with additional drilling.

June 13, TG World's partner in Niger, Africa, began drilling the Facai-1 exploration oil well in the Ténéré Block. By August 30, TG World announced that its partner had plugged and abandoned the well after unsuccessful results.

July 15, TG World announced that the Philippine Department of Energy had approved the joint venture partners' application for a 12 month extension to the current exploration sub-phase for its offshore Philippine oil property, SC54A.

November 1, TVIRD received notice that the Provincial Board of Zamboanga del Norte would be implementing an Ordinance banning new open pit mines in the Province of Zamboanga del Norte. The Ordinance had direct implications for the producing Canatuan mine and on the Company's exploration plans for the tenements surrounding Canatuan. TVIRD immediately filed a Motion for Reconsideration to dispute the Ordinance.

November 14, TVIRD was declared "The Best of The Best" in the Presidential Mineral Industry Environmental and Safety awards.

2012

January 4, TVIRD was granted a preliminary injunction against the Ordinance banning open pit mining in Zamboanga del Norte. The Court Order effectively stopped the implementation of the Ordinance and allowed TVIRD to continue its operations without legal impediment while the main case (the legality of the Ordinance) is being litigated in the Court.

January 10, the TG World announced it had officially withdrawn from the Niger Exploration Program.

January 26, TVIRD announced that approval of the Free Prior Informed Consent ("**FPIC**") process was granted by the National Commission on Indigenous Peoples ("**NCIP**") for near-mine properties and that all documents had been immediately forwarded to the Mines and Geosciences Bureau for review and granting of the Mineral Production Sharing Agreement ("**MPSA**") permit required to advance exploration activities.

April 17, TVIRD filed a Motion for Reconsideration with the Philippine Court of Appeals regarding the Court's denial for TVIRD to be included as a creditor of Korea Malaysia Philippines Resources Inc., Rapu Rapu Processing Inc., and Rapu Rapu Minerals Inc. The Court agreed that TVIRD is due to receive its Net Smelter Return ("**NSR**") royalty beginning calendar year 2012, but denied that the obligation should be paid to TVIRD for the years 2006 to 2008. TVIRD and Rapu Rapu continued their discussions for possible settlement outside of the courts.

May 31, TG World announced that its wholly-owned subsidiary TG World (BVI) Corporation ("**TG (BVI)**") along with SC 54A Joint Venture partners, Nido Petroleum Philippines Pty Ltd., Trafigura Ventures III B.V. and Yilgarn Petroleum Philippines Pty Ltd. (the Participants), signed a memorandum of agreement ("**MOA**") with Viking Energy Holdings 2 Ltd ("**Viking**") to consider development of three oil fields in Service Contract 54 ("**SC 54A**").

June 25, TG World announced that Nido Petroleum Philippines Pty Ltd, as Operator of SC 54, on behalf of the SC 54A and SC 54B Joint Venture Partners, advised that the Philippines Department of Energy (“DOE”) have agreed to extend Sub-phase 6 for a period of twelve (12) months from August 4, 2012 to August 4, 2013. TVI owns a 12.5% interest in SC 54A through its wholly-owned subsidiary, TG (BVI).

July 6, TVI announced that it had entered into a heads of agreement (“HOA”) dated July 6, 2012, which sets out the terms of various proposed transactions with Mindoro. The proposed transactions consist of an investment in and joint ventures with Mindoro (or affiliates of Mindoro). In addition, TVI has agreed to make a loan to Mindoro, in the amount of \$938,968. The HOA provides for the acquisition by TVI of an equity interest in Mindoro, by way of private placement to be undertaken in two tranches.

August 15, TVI filed an updated National Instrument 43-101 (“NI 43-101”) technical report with respect to Balabag. Based on drilling completed to the end of June 2011, the independent qualified person estimates an indicated mineral resource, unadjusted for 24 years of underground mining by illegal small scale miners, of 1.78 million tonnes averaging 2.34 grams per tonne of gold and 72.3 grams per tonne of silver containing 134,262 ounces of gold and 4,148,196 ounces of silver.

August 19, TVI announced that it has entered into a HOA, dated August 17, 2012, which sets out certain terms of various proposed transactions involving Foyson, an Australian Securities Exchange (“ASX”) listed issuer operating in the resource industry in Papua New Guinea. The proposed transactions consist of an investment in and joint ventures with Foyson (or affiliates of Foyson). In addition, TVI has agreed to make a loan to Foyson, in the amount of AUD\$400,000. The HOA provides for the acquisition by TVI of an equity interest in Foyson, by way of private placement to be undertaken in two tranches.

August 28, TVI has signed a subscription agreement for the first tranche of the proposed private placement with Foyson (“Tranche 1”), which provides for the purchase by TVI of 68 million Shares to earn an 8.93% interest in Foyson’s total issued capital of 761,403,821, adjusted for TVI’s new investment, at a purchase price of A\$0.013 per Share (A\$884,000 in the aggregate).

September 28, 2012, TVI acquired ownership and control of 18,779,353 units of Mindoro by way of a private placement (“Tranche 1”) at a price of \$0.05 per unit, for a total of \$938,968. Each unit consists of one common share and one common share purchase warrant that entitles TVI to purchase one additional share, at a price of \$0.10 per share, at any time and from time to time until September 28, 2017. The total common shares acquired represent approximately 6.9% interest in Mindoro. Assuming the exercise of all of the warrants acquired, TVI would hold 37,558,706 Shares, representing approximately a 12.9% holding in the capital of Mindoro. Tranche 1 was completed which discharged in full the secured loan receivable by TVI.

October 1, TVI and TVIRD have entered into various joint venture agreements with Mindoro and an affiliate of Mindoro, relating to the Agata and Pan de Azucar mining projects in the Philippines. As well, TVI has acquired voting shares (“Shares”) and share purchase warrants of Mindoro.

October 10, TVI announced that it completed the purchase of an additional 24,000,000 units (“Units”) of Mindoro at an aggregate purchase price of \$1.2 million (\$0.05 per Unit) (the “Tranche 2A Private Placement”). Each Unit consists of one common share in the capital of Mindoro (a “Common Share”) and one Common Share purchase warrant (a “Tranche 2A Warrant”).

November 22, TVI announced that its Philippine operating affiliate, TVIRD, has received multiple, prestigious awards (Winner – Presidential Mineral Industry Environment Award - Platinum Award, Winner – Safest Surface Mining Operation, Winner – Safest Mineral Processing, Concentrator Category, 3rd runner up – Best Mining Forest, Metallic Category) during the 2012 Presidential Mineral Industry Environmental Awards (“PMIEA”) held during the National Mine Safety and Environment Conference in Baguio City.

November 27, TVI announced that on November 21, 2012, Foyson released encouraging results of the first diamond drilling program and an induced polarisation survey at the Atui Porphyry project, within Foyson’s EL1642 on New Britain Island, PNG. Foyson conducted the underlying work that it reported on. The Atui Porphyry project is part of the New Britain Joint Venture (“NB Joint Venture”), one of two joint ventures between Foyson and TVI.

December 14, TVI announced that TVI's Philippine operating affiliate, TVIRD, has signed a MOA with Korea Malaysia Philippines ("KMP") Resources, Inc., [formerly "Lafayette (Philippines), Inc."], Rapu Rapu Minerals, Inc. and Rapu Rapu Processing, Inc. (hereinafter referred to as the "Rapu Rapu Group"). The MOA outlines terms for the settlement of outstanding NSR payments due to TVIRD for the period 2005 through Q3 2012, equal to a gross sum amount of US \$3,844,720 (net US \$3,075,776, after withholding tax).

2013

February 8, TVIRD provided an update on NSR proceeds from the Rapu Rapu Group, including additional settlement of NSR due for Q4 2012 in the amount of US \$962,715 (net US \$770,172, after withholding tax). The settlement agreed to with the Rapu Rapu Group provides opportunity to negotiate a lump sum settlement for all future NSR proceeds that will result from future operations which, if agreed to by TVI, would be in addition to the total US\$4,807,435 gross NSR proceeds recognized to date as due to TVI by Rapu Rapu for the period ending December 31, 2012.

February 11, TVI provided an update on the joint venture projects with Mindoro. TVIRD and Mindoro have signed four joint venture agreements, previously announced on October 1, 2012, relating to the Agata and Pan de Azucar mining projects located in the Philippines on the Islands of Mindanao and Panay, respectively. The joint ventures present TVIRD and Mindoro with multiple growth opportunities for near-term and medium-term cash flow generating potential. Under the agreements TVIRD has the ability to earn up to a 60% interest and will act as operator of the projects. A management committee composed of senior management members of both TVIRD and Mindoro will oversee each of the projects.

February 13, TVI and its Philippine operating affiliate, TVIRD, introduced the management committee and Project Execution/Technology Development team for their joint venture projects with Mindoro.

February 14, TVI announced that it will proceed with an amended Tranche 2 subscription agreement with Foyson to subscribe for 142,857,143 Foyson shares at A \$0.007 for a total of \$1 million investment (subject to Foyson shareholder approval) and that it will focus resources on the Amazon Bay iron sands project with the intent of fast-tracking the development of an operating mine. Upon completion of Tranche 2 TVI will also receive 80 million options, exercisable at \$0.015 prior to December 31, 2014, providing TVI the opportunity to achieve a fully diluted position of 29.5% in Foyson.

March 4, TG World announced that its wholly-owned subsidiary TG (BVI), along with SC 54A Joint Venture partners, Nido Petroleum Philippines Pty Ltd., Trafigura Ventures III B.V. and Yilgarn Petroleum Philippines Pty Ltd. (the Participants), has ceased negotiations with Viking in relation to an earlier announced potential farm-in in respect of SC 54A. TG (BVI) and the SC 54A Joint Venture Participants are continuing to work with the SC 14A Joint Venture in relation to a possible development of the Nido 1X1 oil field via the Nido A platform.

March 12, TVIRD has signed a nonbinding term sheet with a Philippine bank for a US\$20 million term loan facility for its Balabag Gold/Silver project. The purpose of the loan facility is to support the development of the proposed Balabag mine by providing TVIRD with additional working capital funding for construction and commissioning activities and to support mining and processing activities. The term of the facility is three years and provides for a one year grace period before repayments are to commence, spread equally over eight quarterly periods, beginning at the end of the 5th quarter. The interest rate of the facility is to be set at 90-day Libor plus 250 basis points (approximately 3%), to be fixed on a quarterly basis. The facility is accompanied also by an additional US\$3 million Letter of Credit available to TVIRD for a 180 day period at the prevailing market rate.

April 10, TVI filed an updated NI 43-101 technical report. The independent technical report is entitled "Independent Report on the Nickel Laterite Resource - Agata North, Philippines." The report was prepared for TVIRD by Mark G. Gifford, MSc (Hons), FAusIMM, of Margaret River, Western Australia. The updated NI 43-101 reflects an updated and reclassified resource estimate for the Agata North nickel laterite resource. The Agata Project is a joint venture with Mindoro and operated by TVIRD. The new resource provides a robust foundation for moving forward, initially, with a DSO operation of high-iron limonite (upper laterite horizon), followed by atmospheric leach processing of the underlying saprolite horizon.

June 5, TVIRD announced that as a result of positive bench-scale test work carried out at the Agata Nickel

Processing Project, it has commissioned and commenced operation of pilot-plant testing which will further define the technological parameters to be used in producing a Bankable Feasibility Study with the goal of building a commercial processing plant.

June 20, TVIRD announced that it has completed and submitted the Declaration of Mining Project Feasibility (“**DMPF**”) for the Balabag gold-silver project to the Department of Environmental and Natural Resources (“**DENR**”) and the Mines and Geosciences Bureau (“**MGB**”) for review and approval.

June 24, TVI agreed to loan, pursuant to a secured promissory note, up to CAD \$1.3 million to joint venture partner, Mindoro. The loan will be used by Mindoro to help fund its operations for the next twelve months and to finance an initial acquisition payment to Minimax Mineral Exploration Corporation (“**Minimax**”) for Mindoro to acquire the remaining 25% interest in the Agata project. Mindoro currently holds a 75% interest in the Agata project and is negotiating an option to acquire the additional 25% from its partner Minimax. Minimax is a private Philippine company based in Makati City, Philippines that provides mineral and precious metal exploration and mining services.

June 26, TVI announced TVIRD has established a pilot plant at its nearby Canatuan mine site to carry out metallurgical test work on samples of the different types of mineralization at Balabag. The establishment of a pilot plant marks another key step forward for the Balabag project, located approximately 75 kilometres east-northeast of TVI's Canatuan copper-zinc mine on the island of Mindanao, Philippines.

July 8, TG World announced that Nido Petroleum Philippines Pty Ltd, a subsidiary of Nido Petroleum Limited (ASX: NDO), as Operator of SC 54A, on behalf of the SC 54A Joint Venture Partners, advised that it has secured a twelve (12) month extension of Sub-Phase 6 of SC 54A from the Philippines Department of Energy. The extension will allow the SC 54A Joint Venture further time to complete engineering and field development studies in relation to the Nido 1x1 oil project prior to making a decision to enter Sub-Phase 7. TVI owns a 12.5% interest in SC 54A through its wholly-owned subsidiary, TG (BVI).

August 2, TVI reached an agreement with Foyson to extend the period to complete the remaining Tranche 2 subscription agreement. TVI originally signed a Tranche 2 subscription agreement and associated joint venture agreements with Foyson on August 28, 2012. The amended Tranche 2 agreement is subject to approval by Foyson shareholders.

September 10, TVI and Mindoro filed a NI 43-101 compliant Feasibility Study indicating robust economics for a DSO operation of the high iron laterite resources at the Agata Project, located in Agusan del Norte, Mindanao, the Philippines.

October 16, TVIRD received the Environmental Compliance Certificate (“**ECC**”) for the proposed Balabag Gold-Silver Project to be located at Sitio Balabag, Brgy. Depore, Bayog, Zamboanga del Sur.

October 17, TVIRD provided an update on the test work results for its Agata Nickel Laterite Ore project. The positive results of Beijing General Research Institute of Mining & Metallurgy (“**BGRIMM**”) pilot plant marks another key step forward for the Agata North project, located in the mining district of Agusan in northern Mindanao. Initial results confirm excellent leachability of the Agata Nickel Laterite Ore.

October 18, TVI and its Philippine operating affiliate, TVIRD, provided an update of its Agata high iron DSO project located in Agusan del Norte, Mindanao, the Philippines.

October 21, TVI entered into a letter of interest (the “**Proposal**”), dated October 18th, 2013, which sets out certain terms of proposed transactions involving Prime Asset Ventures, Inc., an arm's-length Philippines corporation (“**PAVI**”). The proposed transactions contemplated by the Proposal consist of a private placement (to PAVI) of common shares of TVI (the “*Private Placement*”) and the acquisition by PAVI of an effective 68.42% interest in TVI's indirect subsidiary, TVI International Marketing, Ltd. (“**TVI Marketing**”), through which TVI's Philippine assets are held.

December 11, TVI executed various definitive agreements relating to the private placement in TVI and third-party investment in its indirectly held Philippine assets previously announced in TVI's October 21, 2013 news release. The parties to the definitive agreements include TVI, PRHI, which is an arm's-length Philippines' corporation and wholly-owned subsidiary of PAVI, and various subsidiaries/affiliates of TVI. Certain aspects of the proposed transactions have changed since the date of TVI's original announcement (October 21, 2013) as a result of transaction structuring and ongoing negotiations among the parties. The transactions reflected in the definitive agreements (the "**Transactions**") will result in PRHI acquiring an approximate 5% direct equity interest in TVI and a 68.42% direct equity interest in TVIRD. The definitive agreements for the Transactions contemplate aggregate investments by PRHI of US \$22.5 million.

December 13, TVI completed an initial closing with PRHI that provided US \$2 million in relation to the private placement, US \$1.545 million as an investment in TVI Marketing to provide one (1) deferred share to PRHI, and a US \$2 million advance to TVIRD as partial payment of PRHI's proposed investment in TVIRD. PRHI at the same time placed \$12.655 million into an escrow account, representing a portion of the additional amount that PRHI has agreed to invest in TVI group entities in subsequent closings.

2014

January 10, TVI completed a further closing (the "**Second Closing**") of various investment and financing transactions involving PRHI, following satisfaction of certain conditions outlined in the definitive agreements executed by TVI, PRHI and others on December 11th, 2013. Those conditions included receipt of approval from the Philippine Securities and Exchange Commission for an increase in the authorized capital stock of TVIRD. The Second Closing resulted in the release of all funds previously placed in escrow by PRHI, including:

- a) US \$1.305 million, representing the balance of the subscription price for PRHI's investment in TVI Marketing, for which PRHI has received a second deferred non-voting share of TVI Marketing that is redeemable at par value; and
- b) US \$11.35 million, representing the balance of the subscription price paid by PRHI to acquire newly issued voting shares of TVIRD.

At the same time, a further US \$4.3 million was advanced by PRHI (and placed into an escrow account), which represents the purchase price of voting shares in the capital of TVI Minerals Processing, Inc., a Philippine incorporated subsidiary of TVI Marketing.

January 20, TVI announced that TVI's Philippine operating affiliate, TVIRD, stopped milling operations at its Canatuan mine after having exhausted its remaining stockpile, pending the results of assessing various mine life extension and expansion opportunities. TVI completed its final zinc and copper shipments, on January 7th and 26th, respectively.

On March 17, 2014 TVIRD announced the first nickel production from their pilot plant at Intertek Minerals Philippines in Manila. A Nickel Hydroxide Product ("**NHP**") filter cake was produced from TVIRD's pilot plant on February 7th, 2014 with a 52% to 54% Ni grade.

INVESTING AND FINANCING TRANSACTIONS

During Q4 2013, TVI has entered into a letter of interest (the "**Proposal**"), dated October 18th, 2013, which sets out certain terms of proposed transactions involving Prime Asset Ventures, Inc., ("**PAVI**"), a holding corporation of utilities engaged in various industries which include water distribution, infrastructure, energy and power generation as well as retail distribution, cable and antennae television, and telecommunications. The proposed transactions contemplated by the Proposal consist of a private placement (to PAVI) of common shares of TVI (the "**Private Placement**") and the acquisition by PAVI of an effective 68.42% interest in TVI's indirect subsidiary, TVI Marketing, through which TVI's Philippine assets are held.

On December 11, 2013, TVI executed various definitive agreements relating to the private placement in TVI and third-party investment in its indirectly held Philippine assets. The parties to the definitive agreements include TVI, Prime Resources Holdings, Inc. ("**PRHI**"), which is an arm's-length Philippines' corporation and wholly-owned

subsidiary of PAVI, and various subsidiaries/affiliates of TVI. Certain aspects of the proposed transactions changed subsequent to the date of TVI's original announcement (October 21, 2013) as a result of transaction structuring and ongoing negotiations among the parties. The transactions reflected in the definitive agreements (the "**Transactions**") have resulted in PRHI acquiring an approximate 5% direct equity interest in TVI and a 68.42% direct equity interest in TVIRD, TVI's Philippine operating affiliate and are expected to provide US\$10.650 million to TVI and US\$11.850 million to TVIRD and various subsidiaries, each before tax and related fees, while a net US\$350,000 is expected to be used to repurchase all of the outstanding TVIRD Class A shares. The definitive agreements for the Transactions include aggregate investments by PRHI of US\$22.5 million which are expected to occur in multiple closings and include:

- Private Placement of 33,333,333 common shares in capital of TVI at US \$0.06 per share for gross proceeds of US\$2 million.
- Investments in TVI Marketing and TVI Minerals Processing, Inc., in the aggregate amount of US\$7.845 million.
- Investments in TVIRD in the aggregate amount of US\$12.655 million (to acquire 68.42% of the voting shares of TVIRD).
- Agreement between the parties to seek a listing for the shares of TVIRD on the Philippine Stock Exchange.

On December 13, 2013, TVI completed the initial closing with PRHI, which included the following transactions:

1. US\$2 million was paid by PRHI to purchase 33,333,333 common shares and complete the Private Placement in the capital of TVI;
2. US\$1.545 million was invested by PRHI in TVI Marketing to purchase one deferred non-voting share of TVI Marketing that is redeemable at par value;
3. US\$2 million (\$2,115,625) was paid to TVIRD as partial payment of PRHI's proposed subscription of Class B shares of investment in TVIRD subject to the approval of the Philippine Securities and Exchange Commission ("SEC") of the application for an increase in authorized capital stock of TVIRD; and
4. US \$12.655 million was advanced by PRHI and placed into an escrow account, representing a portion of the additional amount that PRHI has agreed to invest in TVI group entities in subsequent closings.

On December 27, 2013, the application for the increase in authorized capital stock of TVIRD was approved by the SEC and, as a result, the subscribed ordinary shares were issued to PRHI resulting in the reduction of TVI's indirect interest, as well as in the indirect interest in other Philippine subsidiaries. Management has determined that the company does not have control due to the reduction of interest and by virtue of an agreement with PRHI which requires unanimous consent from both parties on decisions concerning relevant activities, resulting in joint control. Consequently, TVIRD, EDCO and the eight inactive Philippine subsidiaries, and interests in Agata and Pan de Azucar joint venture entities were deconsolidated. The retained interest of approximately 30.66% was considered investment in joint venture to be accounted for using the equity method in the consolidated financial statements.

On January 10, 2014, TVI completed a second closing of various investment and financing transactions involving PRHI, following satisfaction of certain conditions outlined in the definitive agreements executed by TVI, PRHI and others on December 11th, 2013. Those conditions included receipt of approval from the Philippine Securities and Exchange Commission for an increase in the authorized capital stock of TVIRD. The transactions of the second close included:

1. The release of all funds previously placed in escrow by PRHI, including:
 - a. US\$1.305 million, representing the balance of the subscription price for PRHI's investment in TVI Marketing, for which PRHI has received a second deferred non-voting share of TVI Marketing that is redeemable at par value; and
 - b. US\$11.35 million, representing the balance of the subscription price paid by PRHI to acquire newly issued voting shares of TVIRD.
2. A further US\$4.3 million was advanced by PRHI (and placed into an escrow account), which represents the purchase price of voting shares in the capital of TVI Minerals Processing, Inc., a Philippine incorporated subsidiary of TVI Marketing.

All funds advanced by PRHI (in connection with both closings) are expected to be used by TVI group entities for working capital purposes and to further advance various projects, as well as to undertake certain restructuring transactions affecting members of the TVI group of companies (including the repurchase of all the outstanding TVIRD Class A shares).

- i) As a result of the Transactions, TVI continues to hold a 30.66% indirect interest in TVIRD and the assets owned by TVIRD (including Canatuan, Balabag, the Agata Mining and the Agata Processing Joint Ventures, and various exploration properties), a 15.51% equity interest in Foyson Resources Limited (“Foyson”), a 14.4% equity interest in Mindoro Resources Ltd. (“Mindoro”), 100% of TG World Energy Corp., and a 10% interest in the Amazon Bay Iron Sands project (for which the exploration license is held by Titan Mines Limited, a company in which Foyson holds 50% shareholding and has an option to acquire the remaining 50%).

SOCIAL AND ENVIRONMENTAL PRINCIPLES

TVI’s commitment to safety, social and environmental initiatives is a core value of its business and corporate strategy. TVI is dedicated to safe exploration and mining practices that promote transparency, responsible stewardship of the environment, and the inalienable rights to life, dignity and sustainable development in host communities.

Safety

As of December 31, 2013, over 2.5 million hours have been worked at TVIRD’s mine, Canatuan, without a lost-time incident.

TVI’s employees are its most valuable resource. As a testament to its ongoing achievement, TVIRD was recognized for a fourth consecutive year at the National Mine Safety and Environment Conference in November 2013 and received the following awards:

Safety Awards:

- Winner of the Safest Mineral Processing Award – Concentrator Plant Category.

Environment Awards:

- Presidential Mineral Industry Environmental Award in the Surface Mining category – Titanium Award;
- 2nd runner up – Best Mining Forest, Metallic Category.

TVIRD’s Canatuan Copper/Zinc Project employs over 1,000 people, plus contractors, and positively affects approximately 20,000 other residents on the Zamboanga peninsula through its economic footprint. TVIRD prioritizes the hiring of people from host communities and provides salaries and benefits that exceed those of regional counterparts. TVIRD also provides workplace opportunities such as technical skills training, apprenticeship programs and other benefits.

Balabag Gold Project

There was one off-site fatal accident when a contractor’s driver was electrocuted when his vehicle touched a live wire. Measures have been taken to prevent a recurrence.

As of December 2013, Balabag Exploration and Pre-development activity has accumulated 871,000 hours worked without a lost-time incident.

Agata Nickel Joint Venture Project

As of December 31, 2013, the Agata Joint Venture Project has completed over 194,000 hours worked without a lost-time incident.

The Joint Venture project was also recognized at the National Mine Safety and Environment Conference in November 2013 as winner for the Safest Exploration (Category A) for the second consecutive year.

Socio-Economic Development

TVI actively supports community development in areas that are directly and indirectly affected by its operations. TVI's initiatives are guided by requirements set out in the Philippine government-mandated Social Development Management Program ("**SDMP**") for the Canatuan Project and the Community Development Program ("**CDP**") for the Balabag Exploration Project. Further to this, TVI has successfully integrated into its framework the objectives identified in the United Nations' Millennium Development Goals.

TVIRD has identified four strategic areas of focus it calls the *Quadrants of Development*: responsive education, community infrastructure support, health and sanitation, and sustainable livelihood. In its approach to the *Quadrants of Development*, TVIRD works closely with local social and government organizations to provide basic staples such as healthcare, sanitation, fresh water, education, housing, infrastructure, community programs and livelihood initiatives. In many instances, TVI has taken over the role of the absent state through its provision of these development necessities to remote communities.

Socio-economic development and community programs associated with the Canatuan Project are based on the requirements of the SDMP. These requirements mandate that TVIRD allocate a minimum of 1.5% of its total operating cost to development initiatives. The calendar year 2013 represented the fifth year of the current 5-year SDMP for the Canatuan Project. The overall budget identified for Year 2013 programs was approximately \$905,500 (Php 36.56 million) while actual expenditures for the year amounted to approximately \$1.14 million (Php 46 million). Approximately 68% of expenditures during the year were associated with community support activities which included the construction of community meeting halls, water system construction, electrification programs and road maintenance. Also included in the expenditures was emergency assistance during disaster events and personal emergency situations.

TVIRD has constructed, and is active in the support of 10 schools that are providing education to over 3,800 students. TVIRD has also provided 48 college scholarships that have resulted in 21 post-secondary graduates to date. As part of its commitment, TVIRD provides salaries for teachers, a school bus and learning tools such as computers, laptops and general school supplies.

TVIRD has built and supports a clinic that provides free healthcare on a 24/7 basis for employees, their families and, as may be required, for the immediate community. In addition, TVIRD supports an ambulance service that provides services for employees, host and impact communities, and neighboring municipalities. As part of TVIRD's outreach program, TVIRD has conducted over a dozen medical and dental missions to remote areas on the peninsula that do not have access to health or medical facilities. Since the start-up of the Canatuan Mine Sulphide operations in 2009, these medical missions have provided free health services to over 15,000 people. In addition to schools and health centers, TVIRD builds and maintains a wide variety of infrastructure including roads, bridges, spillways and water and electrical systems.

The 2-year CDP for the Balabag Exploration Project ended in 2013. The overall budget allocated for this program was slightly more than \$198,000 (Php 8.0 million) which represented 10% of the overall exploration budget. Through the end of 2013 nearly \$188,000 (Php 7.6 million) had been spent in support of the CDP, representing 94% of the overall budget. Livelihood programs and Community/Indigenous Peoples Affairs accounted for the highest expenditures. Cassava production, rice-duck farming programs and seedling production activities were the primary and most successful projects implemented at Balabag. It is anticipated that the remaining budget for the 2-Year CDP will be included in the calendar year 2014 community programs.

Sustainability Programs

TVIRD, through its partnership with Gawad Kalinga - one of the largest Non-Government Organizations in the Philippines engaged in social housing, has been focused on building a sustainable Subanon community both during and after TVIRD will have concluded its mining activities in the area. Key to building a sustainable community is

the opportunity for the people to live in decent and safe housing.

TVIRD and Gawad Kalinga embarked on building houses for the indigenous community within a designated area of the Subanon Ancestral Domain Area. Through the end of 2013, 40 homes were constructed and turned over to the community. Unique to the effort is the community members' contribution of "sweat equity" in building the houses, putting in their time and labor in lockstep with TVIRD and Gawad Kalinga.

As houses rise in the area, so does a progressive, culturally-sensitive community for the Subanon people in their ancestral domain. It is a community that grows in harmony with their natural environment. Moreover, it is a community that fosters collaboration and cooperation – embracing a culture of caring and sharing.

In conjunction with providing adequate social housing, TVIRD endeavors to foster self-sustaining communities that will prosper over the long-term and beyond the business life of the Canatuan operations. Towards this goal, the development activities focus extensively on sustainable livelihood initiatives that provide tools and education for enterprise development, micro-finance, institution building, training and apprenticeships, technical skills, as well as farming production and management techniques.

Testament to this is TVIRD's establishment of its subsidiary, TVI Agriproducts Inc. Through its partnership with Kenner Foods International, one of the country's major cacao producers and exporters, the newly-formed joint agri-enterprise is set to develop up to a combined 1,600 hectares of cash crop plantations starting with cacao. The program will be conducted in partnership with local communities and indigenous people, motivated primarily by the objective of providing a continuous income stream to the communities that will be affected when mining ceases to operate. The agribusiness will also be an opportunity to bring about long-term development that has commenced during TVIRD's mining operations. It is a validation of TVIRD's social commitment to the community that has hosted TVI's business since the beginning.

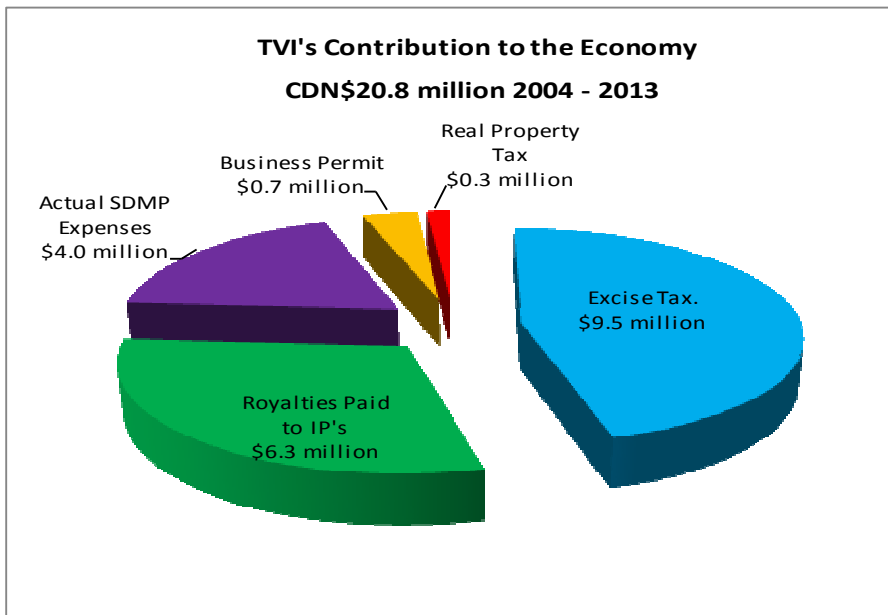
TVIRD has a goal of fostering self-sustaining communities that are prosperous over the longer-term and beyond the life of TVIRD's operations. As such, TVIRD's development activities focus extensively on sustainable livelihood initiatives. With this in mind, TVIRD provides the tools and learning opportunities for enterprise development, micro-finance, institution building, training and apprenticeships, technical skills, and farming production and management techniques.

