



**TVI Pacific Inc.**

**Annual Information Form**

**March 25, 2011**

## TABLE OF CONTENTS:

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Page	
	<b>DEFINITIONS AND MINING TERMS ..... 4</b>
	<b>SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS..... 7</b>
	<b>QUALIFIED PERSON DISCLOSURE.....8</b>
	<b>CORPORATE ORGANIZATION STRUCTURE..... 9</b>
	<b>INTERCORPORATE RELATIONSHIPS.....10</b>
	<b>CORPORATE ORGANIZATIONAL CHART.....10</b>
	<b>GENERAL DEVELOPMENT OF THE BUSINESS .....10</b>
	Philippines .....10
	Transaction with TG World Energy Corp.....16
	Drilling Segment .....17
	Three Year History.....17
	Social Commitment.....19
	Environmental Commitment.....20
	<b>MINERAL PROPERTIES.....20</b>
	The Philippines .....20
	<b>CANATUAN – PRODUCING PROPERTY .....22</b>
	Property Description and Location .....22
	Accessibility, Climate, Local Resources, Infrastructure and Physiography .....23
	History .....24
	Geological Setting .....25
	Deposit Type .....26
	Mineralisation.....26
	Drilling History .....26
	Sampling Method and Approach.....27
	Sample Preparation and Security .....28
	Data Verification .....29
	Mineral Processing and Metallurgical Testing .....29
	Initial Mineral Resource Estimate.....29
	Initial Mineral Reserve Estimate.....31
	Mine Planning and Optimization.....32
	Modeling Parameters, Cash Flow Scenarios and Sensitivity Analyses .....33
	Current Reserves and Resources .....33
	Environment and Permitting .....34
	<b>GREATER CANATUAN TENEMENT AREA.....35</b>
	Current and Existing Tenement Applications (Zamboanga Peninsula).....35
	<b>EXPLORATION UPSIDE AT CANATUAN .....35</b>
	Reconnaissance Survey of the Greater Canatuan Area .....35
	Resource Evaluation at Malusok and SE Malusok Area.....37

<b>SIENNALYN COPPER-ZINC GOLD PROJECT (MPSA 076-97-1X)</b> .....	<b>39</b>
<b>ADVANCED STAGE AND PRIORITY PROJECTS</b> .....	<b>41</b>
Balabag Gold Project (ZMC MPSA-086-97-IX) .....	41
Tamarok Copper-Gold Porphyry (Dalman) and Tapisa (AFTA-013-IX).....	51
Field Work Results - North Zamboanga Region .....	59
<b>RAPU RAPU</b> .....	<b>60</b>
<b>RISK FACTORS</b> .....	<b>60</b>
Funding and Liquidity .....	60
Open Pit Mining Ban Risk.....	60
Government Regulation AND Potential Changes in Philippine Law .....	61
Political, Social and Economic Environment.....	62
Future Exploration and Development Activities may not be Successful .....	62
Price Volatility.....	62
Reserve and Resource Prices may be Imprecise.....	63
Production and Cost may be inaccurate.....	63
Property Competition .....	63
Environmental Hazards.....	64
Key Personnel .....	64
Replacement of Depleted Reserves.....	64
<b>LEGAL PROCEEDINGS</b> .....	<b>64</b>
<b>REGULATORY ACTIONS</b> .....	<b>64</b>
<b>MATERIAL CONTRACTS</b> .....	<b>64</b>
<b>INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS</b> .....	<b>66</b>
<b>TRANSFER AGENTS AND REGISTRARS</b> .....	<b>66</b>
<b>CONFLICT OF INTERESTS</b> .....	<b>66</b>
<b>INTERESTS OF EXPERTS</b> .....	<b>68</b>
Names of Experts.....	68
Interests of Experts.....	68
<b>DIVIDEND POLICY</b> .....	<b>69</b>
<b>DESCRIPTION OF CAPITAL STRUCTURE</b> .....	<b>69</b>
<b>MARKET FOR SECURITIES</b> .....	<b>69</b>
<b>DIRECTORS AND OFFICERS</b> .....	<b>69</b>
Corporate Cease Trade Orders and Corporate Bankruptcies .....	70
Audit Committee Matters.....	72
<b>ADDITIONAL INFORMATION</b> .....	<b>73</b>
<b>APPENDIX 1 - AUDIT COMMITTEE CHARTER</b> .....	<b>74</b>

## DEFINITIONS, ABBREVIATIONS & MINING TERMS

"**ABCA**" means the *Alberta Business Corporations