Economic Contribution

TVIRD plays a significant role in the economic growth of Canatuan and the surrounding region. On a municipal level, TVIRD's tax contributions have improved Siocon from a Class 4 municipality to a Class 1 municipality. Since 2004, TVIRD has paid a total of CDN\$20,830,400 taxes to the Siocon municipal government. For the last three years, TVIRD's tax payments accounted for at least 50% of the municipality's tax revenue.

As TVIRD's operations continue to expand into new areas, so too will the positive development opportunities it provides for new communities. A principal focus at the Canatuan mine and at other exploration properties is on gaining consent and support from local communities for its operations. This is achieved through regular presentations, public hearings and open-house meetings that deliver general information on the mining industry and specific updates on TVIRD's activities. These gatherings also serve to promote the social acceptability and benefits of mining operations to communities. In all cases, the emphasis is on demonstrating that mining can serve as a tool for sustainable community development.

TVIRD extends its commitments into all of the areas where it is carrying out exploration and development operations. TVIRD recognizes that accelerated and integrated development of resources will be vital in efforts to reduce poverty and to improve security issues. This strategy is instrumental in re-shaping the economic and social climate of its operational areas, creating a positive investment climate. In addition, TVI contributes significantly to the local economy through the employment of local businesses.



Environment

The TVIRD environmental department performs a wide variety of services and is active in more than a dozen areas of environmental management. A few of the key focus areas include biodiversity, watershed management, reclamation and rehabilitation, tailings management, monitoring of environmental indicators and ongoing evaluation and research. In recognition for its efforts in environmental management and protection, TVIRD received the Titanium Award for Excellence in Environmental Management at the National Mine Safety and Environment Conference in November 2013 and recognition as one of the top three best Mining Forests.

As part of its commitment to rehabilitation, TVIRD has two operational nurseries that provide seedlings for more than 25 different tree species, nearly half of which are considered threatened or endangered. Since 2002, TVIRD has planted more than 400,000 trees within and outside of its operational area. This is significantly greater than the original tree density within the area prior to the start of the mining operations.

Another critical aspect of TVIRD's environmental management is monitoring water quality. Water quality monitoring is performed at more than 30 sampling locations within and outside of the project area. Over 1,800 samples are taken by TVIRD and third-party monitoring events every month. TVIRD has also nearly completed the final closure and reclamation of three of its four tailings storage facilities. In addition to restoring the forest characteristics of the area as part of the progressive rehabilitation programs, over time the regenerated forest will provide increasing benefits to climate change impact mitigation.

TVIRD actively encourages employee and community participation in its environmental enhancement projects. This is accomplished by closely linking environmental education and initiatives with its community development and social commitment programs.

Security

TVIRD has earned tremendous widespread community support for the safety and security it has brought to its operational areas. TVIRD has contributed to the alleviation of threats posed by rebel organizations and other bandit groups that have long plagued large portions of Mindanao. As part of its responsibility, TVIRD ensures that all security measures are carried out in accordance with the United Nations' *Voluntary Principles on Security and Human Rights* and *Guiding Principles on Business and Human Rights*.

TVI'S MINING PROJECTS

Philippine Tenements

The TVI group of companies holds an extensive property package of 1,624 square kilometres (627 square miles) on the Zamboanga peninsula that is detailed in the following table:

Tenements - By Company					
		Application No.	Date of Applications	Hectares	Province
TVIRD					
Mineral Production Sharing Agreement (MPSA)					
1	TVIRD	MPSA-054-96-IX	10-Apr-92	508.34	ZDN
2	TVIRD	APSA-R-IX-023	5-Apr-94	2,795.92	ZDN
3	TVIRD	APSA-000039-IX	21-Jan-94	2,222.10	ZDN
4	TVIRD	MPSA-086-97-IX	26-Apr-05	4,779.00	ZDN
5	TVIRD	MPSA-301-2009-IX	24-Feb-06	507.49	ZDN
6	TVIRD	APSA-000036-IX	19-Jul-06	405.00	ZDS
Financial or Technical Assistance Agreement (FTAA)					
1	TVIRD	AFTA-000014-IX	28-Jan-05	12,798	ZDN
2	TVIRD	AFTA-000016-IX	31-Mar-05	7,776	ZDN
Exploration Permit Application (EXPA)					
1	TVIRD	EXPA-000054-IX	28-Jan-05	7,938	ZDN
2	TVIRD	EXPA-000053-IX	28-Jan-05	8,100	ZDN
3	TVIRD	EXPA-000056-IX	31-Mar-05	7,209	ZDS
TVI Minerals Processing Inc.					
Financial or Technical Assistance Agreement (FTAA)					
1	TVI Minerals	AFTA-000013-IX	28-Jan-05	34,506	ZDN
2	TVI Minerals	AFTA-000015-IX	31-Mar-05	21,627	ZDS
Exploration Permit Application (EXPA)					
1	TVI Minerals	EXPA-000061-IX	17-Oct-05	14,580	ZDN
2	TVI Minerals	EXPA-000062-IX	17-Oct-05	7,614	ZDS
3	TVI Minerals	EXPA-000063-IX	17-Oct-05	5,832	ZDS
Alberta Resources Development Corp.					
Mineral Production Sharing Agreement (MPSA)					
1	Alberta	APSA-000119-IX	31-Mar-05	8,100	ZDN
Canatuan Mines					
Exploration Permit Application (EXPA)					
1	Canatuan Mines	EXPA-000042-IX	19-Jan-00	15,228	ZDN
Total Hectares				166,518.93	

PRODUCING PROPERTY

Canatuan Copper and Zinc Mine (MPSA 054-96-IX)

Overview

The Canatuan mine is a volcanogenic massive sulphide (“VMS”) deposit located in the Province of Zamboanga del Norte on the island of Mindanao in the Philippines. From 2004 to mid-2008 TVIRD produced gold and silver doré from an overlying gossan (oxidized) portion of the deposit. As this upper portion of the orebody was mined out, the underlying, primary sulphide portion of the deposit, containing copper and zinc, was exposed.

By March 2009, TVIRD had finished the construction of a new sulphide production plant and commenced commercial production of copper concentrate. In April 2010, TVIRD completed construction of a Zinc Circuit that allowed for the production of zinc concentrate. As of December 31, 2013, TVIRD has completed 38 thirty-eight copper concentrate shipments and 6 six zinc concentrate shipments.

The highly complex nature of the Canatuan ore required careful and deliberate mining and processing to insure that the contaminants such as zinc in the copper concentrate, arsenic, lead, mercury and other penalty elements are cleared to within market specifications. Selective mining and strict plant feed blending regimes were defined and continued to be maintained through a batch testing procedure that was introduced early on in the operations. Production has continued until January 2014, with the completion of one more copper concentrate and one more zinc concentrate shipment. The operation has been put under care and maintenance while evaluating mine life extension options before the implementation of the planned final mine rehabilitation and decommissioning plan.

Operations and Production

For the year ended December 31, 2013, TVIRD completed the following copper concentrate shipments:

Shipment Number	Shipment Completion Date	Shipped (dry metric tonnes)	Gross Revenue (in US\$)			
			Copper	Gold	Silver	Total
34	February 13, 2013	5,089	6,944,273	2,650,112	1,621,233	11,215,618
35	April 26, 2013	5,282	6,585,332	2,465,744	1,382,479	10,433,555
36	June 21, 2013	5,136	6,135,710	2,055,385	1,042,581	9,233,676
37	September 12, 2013	5,498	6,301,279	2,393,392	1,232,859	9,927,530
38	December 10, 2013	5,567	6,404,398	2,267,737	1,249,670	9,921,805
		26,572	32,370,992	11,832,370	6,528,822	50,732,184

During the year ended December 31, 2013 one shipment of zinc concentrate was made. This represented the sixth shipment of zinc concentrate to date and was completed on July 27, 2013.

Shipment Number (Zinc)	Shipment Completion Date	Shipped (dry metric tonnes)	Gross Revenue (in US\$)
6	July 27, 2013	5,202	3,748,545

2013 Operational Highlights

The average copper feed grade during Q4 2013 was 0.51% copper as compared to a copper feed grade of 0.61% in the previous quarter. In addition to the predicted decline in metal grades deeper in the deposit, ore blending to reduce penalty element levels in the concentrate also contributed to lower feed grades. The average copper recovery was 80.25%, slightly lower than the 81.14% of the previous quarter. TVIRD completed one copper shipment during Q4 2013, as planned, and has completed one further copper concentrate shipment and zinc concentrate shipment in January 2014. Mining of the sulphide deposit was completed by year end as planned while further exploration work on nearby prospects that have the potential to increase mine life has begun.

	Quarter Ended				Year to Date	
	March 31, 2013	June 30, 2013	Sept. 30, 2013	Dec. 31, 2013	Dec. 31, 2013	Dec. 31, 2012
Copper pound equivalent (Cu lb eq) produced	5,338,328	4,938,238	5,309,634	4,710,124	20,296,324	28,197,354
Copper produced (lbs)	2,872,511	2,761,964	2,645,950	2,561,822	10,842,247	14,955,255
Gold produced (oz)	2,875	2,541	2,872	2,738	11,026	11,430
Silver produced (oz)	92,626	92,579	88,045	98,717	371,967	504,626
Zinc produced (lbs)	1,423,165	2,312,284	3,319,772	2,056,167	9,111,388	13,619,225
Mill Throughput:						
Total tonnes processed	223,514	235,922	240,799	285,537	985,772	968,069
Average tonnes processed per day	2,483	2,593	2,617	3,104	2,701	2,645
Ore copper grade (%)	0.81	0.73	0.61	0.51	0.66	0.89
Copper Concentrate Production:						
Copper recovery (%)	72.10	72.36	81.14	80.25	76.06	78.74
Copper concentrate produced (dry weight - t)	7,316	6,872	7,064	6,803	28,055	37,231
Average daily concentrates produced (dry weight - t)	81	76	77	66	77	102
Concentrate copper grade (%)	17.81	18.23	17.00	17.08	17.53	18.22
Concentrate gold grade (g/t)	11.33	10.41	12.31	11.09	11.29	9.33
Concentrate silver grade (g/t)	365.11	349.26	376.92	388.24	369.81	371.05
Zinc Concentrate Production:						
Zinc recovery (%)	27.59	40.63	49.92	31.95	38.07	52.99
Zinc concentrate produced (dry weight - t)	1,744	2,352	3,538	2,288	9,923	12,713
Concentrate zinc grade (%)	37.01	44.60	42.56	40.75	41.65	48.59
Unit costs:						
Total cost per Cu lb eq (US\$) ^{(1) (4)}	2.66	3.27	2.71	2.93	2.88	2.67
Production cash cost per Cu lb eq (US\$) ^{(2) (4)}	1.79	1.89	1.60	2.00	1.81	1.40
Total cash cost per Cu lb eq (US\$) ^{(3) (4)}	2.26	2.85	2.37	2.60	2.51	2.26
Total cash cost per Cu lb eq, net of by-products (US\$) ⁽⁴⁾	1.48	1.48	0.91	1.88	1.43	0.83
Off-take:						
Copper concentrate shipped (dry weight - t)	5,089	10,418	5,498	5,567	26,572	36,448
Zinc concentrates shipped (dry weight - t)	-	-	5,202	-	5,202	13,471
Cu lb eq shipped (Copper)	3,371,950	6,508,789	5,141,498	3,189,305	18,211,542	27,992,885
Average copper price received (US\$/lb)	3.62	3.25	3.23	3.25	3.32	3.60
Average zinc price received (US\$/lb)	0.95	-	0.85	-	0.85	0.89

⁽¹⁾ Includes selling expenses and amortization expenses.

⁽²⁾ Excludes selling expenses and amortization expenses.

⁽³⁾ Excludes amortization expenses.

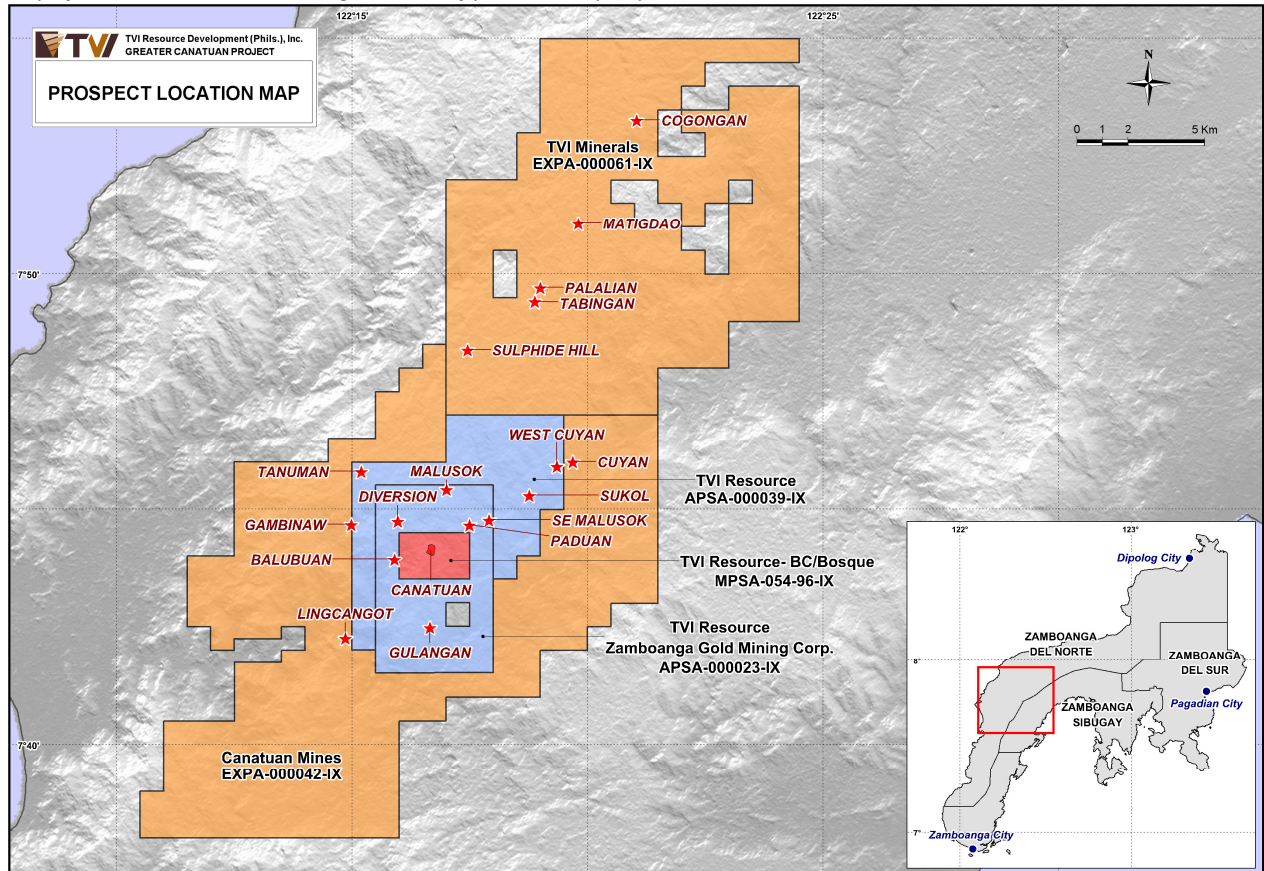
⁽⁴⁾ Total cost per Cu lb eq, Production cash cost per Cu lb eq, Total cash cost per Cu lb eq and Total cash cost per Cu lb eq, net of by-products, are non-IFRS measures. Please see definitions in the "Non-IFRS Measures" section.

Property Description and Location

The Canatuan property is located in the Zamboanga del Norte province of the Philippines. The project is situated approximately 27 kilometres (17 miles) east of the town of Siocon on the Zamboanga Peninsula, near the western end of the island of Mindanao. The property consists of five tenement blocks for a total land package of approximately 352 square kilometres (219 square miles).

The Canatuan sulphide deposit sits within MPSA 054-96-IX, which was acquired from Benguet Corporation (“Benguet”), a Philippine mining company. TVI’s Philippine affiliate, TVIRD, holds 100% interest in the MPSA, subject to a 1% royalty interest to the original claimholder and a 1% royalty to the local indigenous people. The MPSA is effective for a period of 25 years and has a remaining life of eight (8) years. It can be renewed for another term not exceeding 25 years under the same terms and conditions.

Map of the Canatuan Area showing locations of permits and prospects



Accessibility, Climate and Physiography

The property is accessible via a system of gravel and dirt roads from either the eastern side or the northwest side of the Zamboanga peninsula. The closest large cities are Dipolog, a five hour drive to the north, and Zamboanga City, a three hour drive to the south. Both of these centres accommodate air service to Manila.

The harbour of Santa Maria is located in a sheltered bay about 30 km (18.6 mi) from Canatuan and has sufficient depth for transport vessels. TVIRD has constructed warehouses at this site to store its copper and zinc concentrates until they are shipped by its offtake partner, MRI Trading AG.

Electrical power at the mine site is being produced by diesel generators. There are 8.5 megawatts of on-site power generation but only 3.9 megawatts being drawn resulting in a 100% standby capacity.

The region's climate is tropical, with hot humid days and a temperature ranging from 22 to 35° Celsius (72 to 92° Fahrenheit). Average rainfall is approximately 2,100 millimetres (mm) (83 inches), with the bulk of precipitation falling between May and December when precipitation averages 220 mm (9 inches) per month. Rainfall can be very heavy in this period, resulting in flash flooding. The dry season extends from January through April with precipitation averaging about 85 mm (3 inches) per month.

History

Gold panning activity in the Canatuan creek area was first recorded in the mid-1980s. Due to the substantial quantities of gold being recovered, Mr. Ramon Bosque put together a seven man prospecting crew to attempt to find the bedrock source of the mineralization. In 1990, the group discovered an extensive field of gold-bearing gossan boulders and the first test pit was sunk in the Canatuan area. Reports of the discovery drew local people and small-scale miners to form several small cooperatives whose operations were established on site by 1990. By 1994, there were reportedly 12,000 to 15,000 illegal small-scale miners together with their families that were working on the gossan material.

The property was evaluated by Benguet Corporation ("**Benguet**") in 1991, after which they negotiated an exploration agreement with Mr. Bosque and carried out an initial exploration program. Later that year, Benguet conducted the first resource estimate that was based on 135 test pits, bulk density calculations and limited metallurgical test work.

TVI learned about the property in 1993 and entered into an option agreement with Benguet and Mr. Bosque in 1994. TVI subsequently carried out an extensive exploration program that resulted in the discovery and delineation of the Canatuan copper-gold (sulphide/gossan) deposit. In 1995 a pre-feasibility study was prepared based on the first 85 drill holes completed by TVI. This was followed in 1996 by a feasibility study that was based on 122 drill holes.

In 2003, Norwest Corporation ("**Norwest**") was retained by TVIRD to complete an independent report on the Canatuan project and to update the resource estimate for the gossan and sulphide portions of the deposit. Then, in 2004, Norwest again updated the resource estimations by using both historical data and new assay and geological data. While the overall size of the deposit changed very little, the program reclassified almost 97% of the sulphide resource into the measured and indicated categories, while the gossan resource remained classified at 95% measured and indicated. Norwest also completed an updated feasibility study in 2004 for a stand-alone operation mining the gold and silver bearing gossan portion of the Canatuan VMS deposit.

In 2006, Norwest completed an updated feasibility study for a stand-alone operation mining the sulphide ore underlying the gossan portion of the Canatuan deposit. Finally, in 2008, P.J. Lafleur Geo-Conseil Inc. ("**PJLGC**") completed an update on the mineral resources at the Canatuan mine near the end of the gossan operation in preparation for the pending sulphide operation.

Geological Setting

The basement in the Canatuan area is formed by a series of talc-chlorite-amphibole and muscovite-sericite schists, probably of Jurassic to Cretaceous age, referred to as the Tungauan schists. The schists host a number of lenticular, highly crushed and serpentinized ultramafic bodies that exhibit both intrusive and fault contact relationships.

The Tungauan schists are overlain by sedimentary lithologies of the Tupilac formation (lower Miocene), which include thick units of cross-bedded arkosic sandstones, with thinner interbeds of shale, and occasional lignitic and sub-bituminous coals. The Tupilac formation is overlain by the Pasconanca formation, which consists primarily of greywackes with minor shale and conglomerate interbeds.

The Miocene sedimentary units are unconformably overlain by porphyritic flows of andesitic and basaltic composition, which are interlayered with tuffs and agglomerates. These volcanics are tentatively dated as mid-Pliocene.

Before describing the local geology, it is noteworthy that the main fabrics observed in the deposit area correspond to a primary planar fabric with a clear foliation of a banded quartz-sericite schist. This major first schistosity is affected by a second fracture schistosity generally sub-parallel and creating a crenulation appearance. The foliation is generally sub-parallel to bedding.

On a property scale, the Canatuan area is known to be underlain by a northeast trending, gently west dipping (10-20°) sequence of Tungauan schists that correspond regionally to the major foliation, generally sub-parallel to bedding.

There is no evidence for large-scale folding on the property and it is thought that the volcanic and sedimentary strata form a gentle west dipping, homoclinal sequence. Regionally, foliation is steeply dipping at the contacts between different structural units (about 60° NW). Ultrabasic rocks occur at the major tectonic contacts. The NE gentle westward dip in the mine area and elsewhere, far from the major contacts, appears to be like a bend in this foliation (mega-antiform) resulting from a late NW-SE compression.

On a local scale, several late stage normal and reverse faults cut the deposit area with displacements from a few metres to tens of metres.

The Canatuan deposit has previously been classified as a "Besshi type" VMS deposit based largely on its predominantly copper-gold rich mineralogy, lack of significant lead and barite, and association with unclassified "basement schists". Lithogeochemical and trace element studies indicate that the Tungauan schist stratigraphy in the Canatuan area is a sequence of metamorphosed bi-modal volcanics. The deposit is clearly situated within a local felsic volcanic interval of volcanoclastic nature that suggests the deposit formed distal to volcanic centre.

Mineralization

The deposit originally consisted of an unoxidized copper-rich VMS body and an overlying gold and silver-bearing gossan deposit formed by the weathering of the near surface portions of the massive sulphides. The gossan deposit was mined and processed from 2004 to mid-2008 and mining is now underway on the underlying sulphide deposit. The contact between the oxide and sulphide portions of the body is occupied by a transition zone of variable thickness with characteristic secondary copper sulphide minerals such as covellite and chalcocite. Due to its shallow westward dip and local topography, it forms an arcuate body approximately 800 metres (2,625 feet) in length and 200 metres (656 feet) in width that narrows at each end and is convex to the east. The sulphide body extends from the base of the transition zone to a depth of up to 60 metres (196 feet), but the bulk of the resource lies above 50 metres (164 feet) in depth.

The massive sulphide body consists of one to three lenses of massive, semi-massive and banded sulphides, contained within a pyrite rich quartz-sericite schist interval some 40 metres (131 feet) thick. The bulk of the sulphide tonnes are contained within the main (generally the lowest) sulphide horizon, which is continuous over the entire strike length of the sulphide portion. Compositionally the tonnes consist mainly of pyrite with up to 10% chalcopyrite and several percent worth of sphalerite, galena and tetrahedrite.

Drilling History

Ten drill programs totalling 336 diamond drill holes with a total of 15,974.20 metres (52,411 feet) and 225 reverse circulation (“RC”) drill holes totalling 6,716.50 metres (22,037 feet) have been completed on and around the Canatuan deposit.

YEAR	TYPE	SERIES	GOAL	COUNT OF HOLE-ID	SUM OF LENGTH
2003 and Prior	DD	CAT/ C / CDH	Core Drilling – Resource Blocking	160	5,984.6
2004	DD	CAN	Sulphide Detail Delineation	45	2,062.9
2006	DD	CAN	Core Infill Drilling	28	1,476.0
			Metallurgical Infill Drilling	19	1,192.5
		CANP	Core Infill Drilling	24	937.3
		CUS	Wild Cat Drilling	2	175.8
	PH	PAD	Wild Cat Drilling	1	115.5
		RCP1		2	240.0
		RCP2		2	240.0
	RC	RC	Reverse Circulation Infill Drilling	65	2,746.0
		RCCH	Condemnation Drilling	15	540.0
		RCE	Reverse Circulation Infill Drilling	19	380.0
		RCP	Wild Cat Drilling	2	83.0
		RCW	Reverse Circulation Infill Drilling	19	818.0
				3	120.0
2011	DD	CCD	Canatuan Cadmium Modeling	5	189.5
	DD	CEX	Canatuan Ore North East Extension Probe	23	1,628.3
	DD	CEX	Canatuan Ore South East Extension Probe	1	50.3
	DD	CEX	Canatuan Ore North West Extension Probe	2	140.9
	DD	CEX	Canatuan Ore West Extension Probe	1	70.1
	DD	EDH	Canatuan Deephole Infill	5	935.4
	DD	CAS	Canatuan Arsenic/Cadmium Modeling	20	1015.1
	2013	RC	CTH	Sulphide Condemnation Drilling	77
RC		GC	Sulphide Condemnation Drilling	10	87.0
RC		WTH	Sulphide Condemnation Drilling	10	371.5
Total			561	22,690.70	

With the commencement of sulphide mining activities in late 2008, TVIRD has employed drill and blast operations. Information from these operations is being used to aid in grade control and ore delivery management.

Sampling Method and Approach

All core samples were analysed for copper, lead, zinc, silver and gold. A limited amount of multi-element analyses were carried out on samples early in the program to identify potential deleterious elements that could report to concentrates produced from the sulphide portion of the ore body. Mine samples for quality control were assayed on site, while exploration samples were assayed by McPhar Geoservices Philippines Inc. (“McPhar”) (an ISO 9001/2000 accredited laboratory).

Core recovery was maximized through the use of a triple tube (split core-tube liner) system, which preserved the laterite and saprolite profiles above the bedrock. Recoveries were determined for each run and were tabulated in drill logs.

Sample Preparation and Security

The sample preparation protocol involved splitting the drill core, yielding a sample of approximately 10 kilograms (22 pounds) of material, which was dried for three to four hours and weighed. Sample comminution was subsequently done in two steps using a jaw crusher (13 mm or 0.5 inch) and cone crusher (2 mm or 0.08 inch). The sample was then manually rolled and split using a half inch splitter and a 500 gram (18 ounce) sample was taken. The remaining reject of approximately 9.5 kilogram (21 pounds) was bagged and stored on site.

The 500 gram (18 ounce) sample was completely pulverized to minus 200 mesh and then sieved through minus 200 mesh¹. The pulverized material was rolled and split manually and a 100 gram (4 ounce) sample was taken using a weighing scale, which calibrated to every 2 gram (0.07 ounce) (Otex). A two inch spatula was used to scoop the pulverized material. On average, 10 scoops were used to obtain the 100 gram (4 ounce) sample.

From the 100 grams (4 ounces) of material, a sample of 30 grams (1 ounce) is taken for gold fire assay. Analysis of copper, lead, zinc and silver were carried out by fire assay AAS using an HCl leach on a 1 gram (0.04 ounce) sample. The remainder was put in a plastic bag and stored at the laboratory. Pulps were subsequently returned to TVIRD in Manila.

Two series of multi-lab checks were carried out using SGS, Chemex, Pioneer and McPhar. No extraordinary sample security was undertaken on site or during commercial transport of the pulps to the lab. After 2004, a Boyd Crusher was used. Core samples are directly fed to the Boyd Crusher to 2mm product.

Assay procedures utilized by McPhar are listed below:

Sample Preparation:

- Drying temperature – 105° C;
- Drying time - 6-10 hours;
- Weighing - not requested;
- Crushing - ¼ inch, clean jaws with compressed air;
- Type of sample splitter - Jones, ½ inch opening;
- Split sample for pulverizing – 1 kilogram (2.2 pounds);
- Sample size after fine pulverizing - 90% passing - 200 mesh, barren silica quartz used to clean ring mill between samples.

Fire Assay:

- Weight of sample – 50 gram (1.8 ounce);
- All samples completed with fire assay gravimetric finish. Samples with gold values less than 3.0 gram/million tonnes (0.1 ounce / million tonnes) are subjected to fire assay AAS finish.

Assay by AAS:

- Copper, zinc and silver by AAS on 1.0 gram (0.04 ounce) sample digestion by HCl-HNO₃-HClO₄ on a hot plate at 140°C (284°F) until incipient dryness.

Three assay standards, a low grade oxide gold standard, a high grade oxide gold standard, and a medium grade sulphide copper, zinc, silver and gold standard were acquired from Geostat in Australia. These standards were inserted in the sample stream so that in most holes, one of each type of standard was analysed.

¹ Not all samples are sieved for practicality reasons. Instead, TVI screens every tenth sample to ensure that 90% of the material is passing through 200 mesh. If this does not occur, the pulverizing is repeated.

Initial Mineral Resource Estimate

In April 2008, TVIRD received a NI 43-101 (*Standards of Disclosure for Mineral Projects*) compliant technical report on the Canatuan sulphide deposit prepared by PJLGI, an independent consulting group. This report was filed with certain securities regulatory authorities in Canada on April 7, 2008, and is available at www.sedar.com. The NI 43-101 technical report includes the initial reserves and resources at the beginning of the Canatuan Sulphide Project.

Grade group	Tonnage	CU PCT	ZN PCT	AU GT	AG GT
	T	Grade	Grade	Grade	Grade
> 2.00 % Cu	606,644	3.28	1.59	1.48	68.7
1.00 - 2.00	826,251	1.42	1.43	0.86	41.1
0.50 - 1.00	930,114	0.72	0.72	0.5	20.82
0.40 - 0.50	257,017	0.45	0.45	0.33	15.54
0.30 - 0.40	276,920	0.35	0.37	0.29	21.83
0.20 - 0.30	244,637	0.25	0.33	0.23	14.25
0.10 - 0.20	346,165	0.14	0.28	0.13	12.4
0.05 - 0.10	273,809	0.08	0.29	0.09	5.26
0.00 - 0.05	26,412	0.01	0.03	0.01	0.33
Total as at June 2007	3,787,969	1.10	0.87	0.62	30.17

At the end of June 2007, the mineral resources in the sulphides were estimated at 3.787 million tonnes, averaging 1.1% copper, 0.87% zinc, 0.62 grams per tonne (g/t) gold and 30 g/t silver. The main undesirable metal was arsenic, which averaged 264 parts per million (ppm). All mineral resources were classified as measured. For all practical purposes, the gossan mineral resources were considered completely mined out.

From composited grades using the block models, copper is found to be largely concentrated and stacked on the eastern fringe of the sulphide orebody, while zinc tends to be dispersed more laterally and found to the south-centre, northern and western sides of the orebody.

Arsenic is a deleterious element requiring strict monitoring during operations. Arsenic reports to the copper concentrate and can result in severe penalties from smelters interested in buying the concentrates produced at Canatuan. Operations personnel carefully manage the production of the concentrates to reduce or avoid such penalties. Arsenic, along with other less significant deleterious elements, was modeled in the resource estimation and is concentrated near the interface between the oxidized upper gossan and the underlying sulphide deposit. This makes arsenic easier to monitor and segregate during operations. The distribution and higher concentration of arsenic is displayed in a series of cross-sections run through the sulphide deposit.

Initial Mineral Reserve Estimate

Using actual mining criteria along with the Net Smelter Royalty (“NSR”), TVIRD updated the design of the pit using the Whittle software to update the sulphide mineral reserves model. All mineral resources and reserves stated were starting with the actual topographic reference at the end of January 2008. Previous mined tonnage was excluded unless explicitly mentioned. The below two tables were prepared by PJLGC in 2008:

Economic Factors Summary

On-Site Unit Operating Cost Estimate			
Cost Centre	(\$/t)		
	Hi Cu	Cu	Hi Zn
Mining	\$2.55	\$2.55	\$2.55
Milling	\$12.43	\$15.39	\$15.08
In-Direct & Admin*	\$8.77	\$8.77	\$8.77
Forex: PHP 40:1 USD			
Total	\$23.75	\$26.71	\$26.40

Metallurgical Recoveries		
Metal	Cu Conc	Zn Conc
Gold	95%	60%
Silver	88%	65%
Copper	96%	0%
Zinc	0%	84.6%

Initial Whittle Runs - Metal Prices			
	Year 1	Yrs 2-6	
Gold	\$2.50	\$2.00	\$US/lb
Silver	\$1.40	\$1.04	\$US/lb
Copper	\$625.00	\$550.00	\$US/oz
Zinc	\$12.00	\$9.50	\$US/oz

Head Grades							
Ore Type	Mill Processed Tonnes	Au g/t	Cu %	Ag g/t	Zn %	Cu:Zn Ratio	As ppm
High Cu	271,405	1.06	2.05	70	0.19	10.98	510
Cu-Zn	1,850,216	0.76	1.42	36	0.91	1.56	303
High Zn	912,763	0.65	1	27	1.58	0.64	261
Total as at June 2007	3,034,384	0.75	1.35	36	1.05	1.29	309

At the end of June 2007, using 5% mining dilution and 95% mining recovery in ore, the total sulphide reserves in the proven and probable categories are estimated at 3.034 million tonnes, averaging 1.35% copper, 1.05% zinc, 0.75 g/t gold and 36 g/t silver. The optimized pit to extract this ore would also contain 4.357 million tonnes of waste for an average stripping ratio of 1.4.

Canatuan Current Reserves and Resources

In April 2008, RD received a technical report on the Canatuan sulphide deposit prepared in accordance with NI 43-101. This report is available on the SEDAR website at www.sedar.com. The report details the initial reserves and resources at the beginning of the Canatuan Sulphide Project.

Current Reserves and Resources

Reserves and resources are estimated following established industry practices and in compliance with NI 43-101. Estimates incorporate current geological models, drilling additions and losses, mine and mill production and reconciliations, current and projected operating costs, and mine plans allowing for dilution and mining losses.

Estimates are based on management's best knowledge and judgement of the many variables and assumptions that are imprecise and may change over time. These include, but are not limited to: geological interpretation; mining and processing plans; commodity prices and markets; operating and capital costs.

Resources – Measured (December 31, 2013):

(The resources include the above reserves)					
	Ore Tonnes	Cu (%)	Zn (%)	Au (g/t)	Ag (g/t)
Remaining resource, December 31, 2012	994,563	0.75	0.73	0.54	13.48
Total ore milled to January 2014	(1,029,853)	0.64	1.08	0.40	18.83
Additional ore mined in 2013 to Jan 2014 ⁽¹⁾	339,376	0.10	1.36	0.01	26.75
Remaining resource, January 15, 2014	304,087	0.39	0.25	0.42	10.18

All current remaining material is no longer economical to process and is therefore reported only as resources.

During 2013, mill throughput averaged 2,701 dry metric tonnes per day totaling 985,772 tonnes. However, only a portion of original ore reserves was consumed due to the additional material found and mined during the year. This material, primarily mineralized schist, was used as a blending material to optimize mill recoveries and was located both inside and outside the pit shell and not included in the original ore reserves.

The copper and zinc operations at the Canatuan mine have provided a 5.9 year mine life as compared to an initially anticipated 5 to 6 year mine life, but actual mill throughput has been much higher than planned. Actual mill throughput in recent months was increased to approximately 3,500 tonnes per day.

Environmental Management

Environmental management activities during 2013 have continued in much the same manner as in 2012. Water quality monitoring and progressive rehabilitation activities have been the focal programs. Given the impending mine closure in early 2014, more emphasis was placed on final mine closure and decommissioning planning.

The Annual Environmental Protection and Enhancement Plan ("EPEP") for 2013 was approved by the Mine Reclamation Fund Committee ("MRFC") in February 2013. This plan identified the environmental management and progressive rehabilitation programs to be implemented throughout 2013. Planned expenditures for 2013 were nearly \$1.04 million (Php 42 million), of which 78% were allocated to Progressive Rehabilitation activities. The actual expenditures during the year totalled slightly more than \$941,000 (Php 38 million), of which \$817,000 (Php 33 million) was spent on Progressive Rehabilitation activities. The remaining budget amount of \$99,000 (Php 4 million) will be used in early 2014.

There were no deposits made to the Final Mine Rehabilitation and Decommissioning Plan ("FMRDP") Fund during the year. The final deposit was made at the end of 2012. The account balance at the end of November 2013 was \$2.84 million (Php 114.6 million). This is slightly more than is required by the FMRDP.

Water quality management programs and monitoring during the year continued as in 2012. The mean concentrations of the metals and physical parameters for the year were within the Philippine water quality standards. There was some improvement in water quality within those streams draining the surface mine and overburden waste disposal areas which are subject to potential Acid Mine Drainage.

More than 52,000 seedlings were planted during the year with a large number being threatened and endangered tree species. Much of the planting was focused on intercropping within previously reforested areas to increase the flora diversity. Through the end of 2013, more than 400,000 seedlings have been planted within the disturbed areas since the beginning of the Gossan Phase operations. More than 100,000 seedlings are maintained within the two company nurseries on a continual basis. Assistance in the development and maintenance of the previously planted mangrove areas within the vicinity of the Sta. Maria port also continued through the year.

Rehabilitation of the last of the three gossan tailings storage facility impoundments continued during the year. Two of the impoundments have been capped while the third impoundment capping is underway. Final spillways for the two capped impoundments were constructed and construction of the final spillway for the third impoundment began in late 2013. The previous revegetation research programs initiated in prior years at the decommissioned impoundments ended in 2013. The data is being reviewed and evaluated for publication and presentation in 2014.

Tailings management activities focused on the continued deposition of tailings within the sulphide tailings storage facility. In-house monitoring of the dam performance through the end of 2013 has indicated the dam is performing as designed with no issues relative to design, construction and operation. Review of the monitoring data is done by an internationally recognized third party engineering consultant.

Climate monitoring at Canatuan indicated that 2013 was the second wettest year on record (1994-2013) with a total rainfall of 4,670 mm. A significant storm event occurred in October resulting in the highest 24-hour rainfall recorded at Canatuan (302 mm) and the highest monthly rainfall on record (1,041 mm). Based on the data for the period of record, the October storm event was equivalent to an event with the probability of occurring once in 80 years. Evaporation was similar to 2012, as was the mean monthly temperature.

Additional Information

The preceding descriptions include information contained in the technical reports: *Independent Technical Report on the Canatuan Massive Sulphide Project, Philippines* dated May 25, 2006, prepared by Norwest Corporation; *43-101 Technical Report for the Gossan Resources at the Canatuan Project of TVI Pacific Inc.* dated August 15, 2006, prepared by Geostat Systems International Inc.; and *43-101 Technical Report for the Sulphide Resources at the Canatuan Project of TVI Pacific Inc.* dated April 5, 2008, prepared by P.J. Lafleur Geo-Conseil Inc. All of these reports are available under the Company's profile at www.sedar.com.

DEVELOPMENT PROPERTIES

Balabag Gold and Silver Project (MPSA-086-97-IX)

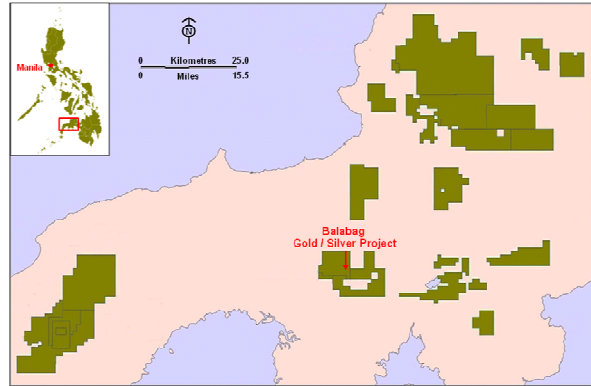
Ownership

Balabag is owned 100% by TVIRD. After giving effect of the PRHI transaction, going forward TVI has a 30.66% indirect ownership interest in Balabag through TVIRD.

Overview

The pre-development stage Balabag epithermal gold and silver project is one of TVI's high priority projects. The Balabag property covers an area of approximately 52 square kilometres (20 square miles) and is situated approximately 75 kilometres (47 miles) east-northeast of TVIRD's Canatuan mine.

In 2008, TVI filed a NI 43-101 compliant scoping study titled *Scoping Study of the Balabag Project*. This study was based on a previous resource report filed in 2007 titled *NI 43-101 Technical Report for the Mineral Resources at the Balabag Project of TVI Pacific Inc.* In June 2012, TVIRD filed an updated independent technical report which is NI 43-101 compliant and was produced by Georeference Online Ltd. All studies are available on SEDAR at www.sedar.com.



In 2011, TVIRD drilled 105 exploration holes and 13 sterilization/geotechnical holes for a total of 118 drill holes for total depth of 13,182 metres. In 2012 TVIRD drilled 5 additional exploration holes for a total depth of 1,180 meters (3,871 feet) until drilling was suspended due to security concerns. Drilling resumed in January 2013 following the relocation of illegal miners through the issuance of a Cease and Desist Order by the government. An additional 18 infill holes equivalent to 1,220.55 meters (4,005 feet) were drilled. Since project inception in 2005, a total of 296 holes have been drilled for a total depth of 34,155.60 metres.

On March 12, 2013, TVIRD signed a nonbinding term sheet with a Philippine bank for a US\$20 million term loan facility for its Balabag Gold/Silver project. The purpose of the loan facility is to support the development of the proposed Balabag mine by providing TVIRD with additional working capital funding for construction and commissioning activities and to support mining and processing activities. The term of the facility is three years and provides for a one year grace period before repayments are to commence, spread equally over eight quarterly periods, beginning at the end of the 5th quarter. The interest rate of the facility is to be set at 90-day Libor plus 250 basis points (approximately 3%), to be fixed on a quarterly basis. The facility is accompanied also by an additional US\$3 million Letter of Credit available to TVIRD for a 180 day period at the prevailing market rate.

Project Location, Accessibility and Climate

The Balabag property consists of an MPSA and application for an MPSA (APSA) that cover a total area of 52 square kilometres (32 square miles). The tenements are located near the municipalities of Bayog, Zamboanga Del Sur, and Diplahan, Zamboanga Sibugay, on the Island of Mindanao, Philippines. It is bounded by geographic coordinates ranging from 7°51'30" to 7°55'30" latitude and from 122°53'30" to 122°58'00" longitude.

The central section of the Zamboanga peninsula is relatively dry from January to May and wet throughout the rest of the year. Mean annual average precipitation is 2,240 mm (88 inches). November registers the highest mean monthly rainfall at 358 mms (14 inches), while February is the driest month at 58 mm (2 inches). The annual temperature is relatively warm and constant throughout the year (averaging 27.7°C/81.9°F) with recorded temperature ranging from minimum of 25.3°C (77.5°F) to a maximum of 29.7°C (85.5°F).

History

The Balabag property and approved MPSA-086-97-IX was optioned from Zamboanga Minerals Corporation (“ZMC”) to TVIRD on April 26, 2005. The MPSA is effective for a period of 25 years and has an approximate remaining life of 10 years. It can be renewed for another term not exceeding 25 years under the same terms and conditions.

After carrying out exploration and drilling programs throughout 2006 and 2007, TVIRD exercised its option on January 25, 2008, to acquire all of ZMC's rights and interests in the Balabag property concession and concession agreements. The purchase price of the Balabag interest was US\$350,000, of which US\$50,000 was paid in cash in February 2008. On February 19, 2009, TVI issued 23,228,444 common shares at a price of \$0.016 per share to settle the remaining US\$300,000 amount with ZMC.

With the exercise of the option to acquire, TVIRD has the right to complete a full feasibility study and put the property into full production within five years of what was to be January 25, 2008, for which TVIRD is pursuing an extension as a result of delays caused by Executive Order 79 and further aggravated by surface access and security problems arising from the earlier presence of illegal miners.

On May 2013, TVIRD submitted an updated Declaration of Mining Project Feasibility (“DMPF”) with the Mines and Geosciences Bureau (“MGB”). Through December 2013, MGB returned TVIRD’s DMPF Application and requested TVIRD to submit additional requirements and revise the Feasibility Study Report to comply with the 10-year mine life requirement currently required through legislation for all mining projects.

On October 1, 2013, the Environmental Management Bureau issued the Environmental Compliance Certificate (“ECC”) CO-1301-0004 for the Balabag Gold-Silver Project.

Geological Setting

The Balabag property is located in the Cotabato-Sindangan fault collision zone, which is characterized mostly by NW-trending braided or anastomosing sinistral faults and similarly-trending litho-stratigraphic units. Rock suites comprise Cretaceous ultramafics and ophiolitic rocks, Paleocene-Eocene sediments and Oligocene to Miocene volcanics and sediments. Miocene intrusives and hypabyssal rocks, Quaternary igneous sequences (both intrusive and extrusive), and alluvium comprise the youngest sequences. The NE-Zamboanga zone is mostly covered with the Quaternary Malindang volcanics and related lahar and alluvial deposits.

The oldest rock unit mapped in the Balabag MPSA is a diorite porphyry unit inferred as Pre-Oligocene in age that is unconformably overlain by Oligocene to Mid-Miocene sediments. These sediments are composed of bedded calcareous sandstone – siltstone – mudstone with interbeds of limestone, conglomerate and greywacke. On top of the sediment units are volcanic rocks consisting of porphyritic andesite, dacite, pyroclastic or lithic tuff and volcanic breccias. The aforementioned units are then intruded by a younger, shallow intrusive unit of andesite to dacite composition inferred as Miocene to Pliocene in age.

Constituting the most extensive rock type in the area and dominating the geology of Balabag Hill, the volcanics consist of porphyritic andesite and dacite, pyroclastics or lithic tuff and volcanic flow breccia. The volcanic unit shows locally an unconformity contact with the sediments. This unit, locally with thin sedimentary interbed, constitutes the host rock of the Balabag gold vein mineralization.

Mineralization

The gold mineralization at Balabag appears to be typical of that encountered in high level low sulphidation epithermal vein systems. It is characterized by massive quartz veining and stockwork. Wall rock is generally altered to sericite-illite, chlorite and kaolinite. It is also noted, particularly along Miswi and Lalab areas.

The thickest vein zone is exposed at the so-called Warik Warik area. The zone consists of massive quartz, vein breccia and crustiform-colloform banded veins. The banded veins usually contain dark sulphidic bands comprised of very fine magnetite-hematite-chalcopyrite-sphalerite and galena in the order of paragenesis.

Drilling results indicate the presence of three major vein systems, being Tinago Veins to the north, Miswi to the southeast and Lalab to the south.

The vein systems appear to locally consist of several closely-spaced individual veins that vary in width from less than 1.0 metre (3.3 feet) to more than 20 metres (66 feet) at Warik Warik (where illegal mining activities were concentrated).

The veins are comprised of quartz with variable proportions of pyrite and typically exhibit multiphase brecciation, crustiform banding and fine saccharoidal textures. Occasional stringered to stockworked quartz veining has been observed in the immediate walls of the veins. The Tinago vein strikes generally ENE, dips 30°- 40° to the north and is traceable through surface workings up to 500 metres (1,640 feet) west of Warik Warik where the structures pinch and steepen.

Previous sampling related to the technical due diligence investigations had been restricted to the Tinago Warik-Warik vein. Assays indicated a range of 0.36 to 0.1 to 25 g/t gold and 1 to 600 g/t silver with a high silver to gold ratio of 1:23. Such characteristics are suggestive of the upper precious metal zone of an epithermal system. Hydrothermal alteration is comprised of silicification that grades outward to argillic and propylitic alteration. Hosting the veining is feldspar to hornblende-phyric andesite with minor dacitic and andesitic tuff.

Drilling History

TVIRD started a drilling program and collared the first hole on November 17, 2005. In light of the results obtained during the early part of the program, the program was increased to delineate the main zones of mineralization at about 50 metre (164 foot) spacing. This program was completed in 2006 (58 drill holes totalling 7,011 metres (23,002 feet)) and identified a potential mineral deposit consisting of a series of gold bearing epithermal vein structures situated near surface and of reasonable grade and potential tonnage to warrant systematic valuation work.

Accordingly, an infill drilling program, designed to increase sampling density to 25 metre (82 foot) spacing, was initiated in early 2007. From this program, assays received from the first 69 completed drill holes by the end of March 2007 were compiled and added to the database to permit an updated interpretation of the vein system at Balabag, complete a 3D geological model and estimate mineral resources. By the end of 2007, 106 drill holes were completed at Balabag for 11,569 metres (37,956 feet).

In February 2010, drilling resumed at Balabag focusing on the Tinago – Warik Warik vein, the largest of two spatially related vein systems. The goal was to define a minimum of 50,000 gold equivalent ounces in the indicated category, allowing for an internal feasibility study to define an economical start-up “Bootstrap” mine development program.

In 2012 TVIRD drilled 5 additional exploration holes for a total depth of 1,180 meters (3,871 feet) until drilling was suspended due to security concerns.

Drilling resumed in January 2013 following the relocation of illegal miners through the issuance of a Cease and Desist Order by the government. An additional 18 infill holes equivalent to 1,220.55 meters (4,005 feet) were drilled. Since project inception in 2005, a total of 296 holes have been drilled for a total depth of 34,155.60 metres.

Mineral Resource Estimate

The initial mineral resource estimate for the Balabag Project was prepared by PJLGC in 2007. The NI 43-101 technical report, detailing the project and mineral resource estimate protocols was filed on SEDAR in August 2007. The estimate was based on 69 exploration drillholes which were completed during the 1st quarter of 2007.

The following table sets out the Balabag gold resource estimate (at variable cut-offs) as of August 9, 2007:

(@ \$650/Oz Au & \$13.5/Oz Ag)								
Grade Group	Class.	Tonnage	Au (g/t)	AU_OZ	Ag (g/t)	AG_OZ	AuEq (g/t)	AUEQ_OZ
>2.0 g/g Au	Indicated	695,128	4.54	101,452	132.98	2,972,660	7.30	163,192
>1.0 g/t Au	Indicated	1,091,970	3.41	119,912	100.61	3,531,287	5.50	193,254
>0.5 g/t Au	Indicated	1,371,105	2.87	126,507	84.33	3,716,842	4.62	203,703
0.0 - 0.5 g/t Au	Indicated	314,820	0.28	2,834	9.25	93,665	0.47	4,779
Total Indicated		1,685,925	2.38	129,341	70.31	3,810,507	3.84	208,482

Grade Group	Class.	Tonnage	Au (g/t)	AU_OZ	Ag (g/t)	AG_OZ	AuEq (g/t)	AUEQ_OZ
>2.0 g/t Au	Inferred	821,521	4.5	118,864	96.9	2,560,532	6.51	172,045
>1.0 g/t Au	Inferred	1,488,853	3.14	150,300	65.9	3,152,794	4.51	215,781
>0.5 g/t Au	Inferred	1,957,168	2.58	162,056	55.2	3,471,890	3.72	234,165
0.0 - 0.5 g/t Au	Inferred	498,254	0.24	3,845	8.33	133,411	0.41	6,615
Total Inferred		2,455,422	2.11	165,901	45.69	3,605,301	3.05	240,780

Notes:

- Indicated: within 25 metre (82 foot) search radius of at least two drill holes;
- Inferred: between 25 and 150 metre (82 and 492 foot) search radius of at least one drill hole;
- The estimation method used geostatistical block modeling techniques, using Ordinary Kriging grade interpolation and capping values set at 50 g/t gold and 1,000 g/t silver
- PJLGC is not aware of any environmental, permitting, legal, title, taxation, socio-political, marketing of others issues that may materially affect the estimate of mineral resources
- Mineral resources which are not mineral reserves do not have demonstrated economic viability
- Metallurgical recoveries and net smelter returns have not yet been determined

An update on the mineral resource estimate was made after the addition of new drilling information from 130 drillholes completed through the end of 2nd quarter of 2011. An independent NI 43-101 compliant technical report was produced by Georeference Online Ltd in June 2012.

Below is the estimate of the mineral resource under Indicated classification:

Indicated Resource*	
Tonnage (MT)	1,784,555
Au (g/t)	2.34
Au (oz)	134,262
Ag (g/t)	72.3
Ag (oz)	4,148,196

*Prior to illegal mining.

As confirmed in the History of TVI, on August 15, TVI filed an updated National Instrument 43-101 (“NI 43-101”) technical report with respect to Balabag. Based on drilling completed to the end of June 2011, the independent qualified person estimates an indicated mineral resource, unadjusted for 24 years of underground mining by illegal small scale miners, of 1.78 million tonnes averaging 2.34 grams per tonne of gold and 72.3 grams per tonne of silver containing 134,262 ounces of gold and 4,148,196 ounces of silver.

Georeference Online Ltd. recommends completing the mapping of the extent of depletion of the Balabag resource by illegal mining and applying this depletion to realize an “un-qualified” indicated resource for the property. Georeference Online Ltd. also suggests completing the reinterpretation of drill sections, which is focused on recognizing the continuity, or lack thereof, of geological elements between sections and including a boundary between oxidized, partially oxidized, and sulphide mineralization.

Drilling continued in 2012 until 2013 to increase the confidence in resource estimation. Additional boreholes were drilled to test the continuity of mineralization initially between 50-meter-spaced drill holes. Moreover, drilling was also initiated at Warik-Warik area, which is known to contain majority of the illegal miners.

Re-interpretation of the vein deposit was made based on the new drilling information as well as new findings cited by consultants on structural geology and mineral exploration by the 3rd quarter of 2013. An updated geological model of the gold mineralization was produced, focusing mainly on the massive vein units and stockwork zones. Mapping of underground tunnels of illegal miners was carried out to come up with a model of the potentially depleted portions of the orebody.

During the 4th quarter of 2013, the new orebody models were used in geostatistical domaining and re-assessment of the resource model. An updated in-house resource model that will be based on recent interpretations and up to date economic parameters is expected in April 2014.

Pre-Feasibility / Scoping Study

In July 2008, TVI released a pre-feasibility titled *Scoping Study of the Balabag Project*. The purpose of this study was to assess the mining potential of a stand-alone, commercial, large-scale mining operation centered on the delineated Balabag deposit and to provide an order of magnitude of its economic potential. The study recommended undertaking comprehensive exploration and feasibility work to further assess the resource and reserve models and to provide additional engineering, environmental, socio-political and commercial site studies. The results of the scoping study suggested a positive economic potential of the resource at the then conservative gold and silver pricing of \$650 /oz Au and \$13.5/oz Ag.

Further metallurgical test works on Balabag drill core and samples retrieved from small scale underground workings continued to be conducted to replicate and validate the results derived from the tests done by the external laboratory SGS in Canada.

In-house Mineral Resource and Ore Reserves Estimate

An updated in-house mining feasibility study was completed in January 2012 based on the revised in-house resource model generated in 2011. A project base case scenario using metal prices of US\$ 1,200/oz gold and \$24/oz silver was established to demonstrate the attractive economics of the project. Financial analysis yielded a pre-tax undiscounted cash flow value of US\$ 49.76 million after deducting the capital and cost of production expenditures. It has an estimated NPV of US\$ 33.52 million. The in-house mining feasibility study was completed prior to the NI 43-101 compliant report prepared by Georeference Online Ltd.

The updated in-house resource model used in the latest mine plan yields an estimated 1.69 million MT at 2.48 g/t Au and 75.5 g/t Ag, assuming a cut-off grade of 0.40 g/t Au.

Grade Group (Cumulative at variable cut-off)	Tonnage MT	Au g/t	Ag g/t	AuEq* g/t	AuEq* ounces
>2.0 g/t Au	767,743	4.18	124.10	6.67	164,536
>1.0 g/t Au	1,252,016	3.12	96.00	5.04	202,851
>0.5 g/t Au	1,601,823	2.60	79.40	4.19	215,638
>0.4 g/t Au	1,699,989	2.48	75.50	3.99	217,842
>0.3 g/t Au	1,892,343	2.26	68.70	3.63	221,052
>0.2 g/t Au	2,683,745	1.66	50.60	2.68	230,862
>0.1 g/t Au	4,429,604	1.07	32.90	1.72	245,313

*AuEq @ \$1000/oz Au and \$20/oz Ag

Notes:

- Total estimate includes both Domain 1 (true veins) and Domain 2 (qtz stockworks)
- Potential resource of Warik-Warik Area not included in the estimate
- Estimated by Ordinary Kriging method

The open-pit resources estimate stands at 782,398 MT at 2.19 g/t gold and 89.89 g/t silver, at an estimated strip ratio of 7:1. The table below provides the total volumetric estimate for the pit which includes ore and waste:

Classification	Grade group (g/MT AuEq)	Volume (cu.m.)	Density (MT/cu.m.)	Tonnage (MT)	Au (g/MT)	AG (g/MT)
Ore	Above 2.0	200,646	2.40	481,550	3.13	132.60
	1.5 – 2.0	23,466	2.40	56,317	1.22	29.67
	1.0 – 1.5	37,286	2.41	89,809	0.85	22.11
	0.55 – 1.0	63,055	2.45	154,721	0.43	18.23
	TOTAL ORE	324,453	2.41	782,398	2.19	89.89
Waste	Below cut-off grade	309,161	2.50	772,077	0.15	6.45
	Waste material	1,634,135	2.66	4,346,798		
	TOTAL WASTE	1,943,295	2.63	5,118,876		
Total In-Pit Material		2,267,748	2.60	5,901,274		

Sampling Method and Approach

TVIRD's sampling was conducted both underground and on the surface. Geological mapping both of the surface and underground identified the sites to be subsequently sampled. Sample intervals selected underground were recorded with reference to distance from the tunnel's portal. Sample intervals selected in surface trenches were recorded with reference to distance to the starting end of each trench. Sample intervals selected from drill core were recorded with reference to the holes collars. All starting points were surveyed by the resident team of surveyors.

The sites sampled underground were determined by the geometry of existing small-scale workings. All sampled adits commence in the hanging wall to the mined vein and progress horizontally through the hanging wall contact into the vein. After entering the vein for a variable distance and before encountering the footwall contact, the adits generally become inclined and sub-parallel to the hanging wall. These inclined areas are where stoping occurs and management believes this represents the first higher-grade material encountered by the small-scale miners. The majority of the samples were taken as 1 metre (3.3 foot) chip channels in the "ribs" (or walls) to these stopes. In surface trenches, samples were also collected as 1 metre (3.3 foot) channels, 10 centimetres (3.9 inches) wide and 10 centimetres (3.9 inches) deep using rock saws whenever possible.

In the tunnels, samples were taken perpendicular to dip and therefore largely reflect true widths of the intervals sampled. However, none of the composited sample lengths truly represent the full width of the vein, as the footwall contacts were rarely encountered. In the larger (higher) stopes, it was occasionally possible to take composite samples as the mined true thickness was greater than a metre (3.3 feet). The samples in any one stope commonly represent the same preferred, approximately planar, portion to the vein. Predetermined sample sites were identified with spray paint markings. Typically sampled channels were dug about six inches wide, two inches deep from a freshened rock face and the samples collected from bottom to top, or from the "sill" of the workings to the "back". This system eliminated contamination that would otherwise have occurred due to material adhering to the lower portion of the vein if sampling was taken from top to bottom. After the samples were taken, the sample locations were re-sprayed for easy identification. The samples were taken manually with the use of a heavy hammer and steelmoil/chisels. The samples were collected on canvas immediately below the sampling area. Sample spacing underground was about 1.5 metre (4.9 feet) between channels within the mined areas.

Individual samples obtained – channel from tunnels and trenches - weighed typically about 4-5 kilograms (8.8 – 11.0 pounds) each and, to avoid bias, were shipped without prior splitting as described in the following section. For drill core, samples were determined and marked by the geologists after logging was completed and selected intervals were cut with core saw carbide blades mounted on a sliding tray apparatus (two units). One half core sections were placed in wooden core boxes for storage on site and the other half core was bagged and shipped for assaying. The responsible geologist logged and described each sample, with all observations written in a sample ticket logbook and/or on core logs, with a corresponding sample tag that was placed in the sample bag. The sample number was also written on the surface of the sample bag for double checking and easy identification during the dispatch of the samples to the laboratory. Sample numbers were plotted on a sample location map and/or on cross sections, produced at the same scale as the geological map produced in selecting sample sites.

Sample Preparation and Security

All the sites sampled at the original locales, both surface and underground, that comprised the technical due diligence were duly revisited and inspected. The sampled locations were readily identified due to the presence of spray-paint marking the site and the sample marks from the chipped channel. Wherever possible, the samples were surveyed in and precisely localized with the intention to develop 3D geological models and generate resource estimates.

In 2011, all samples were prepared at Balabag Site and reduced to minus 2 mm size fraction prior to sending to the Canatuan mine assay laboratory for analysis. Specific gravity measurements are also done on-site using the paraffin method. Six QA/QC samples are inserted for every batch of samples, three of which come from the exploration team and the other three remaining are QA/QC samples of Canatuan lab. The QA/QC samples from the exploration team include an industry-standard Oreas[®] commercial reference material, a blank sample and a duplicate sample.

The Canatuan mine laboratory was favoured and largely solicited starting in 2007 because of its increased handling capacity at the beginning of the year. The mine lab has been upgraded and expanded to be made fully compliant and capable of handling an additional 100 samples per day to accommodate current and future exploration needs. A comprehensive QA/QC protocol describing sample preparation and analytical procedures is included in the section covering the Canatuan mine and mill operations. The sample preparation and analytical procedures conducted by McPhar or Australian Laboratory Services (“ALS”) for the TVI samples are detailed as follows:

Sample Preparation

- The samples are oven dried using a gas fired oven at a temperature of 105°C (221°F).
- Drying time varies from a minimum of six hours to a maximum of ten hours.
- Samples are crushed to – ¼" using a crusher.
- A divider with ½" openings is used to split the sample and a 1 kilogram (2.2 pound) sub-sample is produced. An additional 1 kilogram (2.2 pound) split (the coarse duplicate) is taken every 20 samples.
- The 1 kilogram (2.2 pound) split is pulverized (90% passing -200 mesh (75 microns)) in an LM2 disc pulverizer.
- A 250 gram (8.8 ounce) pulp is produced together with a pulp duplicate every tenth sample. Pulp duplicates are alternately taken with coarse duplicates every 10th and 20th samples thereafter.

Fire Assay

- The weight of the sample used for assaying is 50 grams (1.8 ounce).
- Gold values greater than 1 ppm are determined by straight fire assaying and, if less than 1 ppm, AAS is utilized.

Assay for other elements by AAS

- Copper, lead and zinc is by AAS after an HCL-HNO3-HCLO4 digest on a hotplate at 140°C (284°F) until incipient dryness.

Quality Control

- During sample preparation, the jaws of the crusher are rinsed with barren rock and cleaned with compressed air. The ring mill is also rinsed with barren rock between each sample. Sieving is done every 10 samples and 90% should pass thru 200 mesh (75 microns).
- Duplicate assays are prepared to insure highest possible accuracy and precision. If results vary from each trial, this is automatically repeated. If upon re-assay, the replicates still are far from each trial, then it is considered a nugget effect and all results are arithmetically averaged and considered the final value
- Samples with anomalously high or low values are re-assayed automatically.

Reporting

- Results are transmitted through e-mail while hard copies with the signatures of the lab personnel are hand-carried by exploration personnel.

Sample Storage

- Sample pulps and coarse rejects are retained and typically stored at the lab for a maximum of six months in case of the need to have the pulps re-assayed. Sample pulps and coarse rejects are then moved to a secure dry storage facility.

Sample Security

- To ensure that samples taken from the field or exploration sites are properly secured, the following standard operating procedures have been adopted:
 - As soon as the samples are collected, whether from surface outcrops or underground workings, and before the samples are tied and secured by tie wire or nylon rope, a sample tag is placed inside the sample and the code of the sample tag is written on the surface of the sample bag.
 - The geologist then records the specific sample code in the sample booklet, with the corresponding sample description and location.
 - All samples taken from the same location are then placed inside a jute sack. This is then taken to the exploration camp accompanied by the field assistant to ensure that sample integrity is not compromised.
 - Upon arrival at the exploration camp, a geologist then inspects the samples inside the jute sack to make sure tampering has not occurred. The samples are then double checked, to make sure that all the sample tags inside and outside the sample bags are one and the same.
 - Samples are sent for assay at the McPhar or ALS labs and are properly listed and noted in the sample logbook dispatch for easy reference. The logbook is kept at the exploration camp in Balabag.
 - The samples are delivered by TVIRD's logistic officer to the courier company in Zamboanga City. The samples are again counted and the listings compared with all the sample codes written on the surface of each sample bag. The samples are then dispatched to McPhar/ALS in Manila.
 - Upon arrival and receipt of the samples by McPhar/ALS, the lab calls TVIRD to confirm arrival. McPhar/ALS then check the dispatch listing and sample preparation proceeds when all is confirmed to be in order.

Environmental Management

Baseline environmental investigations started in mid-2010 and continued through year 2013. Data obtained from these studies were used in preparation of the project Environmental Impact Statement (“EIS”) in compliance with the Environmental Impact Assessment process identified by the Department of Environment and Natural Resources. The EIS was completed in the third quarter of year 2012 and submitted to the Environmental Management Bureau for review. The review process was completed in the fourth quarter of 2012 with a positive recommendation by the review committee.

Further review of the EIS was conducted by the government in early and mid-2013 and additional information was requested. This was provided to the government agencies and the ECC was granted on October 1, 2013. Fourteen conditions are included as part of the ECC and are focused on environmental management protocols and requirements. They are similar to those implemented under the Canatuan Project ECC.

Included within the EIS are third party studies defining the flora and fauna characteristics of the area, the aquatic habitat within the local and regional streams and rivers, air quality and noise characteristics of the area both within and outside the small-scale mining activities, and water quality conditions of the local and regional streams and rivers. Also included as a part of the EIS are assessments and discussions of environmental impacts and mitigation measures, operations controls and monitoring procedures to be implemented, remedial work programs, progressive rehabilitation needs and final reclamation programs to be implemented upon mine closure. These data and identified mitigation programs formed the basis for development and inclusion of the fourteen conditions within the ECC.

The majority of environmental baseline data collection and environmental management programs were completed in 2012. These included water quality evaluations, third party studies of flora, fauna, air quality and noise as well as the potential for acid mine drainage. During 2013, some additional water quality monitoring was performed to add to the baseline data. The primary environmental activity during the year however was focused on securing the necessary tree cutting permit within the proposed operations areas. A series of forest inventory activities were

conducted throughout the year under the direction of the Forest Management Bureau (“FMB”). These were completed in late 2013 and are under review by the FMB. A permit is expected to be issued in the first half of 2014.

As noted in the ECC, preparation of an overall Project Environmental Protection and Enhancement Plan (“EPEP”) and the Final Mine Rehabilitation and Decommissioning Plan (“FMRDP”) is required. Both of these documents were prepared by TVIRD in 2013 and submitted to the Region 9 office of the Mines and Geosciences Bureau for review. Final review and approval is expected through the first half of 2014.

Tailings management programs were defined and evaluated by a third party consultant in 2012 resulting in the preparation of a design report, engineering drawings and specifications for construction of the tailings storage facility. This remains the same. No other design work was performed in Year 2013.

In addition to the ECC, other environmental permits are required, all of which have varying processing times that may be subject to change. Major permits needed include the following:

- Permit to Operate Air Pollution Source/Control Installations
- Chemical Control Order for Mill and Processing Reagents
- Hazardous Waste Generator Identification
- Wastewater Discharge Permit
- Special Land Use and Tree Cutting Permit
- Water Rights Permit

Processing of these permits will begin upon completion of the final DMPFS and approval by the Mines and Geosciences Bureau. The approval of the DMPFS is anticipated to occur within the second quarter of Year 2014. Approval of the additional permits is anticipated by the end of the third quarter of Year 2014.

Environmental studies and programs implemented at Balabag will incorporate the data and experience acquired from the operations at the Canatuan mine and will be intertwined with the community and social programs. Additionally, the environmental programs will incorporate sustainability goals and will be based on the precautionary approach.

Other Updates

TVIRD continues to progress with success the critical elements to advance the development of the Balabag project which TVI has previously reported to include:

- a. The removal of all remaining illegal miners from the property in October 2012 through enforcement of the Cease and Desist Order issued by the DENR and the inter-agency efforts of the Provincial Government, MGB, EMB, the Philippine National Police, the National Bureau of Investigation (“NBI”) and the Armed Forces of the Philippines, and the clean-up of mine waste and tailings left behind by the illegal miners.
- b. Completion of an all-weather 16km access road to the mine as part of the pre-development work. This road will serve as the main access for equipment and product transport.
- c. On-going design work on the revision of the leach circuit from CIP-Merrill-Crowe to CIL based on the favorable test results as well as completion of plant design and equipment sizing. This was part of an update of the internal feasibility study that was previously submitted to the MGB.
- d. Confirmation of community and Local Government Units’ (LGU) acceptance and support through the continuing establishment of Community Relations and Development Programs.

A one metric ton per day pilot plant established at the Canatuan mine site through 2013 carried out metallurgical test work on samples of the different types of mineralization at Balabag. The principal objectives of the pilot plant test work were to confirm the results obtained in previous laboratory cyanide leaching tests, optimize the metallurgical processing under an environment that more closely resembles actual operations, provide design parameters for engineering, and to start training personnel in operations and metallurgical process control.

The sample material analysed represented different types of vein mineralization distributed throughout the deposit and the results validated Balabag test material's amenability to leaching as determined from prior laboratory scale tests. The results also demonstrated the effectiveness of carbon-in-leach ("CIL") over carbon-in-pulp ("CIP") in processing the test material.

The results from this test work will be incorporated into the detailed planning for the construction of the plant, which is expected to commence as soon as approval is received of the DMPF, by the Philippine MGB.

Additional Information

The preceding descriptions include information from the technical reports: *43-101 Technical Report for the Mineral Resources at the Balabag Project of TVI Pacific Inc.* dated July 2007, prepared by PJLGI; and *Scoping Study of the Balabag Project* dated July 8, 2008, prepared by Genivar Limited Partnership (Genivar). This information has been further updated in the "*NI 43-101 Technical Report on the Balabag Gold Project, Zamboanga Province, Philippines*" prepared by Clinton P. Smyth, P. Geo, Georeference Online Ltd of Vancouver, British Columbia, Canada. These reports are available under the Company's profile at www.sedar.com.

EXPLORATION PROPERTIES

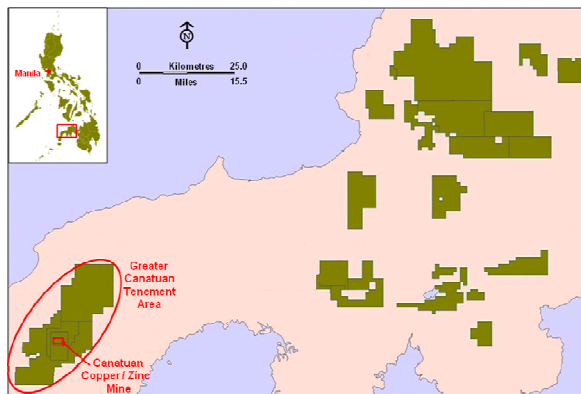
Greater Canatuan Tenement Area

Ownership

The GCTA is owned 100% by TVIRD. After giving effect of the PRHI transaction, going forward TVI has a 30.66% indirect ownership interest in the GCTA through TVIRD.

Overview

TVIRD has an extensive 352 square kilometre (136 square mile) package of tenement applications surrounding the Canatuan mine that make up the GCTA. VMS deposits, like Canatuan, rarely occur in isolation. Surface exploration carried out on the properties has defined a 40+ kilometre (25+ miles) belt of the same rock suite that hosts the Canatuan orebody. TVIRD believes that similar Canatuan-style deposits exist within the GCTA. The airborne geophysical survey done in 2011 utilizing the modern VTEM (Versatile Time Domain Electro-Magnetics) has identified potential exploration targets within the GCTA. Ground survey verification and a more detailed geologic surface mapping are currently underway to define potential drilling targets specially at the neighboring tenement that is within trucking distance to the current Canatuan mine/processing plant. Any mineable ore located in this area could be economically transported to the existing Canatuan plant for processing, which would extend the life-of-mine.



In previous years, concurrent with the work on the Canatuan deposit, reconnaissance exploration programs were carried out within the immediate Canatuan project area. These programs resulted in the discovery of three additional areas of interest. Drilling at two of these showings, the Malusok and Malusok SE prospects, confirmed the presence of sulphide horizons down dip from surface gossan mineralization.

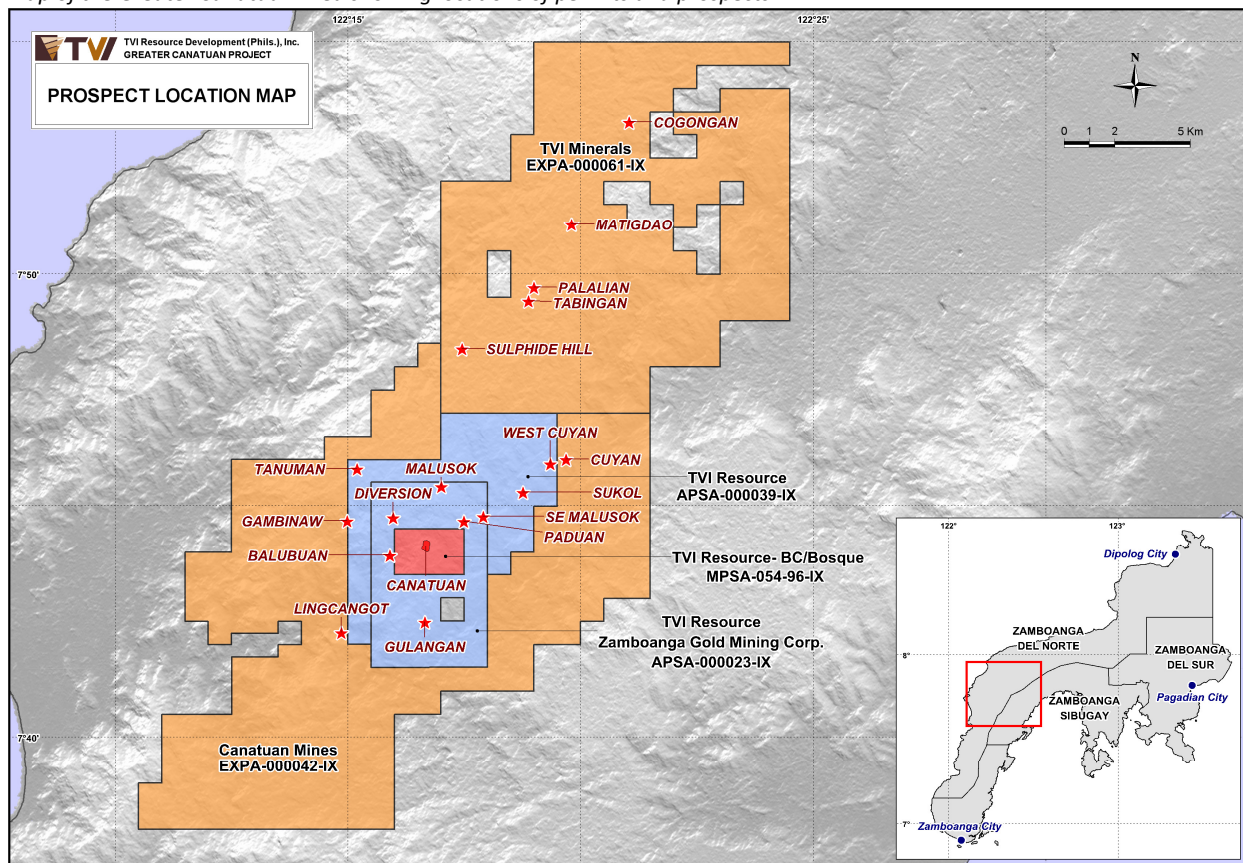
Exploration efforts intensified in 2006 and 2007 to include the entire GCTA (approximately 40 km/25 mi long by 12 km/7.5 mi wide). Systematic exploration consisting of detailed mapping, sampling and test pitting followed up by infill drilling activities was conducted on the claim immediately around the Canatuan mine site (MPSA-054-96-IX) in order to define additional gossan and sulphide ore to replace depleting reserves at the mine. Reconnaissance

work was pursued near the mine site on the neighbouring tenement applications, including EXPA-042-IX to the south of Canatuan, APSA-023-IX and EXPA-039-IX immediately to the north, and finally on EXPA-061-IX further north, where several mineral indications were revealed including Tabingan, Matigdao and Palalian.

In late 2011, a gravity survey was conducted over the Canatuan Mine to pursue the probability of another VMS lens below the Canatuan orebody. In 2012, initial ground verification of VTEM anomalies confirmed the presence of a kilometer wide quartz-sericite-pyrite alteration zone in Cuyan. This mineral assemblage resembles the alteration halo enveloping the Canatuan orebody.

On November 19, 2013, TVIRD filed for an application with the DENR for expansion of the contract area of the Canatuan MPSA to include 500 hectares of the Malusok MPSA Application. Said application was presented by the Mines and Geosciences Bureau Director, Leo L. Jasareno, before the Economic Development Cabinet Cluster (“EDCC”). The previous NCIP Chairperson, Zenaida Brigida Hamada-Pawid, opposed said application for expansion due to lack of consent from the indigenous people. Chairperson Hamada-Pawid interchanged TVIRD’s Exploration Permit Application No. 0054-IX with the Canatuan MPSA denominated as MPSA No. 0054-97-IX. TVIRD met with the technical personnel of NCIP to clarify the mix-up. However, before the misunderstanding was corrected before the EDCC, Chairperson Hamada-Pawid was replaced by Atty. Leonor Quintayo. Hence, said application for expansion remains pending before the EDCC.

Map of the Greater Canatuan Area showing locations of permits and prospects



Malusok and South East Malusok (APSA 000023-IX)

Overview

In January 2012, TVIRD completed the FPIC process for a new MPSA covering the Malusok and SE Malusok prospects. Approval was granted by the NCIP and all documents were forwarded to the MGB for review and granting of the MPSA permit. However, the approval process was halted by the moratorium on new permit applications imposed by the Secretary of the DENR in 2011; and may be further slowed by the Department’s

backlog of applications once the President of the Philippines provides the authority to the Secretary to renew the permit granting process. Timing as to the issuance of the permit is therefore uncertain at this time.

TVIRD previously identified potential mineralization on this property during an early-stage exploration program which included drilling. Once the approved MPSA permit has been issued, TVIRD will be authorized to carry out an advanced exploration program on the property area. The goal of the program will be to target additional resources, which, if confirmed, could serve as a new ore source to extend the life of the Canatuan mine.

Sampling Method and Approach

Grid soil sampling was carried out from October 1995 to February 1996. A total of 426 soil samples were collected from Malusok. The grid lines were spaced 100 metres (328 feet) apart. Compositing soil samples were collected every 50 metres (164 feet) along the lines. One composite consisted of 5 samples – one from the point and one sample 5 metres (16 feet) to the north, south, east, and west of the sample point. A total of 569 samples were also collected from SE Malusok along 100 metre (328 feet) grid lines.

Concurrent to the soil grid sampling, a regional stream sediment survey was also implemented leading to the identification of Cu-Au anomalies in Tanuman, Gambinaw and Balubuan creeks.

A total of 1,542 rock chip samples were also collected in the area of which 216 samples were assayed for gold, silver, copper, lead and zinc while the rest were assayed for gold and silver only.

Drilling History

A total of 29 diamond holes with an aggregate meterage of 3,153 metres (10,344 feet) were drilled in the area in 1995 and 1996. Twelve of these were drilled in Malusok (MLK-001 to MLK-012) and 17 in SE Malusok (MLK-013 to MLK-029). The first 21 holes targeted the oxide ore and sulphide lenses at depth while MLK-022-029 (vertical hole) targeted the near-surface gossan bodies at SE Malusok.

Exploration Work

After reviewing assay data from test pit samples obtained during the 1995 to 1996 exploration campaign, TVIRD took a second look at the Malusok and SE Malusok prospects with respect to gold-silver potential. A renewed interest in the Malusok area was rekindled after prospective results were recovered from two clusters of test pits and drill holes. Occurrence of mineralized rubbly gossan boulders in the same area was also recognized. The proximity of the SE Malusok prospect location - about 5 km (3.1 mi) to the mill - prompted a re-evaluation of the area.

To assess the potential for these satellite mineralized bodies to constitute supplemental feed to the Canatuan gold-silver plant, some in-fill test pits were completed to validate the lateral extensions of the mineralized clusters. Sizes of the test pits were 1 metre by 1 metre (3.3 feet by 3.3 feet), with varying depths. All assay data for gold, silver, copper, lead and zinc were completed and sampling intervals were regularly spaced at every 1 metre (3.3 feet).

Two main clusters were delineated at SE Malusok: the north cluster and the south cluster. A total of 27 new test pits were necessary to delineate the north cluster, while eight new test pits were required for the south cluster. The assay data obtained from the new test pits correlated well with historical geologic data. The larger cluster was found at an average 12 metres (39 foot) depth, whereas the smaller one sat at about 2 metres (7 feet) below surface.

In 2012, verification of VTEM anomalies with the APSA led to the discovery of a massive sulphide outcrop in Paduan. Initial grab samples indicated 1.00% Cu and 5.9 % Zn.

Exploration Permit Application 61 (EXPA-000061-IX)

Overview

In January 2010, TVIRD established a partnership and strategic alliance with DMCI. In February 2010, the partners signed a joint venture agreement to conduct exploration, development and production of mineral deposits in EXPA 61 located within the GCTA.

The Exploration Permit application for EXPA 61 has been submitted to the government to authorize exploration and drilling on the anomalies and prospects identified to date. However, the application process was halted by the moratorium on new permit applications imposed by the Secretary of the DENR in 2011. This process may be further slowed by the Department's backlog of applications once the President of the Philippines provides the authority to the Secretary to renew the permit granting process.

Near Mine Prospects

In February 2007 TVI announced that it had identified a new copper-gold prospect called Tabingan located approximately 10 aerial kilometres (6.2 miles) northeast of Canatuan.

The Tabingan outcrop yielded banded to massive sulphides hosted in a quartz-sericite schist body, essentially similar in nature to the Canatuan ore body. The sulphide-schist occurrence is estimated to reach up to 20 metres (66 feet) in thickness and was traced over several hundred meters with multiple exposures along two tributaries to the Tabingan creek. More work is needed to further delineate the mineralized zone. The total surface area of EXPA 61 hosting the outcrop is 14,580 hectares (30,028 acres) in size and remains largely under explored.

Further work, including systematic mapping, test-pitting, trenching and drilling, is required to evaluate the potential of the Tabingan prospect.

Tabingan prospect sample assays:

Sample Code	Interval	Au, ppm	Ag, ppm	Cu, ppm	Remarks
AD0044 A	1.00 m	0.366	27.4	2,820	Qtz-Py-Ser Schist
AD0044 B	0.85 m	1.257	39.3	6,133	Banded Sulfide
AD0044 C	0.85 m	0.768	22.6	5,830	Qtz-Py-Ser Schist
AD0048 A	0.75 m	0.639	39	2,259	Banded Sulfide
AD0048 B	0.75 m	1.119	45.6	5,396	Banded Sulfide
AD0049 A	1.00 m	0.147	6.6	617	Qtz-Py-Ser Schist
AD0049 B	1.00 m	1.834	107.5	17,354	Banded Sulfide
GD-207 A	0.60 m	2.146	145.7	13,654	Massive Sulfide
GD-207 B	1.00 m	0.128	4.3	18,237	Banded Sulfide
GD-208 A	1.00 m	1.246	53.4	4,117	Banded Sulfide
GD-208 B	1.00 m	5.495	193.7	17,477	Banded Sulfide
GD-209 A	0.50 m	1.718	45	4,980	Banded Sulfide
GD-209 B	1.00 m	2.039	125.6	17,434	Massive Sulfide

Also in February 2007, TVI identified occurrences of gold, silver and copper mineralization at two sites, Matigdao and Palalian, that are located approximately 15 kilometres (9.3 miles) northeast of the Canatuan mine. The Matigdao and Palalian sites are one kilometre (0.6 miles) apart and approximately five kilometres (3.1 miles) from the Tabingan prospect.

The Matigdao and Palalian samples were recovered from test pits and channels located in areas previously worked by illegal small-scale miners. They included banded to semi-massive sulphides and gossan occurrences. Six

channel samples from one drift assayed an average 6.45 g/t gold and 264 g/t silver, open along strike and at depth.

Additional samples taken from test pits produced highs of 3.63 g/t gold, 180 g/t silver and 7.99% copper.

At both the Matigdao and Palalian sites, muck piles and adit samples were taken by TVIRD where several test pits and underground workings already existed. Other test pits and underground workings, below the water table and previously left by small-scale miners, could not be accessed for sampling due to flooding.

The gossan occurrences identified at Matigdao appear to be hosted in quartz sericite schist, trending northeast and moderately to steeply dipping to the northwest. These occurrences appear to be on the same trend as the Canatuan gossan orebody and host formation.

Matigdao and Palalian sample assays:

Sample Code	Cu, ppm	Au, ppm	Ag, ppm	Remarks
AC0118	4,151	2.833	179.4	Gossan muck pile sample, Matigdao
AC0119	4,252	2.62	103.1	Gossan muck pile sample, Matigdao
AC0120	20,778	3.626	207.0	Gossan muck pile sample, Matigdao
AC0121	79,870	1.776	180.0	Sulphide muck pile sample, Matigdao
AC0122	14,735	7.243	173.3	Gossan muck pile sample, Matigdao
AC0123	9,612	0.107	17.0	Gossan muck pile sample, Matigdao
AC0124	1,744	3.367	27.9	Gossan muck pile sample, Palalian
AC0125	1,228	0.377	67.2	Gossan muck pile sample, Matigdao
AC0126	1,436	1.254	118.9	Gossan muck pile sample, Palalian
AC0127	1,440	0.977	26.7	Gossan muck pile sample, Matigdao
AC0128	4,926	1.288	2.5	Gossan muck pile sample, Palalian
AC0129	1,482	1.746	26.3	Outcrop sample (banded sulphide), Matigdao
AC0130	852	1.221	32.7	Outcrop sample (banded sulphide), Matigdao

A drift at Matigdao excavated eight metres (26 feet) below the test pit AC-0119 was sampled. Six channel samples spaced two metres (6.6 feet) apart were taken, cutting across the gossan lens. The width of the gossan lens is approximately one metre (3.3 feet). The drift appears to follow the northeast trend of the gossan and remains open along strike and down dip.

Assays results of these samples:

Sample Code	Cu, ppm	Au, ppm	Ag, ppm	Remarks
RS-0001	3,843	2.621	109.6	Gossan 1m-channel sample
RS-0002	3,609	11.787	419.4	Gossan 1m-channel sample
RS-0003	3,375	14.187	101.5	Gossan 1m-channel sample
RS-0004	2,745	3.629	567.2	Gossan 1m-channel sample
RS-0005	3,252	3.375	277.7	Gossan 1m-channel sample
RS-0006	1,925	3.121	111.4	Gossan 1m-channel sample

Sample Preparation and Security

McPhar performed the sample preparation and assaying for the prior sampling phase of exploration at Tabingan, Matigdao and Palalian. Gold analysis was by 50 gram (1.8 ounce) fire assay fusion; where gold assay values greater than three ppm were by gravimetric finish and by AAS where the values were less than that threshold. Silver was determined by AAS after an HCl-HNO₃-HClO₄ digest. Pulp and coarse duplicate results were included in the

analytical report. A blank and a standard sample were included for each batch of 50 samples for quality control. A replicate assay was done every 10 samples and certified reference materials were used in every 20 samples. In addition to the laboratory's internal Quality Assurance/Quality Control (QA/QC), TVIRD independently inserted blanks and standards randomly, but on average every twentieth sample.

Tamarok Copper and Gold Prospect (MPSA 301-2009-IX)

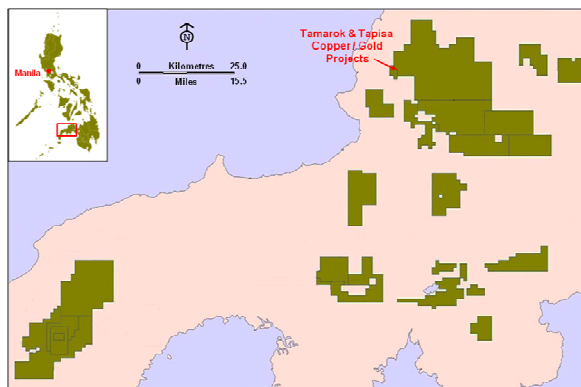
Ownership

Tamarok is owned 100% by TVIRD. After giving effect of the PRHI transaction, going forward TVI has a 30.66% indirect ownership interest in Tamarok through TVIRD.

Overview

The Tamarok copper and gold exploration prospect is located 60 kilometres (37 miles) north-northeast of TVI's Balabag project and is within TVIRD's North Zamboanga tenement package.

In December 2009, TVIRD conducted exploration activities at Tamarok that included airborne geophysical surveys and ground investigations. On April 11, 2011, TVIRD initiated a drill program to test an outcropping zone of porphyry copper-gold mineralization. Results from the initial four holes revealed faulting and dismemberment of the mineralization and TVI decided to temporarily suspend further drilling until additional surveys could be undertaken to better define the structural setting.



Since that time, two new zones of porphyry style mineralization have been discovered and were subjected to systematic soil geochemical sampling, geological mapping and ground magnetic survey. Exploration activities in the area were temporarily suspended in April 2012 as part of a cost management program while focus was placed on addressing the provincial ordinance banning open pit mining. There are still no immediate plans to resume exploration in the area pending clarification on the national policy on mining (EO79).

Project Location, Accessibility and Climate

The Tamarok copper and gold prospect (MPSA 301-2009-IX) is located 50 km (31 mi) southwest of Dipolog, Mindanao, Philippines at Sitio Supot, Barangay Tamarok, Jose Dalman Municipality, Zamboanga del Norte. The property can be accessed by 55 km (34 mi) of paved national highway from Dipolog City to Jose Dalman town and then by 18 kilometers(11 miles) of dirt road to Barangay Tamarok.

The prospect area is characterized by moderate to rugged terrain and relief rises abruptly to about 300 metres (984 feet) along a distance of less than a kilometre (0.6 mi) from the coastline. The topography is highly influenced by structures and weathering characteristics of various rock types as manifested by sharp ridges, steep slopes and waterfalls across deeply incised streams. The area is practically denuded and is teeming with cogon grass. Patches of seasonal farms are located on the property and planted with upland rice, corn, peanuts and other root crops. The main drainage is the Disakan River which flows on the eastern boundary of the property. The river ultimately drains northwestward into the Sulu Sea.

History

Copper mineralization was first reported in 1956 by a group of prospectors who discovered malachite-stained diorite outcrops exposed by landslides along the banks of the Disakan River. There were no further recorded activities until August 1968 wherein the same group filed 17 lode claims over the area. Out of the total 17 claims

filed, only five were considered valid. The rest were not granted because of defects in survey tie-points and technical descriptions.

In July, 1973, Apex Exploration and Mining Company (“**Apex**”) obtained the property through an option and operating agreement with the claim owners. In the same year Apex applied for 213 additional lode claims and a Prospecting Permit inside the Katipunan Manukan-Molave Forest Reservation in Zamboanga del Norte. In January 1989, Atty. Roldan B. Dalman (present claim owner) filed six Declarations of Location, namely Dragon 1 to 6.

On February 24, 2006, TVIRD signed a concession purchase agreement. Under the terms of the agreement, TVIRD agreed to pay the claim owner the amount of US\$5,000 as a signing bonus. TVIRD was given ten years to conduct exploration and put the property into operation, assuming an economically viable deposit is discovered. The agreement is broken into three periods, during which TVIRD is required to make specific payments in order to proceed from one option period to the next. Based on the agreement, at any time during the second period of the agreement, TVIRD has the right to purchase 100% of the claim owner rights for US\$150,000, subject to a NSR. At any time during the third period of the agreement, TVIRD has the right to purchase the royalty agreement interest for US\$1 million.

On November 26, 2009, MPSA 301-2009-IX encompassing the Tamarok project was approved by the Philippine Department of Environment and Natural Resources. The MPSA is effective for a period of 25 years and has a remaining life of approximately 21 years. It can be renewed for another term not exceeding 25 years under the same terms and conditions.

Geological Setting

Mineralization is hosted in magnetite-biotite-kspar-silica altered hornblende diorite with chlorite-clay-sericite overprint. Chalcopyrite and bornite occur as minor disseminations and in sheeted quartz veins and stockworks. Strong malachite-azurite-limonite staining is pervasive in outcrops. The host diorite probably represent a single phase in an apparently multiphase intrusive trending NW with an approximate length of 9 km (5.6 mi) and width of 1.5 to 2.5 km (0.9 to 1.6 mi). Beyond the porphyry copper outcrop, alteration is predominantly propylitic (chlorite-pyrite-epidote). Along the periphery of the diorite are silica-clay-pyrite altered volcanics. Later epithermal alteration is indicated by the presence of drussy quartz veinlets and chalcedonic veins in floats and silicified zones. The diorite body intrudes into older ophiolitic, volcanic and clastic country rocks including possible coeval volcanics. The intrusive in turn is unconformably overlain by younger sandstones-siltstones at its SW margin, and by a Lower to Middle Miocene limestone (based on paleontological study) at its SE end. Younger andesite dikes trending NNW also transect this intrusive body. NW trending structures are common in the area. The faults usually exhibit left-lateral movement.

NCIP-FPIC Certification and Exploration Permit Granting

In 2007, the NCIP process was completed and the final consultative meeting was held. This led to the issuance of a certificate of compliance to the FPIC process on December 7, 2007. On November 26, 2009, the MPSA was formally approved signalling the start of the first 2-Year Exploration Period. This allowed the company to implement advanced exploration activities including geophysical surveys, systematic detailed geological investigations and delineation of drill targets. The first 2-Year Exploration Period expired on November 25, 2011. The renewal of the Exploration Period for another 2 years is still pending with the Mines and Geosciences Bureau of the DENR.

Exploration Work

TVIRD did some early exploration work in the MPSA and the neighboring TVIRD tenement (AFTA-013-IX) in 2006 and 2007. This consisted of reconnaissance to detailed geologic mapping, rock/channel sampling and regional stream sediment sampling. The assays of the channel samples confirmed the significant results of earlier sampling done by other companies. Recent geological mapping also led to the discovery of several mineralized outcrops. This has considerably increased the potential for a sizeable porphyry copper-gold system.

A summary of the 2006-2007 exploration activities is as follows:

- Geologic mapping of 17 kilometres (11 miles) of drainage covering roughly an area of 5 x 2 kilometres (3.1 x 1.2 miles);
- Collection of 306 rock samples for assay and 8 samples for petrographic studies;
- Characterization of district scale mineralization trend for the orientation of succeeding gridded geochemical and geophysical surveys;
- Generation of preliminary geologic fact map / partial assay map;
- Discovery of significant mineralized outcrops, including:
 - Kamaroy Creek diorite ;
 - Balobohan - Newlywed Creeks diorite
 - Malachite Hill - Sagukan Pait Creek diorite
 - Silawa Creek and Tigon Creek diorite
 - Tudlisan Creek diorite
 - Bree - Capinis diorite
 - Capinis Creek - Labawan Ridge clay-silica-pyrite altered zone

The porphyry copper float train was traced upstream from the base of the main porphyry copper outcrop at Malachite Hill along the main Disakan River. The density and the size of the mineralized floats decreased going upstream until they disappeared completely after a distance of 1 km (0.6 mi).

In December 2009, TVIRD commenced advanced exploration activities at Tamarok. This included airborne geophysical surveys, detailed geological mapping and soil grid geochemical surveys. On April 11, 2011, TVIRD initiated a drilling program to test the subsurface continuity of the mineralized outcrop at Malachite Hill. Results from the initial four holes revealed intense faulting and dismemberment of the mineralized diorite. Drilling was suspended until further induced polarization, resistivity and ground magnetic surveys could be undertaken to better define additional drill targets.

North Zamboanga Prospects

The other North Zamboanga tenements consist of 11 permit applications covering 1,240 square kilometres (771 square miles) of the Zamboanga Peninsula on the island of Mindanao in the Philippines. The properties are all wholly-owned by TVI's affiliates and subsidiaries.

The current permit applications cover a number of mineral targets identified by a prior exploration program conducted by a major international company, numbering over 20 epithermal gold, massive sulphide and porphyry copper-gold prospects. Reconnaissance work carried out to date has supported historical findings and has resulted in the discovery of additional prospects of interest. Indications of mineralization have often occurred on the surface and have been easily accessible to exploration teams.

TVIRD continues to welcome, seek out and advance opportunities that may present beneficial relationships to advance exploration across the TVI's Philippine land package.

DRILLING COMPANY

TVIRD's drilling operations are owned and operated by EDCO. As of December 31, 2013, EDCO had 16 rigs in total, including 3 rigs that were deployed and 13 rigs awaiting deployment. Through 2013 EDCO drilled 11,384 meters as compared to 2,487 meters in 2012, 74% of which was drilling for third parties and increased in volume by 91% year-over-year. At December 31, 2013, and as part of the transaction with Prime Resources Holdings, Inc. ("PRHI"), corporate restructuring has resulted in EDCO becoming a wholly owned subsidiary of TVIRD in which TVI continues to hold an indirect interest.

OIL & GAS ASSETS

On March 9, 2011, TVI acquired control of TG World, an international petroleum exploration and development company. Its major areas of focus were the Philippines, Alaska and Niger.

Subsequently, on November 9, 2011, the Company sold the Alaska assets for a consideration of US \$16 million.

In Niger, the third well drilled in the Ténéré Block, for which TG World was carried 100% by the Chinese National Petroleum Company International Ténéré Ltd. (“**CNPCIT**”) for its 20% interest, discovered non-commercial hydrocarbons. In December 2011 TVI issued a notice of withdrawal of its interest from the entirety of the Contract Area. The effective date of the withdrawal was January 31, 2012. The Government of Niger continues to process the documentation required for Ministerial ratification of the transfer of title from TG World to CNPCIT, but at the time of writing the ratification decree had not yet been issued.

Philippine Offshore

Through TG World TVI continues to hold a 12.5% equity interest in SC 54A in the Philippines. SC 54A is situated offshore northwest of the island of Palawan islands and contains several development- ready discoveries and mutually exclusive exploration targets. Project partners in SC54A include project operator Nido Petroleum Limited of Perth, Australia (“**Nido**”) at 42.4% working interest, Kairiki Energy of Perth, Australia (“**Kairiki**”) at 30.1% and Trafigura Ventures III B.V. of Singapore (“**Trafigura**”) at 15%.

The partners operate under a farmout agreement through which TG World will receive 85% of its share of future revenue generated from crude oil production until it has paid US\$2,689,844 to two of its partners. Subsequent to funding this amount from oil production it will retain 100% of its share of revenue generation.

In July 2013, the Philippine Department of Energy approved an application by the joint venture partners for an additional twelve-month extension of Sub-phase 6 of the Service Contract, until August 4, 2014, to allow the joint venture partners additional time to fully integrate the results of the data acquired to date and to propose plans for the next phase of exploration and/or development drilling. On entering Sub-phase 7, it will commit to the drilling of one well within the following period.

Additionally in 2013, Nido announced the planned divestiture of its 42.4% interest, in light of a strategic review that refocused its intentions in other blocks and other countries, resulting in SC 54A becoming a non-core asset within its portfolio. On November 25, 2013, Nido announced a provisional sale of its interest to a Philippine company, subject to the issuance of formal consent by the remaining Joint Venture partners and approval of the government.

Under the terms of the Joint Operating Agreement for the Block, the partners will elect a new Operator from among its members, once consent is provided for a new entrant to the Joint Venture.

HEADS OF AGREEMENTS WITH MINDORO AND FOYSON

During Q3 2012, TVI has entered into two heads of agreements (“**HOA**”) with Mindoro Resources Ltd. (“**Mindoro**”), a TSX Venture Exchange (“**TSXV**”) listed issuer (TSX VENTURE:MIO), also listed on the Australian Stock Exchange (“**ASX**”) (ASX:MDO), who is engaged in mining exploration in the Philippines, and Foyson Resources Limited (“**Foyson**”), an ASX listed issuer (ASX:FOY) operating in the resource industry in Papua New Guinea. The HOA, dated July 6, 2012 and August 17, 2012, respectively, set out the terms of various proposed transactions consisting of a loan to, acquisition of equity interests by way of private placement undertaken in two tranches for each company and joint ventures with Mindoro and Foyson (or affiliates).

Mindoro Resources Ltd.

Ownership

After giving effect of the PRHI transaction, going forward TVI has maintained its direct interest in Mindoro but has a 30.66% indirect ownership interest through TVIRD in the interest to be earned in the Agata Mining Option and Joint Venture, the Agata Processing Joint Venture, the Pan De Azucar Mining Option and Joint Venture, and the Pan de Azucar Processing Option and Joint Venture.

Structure of Mindoro Investments

Pursuant to the HOA with Mindoro, TVI agreed to loan Mindoro \$938,968, which was to bear interest of 8% per annum (calculated semiannually and not in advance) and was secured by Mindoro’s interests in the Agata South nickel laterite mineral project. However, based on the terms of the agreement, if the full principal amount was repaid from the proceeds of the first tranche (“**Tranche 1**”) of the private placement, no interest was to be payable on the loan. On September 28, 2012, Tranche 1 was completed which discharged in full the secured loan receivable by TVI.

On September 28, 2012, TVI acquired ownership and control of 18,779,353 units (“**Units**”) of Mindoro by way of a private placement (Tranche 1) at a price of \$0.05 per unit, for a total of \$938,968. Each unit consists of one common share and one common share purchase warrant that entitles TVI to purchase one additional share, at a price of \$0.10 per share, at any time and from time to time until September 28, 2017. This initial total of common shares acquired represented approximately 6.9% interest in Mindoro. Assuming the exercise of all of the warrants acquired at that time, TVI would hold 37,558,706 Shares, representing approximately a 12.9% holding in the capital of Mindoro.

Pursuant to the HOA, TVI and its affiliate, TVIRD, entered into various joint venture arrangements with Mindoro (and its affiliates) on September 25, 2012 with respect to the following:

- i) Agata Mining Option and Joint Venture Agreement - TVIRD has an option to earn a 60% interest in the Agata Mining Joint Venture upon commencement of commercial production subject to (i) TVIRD having expended a minimum of \$2 million within 12 months of the date of the agreement, and (ii) commercial production at Agata having commenced within 3 years of the date of the agreement. Under this agreement, TVIRD is required to fund all expenditures associated with the establishment of the Mining Operation.
- ii) Agata Processing Option and Joint Venture Agreement - TVIRD has the right to earn a 60% interest in the Agata Processing Joint Venture upon delivery of a definitive feasibility study respecting nickel processing at Agata, subject to TVIRD having expended a minimum of \$2 million within 12 months of the date of the agreement and completing the definitive feasibility study within 4 years of the date of the agreement. Under this agreement, TVIRD is required to fund all required expenditures associated with the preparation of the definitive feasibility study.
- iii) Pan De Azucar (PDA) Mining Option and Joint Venture Agreement - TVIRD has an option to earn a 60% interest in the PDA Mining Joint Venture by: (i) making minimum aggregate expenditures of \$2 million in respect of the PDA mining project prior to the first anniversary of the date that a declaration of mining project feasibility is issued in respect of that project (the “**Feasibility Declaration Date**”); and (ii) sole

funding the PDA mining project to the point of commercial production, provided commercial production is achieved on or prior to the third anniversary of the Feasibility Declaration Date. The PDA Mining Option and Joint Venture Agreement contemplates that TVIRD will make expenditures in respect of the PDA mining project in an aggregate amount of not less than \$500,000, prior to the date that is 12 months following the date of that agreement, as TVIRD considers appropriate in its discretion, with any such expenditures being creditable against the \$2 million of aggregate expenditures noted above.

- iv) PDA Processing Option and Joint Venture Agreement - TVIRD will have the right to earn up to a 60% interest in the PDA Processing Joint Venture in two stages as follows: (i) a 51% interest, by making minimum aggregate expenditures of \$2 million in respect of the PDA processing project on or prior to the first anniversary of the date that a declaration of mining project feasibility is issued in respect of the processing project (the Processing Declaration Date); and (ii) a 9% interest by making additional minimum aggregate expenditures of C\$3 million in respect of the processing project on or prior to the fourth anniversary of the Processing Declaration Date. TVIRD will make expenditures in respect of the PDA processing project in an aggregate amount of not less than C\$500,000, prior to the date that is 12 months following the date of that agreement, as TVIRD considers appropriate in its discretion, with any such expenditures being creditable against the C\$2 million of aggregate expenditures noted above.

On October 10, 2012 TVI announced that it completed the purchase of an additional 24,000,000 units of Mindoro at an aggregate purchase price of \$1.2 million (\$0.05 per Unit) (the "**Tranche 2A Private Placement**"). Each Unit consists of one common share in the capital of Mindoro and one Common Share purchase warrant (a "**Tranche 2A Warrant**").

Effective June 18, 2013, TVI and Mindoro have also agreed to amend the following terms of the original joint venture agreements:

- TVIRD's contributions to the Agata Mining Joint Venture and Agata Processing Joint Venture will be for shares in the applicable joint venture, rather than as paid in capital, with such shares to be issued as earned and placed in escrow until TVI's full 60% interest is earned. TVIRD will not retain any interest in the Agata Mining Joint Venture if it withdraws prior to commencing a DSO operation and will not retain any interest in the Agata Processing Joint Venture if it withdraws prior to completing a Definitive Feasibility Study.
- TVIRD's minimum spending commitments pursuant to the Pan de Azucar Joint Venture agreements are extended by one year, from December 31, 2013, to December 31, 2014.

Prior extensive pre-feasibility and engineering works have been conducted on the Mindoro properties. These reports can be accessed on Mindoro's website at www.mindoro.com or on SEDAR at www.sedar.com. These reports include:

- Pan De Azucar Project - Second Stage Drilling Program by Edsel Abrasaldo & Anthony Climie (Jan 20, 2003, not 43-101 standard)
- Independent Report on the Nickel Laterite Resource - Agata North, Philippines by Mark Gifford (Nov 10, 2010, 43-101 report)
- Technical Report on the Agata Nickel Project Scoping Study by Ausenco Vector (Nov 19, 2010, 43-101 report)
- Metallurgical Test Program for Extraction of Nickel and Cobalt for Agata Laterite Deposit in the Philippines by SGS Canada (Nov 3, 2011, not 43-101 standard)
- Independent Report on the Laterite Nickel Resource - Agata South, Philippines by Mark Gifford (Nov 4, 2011, 43-101 report)
- Independent Report on the Nickel Laterite Resource - Bolobolo & Karihatag, Philippines by Mark Gifford (Nov 4, 2011, 43-101 report)
- Preliminary Economic Assessment Agata Nickel Project, Mindanao, Philippines by Golder Associates (May 2011, 43-101 report)
- Technical Report for the Agata Nickel Laterite Project, Mindanao, Philippines by Ausenco (Dec 20, 2011, 43-101 report)

The above reports were compiled by Mindoro and most completed to NI 43-101 standards. The above reports were not compiled under TVIRD's direction; however, the work and its results are considered relevant to the current project planning process.

The Agata mining project, located on the Island of Mindanao, includes the following opportunities:

- a near-term high Fe laterite DSO;
- a near-term limestone DSO;
- a medium-term lime production facility;
- a medium-term nickel processing plant project.

Historical estimates of mineral resources and mineral reserves at Agata are set out in the technical report entitled "Technical Report for the Agata Nickel Laterite Project, Mindanao, Philippines" dated 20 December 2011 prepared by Ausenco for Mindoro (the "**Agata Report**"). Key assumptions, parameters and methods used to prepare the historical estimates are set out in the Agata Report, which uses the categories required by NI 43-101 *Standards of Disclosure for Mineral Projects*. The historical estimates in the Agata Report are believed by TVI to be relevant and reliable for the preparation and execution of development plans, but the TVI qualified person has not verified or done sufficient work to classify the historical estimates as current mineral resources or mineral reserves and is not treating the historical estimates as current mineral resources or mineral reserves. To upgrade or verify the historical estimates as current mineral resources or mineral reserves would require the completion of a new technical report.

The historical drilling by Mindoro referenced in the Agata Report was 682 drill holes for 12,252 meters in the main Agata North resource and 199 holes for 2,605 metres in Agata South resource.

On June 20, 2013, TVI has agreed to loan, pursuant to a secured promissory note, up to CDN \$1.3 million to Mindoro. The loan will be used by Mindoro to help fund its operations for the next twelve months and to finance an initial acquisition payment to acquire the remaining 25% interest in the Agata project. Mindoro currently holds a 75% interest in the Agata project and is negotiating an option to acquire the additional 25%. Interest will be calculated at a minimum of 15% per annum and the loan is secured by shares in Mindoro's wholly owned subsidiary, MRL Nickel Philippines Inc. Mindoro made its first drawdown against the TVI loan in June 2013 and the total outstanding principal and interest as at December 31, 2013 was \$381,802.

High Fe and Limestone DSO/Lime Production Facility

The high Fe laterite and limestone deposits occur one (1) kilometre from the coast, which is expected to positively impact transportation costs due to the close proximity of the mine pit to the port.

The upper portions of the laterite profile comprise the ferruginous zone and limonite zone, both rich in iron. It is estimated that there are approximately seven (7) million wet metric tonnes (wmt) of high Fe material with Fe grades between 45% and 52%. These historical estimates are set out in the Agata Report referred to above. The deposit is expected to be developed as a surface mining operation with the high Fe material sold to the Chinese iron ore market.

Beneath the ferruginous and limonite zone is the higher nickel grade saprolite zone, which will be the dominant feed for a new nickel processing facility currently under consideration by the Project Execution/Technology Development team. The high Fe DSO operation would be expected to generate early cash flow until the nickel processing plant is built and becomes operational, but shipments are expected to continue after this until the high Fe material is exhausted. The high Fe DSO operation already has an existing ECC; however, other permits such as a port permit and a DMPF are also required.

The limestone occurring at the coast is a massive recrystallized limestone of very high purity levels with CaCO₃ of greater than 95% according to the Agata Report. Five (5) holes were drilled into the limestone horizon by Mindoro but the number of holes drilled is not considered sufficient to classify a mineral resource. The limestone is

estimated in the Agata Report to be up to 50 metres thick. The potential quantity and grade is conceptual in nature, because there has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the target being delineated as a mineral resource. The initial plan is to develop a resource, and mine and ship limestone DSO utilizing the infrastructure developed initially for the high Fe DSO. Currently no permits are in place for mining the limestone.

Since the quality of limestone quarried at Agata is expected to be high, the Project Execution/Technology Development team also plans to construct a lime production facility at the Agata project site. The lime produced would be used in the nickel processing plant, offsetting the costs of imported lime while also creating potential for some to be sold. The lime processing facility is a medium-term project currently expected to come online in mid-2015 pending the receipt of all required permits, among other things.

The development plans and initial pre-development activities for the two DSO projects are underway and include:

- a) For the high Fe DSO project:
 - the Agata DSO project is well into the permitting stage with the Environmental Protection and Enhancement Program and the Final Mine Rehabilitation and Decommissioning Plan under review by the Mine Rehabilitation Fund Committee. Final approval of the DMPF is then expected to follow, which will allow the project to move into development. The Agata high iron DSO project already has an existing ECC.
 - 100% of land required for the port facilities and roads has been acquired.
 - 90% of land required under the current design of the Port facility has been acquired.
 - road/infrastructure design and construction plans are proceeding.
 - active discussions with off-takers who have expressed interest in the Agata DSO product.
 - mine development planning.
 - community relations.

- b) For the Limestone DSO project:
 - further drilling on the limestone deposits to delineate resource to NI 43-101 standards.
 - preliminary concepts and mining plans for the limestone.
 - confirming markets for limestone and lime products.
 - metallurgical test works.

On September 10, 2013, TVIRD and Mindoro completed a NI 43-101 compliant Feasibility Study indicating robust economics for a DSO operation of the high iron laterite resources at the Agata Project. The Feasibility Study concluded:

- Low initial start-up capital of US\$10.1 million, high Internal Rate of Return (IRR) of 187% and payback within first year of operation;
- Post-tax Net Present Value (10% discount) of US\$37.9 million;
- DSO product to grade 48% Fe and 0.9% Ni. - a consistently in demand product;
- Shipping rates to accelerate to 2.5M wet metric tonnes per annum in 2015.

Economic Assessment

Below is a summary of the Agata DSO feasibility study economic assessment:

High Iron Limonite DSO sale price (FOB)	USD/wmt	\$22
NPV (10% discount rate) post-tax	USD (M)	\$37.9
Payback Period	Years	1.0
IRR post-tax	%	187%

The High Iron limonite DSO sale price of US\$22 per wet metric tonne (wmt FOB) is 10% lower than the average sale price realized by off-takers shipping similar ore over the past 18 months.

Capital and operating cost estimates have been developed to $\pm 15\%$ precision. The inputs to the Feasibility Study were developed by Dallas Cox, MAusIMM (CP), of Crystal Sun Consulting Limited, based on estimates from local Philippine contractors, TVI's current suppliers and service providers.

Installed capital cost estimates include the Port Loading Facility, general infrastructure, mining-related capital costs, duties and taxes for equipment, sustaining capital and an estimate of working capital. A 10% contingency has been allowed within the capital cost estimate.

Operating cost estimates include mining, infrastructure, government charges, royalties, administration, security, community relations and environmental costs. Cash flows are calculated on an after-tax basis applying the current Philippine taxation regime.

Mineral Reserve Estimate and DSO Production Targets

The NI 43-101 Compliant Mineral Resource estimate for the Agata Nickel Project, released on April 10, 2013 (available on www.sedar.com; www.tvipacific.com; and www.mindoro.com), forms the basis of the Mineral Reserve estimate for the Feasibility Study and the following DSO production targets:

DSO Production Targets

Year	wmt	Ni%	Fe%
2013	-	-	-
2014	2,000,000	0.9	48.0
2015	2,500,000	0.9	48.0
2016	1,800,000	0.9	48.0
2017+	500,000	0.9	48.0

The resource estimation method applied to the Mineral Resources was ordinary kriging. Cut-off grades applied were 0.5% nickel within the Limonite zone and 0.8% nickel within the Saprolite zone.

The Mineral Reserve estimate in the table below, based on open-pit optimization and designs by Dallas Cox, reflects the economic parameters in the Feasibility Study and is expressed in both dry metric tonnes (dmt) and wet metric tonnes (wmt).

Agata North Mineral Reserve Estimate – as at August 30th, 2013

Classification	Horizon	M (dmt)	M (wmt)	Ni%	Co%	Fe%	Al%	Mg%	SiO ₂ %
Proven	Limonite	0.18	0.26	1.00	0.11	47.1	3.0	1.6	5.6
Probable	Limonite	6.61	9.44	0.93	0.11	48.3	3.4	0.5	3.0
Proven + Probable	TOTAL	6.79	9.70	0.93	0.11	48.0	3.4	0.5	3.0

Capital and Operating Costs

The project capital and operating costs are estimated to include:

Capital Cost Estimate for Agata Nickel DSO Project

Description	Capital Costs (Million USD)
Mobilisation	0.15
Site Preparation	0.04
Road Construction/Upgrading/Widening	1.14
Causeway Construction	2.62
Building Construction	1.89
General Services and Transportation	0.21
Mechanical/Electrical Equipment	0.07
Laboratory and Equipment/Apparatus	0.24
Office Equipment	0.06
Miscellaneous Services	0.20
Subtotal	6.62
Working Capital	2.64
Sustaining Capital	0.95
Subtotal	3.59
Contingency	0.93
VAT Payable (@12%)	1.31
TOTAL	12.45

Operating Cost Estimate

	LOM Costs (Million USD)	USD/wmt shipped
Mining and Haulage Cost	33.5	3.45
Ore Drying	6.5	0.67
Stockpile Load & Haulage Cost	16.8	1.73
Barging	21.7	2.24
Roads, Drainage and Rehabilitation	9.7	1.00
G&A	17.9	1.84
Fees & Royalties	7.5	0.78
MPSA Compensation & Rates	3.0	0.31
VAT Payable (@12%)	10.9	1.12
TOTAL OPERATING COSTS	127.4	13.14

Agata Nickel (Ni) Processing Plant

The Agata Ni processing plant is a medium-term growth opportunity which TVIRD expects could come into production in 2016, dependent on such things as a successful metallurgical testing program and pending receipt of the required permits. The plant would initially be designed to have a 20-year life, and would be built in modules with the ability to add capacity over time by adding further modules to increase throughput and Ni production. The Project Execution/ Technology Development team is proposing the use of innovative, low cost leaching and downstream Ni recovery and purification technology rather than the traditional high cost HPAL processes used in the laterite nickel industry. TVIRD's team of technical staff engaged to deal with the Mindoro joint venture projects are the developers of this leaching and downstream Ni recovery and purification technology and their expertise will be used to fast-track the processing plant.

The laterite feed to the processing plant comprising limonite material and saprolite material would be mixed with sulphuric acid and undergo numerous steps to ultimately produce a nickel hydroxide product. This intermediate nickel product could either be sold as is or further processed to produce metallic nickel. The estimated capital cost

for the nickel processing plant plus associated infrastructure (port, water, power, etc.) is expected to be less than US\$100 million. The cash operating costs are estimated to be approximately US\$4 per lb Ni (approximately US\$9,000/t Ni), assuming the use of imported sulphuric acid. If the Pan de Azucar pyrite project can be successfully commercialized, then the opportunity exists to self-produce sulphuric acid at the nickel plant site, thereby further reducing operating costs, and with the added benefits of by-product electricity and steam.

Site infrastructure is excellent with local sources of labour, fresh water and power (supplemented by back-up generators). The processing plant will be located within two kilometers of the port, thereby simplifying acid transport and other logistics, as well as keeping operating costs down. Deep water for ships up to 50,000 tonne capacity occurs within 250 metres of the coastline.

A number of activities relating to the Agata Ni Processing Plant are underway and include:

- internal project feasibility scoping including previous relevant Mindoro scoping work;
- external laboratory testing at BGRIMM of a representative bulk ore sample taken from the Agata Ni deposit, including:
 - crushing and grinding tests
 - pre-leach thickener settling tests
 - primary and secondary leaching tests
 - leach residue preliminary settling and filtration tests
- establishment of laboratory and pilot testing facility (in the Philippines):
 - bench-scale laboratory equipment has been installed and test work results confirm the Agata ore is highly amenable to acid leaching with a high rate of nickel extraction achieved at a low acid consumption rate.
 - pilot plant scale testing of Agata ore is complete and results confirm excellent leachability.
- the process flowsheet has been identified and confirmed by laboratory tests;
- process flow diagrams are near completion;
- mass and energy balance have been developed in METSIM, using laboratory test data to calibrate the model;
- environmental and leached ore storage facilities designs are well advanced;
- preliminary infrastructure design is underway, including:
 - port/jetty design, including reagent storage facilities
 - water source identification
 - road design
 - process plant location and preliminary layout

On April 10, 2013, TVI filed an updated NI 43-101 technical report entitled "Independent Report on the Nickel Laterite Resource - Agata North, Philippines." The report was prepared for TVIRD, TVI's Philippine affiliate, by Mark G. Gifford, MSc (Hons), FAusIMM, of Margaret River, Western Australia.

The updated NI 43-101 reflects an updated and reclassified resource estimate for the Agata North nickel laterite resource. The new resource provides a robust foundation for moving forward, initially, with a DSO operation of high-iron limonite (upper laterite horizon), followed by atmospheric leach processing of the underlying saprolite horizon.

- Measured and Indicated resources increase to 33.9 million dry metric tonnes (dmt) at 1.1% nickel compared to the previous 31.8 million dmt at 1.05% nickel;
- Inferred resources are 2.0 million dmt at 1.04% nickel;
- Estimated contained nickel is 391 thousand tonnes.

This current resource estimate gives a superior grade-tonnage distribution. Sufficient high-iron limonite has been defined for approximately 5 years of DSO production at approximately 2m dmt / year. During this period it is expected that the nickel processing plant will be in operation.

The table below shows results of the resource estimate at a cut-off grade of 0.5% nickel for the limonite horizon and 0.8% nickel for the saprolite horizon. This resource estimate is exclusive of the other regional nickel laterite deposits Agata South, Bolo-bolo and Karihatag.

Classification	Sub-Domain	kTonnes	Ni	Co	Fe	Al	Mg	SiO ₂	CaO	Cr ₂ O ₃	MnO
Measured	Upper Limonite	211	0.98	0.11	49.7	3.11	0.5	2.8	0.03	3.67	1.01
	Lower Limonite	27	1.13	0.15	35.5	2.57	5.1	21.1	0.22	2.86	0.85
	Total Limonite	238	1.00	0.11	48.1	3.05	1.0	4.9	0.05	3.58	1.00
	Upper Saprolite	478	1.19	0.03	11.3	0.39	17.9	41.6	0.32	0.89	0.23
	Lower Saprolite										
	Total Saprolite	478	1.19	0.03	11.3	0.39	17.9	41.6	0.32	0.89	0.23
	Measured Sub-Total	716	1.13	0.06	23.5	1.27	12.3	29.4	0.23	1.78	0.49
Indicated	Upper Limonite	8,360	0.93	0.11	47.9	3.45	0.6	3.3	0.21	3.13	0.92
	Lower Limonite	1,403	1.00	0.12	36.3	3.01	3.6	15.8	0.23	2.58	0.83
	Total Limonite	9,764	0.94	0.11	46.3	3.39	1.0	5.1	0.22	3.05	0.90
	Upper Saprolite	23,411	1.16	0.03	11.9	0.55	16.5	40.3	0.35	0.91	0.25
	Lower Saprolite	48	0.84	0.02	8.9	0.35	19.4	41.1	0.33	0.70	0.18
	Total Saprolite	23,459	1.16	0.03	11.9	0.55	16.5	40.3	0.35	0.91	0.25
	Indicated Sub-Total	33,222	1.10	0.05	22.0	1.38	11.9	30.0	0.31	1.54	0.44
Measured & Indicated	Grand Total	33,938	1.10	0.05	22.0	1.38	11.9	30.0	0.31	1.55	0.44
Inferred	Upper Limonite	178	1.05	0.11	47.7	3.38	0.8	5.5	0.03	3.16	0.93
	Lower Limonite	79	1.15	0.10	35.7	2.97	3.9	21.7	0.14	2.73	0.82
	Total Limonite	258	1.08	0.11	44.0	3.25	1.8	10.5	0.06	3.03	0.90
	Upper Saprolite	1,828	1.04	0.03	12.4	0.63	16.2	41.5	0.35	0.99	0.26
	Lower Saprolite	0.02	1.11	0.02	7.3	0.21	18.9	42.7	0.28	0.65	0.16
	Total Saprolite	1,828	1.04	0.03	12.4	0.63	16.2	41.5	0.35	0.99	0.26
	Grand Total	2,086	1.04	0.04	16.3	0.96	14.4	37.7	0.32	1.24	0.34

The mineral resource estimates were produced by Mark Gifford MSc (Hons), who is a Fellow of the Australian Institute of Mining and Metallurgy (FAusIMM) and an independent qualified person as defined by NI 43-101, in conjunction with Quantitative Group Pty Ltd (QG) in Perth, Australia. A total of 593 drill holes were completed at Agata North for 10,851 metres, and 11,100 core samples were used in the resource estimate. The resource estimation method applied was Ordinary Kriging. Cut-off grades applied to the resource were 0.5% nickel within the Limonite zone and 0.8% nickel within the Saprolite zone.

Sample preparation and assaying were performed by Intertek Testing Services, Phils., Inc. ("ITS"). The ITS Phils. facility is among Intertek's global network of mineral testing laboratories. Each sample is analyzed for nickel (Ni), cobalt (Co), iron (Fe), magnesium (Mg), aluminum (Al), silica (SiO₂), CaO, Cr₂O₃, K₂O, MnO, Na₂O, P₂O₅, and TiO₂. Whole rock analyses are done using X-ray Fluorescence (XRF). The samples are fused using lithium metaborate. XRF analysis determines total element concentrations that are reported as oxides. ITF mineral testing laboratories implement quality protocols. Normal Quality Control and Quality Assurance procedures were carried out, using a system of repeat analyses plus split sample analyses and the use of standard reference materials and blanks. Assay verification was carried out using standard samples and re-assaying field and pulp duplicates.

On June 5, 2013, TVIRD, as a result of positive bench-scale test work carried out at the Agata Nickel Processing Project, commissioned and commenced operation of pilot-plant testing which will further define the technological parameters to be used in producing a Bankable Feasibility Study with the goal of building a commercial processing plant.

The positive test work on nickel (Ni) laterite ore, from the Agata nickel laterite deposit, confirms the Agata ore is highly amenable to acid leaching with a high rate of nickel extraction achieved at a low acid consumption rate. The process technology TVIRD is developing, and which has produced these results, aims to achieve maximum nickel recovery and low acid consumption which translates into increased metal production and lower operating costs.

Approximately one tonne of ore was sent to the Beijing General Research Institute of Mining & Metallurgy (“BGRIMM”) for the purposes of conducting bench-scale crushing, scrubbing, screening and leaching tests to confirm the optimal circuit configuration and to validate the processing process identified by TVIRD.

A team of three TVIRD metallurgists was seconded to the BGRIMM team for the duration of the test work campaign. TVIRD also setup a bench-scale laboratory in Manila. All optimum conditions as identified in the BGRIMM tests have been validated, with excellent reproducibility of results between the TVIRD and BGRIMM tests.

More than 70 leach tests have been conducted. These tests conclusively illustrate that the Agata ore is highly amenable to acid leaching. Overall extractions of 94% Ni has been obtained at a relatively low acid consumption rate of 650 kg/t ore. This translates to approximately 49 t acid/t Ni produced for ore grades of 1.5% Ni. The acid utilization efficiency is encouraging when compared to other atmospheric acid leach processes.

Approximately twelve tonnes of ore were sent to BGRIMM in order to continuously operate a pilot plant that consists of, amongst others, primary leaching (atmospheric) and secondary leaching (low pressure autoclave). To date, all ore has been blended, crushed, screened and milled. Leaching commenced on May 13, 2013 to test a high grade (1.5% Ni) and a medium grade (1.3% Ni) ore. Pregnant leach solution (“PLS”) from the BGRIMM pilot plant was then shipped to the Philippines and processed in the TVI downstream Ni recovery pilot plant.

The process technology TVI is developing aims to achieve maximum nickel (Ni) recovery at an operating cost that could position the Agata process plant amongst the lowest cost producers - while best representing the requirement to contain capital costs of the project.

The process involves the treatment of higher Ni grade ore (>1.3% Ni). Much of the high iron (Fe) grade limonite will be directly shipped as part of a DSO operation. Therefore, the ore feed to the process plant is depleted of limonite. In addition, the higher grade Ni is associated mainly with the saprolite ore (which occurs beneath the limonite in the ore profile) - therefore, once the higher grade ore is considered, the ratio of limonite:saprolite that will be fed to the process plant is approximately 8% limonite:92% saprolite.

The process consists of separating the ore into a high Fe, low magnesium (Mg) fraction to feed the primary leaching stage and a low Fe, high Mg fraction, to feed the secondary leaching stage. Leaching is conducted in two stages to minimize acid consumption, as well as to clean the PLS of Fe.

PLS is recovered by a counter current decantation (“CCD”) circuit and then further refined using ion exchange (IX), and finally precipitated and filtered to produce a nickel hydroxide product (“NHP”) of 53% Ni content. This NHP is a versatile product since it is a refined intermediate product, and therefore, due to its purity, it is easily refined into Ni metal by potential off-takers.

Approximately thirty tonnes of ore were mined from a variety of test pits that cover the Agata ore body to provide the samples. Test pits were carefully selected from the available drill hole data to accurately reflect the ore that is expected to feed the process plant. Limonite and saprolite ore was separately mined, blended and loaded into sealed drums to preserve ore moisture.

On October 17, 2013, TVIRD provided an update on the positive test work results for its Agata Nickel Laterite Ore project. The BGRIMM pilot plant operation was conducted from May to July 2013 and the results are encouraging and in line with expectations as obtained from positive bench-scale test work.

The key outcomes of the BGRIMM pilot plant were as follows:

- An overall nickel extraction of 93.5 - 94.5% may be consistently achieved at an acid consumption of 48-50 t acid/t Ni leached. This has been shown as a result of an extensive BGRIMM pilot plant campaign, in which 4,300 kg of feed ore was leached.
- Leaching performance achieved is near identical to that obtained during the bench-scale test campaigns conducted at BGRIMM and the in-house facility in Manila.

- The 2-stage leaching process proposed is robust and yielded similar results for the variety of ore types tested.
- The leaching pilot plant operation allowed determination of other circuit design data such as residence time, operating temperature, feed slurry density, etc.
- Vendor settling tests confirmed fast settling nature of the feed ore, and leach residue. Acceptable underflow density obtained means that the leach circuit can be operated at 35-40% solids and the CCD circuit can be designed to achieve 98-99% recovery of soluble Ni over 7 CCD stages. All design data for pre-leach and CCD thickener design has been obtained.
- Limestone and lime consumption were determined from the continuously operating pilot plant for the neutralization of the washed leach residue. Additionally, residence time and other design parameters were obtained.
- Vendor settling tests have confirmed the expectation that the filtration rate of the washed and neutralized leach residue is slow, but feasible to incorporate this unit operation in the full scale plant flowsheet. All data to allow the design of the residue filtration has been obtained.
- A Mixed Hydroxide Product (“MHP”) containing an average of 36% nickel was produced by treating the PLS with soda ash/caustic soda. It was shown that it is possible to produce an MHP containing >40% Ni, if a 2-stage precipitation circuit is used.

Approximately 8,000L of the nickel-rich liquor from the BGRIMM pilot leaching plant was shipped to the Philippines for use as the feed stock to the TVI nickel purification and recovery pilot plant, established to produce a Nickel Hydroxide Product (NHP, containing about 50-53% Ni). The PLS was then processed in the TVIRD pilot plant as follows:

- All 8,000L of PLS was purified and the Ni concentration was increased by using the continuous counter-current ion exchange (“IX”) process developed by TVIRD. Ni recovery to eluate was 99.3%.
- The acid content of the IX eluate was then neutralized and the acid free eluate separated from the solid gypsum through a thickening stage and Ni then precipitated from this. After a 2nd precipitation stage, >99% of Ni in solution was precipitated.
- To ensure high product purity, the Ni product was harvested from the 1st Ni precipitation stage. Ni rich slurry from the 1st Ni precipitation stage was thickened and a portion of the thickener underflow stream recycled as seed to the feed of the 1st stage Ni precipitation, while the remainder was washed and filtered, thereby constituting the final NHP product.
- NHP filter cake was successfully produced February 7th, 2014 with a 52% to 54% Ni grade at the TVIRD pilot plant. Impurities such as Fe, Ca and Mg are low enough for the NHP to be considered a refined intermediate product. This implies that NHP may be converted to nickel oxide and nickel metal without the need for additional refining, thereby offering possible offtakers with a versatile product alternative.

The successful testing now at the TVIRD pilot plant and the production of NHP will allow a comparison of processes and products to enable the selection of a final process route as part of the Bankable Feasibility Study that is currently underway.

The TVIRD pilot plant has already processed all of the 8,000L of PLS received from BGRIMM. NHP produced will be characterised by a 3rd party facility, and a NHP specification sheet will be developed. NHP, together with the specification sheet, will be sent to potential offtakers for evaluation.

The final stage of pilot plant operation will comprise of treatment of the barren solution from the IX plant to produce an effluent that is acceptable for disposal as well as ecological tests for residues.

Pan de Azucar Pyrite Project

As described in Mindoro's news release of February 8, 2012, the Pan de Azucar pyrite project located on the Island of Panay is a drill-defined exploration target, which comprises a pyrite-rich mineralized horizon of between 10 and 40 metres in thickness and dipping at a shallow 10 to 15 degrees. The mineralized horizon is exposed at the surface. Mindoro reported it has drilled 30 holes into the mineralized horizon, showing a potential quantity of 8 million to 12.7 million dry metric tonnes with a grade range of 35% to 40% sulphur (70% to 90% pyrite). The

potential quantity and grade has been determined by averaging the intercepts from the drill assays and is conceptual in nature, because there has been insufficient exploration to define a mineral resource (including number of holes drilled) and it is uncertain if further exploration will result in the target being delineated as a mineral resource.

TVIRD expects that commercializing the project may involve both the DSO export of pyrite material to China for the production of sulphuric acid and/or the self-production of sulphuric acid at the Agata Ni processing plant site. Currently there are no permits in place for the mining of the pyrite material.

Activities planned or underway for the Pan de Azucar Pyrite Project include:

- laboratory testing of the pyrite samples as a suitable feed for a sulphuric acid plant
- preliminary concepts and mining plans
- confirming markets for products
- metallurgical test works
- community relations

As at December 27, 2013, TVIRD has incurred a total of \$5,994,271, recorded under *option to purchase contract* in the consolidated financial statements prior to the deconsolidation of TVIRD, and earned 59% of shares in the Agata Mining Joint Venture and 45% of shares in the Agata Processing Joint Venture, which remain in escrow until satisfaction of other requirements:

December 31, 2013	
Agata Mining	\$ 2,172,244
Agata Processing	3,589,622
PDA Mining	178,511
PDA Processing	53,894
	\$ 5,994,271

Foyson Resources Limited

Ownership

After giving effect of the PRHI transaction, the direct investment and participation in Foyson and Foyson joint ventures continues to be owned 100% owned by TVI.

Structure of Investment in Foyson

Pursuant to the HOA with Foyson, TVI issued a loan to Foyson in the amount of AUD\$400,000 on August 17, 2012. The loan was to bear interest at the rate of 8% per annum and was to be repayable by Foyson in cash on or before November 30, 2012. The parties also negotiated at that time loan security consisting of a charge in favor of TVI over all proceeds from the sale by Foyson of its Myrtle Springs magnesite tenements in Australia.

On August 28, 2012, TVI completed the first tranche of the private placement (Tranche 1) with Foyson, wherein TVI acquired 68 million shares representing 8.93% of Foyson's issued capital, at a purchase price of AUD\$0.013 per share, for a total of AUD\$884,000 (\$907,249).

TVI also signed a subscription agreement for the second tranche of the proposed private placement (Tranche 2), which provides the option to TVI to purchase an additional 160 million shares (at an aggregate purchase price of AUD\$2.4 million) and options to purchase up to an additional 140 million shares (at an exercise price of AUD\$0.03 per share), exercisable until June 30, 2015.

On August 28, 2012, TVI signed the following agreements relating to the following joint venture projects contemplated by the HOA:

- i) Amazon Bay Iron Sands Project (AB) - Stage one was initially expected to possibly involve a DSO operation where TVI would have the option to earn a 51% interest in the project by funding the development to production. Stage two may then involve full mining and processing of the Iron Sands where TVI will earn a 10% interest by making a minimum expenditure of AUD\$2 million on AB in the twelve months following the date on which all applicable joint venture conditions precedent are satisfied. TVI will have the right to earn a further 20% in AB by spending an additional AUD\$5.5 million within 12 months following the expiration of the initial earning year.
- ii) New Britain Gold/Copper (NB) - TVI agreed to commit to a minimum expenditure of AUD\$1.25 million in the twelve months following the later of the date on which all applicable joint venture conditions are satisfied and the date of the Tranche 1 Closing. TVI was to earn a 12.5% interest in NB as a result of the initial expenditure and a further 42.5 % interest in NB by spending an additional AUD\$5.25 million within 12 months following the expiration of the initial earning year.
- iii) New Ireland Gold/Copper (NI) and Massau and Tanga Islands (MTI) - TVI was to commit to spending a minimum of AUD\$100,000 for each project, within six months of the granting of the tenements to earn the right to match any third party offer to farm into NI or MTI, received during the year of the expenditure by TVI or during the 12 months following the finalization of the information memorandum on NI or MTI.

In February 2013, both Foyson and TVI agreed to amendments to the Tranche 2 subscription agreement which were subsequently approved at a Foyson shareholders' meeting held on April 18, 2013. Under the amended terms, TVI will:

- subscribe for 142,857,143 Foyson shares at AUD\$0.007 for a total AUD\$1.0 million investment (as compared to an initially agreed investment of AUD\$2.4 million, as per the original subscription agreement) and receive 80 million options from Foyson, exercisable at \$0.015 prior to December 31, 2014, that would bring TVI's ownership of Foyson to 29.5% on a fully diluted basis;
- replace the previously provided loan to Foyson by a convertible loan in the amount of AUD\$600,000, with the right (but not the obligation) to request repayment from Foyson through the issuance of 75 million shares and 75 million options to TVI (exercisable prior to December 31, 2014 at \$0.015); and
- focus resources on the Amazon Bay iron sands project with the intent to fast-track the development of an operating mine.

On May 3, 2013, TVI invested an initial part payment of AUD\$100,000 towards the restructured Tranche 2, increasing at that time TVI's shareholding in Foyson to 82,285,719 shares, representing 10.608% of Foyson's issued capital.

Effective July 9, 2013, TVI ceased to have representation on the Board of Directors of Foyson but does retain the right to nominate one individual currently and two out of five Foyson directors following full subscription of Tranche 2.

On July 30, 2013, TVI and Foyson have agreed to the following further amendments in the terms of the loan and Tranche 2 agreements:

- Subject to funding, the remaining Tranche 2 placements (AUD\$900,000, following part payment on May 3, 2013), have been rescheduled and will be made by TVI in two payments, the first for AUD\$315,000 within 10 days of further financing to be received by TVI, and the second for AUD\$585,000 within 10 days following the Foyson shareholder meeting to approve the transaction. The price per share is AUD\$0.007;
- Foyson will make an early repayment of 50% of the restructured AUD\$600,000 unsecured convertible loan provided earlier by TVI and restructured in February 2013, payable from the final Tranche 2 placement. The balance of the loan will continue to be subject to existing terms; and
- Foyson will assume project management responsibility for the Amazon Bay Project for the remainder of Stage one.

On December 19, 2013, TVI invested the further agreed AUD\$315,000 of the AUD\$1.0 million Tranche 2, increasing the shareholding to 127,285,714 shares, representing 15.51% of Foyson's issued capital. TVI will be issued with 80,000,000 unlisted options on completion of the Tranche 2 investment into Foyson. This has been approved by shareholders at a general meeting of Foyson held on the 18 March 2014.

Amazon Bay Iron Sands Project ("AB")

The HOA contemplates that stage one of the AB project, located in Papua New Guinea, may involve a DSO operation if it is determined to be technically and economically feasible. Stage two may involve fully mining and processing of the iron sands if it is also determined to be technically and economically feasible.

The AB project is comprised of EL 1396, EL 1623 and ELA 2149 totaling 1,171 sq km stretching more than 100 kms. The AB project contains a potentially massive iron, titanium and vanadium sand deposit. The potential project boasts excellent logistics and provides TVI the opportunity to be a world leader in development of iron sands projects.

TVI has completed Stage one of the AB Joint Venture providing exploration funding of AUD\$2 million and has now earned a 10% interest in the AB Project. Foyson has recently reported also that they are encouraged by the continued strong government support in PNG, as well as the overwhelming support of the local landowners.

New Britain Gold/Copper ("NB")

The NB project is located in Papua New Guinea.

In November 2012, Foyson released encouraging results of the first diamond drilling program and an induced polarization survey at the Atui Porphyry project, within Foyson's EL1642 on New Britain Island, PNG, which confirmed 102 meters of 0.13% copper and 57ppm molybdenum. Foyson conducted the underlying work that it reported on. The Atui Porphyry project is part of the New Britain Joint Venture and was originally discovered in the 1970s. Atui is located on an island arc trend that is host to several large porphyry Cu-Mo-Au and epithermal Au-Ag deposits, and is currently a major focus of porphyry Cu-Mo and Au exploration.

Effective October 1, 2013, TVI has given notice to Foyson that in accordance with the Articles of the NB Joint Venture Agreement and the subsequent related Amendments, TVI is terminating its obligations under the NB Joint Venture Agreement and shall focus together with Foyson on the AB Project. TVI's withdrawal from the NB Joint Venture has caused it to write-down its investment at December 31, 2013, of \$813,145, of which AUD \$200,000 has been refunded by Foyson in accordance with the Agreements and related Amendments thereto and has been used to restructure the loan to Foyson, increasing the initial total principal of AUD \$400,000 to a current AUD \$600,000.

Portfolio of other Foyson Tenements

Foyson tenements cover four high-priority targets that display many combined geologic, geochemical and geophysical characteristics typical of world-class porphyry and epithermal deposits in the region, include:

- The Legusulum porphyry Cu-Mo-Au target;
- The Palabong Group porphyry Cu-Mo-Au and epithermal Au-Ag-Cu targets;
- The Tanga Island Epithermal Au-Ag-Cu target
- The Massau epithermal Au-Ag target.

MATERIAL RELATIONSHIPS

As a result of TVI's focus through 2013 to obtain additional financing for working capital purposes and further investment in projects, TVI entered into the following material relationships in 2013 with respect to a finder's fee and a success fee for assistance provided to identify and negotiate the terms of any successful financing arrangement:

- Arch Advisory Limited ("**Arch**") – a financial advisory firm based out of Malaysia, whereby 3% of the Loan is due as a fee to Arch in the event that investors subscribing for the Loan were secured by Arch, or 2% in the event that an investor secured by one of the other selling agents subscribes for all or a part of the Loan and for assistance provided by Arch to negotiate and complete the transaction.
- Argosy Advisor, Inc. ("**Argosy**") – a related party given its association with Mr. Aloysius Colayco, a TVI director, who is also a director and principal of Argosy. A Finder's Fee of 3% of the value of the transaction is payable to Argosy for its role in identifying PAVI and helping to negotiate the initial terms of the proposal between PAVI and TVI.

TVI also executed on December 11th, 2013, various definitive agreements relating to the private placement in TVI and third-party investment in its indirectly held Philippine assets as initially announced in TVI's October 21, 2013 news release. The parties to the definitive agreements include TVI, Prime Resources Holdings, Inc. ("**PRHI**"), which is an arm's-length Philippines corporation and wholly-owned subsidiary of Prime Asset Ventures, Inc. ("**PAVI**"), and various subsidiaries/affiliates of TVI. Certain aspects of the proposed transactions changed since the date of TVI's original announcement (October 21, 2013) as a result of transaction structuring and ongoing negotiations among the parties. The transactions reflected in the definitive agreements have resulted in PRHI acquiring an approximate 5% direct equity interest in TVI and a 68.42% direct equity interest in TVIRD, TVI's Philippine operating affiliate. The definitive agreements for the transactions contemplate aggregate investments by PRHI of U.S. \$22.5 million; to be divided as US \$10.65 million to TVI and US \$11.85 million to TVIRD and various subsidiaries, each before tax and related fees.

Other than as noted herein, there are no other material contracts (other than contracts entered into in the ordinary course of business, that are material to TVI and that are required to be filed under Section 12.2 of NI 51-102) that were entered into within the most recently completed financial year, or entered into before the most recently completed financial year that are still in effect.

SHARE CAPITAL

TVI is authorized to issue an unlimited number of common shares. Each common share carries the right to vote, right to dividends, as and when declared, and the right to receive the remaining assets of TVI on a dissolution or wind-up. TVI's outstanding common shares as at December 31, 2013 were 655,470,372. Additionally, an unlimited number of non-voting preferred shares, issuable in series are authorized for issuance, of which none have been issued.

Since September 15, 1995, the common shares have been listed on the Toronto Stock Exchange ("TSX") under the symbol "TVI". The following table provides the reported high and low trading prices and volume of trading of the common shares by month during 2013:

Month	High	Low	Volume
January	0.030	0.020	4,085,298
February	0.030	0.025	7,259,640
March	0.030	0.025	8,065,134
April	0.030	0.025	3,428,433
May	0.030	0.025	4,990,890
June	0.030	0.020	5,914,994
July	0.030	0.020	2,432,569
August	0.025	0.020	7,701,746
September	0.025	0.020	2,343,128
October	0.025	0.020	4,321,563
November	0.025	0.020	1,902,508
December	0.025	0.020	4,966,501

On August 24, 2010, the common shares of TVI also commenced trading in the United States on the OTCQX Market's premium-tier, OTCQX International, under the symbol "TVIPF".

TVI has not declared or paid any dividends or distributions on its common shares since its incorporation and does not foresee the declaration or payment of any dividends or distributions on the common shares in the near term. Any decision to pay dividends or distributions on the common shares in the future will be made on the basis of the TVI's earnings, financial requirements and other factors that the Board of Directors may consider appropriate in the circumstances.

DIRECTOR INFORMATION

The following table sets out the names and municipalities of residence of the directors and executive officers of TVI, their positions and offices with TVI and their principal occupations during the last five years. The term of office of each director expires at the date of TVI's next Annual General Meeting of Shareholders.

Name and Municipality of Residence	Position(s) with the Corporation	Principal Occupation or Employment	Became a Director	Number and Percentage of Common Shares Owned or Controlled
Robert C. Armstrong Castle Rock, Colorado United States of America (2, 3 4)	Lead Director	President, Armstrong Associates International, LLC. (since 1998), a private company involved in the mining industry.	June 1998	9,337,744 1.4%
Aloysius B. Colayco Manila, Philippines (4)	Director	Managing Director, Argosy Partners, Inc., a private investment and advisory firm (since 1998). Senior Partner, Argosy Advisors, Inc. (since 2002). Chairman, Level Up! Holdings (since 2011). Jardine Matheson Country Chairman, Philippines (since 1994). Member, JM Asia Pacific Regional Board (since 1994). Chairman, Republic Cement (LaFarge affiliate) (since 1997). Chairman, Colliers Philippines (since 1994). Member of the Advisory Board, JG Summit Holdings, Inc. (since 2001). Senior Advisor, Asia Strategic Capital Fund and Asia Environmental Partners Fund (since 2007). Director, Maybank Philippines Inc. (Since 2012)	May 2011	420,000 <1%
C. Brian Cramm Castle Rock, Colorado United States of America (1, 2)	Director	President, Number Sense Corp. (since July 2010), a private personal and business financial management services firm.	June 1997	420,698 <1%
Jan R. Horejsi Calgary, Alberta Canada (1, 2, 4)	Director	President, CEO, and a director of Shooting Star Petroleum Ltd. (since July 1983), a private oil and gas and investment company. Director and CEO, Jadex International Ltd. (from January 2001 to December 2012), an independent oil and gas exploration company.	December 1991	1,437,358 <1%
Clifford M. James Calgary, Alberta Canada	Chairman, President, Chief Executive Officer and Director	Chairman, President and Chief Executive Officer, TVI Pacific Inc. since January 1987, and of TVI Resource Development Phils, Inc. since 2006. In addition, Mr. James has served as President and Chief Executive Officer of Seajay Management Enterprises Ltd. (Seajay) since 1977 and President and CEO of Regent Parkway 3202 Management Inc. (Regent) since 2007, both of which are private management and investment companies. Director of Foyson Resources Limited (from August 2012 to July, 2013), a Papua New Guinea focused mineral exploration company. Director of Mindoro Resources Ltd. (since October 2012) an Alberta incorporated company engaged in mining exploration in the Philippines.	January 1987	63,778,249 9.7% 6,888,900 held by Mr. James; 32,273,587 held by Seajay; 24,615,762 held by Regent

Name and Municipality of Residence	Position(s) with the Corporation	Principal Occupation or Employment	Became a Director	Number and Percentage of Common Shares Owned or Controlled
David Moscovitz Toronto, Ontario Canada (1, 3)	Director	Counsel, Dentons Canada LLP, formerly Fraser Milner Casgrain LLP (since 2007), a legal services firm. Prior thereto, Lawyer, Partner at Goodman and Carr LLP, a legal services firm.	May 2011	217,541 <1%
Peter C.G. Richards West Vancouver, British Columbia Canada (1, 3)	Director	Retired (since June 2002). Prior to his retirement, Mr. Richards was a partner with Richards, Buell, Sutton (a law firm located in Vancouver, British Columbia).	July 2001	1,806,083 <1%
Wayne G. Thomson Calgary, Alberta Canada (2, 3, 4)	Director	Director of Cenovus Energy a oil and gas exploration and development company (since November 2009). CEO and Director of Iskander Energy, a private oil and gas company focused on Eastern Europe (since December 2011). Chairman and President of EnviroValve Inc. a private technology company that has developed a patent pending pressure relief valve (since 2005). Mr. Thomson, a Professional Engineer, has over 30 years of experience in the domestic and international oil and gas industry.	May 2011	4,002,000 <1%

Notes:

- (1) *Member of the Audit Committee.*
- (2) *Member of the Compensation Committee*
- (3) *Member of the Corporate Governance and Nominating Committee*
- (4) *Member of the Environmental, Health, and Safety Committee*

OFFICER INFORMATION

Name and Municipality of Residence	Position(s) with the Corporation	Principal Occupation or Employment	Became an Officer	Number and Percentage of Common Shares Owned or Controlled
Patrick B. Hanna	Vice President, Finance & Admin. and Chief Financial Officer	Officer of TVI Pacific Inc., formerly Director of Financial Excellence, Kazakhmys Copper Corporation, Karaganda, Kazakhstan (from September 2008 to July 2010). In addition, Mr. Hanna has served as Finance Director of Berezitovy Mine (Russia), High River Gold (from February 2006 to August 2008), and General Director/Finance Director of JSC SeverTEK, a Finnish/Russian oil & gas joint stock company (from March 2002 to December 2005).	December 2010	0
Clifford M. James Calgary, Alberta Canada	Chairman, President, Chief Executive Officer and Director	Chairman, President and Chief Executive Officer, TVI Pacific Inc. since January 1987. In addition, Mr. James has served as President and Chief Executive Officer of Seajay Management Enterprises Ltd. (Seajay) since 1977 and President and CEO of Regent Parkway 3202 Management Inc. (Regent) since 2007, both of which are private management and investment companies. Director of Foyson Resources Limited (from August 2012 to July 2013), a Papua New Guinea focused mineral exploration company. Director of Mindoro Resources Ltd. (since October 2012) an Alberta incorporated company engaged in mining exploration in the Philippines.	January 1987	63,778,249 9.7% 6,888,900 held by Mr. James; 32,273,587 held by Seajay; 24,615,762 held by Regent

As at March 19, 2014, directors and executive officers, as a group, beneficially own, or control, or direct, directly or indirectly an aggregate 12.4% of the total outstanding common shares and hold 26,000,000 options to acquire additional common shares.

Interest in Material Transactions

Except as described below, there are no material interests, direct or indirect, of directors, executive-officers or any shareholder of the Company who beneficially owns, controls or directs, directly or indirectly, more than 10% of the outstanding common shares or any known associate or affiliate of such persons, in any transaction within the three most recently completed financial years that has materially affected or is reasonably expected to materially affect the Company.

As at March 19, 2013, Mr. James beneficially owns, or is deemed to beneficially own, 9.7% of the total number of issued and outstanding common shares. Assuming exercise in full of equity instruments to acquire TVI common shares, Mr. James would beneficially own, or would be deemed to beneficially own, approximately 11.2% of the total number of issued and outstanding common shares.

Individual Regulatory Standing

Except as described below, to the knowledge of TVI, no director or executive officer of TVI is, as at the date of this AIF, or was, within the 10 year period preceding the date of this AIF, a director, chief executive officer or chief financial officer of any issuer that: (i) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer, but which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer. For purposes of this paragraph, the term "order" means (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) an order that denied the relevant issuer access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days.

Except as described below, to the knowledge of TVI, no director, executive officer or security holder holding a sufficient number of securities of TVI to affect materially the control of TVI is as of the date of this AIF, or has been within the 10 year period preceding the date of this AIF, a director or executive officer of any issuer that, while such person was acting in that capacity (or within a year of that person ceasing to act in that capacity), became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

On May 7, 2010, the Alberta Securities Commission issued a cease trade order in respect of the securities of Richards Oil & Gas Limited. Mr. David Moscovitz was, at all relevant times, a director of Richards Oil & Gas Limited. The cease trade order was issued as a result of Richards Oil & Gas failure to file its annual audited financial statements, management's discussion and analysis and certification of annual filings for the year ended 31 December 2009. Richards Oil & Gas was also noted in default on the Commissions' reporting issuers list for failure to file its interim unaudited financial statements, interim management's discussion and analysis and certification of interim filings for the interim periods ended 31 March, 30 June and 30 September 2010, and its oil and gas disclosure prescribed by National Instrument 51-101 *Standards of Disclosure for Oil & Gas Activities* for the year ended 31 December 2009. Richards Oil & Gas made a proposal and all the assets were sold and Mr. Moscovitz resigned as director.

In August 2007, having discovered certain accounting errors in its audited financial statements for the years ended December 31, 2006, and December 31, 2005, and its interim financial statements for the first quarter of 2007, TVI determined that it would be necessary to restate such prior financial statements and that it would not be in a position to file its interim financial statements for the periods ended June 30, 2007, in a timely manner. Accordingly, TVI requested an order from the Alberta Securities Commission that certain named insiders (including the members of the board of directors at the time, namely Messrs. James, Armstrong, Richards, Horejsi and Cramm) cease trading TVI securities pending the filing of such unfiled statements and the filing of restated financials for the prior periods (the August Order). Each of the directors of the Company was subject to the August Order. On October 16, 2007, as a result of TVI remaining in default of its obligation to file its interim financial statements for the periods ended June 30, 2007, and the filing of restated financials for the prior periods, the Alberta Securities Commission revoked the August Order and ordered that trading cease in respect of the securities of the Company (the October Order). The October Order was revoked on January 4, 2008, and trading in the Company's securities resumed on January 11, 2008, following the filing of the interim financial statements of the Company for the periods ended June 30, 2007, and September 31, 2007, and the filing of restated financial statements for the years ended December 31, 2006, and December 31, 2005, and the first quarter of 2007.

QUALIFIED PEOPLE & CERTIFIED INDIVIDUALS

Jake Foronda, Vice-President of Operations of TVIRD, who replaced Yulo Perez in June 2013, is acting as the Qualified Person in compliance with NI 43-101 reporting requirements with respect to all TVI projects. He has prepared and/or supervised the preparation of the scientific or technical information in this document, including the current reserve and resource estimates, and confirms compliance with NI 43-101 requirements.

The persons or companies who are named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under NI 51-102 by the Company during, or relating to, the most recently completed financial year and whose profession or business gives authority to the statement, report or valuation made by the person or company are PricewaterhouseCoopers LLP Chartered Accountants (TVI's independent auditors), Clifford James (TVI's President and CEO), Patrick Hanna (TVI's Vice President, Finance & Administration, and CFO) and Jake Foronda (TVIRD's Vice President, Operations). PricewaterhouseCoopers LLP Chartered Accountants have performed the external audit of the consolidated financial statements for the fiscal year ended December 31, 2013.

PricewaterhouseCoopers LLP are independent of the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta. Neither PricewaterhouseCoopers LLP nor any director, officer or employee of PricewaterhouseCoopers LLP is, or is expected to be, elected, appointed or employed as a director, officer or employee of the Company or of any associates or affiliates of TVI.

As at the date hereof, Cliff James, TVI's President and CEO, owns 63,778,249 common shares and holds 10,000,000 options to purchase common shares of the Company.

As at the date hereof, Patrick Hanna, TVI's Vice President, Finance & Administration, and CFO, holds 3,000,000 options to purchase common shares of the Company.

As at the date hereof, Jake Foronda, TVIRD's VP, Operations, does not own any common shares or options to purchase common shares of TVI.

COMPLIANCE UPDATE

Other than the cease trade order described in this AIF under the heading "Director and Officer Information", there were no: (i) penalties or sanctions imposed against TVI by a court relating to securities legislation or by a securities regulatory authority during the year ended December 31, 2013; or (ii) other penalties or sanctions imposed by a court or regulatory body against TVI that TVI believes would be considered important by a reasonable investor in making an investment decision. In addition, during the year ended December 31, 2013, no settlement agreements were entered into by TVI before a court relating to securities legislation or with a securities regulatory authority.

CORPORATE INFORMATION

TVI was incorporated under the *Alberta Business Corporations Act* on January 12, 1987, as Travel Ventures Inc. On October 20, 1992, TVI changed its name to TVI Copper Inc. and on July 11, 1994, the name became TVI Pacific Inc.

The head, principal and registered office of TVI is located at 2000, 736 - 6th Avenue S.W., Calgary, Alberta, Canada, T2P 3T7. TVI maintains a staff of two management employees and several administrative staff who look after TVI's market listing obligations.

The head office of TVI's Philippine operating affiliate, TVIRD, is located on the 22nd floor of Equitable PCI Bank Tower, 8751 Paseo de Roxas, Makati City, Metro Manila, Philippines. EDCO, TVI's drilling subsidiary that has now been moved in the corporate structure to be 100% owned by TVIRD as a result of the transaction with PRHI and is therefore indirectly owned by TVI with an interest of 30.66%, has an office in Cebu in the Philippines. The number of corporate employees varies with the activity level of exploration and development programs. As of December 31, 2013, TVIRD and EDCO had 1,000 employees in the Philippines including full-time, part-time and project specific employees.

The transfer agent and registrar for the common shares is Computershare Trust Company of Canada and its principal offices are in Calgary, Alberta and Toronto, Ontario.

Information, including directors' and officers' remuneration and indebtedness, principal holders of the TVI's securities, options to purchase securities and interests of insiders in material transactions, will be contained in TVI's Management Proxy Circular for its next annual meeting of shareholders. Additional financial information is provided in TVI's financial statements for the year ended 2013 and the related management's discussion and analysis. A copy of such documents may be obtained upon request from the Chief Financial Officer of TVI or may be obtained online on the SEDAR site (www.sedar.com) maintained by the Canadian securities regulators.

AUDIT COMMITTEE INFORMATION

Pursuant to the provisions of Section 171 of the *Alberta Business Corporations Act* and applicable securities legislation, TVI is required to have an Audit Committee comprised of at least three directors, all of whom, subject to certain specific exceptions, must be independent and financially literate. For purposes of NI 52-110, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer's financial statements.

Composition of the Audit Committee

Member	Independent/Not Independent	Financially Literate/Not Financially Literate
C. Brian Cramm	Independent	Financially literate ⁽¹⁾
Jan R. Horejsi	Independent	Financially literate ⁽¹⁾
David Moscovitz	Independent	Financially literate ⁽¹⁾
Peter C.G. Richards	Independent	Financially literate ⁽¹⁾

Notes:

⁽¹⁾ As defined by National Instrument 52-110.

Relevant Education and Experience

In addition to each member's general business experience, the education and experience of each Committee member that is relevant to the performance of his responsibilities as a Committee member is as follows:

Member	Experience and Education
C. Brian Cramm	Mr. Cramm has served as Chief Financial Officer, Vice President Corporate Development, and Executive Vice President for several senior and junior gold mining and exploration companies, both in the private and public sectors, including General Minerals Corporation and Echo Bay Mines Ltd. Mr. Cramm also served as a contract President & CEO for a TSX-V listed company through his consulting Company, Number Sense Corp. Mr. Cramm is a Certified Management Accountant and has a BA in Finance from Regis University, a Denver Colorado based Jesuit college.
Jan R. Horejsi	President, CEO, and a director of Shooting Star Petroleum Ltd. (since July 1983), a private oil and gas and investment company. Mr. Horejsi has extensive business, administrative and operating experience in the oil and gas industry. He holds a Bachelor of Science Degree in Geology from the University of Alberta.
David Moscovitz	Counsel, Dentons Canada LLP, formerly Fraser Milner Casgrain LLP (since 2007), a legal services firm. Prior thereto, Lawyer, Partner at Goodman and Carr LLP, a legal services firm.
Peter C.G. Richards	Mr. Richards entered into private practice in 1952 after graduating from the University of British Columbia with a Bachelor Degree in law. He was a senior partner of the law firm Richards Buell Sutton in Vancouver and its predecessor firms, specializing in corporate and commercial law, business negotiations, wealth preservation and estate planning. Mr. Richards retired from the practice of law in 2002. During his professional career he served on the boards of a number of junior mining companies. He is presently active in the last stage development of a number of hydro-electric projects in northern British Columbia.

Pre-Approval Policies and Procedures

The Committee is mandated to pre-approve, in accordance with applicable law, any non-audit services and consider the impact of providing such services on the independence of the external audit.

External Auditor Service Fees (By Category)

The aggregate fees billed by TVI's external auditors in each of the last three fiscal years for service fees are as follows:

Financial Year Ending	Audit Fees	Audit Related Fees ⁽¹⁾	Tax Fees ⁽²⁾	Tax Fees ⁽³⁾
2013	\$ 359,129		\$ 229,856	\$ -
2012	\$ 259,169		\$ 106,712	\$ 50,541
2011	\$ 619,851		\$ 82,827	\$ 41,588

Notes:

(1) Fees charged for assurance and related services reasonably related to the performance of an audit, and not included under "Audit Fees".

(2) Fees charged for tax compliance, tax advice and tax planning services.

(3) Fees for services other than disclosed in any other column.

While audit fees in 2013 have remained relatively stable year-over-year, the reported increase reflects additional fees accrued in 2013 of \$101,400 that will subsequently be offset in 2014. Audit fees in 2011 include a one-time charge related to the transition to IFRS, additional reviews associated with the acquisition of TG World Energy Corp. and the cost of TG world audits then assumed by TVI. Tax fees have increased in 2013 largely in respect of tax planning activities related to the financing transaction with PRHI.

RISKS THAT CAN AFFECT OUR BUSINESS

TVI is exposed to various risk factors in the conduct of its business including the following:

Open Pit Mining Ban

On November 6, 2011, the Provincial Board of the Province of Zamboanga del Norte passed An Ordinance to Protect and Conserve the Integrity of the Land and Water Resources in the Province. This Ordinance gave sweeping new powers to the Provincial Governor to regulate the mining application process. It empowered non-governmental organizations to make citizens' arrests and it imposed a ban on open pit mining (but not on any other form of mining). Existing open pit operations, such as the Canatuan mine, were given one year to operate to November 2012 and would then be required to begin the closure and rehabilitation process.

In response to the Ordinance, TVIRD filed a series of legal actions in the Dipolog, Zamboanga del Norte, Regional Trial Court to prevent the implementation of the Ordinance. On January 6, 2012, TVIRD was granted a preliminary injunction against the Ordinance. The Court Order stops the implementation of the Ordinance and allows TVIRD to continue its operations without legal impediment while the main case (the legality of the Ordinance) is being litigated in the Court.

TVIRD's external legal counsel believes that the powers assumed by the province and Provincial Governor under the Ordinance are in direct contravention of Philippine laws passed by the National Congress, including the Philippine Mining Act of 1995 and the Local Government Code of 1991, and are therefore unconstitutional.

The Regional Trial Court ("**RTC**") denied a Motion for Reconsideration filed by the Provincial Board and the Province to aside the preliminary injunction on the implementation of the Ordinance. The Provincial Board and the Province appealed the decision of the RTC with the Court of Appeals, which also denied the appeal.

The next (substantive) hearings on the legal merits of the Ordinance, scheduled to begin in March, 2014, will be lengthy and exhaustive. TVIRD counsel remains confident that there is sufficient legal basis to nullify the ordinance; however, there is still a risk that the Courts will not do so. Nonetheless, the preliminary injunction, which allows TVIRD to operate until declared otherwise as a result of the hearings, remains in force.

Government Regulation and Potential Changes in Philippine Law

Mining operations and exploration activities are subject to governmental laws and regulations. TVIRD has obtained, or is in the process of obtaining and/or renewing all authorizations currently required to conduct its activities. Amendments to current laws and regulations governing operations and activities of mining companies, or more stringent implementation thereof, could have an adverse impact on TVI. Obtaining the required permits from applicable regulatory agencies and complying with laws and regulations may be more onerous, time consuming, and more costly than originally anticipated by TVI.

Regulatory Risk

Political and Regulatory Environment in the Philippines

Since the election of the Aquino Administration in 2010 the policy environment for the mining industry has been mostly negative, in Management's view. In 2010 the government implemented **a policy to "cleanse" non-performing tenements and issued denials for a large percentage of the country's tenement** applications, including three hld by TVIRD. (TVIRD appealed the three denials through Motions for **Reconsideration**, and these appeals are still under consideration.) At the same time the Administration imposed a moratorium on the granting of new tenement applications, initially until the "cleansing" process had been completed and subsequently until a comprehensive mining policy review had been concluded and a new mining policy introduced.

On July 9, 2012, The Philippine Government finally introduced a new mining policy in the form of a Presidential Executive Order (Executive Order #79, or "**EO 79**"), which provided direction to agencies of the Administration to carry out certain directives and signaled the Government's intention to seek legislation "rationalizing existing revenue sharing schemes and mechanisms". During the intervening period no new permits were issued and

industry operated in an environment of extreme uncertainty.

Readers are referred to previous MD&A documents for a detailed analysis of EO 79 and the Implementing Rules and Regulations (“IRR”) issued subsequently to execute the Executive Order.

The key elements of the policy were that (a) no new mining projects would be allowed until new fiscal legislation had been passed by Congress; (b) the Government was to cause Local Government Units (“LGU”) to rescind and/or not pass legislation contravening the Mining Act; (c) companies would be issued new exploration permits on the condition that they be subject to the fiscal terms passed subsequently by Congress; and (d) there would be a definitive map published of "No Go" areas that would be off limits to minerals exploration and development.

The government also committed to honour existing contracts such as those held by TVIRD, and in fact has approved the ECC for the Balabag project. The MGB is also working diligently with TVIRD to progress TVIRD’s applications for Declaration(s) of Mining Project Feasibility for the Balabag and Agata projects.

Between the date of the Executive Order (July, 2012) and the time of writing, the following developments can be noted:

- The Administration has created a Cabinet-level Minerals Industry Coordinating Council (“MICC”) to oversee policy formulation and the administration of minerals issues.
- Through its member departments the MICC conducted a review of fiscal terms and has reportedly drafted a new bill, which is ready for presentation to the President, who may then manage the process of its submission to Congress. Statements made to the media by the Secretary of Trade and Industry suggest that the draft – if not amended by the President – would propose a single regime for all mining projects, consisting of a 10% gross royalty or 50% tax on net operating revenue, whichever is greater, plus a windfall tax or surcharge during periods of high prices. TVI is of the view that if this draft were to be passed into law it would be considered by international industry to be economically discouraging for new projects. It should be noted, however, that the process by which such bills are passed into law by Congress is normally a lengthy one.
- The Secretary of Trade and Industry has also stated to the media that the government is considering the creation of Mining Zones to administer all mines, under an Authority similar to the highly regarded Philippine Economic Zone Authority within his department. This Authority would assume the responsibility of collecting tax revenues and also distributing the shares of LGUs and Indigenous Peoples to them in a timely fashion. TVI is of the view that this would be a positive step.
- The Philippines has been accepted as a candidate country by the Extractive Industries Transparency Initiative (“EITI”) and much progress has been made by government, industry and civil society representatives working together to advance the preparation of the country’s first report, due to be published by the end of 2014.
- However, no progress has been made in causing the LGUs to rescind the various anti-mining Ordinances in effect around the country. To the contrary, the House of Representatives has passed a Bill that would make the Province of Nueva Vizcaya, in Luzon Island, off limits to mining. The Bill still has to be debated and approved by the Senate before becoming law.
- The Secretary of Finance has recently stated that the new "No Go" map will be finalized and implemented by the end of 2014. An early draft of the map seen by industry representatives suggests that the increase in areas officially off limits to minerals exploration and development may be extensive.

The foregoing information regarding selected aspects of EO 79 and the corresponding IRRs as well as subsequent developments have been included in this MD&A to provide an update for readers who would otherwise be unaware of developments in the Philippines related to the mining industry. That information is based upon the text of EO 79 and the corresponding IRRs and statements made by various Government officials in the Philippines in relation to that order and mining related policies. *Readers are cautioned not to place undue reliance upon the information respecting EO 79 and the corresponding IRRs set out above, as there can be no assurances, at this time, with respect to the timing of implementation of new legislation and regulations or the ultimate effect that such legislation and regulations may have upon companies, such as TVIRD, operating in the Philippines mining sector.*

Emerging from this policy uncertainty there are certain additional risks faced by TVI's Philippine affiliate, TVIRD, including but not limited to:

- The government has stated that the new fiscal regime will increase the level of taxation for all new projects in the Philippines but that it will only be applied prospectively; i.e. to new projects. Existing projects will be given the option of adopting the new fiscal regime. The Balabag Project is an existing project in advanced stages of approval, and management believes it should be governed by the existing fiscal regime. However, there is a risk that the new fiscal regime may be applied to the Balabag Project.
- While the government has stated that Motions for Reconsideration will be processed for APSAs and Applications for Financial and Technical Assistance Agreements ("**AFTAs**"), including TVIRD's AFTA 13, AFTA 14 and APSA 39 there is a risk that the Free Prior Informed Consent ("**FPIC**") process required for these tenements may drag out and/or not be secured.
- Government continues to discuss the requirement for compulsory and mandatory insurance coverage for the affected environs and communities, as well as perpetual liability for the maintenance and rehabilitation of post mining sites (i.e., setting up trust funds or heritage funds with specified uses).
- In implementing a commitment to identify additional "no-go" areas for mining, government may include areas of interest to TVI and TVIRD in areas of current projects or those under negotiation/acquisition.

Three additional risks are present in the policy environment in the country:

- Several draft, independent member's bills, referred to as "Alternative Mining Acts" have been presented for discussion in the Philippine House of Representatives. While these bills do not currently have the support of the Administration, in the event that they were to be passed into law by Congress, or have significant elements of them adopted by the Administration, they would further impair the fiscal regime and regulatory framework under which the mining industry operates in the country.
- A petition for Writ of Kalikasan ("Writ of Nature") has been filed with the Supreme Court of the Philippines by third parties seeking cancellation of all mining tenement applications in Region IX (Zamboanga Peninsula) and amendment of the Implementing Rules and Regulations to the Philippine Mining Act of 1995. TVIRD is not named as a respondent to the aforesaid petition, but a risk exists that it may be impleaded into the case, and/or it may be impacted should an adverse ruling issue from the court. The Supreme Court has remanded the case to the Court of Appeals in Cagayan de Oro. TVIRD legal counsel is monitoring the case.
- The Supreme Court has heard arguments before it from Petitioners in the case of Baraquel vs. DENR Secretary, Sagittarius Mining Inc., Oceana Gold Corporation and TVIRD, which seeks to challenge the constitutionality of certain sections of the Mining Act of 1995 and in effect to revisit the Court's La Bugal judgment that upheld its constitutionality. TVIRD is a respondent in regard to an application for a Financial and Technical Assistance Agreement ("**FTAA**"), which has subsequently been denied but which denial TVIRD has appealed. Three sessions of oral argument have taken place before the Court and all parties to the case, as well as the Chamber of Mines of the Philippines, have provided final written submissions to the Court. A risk exists that the Supreme Court could choose not to reject the petition and make a new ruling on the constitutionality of key provisions in the Mining Act. In that event, there is a risk that the mining agreements cited in the case would be ruled null and void and TVIRD's appeal of the denial would be rejected; or that all mining agreements in the country would be ruled null and void and their taxation agreements would have to be renegotiated (which would affect TVIRD along with all other tenement holders).

The foregoing information regarding selected aspects of Executive Order #79 and the corresponding IRRs have been included in this AIF to provide an update for readers who would otherwise be unaware of this development. That information is based upon the text of Executive Order #79 and the corresponding IRRs and statements made by various Government officials in the Philippines in relation to that order. *Readers are cautioned not to place undue reliance upon the information respecting Executive Order #79 and the corresponding IRRs set out above, as there can be no assurances, at this time, with respect to the timing of implementation of new legislation and regulations or the ultimate effect that such legislation and regulations may have upon companies, such as TVIRD, operating in the Philippines mining sector.*

Social and Economic Environment

TVI's operations and investments may be adversely affected if the political and economic environment of the Philippines becomes unstable.

Although TVIRD has obtained a title opinion with respect to its Philippine properties, there is no guarantee that title to such mining rights will not be challenged or impugned. As with most projects of this nature, indigenous peoples' rights may be claimed on properties for which TVIRD currently holds title.

In early September 2013, a group of armed fighters of the Moro National Liberation Front ("**MNLF**") occupied the centre of Zamboanga City and declared "independence" from the Republic. The leadership of the MNLF, who had previously signed a peace agreement with the Philippine government resulting in the creation of the Autonomous Region of Muslim Mindanao in the 1990s, claimed that the Administration had unfairly left them out of the current peace agreement being negotiated with another Muslim organization, the Moro Islamic Liberation Front ("**MILF**"). Violent fighting erupted – lasting for several weeks – as the military and police killed or dispersed all the rebels. The MNLF fighters took hundreds of civilian hostages during their occupation, and unfortunately a number of civilians were killed in the crossfire.

The fighting did not threaten TVIRD's operations in any way, other than presenting a logistical inconvenience in that the company had to switch its staging operations, normally carried out through Zamboanga City, to Dipolog City.

The MNLF population areas and political strongholds are not close to any of the company's operating areas, especially the Balabag and Agata projects, with the exception of some small MNLF communities in the vicinity of Santa Maria Port. Relations with these communities are strong, however, because of a long history of community development projects and employment.

Accordingly TVIRD does not see any present or future security threat being directed at the company by the MNLF groups. Nevertheless TVIRD will continue high levels of vigilance in security management.

However, it is known that the MNLF leadership and some of the membership continue to feel left out of the peace process; and the wounds from the recent violence will take time to heal. There is a risk that isolated MNLF activists may elect to conduct random acts of violence against government facilities, or may attempt kidnapping activities (heretofore the domain of other groups further south in the Sulu islands). While TVIRD management believes this risk is small, and that any actions will not be in any TVIRD area of operations, it will continue to conduct its operations with the highest level of security planning and practices. In the event of a random act there is a risk that TVI's operations could inadvertently be affected in some way.

Rapu Rapu

The Rapu Rapu mine, located in the province of Albay in the central eastern Philippines, is a polymetallic mining project. In December 1999, TVIRD assigned the Lafayette Group its mining rights and participating interest in the Rapu Rapu joint venture agreement dated November 1998. As part of the consideration for the assignment, TVIRD was granted a 2.5% NSR.

However, on February 6, 2008, Korea Malaysia Philippines Resources Inc., Rapu-Rapu Processing Inc., Rapu-Rapu Minerals Inc., collectively referred to as the "**Rapu Rapu Group**", which acquired the Rapu Rapu mine from the Lafayette Group, filed a petition for corporate rehabilitation. As a result, the Pasig City Regional Trial Court issued a stay order on all claims against the Rapu Rapu Group. On March 19, 2008, TVIRD filed a notice of claim against the Rapu Rapu Group for unpaid NSR.

On September 17, 2009, the Pasig City Regional Trial Court approved the final rehabilitation plan of the Rapu Rapu Group, which recognized the royalty claims of TVIRD beginning in 2012; however, the plan did not recognize TVIRD's royalty claims prior to 2012 and the Company therefore filed an appeal with the Court of Appeals.

Rapu-Rapu Group moved out of corporate rehabilitation and resumed normal operations in October 2011, at which time TVIRD started negotiations for a compromise settlement to resolve the outstanding NSR issue. On December 14, 2012, TVIRD signed a MOA with Rapu Rapu which outlines terms for the settlement of outstanding NSR payments to TVIRD. The MOA confirmed an agreement between TVIRD and the Rapu Rapu Group in the gross amount of US\$3,844,720 for the period 2005 through Q3 2012. In 2012, TVIRD received US\$3,075,776, net of 20% withholding taxes, representing NSR payments for the period 2005 through Q3 2012. During the period ended

December 31, 2013, TVIRD received a total cash payment of US\$2,342,164, net of 20% withholding tax, based on settlement statements provided by Rapu-Rapu representing NSR for the periods from Q4 2012 to Q3 2013.

On July 5, 2013, following RRPI's full satisfaction of TVIRD's claims, the parties filed with the Court of Appeals a Joint Motion seeking the dismissal of the appeal. The Court of Appeals is expected to grant the said Joint Motion in due time thereby putting an end to the case.

The Rapu Rapu Group has now closed their mine and processing operations at the end of 2013 though some remaining shipments of product remain in storage awaiting clearance.

Decline of Ore Grade at Canatuan

As expected over the life of the mine, the copper and zinc feed grade continued to decline as TVIRD exhausted its mine reserves. TVIRD compensated for this decline in grade by improving on tonnage, recoveries, and running time. The sulphide pit has finally been mined out by January 15, 2014. Condemnation drilling within and near the mine has commenced to evaluate mine life extension opportunities.

Replacement of Depleted Reserves

TVI strives to continually replace reserves depleted by production to maintain production levels over the long term. Reserves can be replaced by expanding known ore bodies, locating new deposits or making acquisitions. Exploration is highly speculative in nature (see "Future Exploration and Development Activities may not be Successful" below). TVI's exploration projects involve many risks and may be unsuccessful. Once a site with mineralization is discovered, it may take several years from the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable reserves and to construct mining and processing facilities. As a result, there is no assurance that current or future exploration programs will be successful. There is a risk that depletion of reserves will not be offset by discoveries, acquisitions or regulatory approvals for the beneficiation of any discoveries or acquisitions. The mineral base of TVI may decline if reserves are mined without adequate replacement.

Reserve and resource figures are estimates and no assurances can be given that the indicated levels of precious or base metals will be produced or that TVI will receive the price assumed in determining its reserves. These estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling results and industry practices. Valid estimates made at a given time may significantly change when new information becomes available. While TVI believes that the reserve and resource estimates included are well established and reflect management's best estimates, by their nature, reserve and resource estimates are imprecise and depend, to a certain extent, upon analysis of drilling results and statistical inferences that may ultimately prove unreliable. Furthermore, fluctuations in the market price, as well as increased capital or production costs or reduced recovery rates may render TVI's reserves uneconomic and may ultimately result in a reduction of reserves.

The extent to which resources may ultimately be reclassified as proven or probable reserves is dependent upon the demonstration of their profitable recovery. The evaluation of reserves or resources is always influenced by legal, economic and technological factors, which may change over time. No assurances can be given that any resource estimate will ultimately be reclassified as proven or probable reserves.

If TVI's reserve or resource figures are inaccurate or are reduced in the future, this could have an adverse impact on TVI's future cash flows, earnings, results of operations and financial condition.

Future Exploration and Development Activities may not be Successful

Exploration for and development of precious and base metal properties involve significant financial risks that even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of minerals or metals may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling, constructing mining and processing facilities at a site, connecting to a reliable infrastructure, developing metallurgical processes and extracting the minerals or metals. TVI cannot ensure that its current exploration and development programs will result in profitable commercial mining operations or replacement of current production at existing mining

operations with new reserves. Also, substantial expenses may be incurred on exploration projects that are subsequently abandoned due to poor exploration results or the inability to define reserves that can be mined economically.

The economic feasibility of development projects is based upon many factors, including but not limited to the accuracy of reserve/resource estimates; metallurgical recoveries; capital and operating costs; government regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting, and environmental protection; and market prices. Development projects are also subject to the successful completion of feasibility studies, issuance of necessary governmental permits and availability of adequate financing. Development projects have no operating history upon which to base estimates of future cash flow. Estimates of proven and probable reserves and cash operating costs are, to a large extent, based upon detailed geological and engineering analysis. TVI also conducts feasibility studies that derive estimates of capital and operating costs based upon many factors, including anticipated tonnage and grades of minerals or metals to be mined and processed; ground and mining conditions; expected recovery rates; and anticipated social, environmental and regulatory compliance costs.

It is possible that actual costs and economic returns of current and new mining operations may differ materially from TVI's best estimates. It is not unusual for new mining operations to experience unexpected problems during the start-up phase and to require more capital than anticipated or experience higher operating costs. These uncertainties could have an adverse impact on TVI's future cash flows, earnings, results of operations and financial condition.

Funding and Liquidity

Future development and exploration depends the ability of TVI and its affiliates to obtain funding through project and mining cash flows, joint ventures, debt financing, equity financing and other means. Failure to obtain additional funding when needed or on terms acceptable or favourable to TVI or its affiliates may cause TVI or its affiliates to postpone its exploration and development plans, forfeit rights in some or all of its properties, or reduce or terminate some or all of its operations. This could have a material adverse effect on TVI.

The ability to make scheduled payments or to refinance debt obligations depends on the financial condition and operating performance of TVI, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond its control. Past loans have been secured by the off-take agreement with the customer in case TVIRD became unable to make scheduled payments or otherwise commits an event of default, such as bankruptcy. As at December 31, 2013, TVIRD has fully repaid all such loans.

Current financial markets remain volatile due to uncertainties in the global economy. Commodity markets have seen substantial volatility and there were delays in obtaining required permits for certain projects. The volatility and uncertainty in the current markets could lead to difficulties in raising funds. There can be no assurance that the amount will be adequate for future financial obligations and internal cash available for investments of TVI.

Non-Controlling Interests

The consolidated financial statements include the accounts of TVI and its wholly-owned subsidiaries TG World, TVI Limited, TVI International Marketing Limited and TVI Minerals Processing Inc., including its remaining interest in TVIRD and eight inactive Philippine subsidiaries.

Of the issued and outstanding shares of each of the inactive eight Philippine subsidiaries, 30.66% are indirectly owned by TVI Marketing. TVIRD shares are owned 30.66% by TVI Marketing with the 68.42% owned by PRHI as a result of corporate restructuring at the end of 2013 arising from the financing transaction concluded with PRHI. Non-controlling interests in less than wholly-owned subsidiaries of TVI comprise the interest held by the Philippine residents or companies and is presented separately in the consolidated statement of comprehensive income and consolidated statement of financial position, separately from TVI's equity.

In July 2010, the Securities and Exchange Commission of the Philippines approved the application of TVIRD to restructure its share of stock from one class to two classes of common shares – Class A and Class B. The restructuring retained the percentage of ownership and voting interests and did not affect the factors requiring

the consolidation of the entity. The Class A shares, held by the Philippine residents or companies, are entitled to a cumulative preferred dividend equal to 20% of their investment per annum and retain their ownership and voting rights. All outstanding Class A shares have been repurchased by TVIRD as at the Second Close of the PRHI transaction, January 10, 2014.

Although there has been no official pronouncement with respect to changes to the foreign ownership rule, the restructuring of the ownership of TVIRD as noted above resulted in the inability on the part of TVI to account for TVIRD and the inactive Philippine subsidiaries on a consolidated basis and an inability to fully direct the financial and operating policies of these companies.

Risk on Investments

In its investments in Foyson and Mindoro, TVI is exposed to risk that it may not realize the expected returns from these investments. Projected cash flows from these investments may change depending on the outcome of the projects. Market value of the shares may decline that could affect the valuation of the investments; and further losses may be incurred by the associates that would require write-down in the value of these investments.

Price Volatility

Even if TVI discovers commercial quantities of mineral resources, there is no assurance that a profitable market will exist for the sale of such resources. Factors beyond the control of TVI may affect the marketability of any minerals discovered. There are several factors that may impact the volatility of metal prices including, but not limited to: international economic and political trends; global weather or geological disruptions; expectations of inflation; global and regional demand and consumption patterns; currency exchange fluctuations; speculative activities; and increased production due to improved mining and production methods.

Production and Cost Estimates may be Inaccurate

TVIRD prepares estimates of future production and future production costs for particular operations. No assurance can be given that production and cost estimates will be achieved. These production and cost estimates are based on, among other things, the following factors: the accuracy of reserve estimates; the accuracy of assumptions regarding ground conditions and physical characteristics of ores, such as hardness and presence or absence of particular metallurgical characteristics; equipment and mechanical availability; labour availability; access to the mine; facilities and infrastructure; sufficient materials and supplies on hand; and the accuracy of estimated rates and costs of mining and processing, including the cost of human and physical resources required to carry out TVIRD's activities.

Failure to achieve production or cost estimates, or increases in costs, could have an adverse impact on TVI's future cash flows, earnings, results of operations and financial condition. Actual production and costs may vary from estimates for a variety of reasons, including actual precious or base metals mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; short-term operating factors relating to the mineral reserves, such as the need for sequential development of ore bodies and the processing of new or different grades; risks and hazards associated with mining; natural phenomena, such as inclement weather conditions, floods, earthquakes, pit wall failures and cave-ins; and unexpected labour shortages. Costs of production may also be affected by a variety of factors, including: changing waste-to-ore ratios, ore grade metallurgy, labour costs, costs of supplies and services (such as fuel and power), general inflationary pressures and currency exchange rates. Failure to achieve production estimates could have an adverse impact on TVI's future cash flows, earnings, results of operations and financial condition.

Property Competition

There are large and well established mining companies with technical and financial resources in the worldwide market. Significant and increasing competition exists for mineral acquisition opportunities throughout the world. As a result, TVI may be unable to acquire the rights to exploit additional attractive mining properties on terms it

considers acceptable. Accordingly, there can be no assurance that TVI will acquire any interest in additional operations that would yield reserves or result in commercial mining operations.

Environmental Hazards

The mining business is subject to a variety of risks such as ground fall, explosions and other accidents, flooding, environmental hazards and the discharge of toxic chemicals. TVI may or may not be able to insure against these hazards. This may result in destruction of mines and other facilities, damage to life and property, environmental damage, delayed production, increased production and exploration costs, and possible legal liability for any and all damages. Such liabilities may have a material adverse effect on TVI's financial position.

Key Personnel

Recruiting and retaining qualified personnel is critical to the TVI's success. There are limited qualified workers trained in the acquisition, exploration and development of mining properties. TVI believes that it has been successful in recruiting excellent personnel to meet its corporate objectives. As TVI grows, it will require additional key financial, administrative, operational, marketing and public relations personnel. Although TVI believes that it will be successful in attracting and retaining qualified personnel, there can be no assurance of such success.

Agata DSO Project

The Agata DSO Project is in the final stages of development, preparatory to project startup. At the time of writing, all requirements of the DMPF (the final step in the project approvals process) have been fulfilled and confirmation is expected imminently. The approval process for the certification of the port facility is under way; and approximately 95% of land right-of-way required for the project is in hand. Once the DMPF is signed by Director of the MGB, TVIRD can proceed to mine development, and begin mining. Similarly, once the final approvals for the Port facility have been secured, construction can begin.

Accordingly, the specific risks associated with the timing and execution of the project, at the time of writing, include the timeliness by which TVIRD receives the national government's approval of the DMPF; the receipt of approvals from the Port Authorities in conjunction with the Local Government Units ("LGU"); and the final acquisition of right-of-way required for the port and access roads.

Longer term risks for this project include the dependability of markets and constancy of pricing for the DSO product. Negotiations are well advanced with an off-take contractor to supply the special market in China for the High-Fe ore at prices consistent with historical prices for the product (the prices on which the economics and feasibility have been carried out). However, there remains a risk that the contract may not be successfully concluded; or that demand and prices for this "niche" product may soften over the life of the project.

Community and political risks for this project are similar to those in all mining projects in the Philippines: LGU support; community support; and security. The Agata DSO Project is situated in a region of Mindanao that is strongly supportive of mining, as a result of the extensive development of mining projects that have benefitted communities over several decades. At the time of writing the Provincial Governor and the Municipal Mayor have stated both privately and publicly that they support mining and they support the project. Similarly, the previous operator of the project, the Canadian-affiliated Mindoro, has established an excellent track record of environmental management, social responsibility and community development. As a result the surrounding community is also strongly supportive. Regarding security, the main risk in the region, generally, is the activity of the New Peoples' Army ("NPA" – Maoist insurgents), which has, from time to time, attacked mining projects. The NPA have not, however, mounted any activities in connection with the Agata Project, and most incidents have been at a significant distance from the project, in Surigao. TVIRD has an excellent track record in mounting effective, community-based security management and expects to be able to maintain its incident-free record.

There remains a risk that external events could influence local political instances, or communities, to withdraw their support for the project; or that some unforeseen event might give rise to a security incident, either of which could have damaging effects on project execution and returns.

Balabag

As TVIRD continues to work in the pre-development phase of the Balabag Epithermal Gold-Silver Project and towards a development decision, there are risks that could delay pre-development work and, ultimately, project implementation.

The government has stated that approval processes for the advancement of existing contracts such as the Balabag MPSA may now proceed, and has granted the project's application for an ECC, which is a critical step forward toward project implementation. Nevertheless there is a risk the government may not act in a timely manner with respect to approval of its DMPF, which has been filed and is in process. The DMPF permit is required before construction and production may commence.

While TVIRD has assumed and maintained control of the premises after the eviction of the illegal miners in late 2012, there is a risk that illegal miners could make efforts to return, or to obstruct development operations in some way, and that government may not act in a sufficiently timely way to prevent an impact on the project's timetable.

DEFINITIONS, ABBREVIATIONS & TERMS

"**AB**" means Amazon Bay, Papua New Guinea;

"**AFTA**" means an application for a FTAA;

"**AFP**" – Armed Forces of the Philippines;

"**Ag**" means silver;

"**AIF**" means Annual Information Form;

"**ALS**" means Australian Laboratory Services;"**APSA**" mean an application for an MPSA;

"**andesite**" means the dark, aphanitic, extrusive rock with a silica content of approximately 60%, the second most abundant volcanic rock;

"**Argillic alteration**" means a hydrothermal alteration of wall rock which introduces clay minerals including kaolinite, smectite and illite. The process generally occurs at low temperatures and may occur in atmospheric conditions;

"**Arrangement**" means the plan of arrangement between TVI and TG World whereby TVI acquired all of the outstanding common shares of TG World;

"**As**" means arsenic;

"**ASX**" means Australian Stock Exchange;

"**Au**" means gold;

"**AUD\$**" means Australian dollars;

"**Benguet**" means Benguet Corporation, a Philippine Company;

"**BFS**" means Bankable Feasibility Study;

"**BGRIMM**" means Beijing General Research Institute of Mining and Metallurgy ;

"**BIR**" – Philippine Bureau of Internal Revenue;

"**BOI**" means the Philippines Bureau of Investments;

"**Bornite**" also known as **peacock ore**, means a sulfide mineral with chemical composition Cu_5FeS_4 that crystallizes in the orthorhombic system (pseudo-cubic);

"**Bosque**" means Mr. Ramon Bosque, a previous landholder and initial explorer of the Canatuan tenements;

"**Breccias**" means a rock composed of broken fragments of minerals or rock cemented together by a fine-grained matrix, that can be either similar to or different from the composition of the fragments;

"**CAD\$**" or "**CDN\$**" means Canadian dollars;

"**C&M**" means care and maintenance;

"**CDP**" means Community Development Program;

"**Chalcopyrite**" means a mineral, a sulphide of copper and iron, sometimes called copper pyrite;

"**Chalcocite**", means copper (I) sulfide (Cu_2S), is an important copper ore mineral. It is opaque, being colored dark-gray to black with a metallic luster;

"**chlorite**" means a family of tetrahedral sheet silicates of iron, magnesium and aluminium, characteristic of low-grade metamorphism;

"**Committee**" means the TVI Pacific's Audit Committee;

"**Company**" or "**TVI**" means TVI Pacific Inc., or its subsidiaries and affiliates as applicable;

"**Covellite**" (also known as covellite) means a rare copper sulfide mineral with the formula CuS ;

"**Cu**" means copper;

"**Cu lb eq**" means copper pound equivalent;

"**DENR**" means the Philippines Department of Environment and Natural Resources;

"**dm^t**" means dry metric tonne;

"**DMCI**" means DMCI-CERI Inc., an affiliate of DACON Corporation;

"**DMPF**" means Declaration of Mining Project Feasibility;

"**DOE**" means Philippines Department of Energy;

"**DOF**" means?

"**ECC**" means Environmental Compliance Certificate, under the laws of the Philippines;

"**EDCC**" means Economic Development Cabinet Cluster;

"**EDCO**" means Exploration Drilling Corporation, a wholly-owned subsidiary of TVIRD;

"**EIS**" means Environmental Impact Statement;

"**Enargite**" means a copper arsenic sulfosalt mineral with formula: Cu_3AsS_4 . It takes its name from the Greek word enarge, "distinct." Enargite is a steel gray, blackish gray, to violet black mineral with metallic luster;

"**EP**" means Exploration Permit: allows a qualified person to undertake exploration activities for mineral resources in certain areas open to mining;

"**EXPA**" means Exploration Permit Application;

"**EXPA 61**" means TVIRD's application for the Exploration Permit No. 61 (EXPA 000061-IX);

"**epithermal**" means a hydrothermal mineral deposit formed within about 1 km of the earth's surface and in the temperature range of 50 to 200°C, occurring mainly as veins;

"**Facility**" means the Omnibus Loan and Security Agreement with LIM providing for a US\$30.1 million principal amount term loan facility, since repaid;

"**Fiamme**" lens-shapes, usually millimeters to centimeters in size, seen on surfaces of some volcanoclastic rocks;

"**Fissure**" means a groove, natural division, deep furrow, elongated cleft, or tear in various parts of the body;

"**FMRDP**" means Final Mine Rehabilitation and Decommissioning Plan;

"**FPIC**" means Free Prior Informed Consent;

"**FTAA**" means Financial or Technical Assistance Agreement: a contract with the government of the Philippines involving financial or technical assistance by a company for large-scale exploration and development of local mineral resources. Under this type of contract, the government is entitled to a share of the economic benefits accrued from the exploitation of the resource in the form of an excise tax, income tax and/or duties and fees. Generally this share will only be redeemed after a company has recouped its expenditures for exploration and development;

"**g**" means gram;

"**Galena**" means a natural mineral form of lead (II) sulfide;

"**GCTA**" means Greater Canatuan Tenement Area;

"**Genivar**" means Genivar Limited Partnership;

"**Geostat**" means Geostat Systems International Inc.;

"**gossan**" means soft, oxidized rock on surface: at Canatuan, this upper portion of the deposit was mined for gold and silver;

"**g/t**" means grams per tonne;

"**HOA**" means Heads of Agreement;

"**km**" means kilometre;

"**Lafayette**" means Lafayette Mining NL, formerly an Australian mining company with operations in the Philippines;

"**LIM**" means LIM Asia Multi-Strategy Fund Inc. (formerly LIM Asia Arbitrage Fund Inc.) and LIM Asia Special Situations Master Fund Ltd.;

"**Manganese**" means a chemical element, designated by the symbol Mn. It has the atomic number 25. It is found as a free element in nature (often in combination with iron), and in many minerals;

"**Marcasite**" sometimes called **white iron pyrite**, means iron sulfide (FeS_2) with orthorhombic crystal structure. It is physically and crystallographically distinct from pyrite, which is iron sulfide with cubic crystal structure. Both structures do have in common that they contain the disulfide S_2^{2-} ion having a short bonding distance between the sulfur atoms;

"**massive**" means a mineral deposit characterized by a great concentration of ore in one place, as opposed to disseminated or vein deposits; also said of any rock that has a homogeneous texture or fabric over a wide area, with an absence of layering, foliation, cleavage, or any similar directional structure;

"**m**" means metre;

"**McPhar**" means McPhar Geoservices Philippines Inc.;

"**MGB**" means the Philippines Mines and Geosciences Bureau;

"**mi**" means mile;

"**MICC**" means the Philippines Mining Industry Coordinating Council;

"**MILF**" - Moro Islamic Liberation Front;

"**MNLF**" -- Moro National Liberation Front;

"**MOA**" means Memorandum of Agreement;

"**MPSA**" means Mineral Production Sharing Agreement: an agreement between the government of the Philippines and a company in which the government grants a company the right to conduct smaller scale mining operations within the contract area in exchange for a share of final mine production. This share is generally exercised as an excise tax;

"**MRL**" means Mindoro Resources Limited

"**mm**" means millimetre;

"**NB**" means New Britain, Papua New Guinea;

"**NCIP**" means the Philippines National Commission on Indigenous Peoples;

"**NI 43-101**" means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*;

"**Norwest**" means Norwest Corporation;

"**NPA**" – New People's Army,

"**NSR**" means net smelter royalty;

"**OPM**" means the Philippines Office of Policy and Management;

"**Ordinance**" refers to the ordinance of the Provincial Board of Zamboanga del Norte banning new open mines in the Province of Zamboanga del Norte. This Ordinance also forces the remediation process on existing open pit mines to begin in November 2012. TVI has been granted a preliminary injunction against the Ordinance while the legality of the Ordinance is being litigated in the Court;

"**oz**" means ounce;

"**PAVI**" means Prime Assets Ventures, Inc.

"**PDA**" means Pan de Azucar.;

"**PEZA**" means Philippine Economic Zone Authority or Philippine Export Zone Authority;

"**PHP**" means Philippine peso;

"**PJLGC**" means P.J. Lafleur Geo-Conseil Inc.;

"**PMIEA**" means the Philippines Presidential Mineral Industry Environmental Awards;

"**PMO**" means Prime Ministers Offices;

"**PNOC**" means Philippine National Oil Company;

"**porphyry**" means an igneous rock that contains conspicuous phenocrysts in fine-grained or glassy ground mass;

"**PPA**" means the Philippines Ports Authority;

"**ppm**" means parts per million;

"**PPP**" – public-private partnership;

"**PRHI**" means Prime Resources Holdings Inc., a wholly-owned subsidiary of Prime Assets Ventures, Inc. ("PAVI");

"**PSE**" means Philippines Stock Exchange;

"**pyrite**" means a sulphide mineral, iron sulphide;

"**QA/QC**" means quality assurance/quality control;

"**Regent**" means Regent Parkway 3202 Management Inc., a company controlled by Clifford M. James;

"**RMX**" means Red Mountain Mining Ltd.;

"**SC 54A**" means Service Contract 54A, TVI's offshore Philippine oil property;

"**SDMP**" means the Philippine government-mandated Social Development Management Program;

"**schist**" means a coarse-grained, strongly foliated metamorphic rock that develops from phyllite and splits easily into flat, parallel slabs;

"**Seajay**" means Seajay Management Enterprises Ltd., a Company controlled by Clifford M. James;

"**sericite**" means a white, fine-grained potassium mix occurring in small scales as an alteration product of various aluminosilicate minerals;

"**Sinistral Strike Slip**" is a scientific term that describes chirality ("handedness") or relative direction;

"**SMC**" means San Miguel Corporation;

"**sulphide**" means a mineral characterized by the linkage of sulphur with a metal or semi-metal: at Canatuan, this underlying portion of the deposit is being mined for copper and zinc;

"**Supergene**" in an ore deposit geology, **supergene** processes or enrichment occur relatively near the surface;

"**TSX**" means the Toronto Stock Exchange;

"**TSXV**" means the Toronto Stock Exchange Ventures board;

"**TG World**" means TG World Energy Corp., a wholly-owned subsidiary of TVI with exploration and development operations in the Philippines;

"**TVIRD**" means TVI Resource Development Phils, Inc., a corporation formed under the laws of the Philippines. TVI owns 40% of the shares of TVIRD through its indirect wholly owned subsidiary TVI International Marketing Ltd. TVIRD owns and operates the Canatuan Mine and several exploration properties in the Philippines;

"**US\$**" means United States dollars;

"**VMS**" means volcanogenic massive sulphide;

"**wmt**" means wet metric tonne;

"**ZMC**" means Zamboanga Minerals Corporation;

"**Zn**" means zinc;

"**\$**" means Canadian dollars.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this AIF constitute forward-looking information. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "intend", "could", "might", "should", "believe", "schedule" and similar expressions. Forward-looking statements are based upon the opinions and expectations of TVI as at the effective date of such statements and, in certain cases, information received from or disseminated by third parties. Although TVI believes that the expectations reflected in such forward-looking statements are based upon reasonable assumptions and that information received from or disseminated by third parties is reliable, it can give no assurance that those expectations will prove to have been correct. Forward-looking statements are subject to certain risks and uncertainties (known and unknown) that could cause actual outcomes to differ materially from those anticipated or implied. These factors include, but are not limited to, such things as general economic conditions in Canada, the United States, the Philippines, Papua New Guinea and elsewhere; volatility of prices for precious metals, base metals, oil and gas; commodity supply and demand; fluctuations in currency and interest rates; inherent risks associated with the exploration and development of mining properties; inherent risks associated with the exploration of oil and gas properties; ultimate recoverability of reserves; production, timing, results and costs of exploration and development activities; political or civil unrest; availability of financial resources or third-party financing; new laws (domestic or foreign); changes in administrative practices; changes in exploration plans or budgets; availability of personnel and equipment (including mechanical problems); and extreme weather conditions and forces of nature (i.e. typhoons, heavy rains, earthquakes, and the like) that may disrupt operations and explorations.

Forward-looking statements regarding forward production costs and shipping and refining costs are based on current and previous mineral reserve and resource estimates, current mining and processing activities, prior experiences of management with mining and processing activities, the current development and operating plan, efficiency and effectiveness of the sulphide plant, and TVI's overall plans, budget and strategy for Canatuan (which are all subject to change), the Agata DSO, Balabag and other TVI projects. Forward-looking statements regarding plant throughput, remaining mine life and resources/reserves of the Canatuan deposit are based on current and previous mineral reserve and resource estimates, current mining and processing activities, prior experiences of management with mining and processing activities, the current development and operating plan, efficiency and effectiveness of the sulphide plant, and TVI's overall plans, budget and strategy for Canatuan (which are all subject to change). Forward-looking statements respecting the copper and zinc concentrate shipping volumes and the timing of future shipments are based on the Company's previous experience with concentrate shipments, current mining and processing activities, current and previous mineral reserve and resource estimates, discussions to date with the off-take partner, efficiency and effectiveness of the sulphide plant, and TVI's overall plans, budget and strategy for Canatuan (which are all subject to change). Forward-looking statements regarding the timing and nature of exploration and drilling activities in the Greater Canatuan Tenement Area (including EXPA 61, Malusok and SE Malusok), Tamarok and the TVI's other tenements in the Philippines are based upon current and previous exploration activities, management's experience with other exploration programs undertaken in the Philippines and elsewhere, and TVI's overall plans, budget and strategy (which are all subject to change). In certain cases, the timing of exploration activities in the Philippines is dependent upon the receipt of free prior informed consent from indigenous communities and regulatory approvals from the government of the Philippines. Forward-looking statements regarding expectations that TVI will be able to find additional ore in the Greater Canatuan Tenement Area (including EXPA 61, Malusok and SE Malusok) and that this ore can be economically transported to the existing Canatuan mill are based upon current and previous exploration activities, management's experience with other exploration programs undertaken in the Philippines and elsewhere, management's current and previous experience with mining and processing activities at Canatuan, and TVI's overall plans, budget and strategy (which are all subject to change). Forward-looking statements regarding the commencement of development works at Balabag are based upon current and previous exploration activities, discussions with third-parties, and TVI's overall plans, budget and strategy for Balabag (which are all subject to change). Forward-looking statements regarding the TVI's expected metal production and capital expenditures for 2014, and its ability to continue to generate revenue from its operations are based on current mining and processing activities at Canatuan, current throughput of the sulphide plant, anticipated recoveries, efficiency and effectiveness of the sulphide plant, management's prior experiences with mining and processing at Canatuan, the estimated copper and zinc mineralization of the sulphide zone at Canatuan, current and previous exploration, and TVI's overall plans, budget

and strategy (which are all subject to change). The forward-looking include information relating to interests that may be earned by TVIRD in the Agata and Pan de Azucar joint ventures; opportunities for exploration, development and commercialization of the Agata Mining Project (including the High Fe and Limestone DSO/Lime Production Facility and the Agata Nickel Processing Plant). Forward-looking statements include, but are not limited to, commencing development of the infrastructure for the Agata North DSO Project plans to commence direct shipping of high iron limonite ore to China in 2014, and other statements that are not historical facts. Forward-looking statements are based upon the opinions and expectations of TVI as at the effective date of such statements and, in certain cases, information received from or disseminated by third parties. Although TVI believes that the expectations reflected in such forward-looking statements are based upon reasonable assumptions and that information received from or disseminated by third parties is reliable, it can give no assurance that those expectations will prove to have been correct. Forward-looking statements are subject to certain risks and uncertainties that could cause actual events or outcomes to differ materially from those anticipated or implied by such forward-looking statements. Those risks and uncertainties include, but are not limited to: (A) results of further work in pursuing the conceptual planning not supporting current expectations as to the opportunities outlined; (B) TVIRD not funding the necessary expenditures at Agata or Pan de Azucar to advance the projects or earn an interest under the joint venture agreements due to, among other things (i) changes in TVIRD's strategic priorities, due diligence findings, changes in laws or regulations affecting mining operations in the Philippines (including the profitability of such operations), and other factors, (ii) changes in TVIRD budgets and (iii) limited availability of funds; (C) a determination on the part of TVIRD not to pursue projects contemplated by one or more of the joint venture agreements noted above for technical, economic, legal or other reasons (including, without limitation, a failure to obtain required permits or other governmental or regulatory approvals); and (D) certain other risks identified elsewhere in TVI's public filings, including, without limitation, those risk factors set forth at pp. 46-52 of TVI's Annual Information Form dated March 20, 2012. **Accordingly, readers should not place undue reliance upon the forward-looking statements contained in this news release and such forward-looking statements should not be interpreted or regarded as guarantees of future outcomes.**

The forward-looking statements of TVI contained in this AIF are expressly qualified, in their entirety, by this cautionary statement. Various risks to which TVI is exposed in the conduct of its business (including mining and oil and gas activities) are described in detail in this AIF under the heading "Risks That Can Affect Our Business", any of which could cause actual results to differ materially from the projected forward-looking information.

Subject to applicable securities laws, TVI does not undertake any obligation to publicly revise the forward-looking statements included in this AIF to reflect subsequent events or circumstances.

APPENDIX 1 - AUDIT COMMITTEE CHARTER

1. General

The Board of Directors (the "Board") of TVI Pacific Inc. (the "Corporation") has established an Audit Committee (the "Committee") to assist the Board in fulfilling its oversight responsibilities regarding:

- a) the accuracy and completeness of the Corporation's financial statements;
- b) the internal control and financial reporting systems of the Corporation;
- c) the selection and activities of the Corporation's external auditor;
- d) risk management;
- e) the Corporation's compliance with legal and regulatory requirements, and
- f) any additional duties set out in this Charter or otherwise delegated to the Committee by the Board.

2. Members

The Board will in each year appoint a minimum of three (3) directors of the Corporation as members of the Committee. All members of the Committee shall be independent directors.

All members of the Committee shall be financially literate. While the Board shall determine the definition of and criteria for financial literacy, this shall, at a minimum, include the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

Directors who are not members of the Committee may attend all or any part of meetings of the Committee, but shall not vote.

3. Duties

The Committee shall have the following duties:

a) Financial Reporting and Disclosure

- i. *Audited Annual Financial Statements*: Review the audited annual financial statements as prepared by management in conjunction with the external auditors, related management discussion and analysis ("MD&A") and earnings press releases for submission to the Board for approval.
- ii. *Quarterly Review*: Review the unaudited quarterly financial statements, the related MD&A and earnings press releases for submission to the Board for approval.
- iii. *Significant Accounting Practices and Disclosure Issues*: Review with management and the external auditor, significant accounting practices employed by the Corporation and disclosure issues, including complex or unusual transactions, judgmental areas such as reserves or estimates, significant changes to accounting principles, and alternative treatments under Canadian GAAP for material transactions. This review process shall be undertaken in order to have reasonable assurance that the financial statements are complete, do not contain any misrepresentations, and present fairly the Corporation's financial position and the results of its operations in accordance with Canadian GAAP.
- iv. *Compliance*: Confirm through discussions with management that Canadian GAAP and all applicable laws or regulations related to financial reporting and disclosure have been complied with.
- v. *Legal Events*: Review any actual or anticipated litigation or other events, including tax assessments, which could have a material current or future affect on the Corporation's financial statements, and the manner in which these have been disclosed in the financial statements.

- vi. *Off-Balance-Sheet Transactions*: Discuss with management the effect of any off-balance sheet transactions, arrangements, obligations and other relationships with unconsolidated entities or other persons that may have a material current or future effect on the Corporation's financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources, or significant components or revenues and expenses.
- vii. *Disclosure Procedures*: Satisfy itself that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted from the Corporation's financial statements and periodically assess the adequacy of those procedures.

b) Oversight of Internal Controls

- i. *Review and Assessment*: Review and assess the adequacy and effectiveness of the Corporation's system of internal control and management information systems through discussions with management and the external auditor.
- ii. *Oversight*: Oversee system of internal control, by:
 - Consulting with the external auditor regarding the adequacy of the Corporation's internal controls;
 - Monitoring policies and procedures for internal accounting, financial control and management information, electronic data control and computer security;
 - Obtaining from management adequate assurances that all statutory payments and withholdings have been made; and
 - Taking other actions as considered necessary.
- iii. *Fraud*: Oversee investigations of alleged fraud and illegality relating to the Corporation's finances and any resulting actions.
- iv. *Complaints*: Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters, and for the protection from retaliation of those who report such complaints in good faith.

c) External Audit

- i. *Appointment or Replacement*: Recommend the appointment or replacement of the external auditor to the Board, for the Board's consideration.
- ii. *Oversight*: Oversee the work of the external auditor engaged to prepare or issue an audit report or perform other audit, review or attestation services.
- iii. *Compensation*: Review with management, and make recommendations to the Board, regarding the compensation of the external auditor. In making a recommendation with respect to compensation, the Committee shall consider, in addition to such other matters as it thinks fit, the size, complexity and financial condition of the Corporation.
- iv. *Reporting Relationships*: The external auditor will report directly to the Committee and the Committee will have the authority to require the external auditor to so report.
- v. *Performance*: Review with management the terms of the external auditor's engagement, accountability, experience, qualifications and performance and evaluate the performance of the external auditor.
- vi. *Transition*: Review management's plans for an orderly transition to a new external auditor, if required.
- vii. *Audit Plan*: Review the audit plan and scope of the external audit with the external auditor and management, and consider the nature and scope of the planned audit procedures.
- viii. *Audit Plan Changes*: Discuss with the external auditor any significant changes required in the approach or scope of their audit plan, management's handling of any proposed

- adjustments identified by the external auditor, and any actions or inactions by management that limited or restricted the scope of their work.
- ix. *Review of Results:* Review, independently from management and without management present, the results of the annual external audit, the audit report thereon and the auditor's review of the related MD&A, and discuss with the external auditor the quality (not just the acceptability) of accounting principles used, any alternative treatments of financial information that have been discussed with management, the ramifications of their use and the auditor's preferred treatment, and any other material communications with management.
 - x. *Disagreements with Management:* Resolve any disagreements between management and the external auditor regarding financial reporting.
 - xi. *Material Written Communications:* Review all other material written communications between the external auditor and management, including the post-audit management letter containing the recommendations of the external auditor, management's response and, subsequently, follow up identified weaknesses.
 - xii. *Interim Financial Statements:* Engage the external auditor to read all interim financial statements and MD&A and report the compliance with reporting requirements. Review the results of the auditor's findings of the interim financial statements and the related MD&A independent of and without management present.
 - xiii. *Other Audit Matters:* Review any other matters related to the external audit that are to be communicated to the Committee under generally accepted auditing standards or that relate to the external auditor.
 - xiv. *Meeting with External Auditor:* Meet with the external auditor independently from management and without management present (1) at least annually to discuss and review specific issues; and (2) as appropriate with respect to any significant matters that the auditor may wish to bring to the Committee for its consideration.
 - xv. *Correspondence:* Review with management and the external auditor any correspondence with regulators or governmental agencies, employee complaints or published reports that raise material issues regarding the Corporation's financial statements or accounting policies.
 - xvi. *Independence:* At least annually, and before the external auditor issues its report on the annual financial statements, review and confirm the independence of the external auditor through discussions with the auditor on their relationship with the Corporation, including details of all non-audit services provided. Consider the safeguards implemented by the external auditor to minimize any threats to their independence, and take action to eliminate all factors that might impair, or be perceived to impair, the independence of the external auditor. Consider the number of years the lead audit partner has been assigned to the Corporation, and consider whether it is appropriate to recommend to the Board a policy of rotating the lead audit partner more frequently than every five years, as is required under the rules of the Canadian Public Accountability Board.
 - xvii. *Non-Audit/Audit Services:* Pre-approve, in accordance with applicable law, any non-audit services to be provided to the Corporation by the external auditor, with reference to compatibility of the service with the external auditor's independence.
 - xviii. *Hiring Policies:* Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor.

d) Risk Management

Review and assess the adequacy of the Corporation's risk management policies and procedures with respect to the Corporation's principal business risks. Review and assess the adequacy of the implementation of appropriate systems to mitigate and manage the risks, and report regularly to the Board. Review the Corporation's insurance program.

e) Regulatory Compliance

Review with management the Corporation's relationship with regulators and the timeliness and accuracy of Corporation filings with regulatory authorities.

f) Related Party Transactions

Review with management all related party transactions and the development of policies and procedures related to those transactions.

g) Board Relationship and Reporting

- i. *Adequacy of Charter:* Review and assess the adequacy of the Committee Charter annually and submit such amendments as the Committee proposes to the Board.
- ii. *Disclosure:* Oversee appropriate disclosure of the Committee's Charter, and other information required to be disclosed by applicable legislation, in the Corporation's Annual Information Form and all other applicable disclosure documents, including any management information circular distributed in connection with the solicitation of proxies from the Corporation's securityholders.
- iii. *Reporting:* Report regularly to the Board on Committee activities, issues and related recommendations.

4. Chair

The Board will in each year appoint the Chair of the Committee. The Chair shall be financially literate. In the Chair's absence, or if the position is vacant, the Committee may select another member as Chair. The Chair will have the right to exercise all powers of the Committee between meetings but will attempt to involve all other members as appropriate prior to the exercise of any powers and will, in any event, advise all other members of any decisions made or powers exercised.

5. Meetings

The Committee shall meet at the request of its Chair, but in any event it will meet at least four times a year. Notices calling meetings shall be sent to all Committee members, to the CEO of the Corporation, to the Chair of the Board and to all other directors. The external auditor or any member of the Committee may call a meeting of the Committee.

6. Quorum

A majority of members of the Committee, present in person, by teleconference, or by videoconference will constitute a quorum.

7. Removal and Vacancy

A member may resign from the Committee, and may be removed and replaced at any time by the Board, and will automatically cease to be a member as soon as the member ceases to be a director. The Board will fill vacancies in the Committee by appointment from among the directors of the Board in accordance with Section 2 of this Charter. Subject to quorum requirements, if a vacancy exists on the Committee, the remaining members will exercise all its powers.

8. Experts and Advisors

In order to carry out its duties, the Committee may retain or appoint, at the Corporation's expense, such independent counsel and other experts and advisors as it deems necessary. The Committee shall provide notice to the Governance Committee of its actions in this regard.

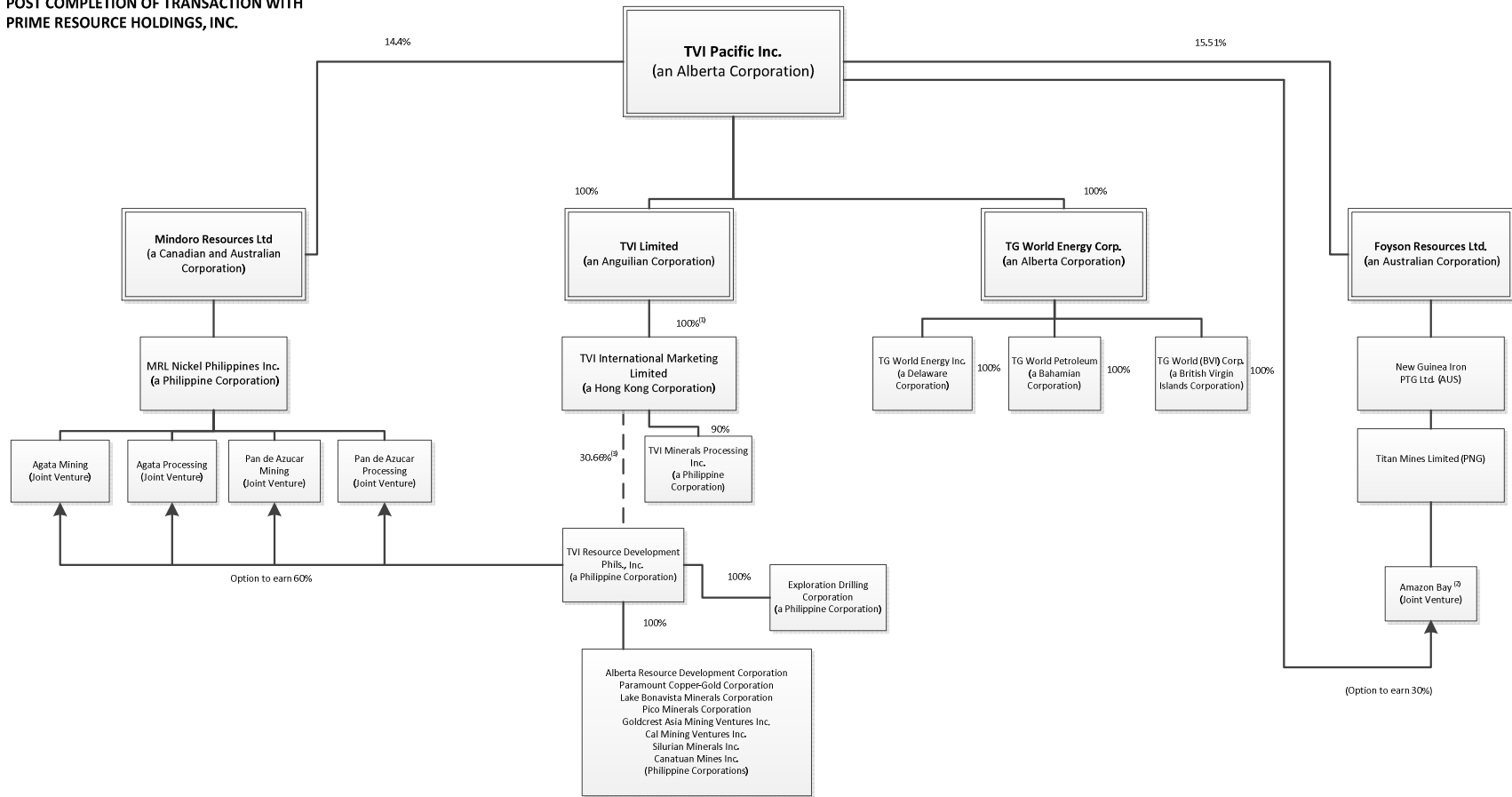
9. Access

The Committee may have access to and direct contact with any employee, contractor, supplier, customer or other person that is engaged in any business relationship with the Corporation to confirm information or to investigate any matter within the mandate of the Committee.

10. Secretary and Minutes

The Chair of the Committee shall appoint a secretary for each meeting to keep minutes of such meeting. The minutes of the Committee will be in writing and duly entered into the books of the Corporation. The minutes of the Committee will be circulated to all members of the Board.

POST COMPLETION OF TRANSACTION WITH PRIME RESOURCE HOLDINGS, INC.



Notes:

- (1) Two non-voting, non-participating redeemable deferred shares are held by Prime Resource Holdings, Inc., who also holds 68.42% of TVIRD and 10% of TVI Minerals Processing as well as 5% equity of TVI Pacific as at February 1, 2014.
- (2) The minimum expenditure commitment has been satisfied and the transfer documents are in process with the PNG Government authorities to provide TVI Pacific with 10% interest in the tenement.
- (3) The 30.66% interest is held directly by TVI Pacific while the 0.92% is held by other Class B shareholders.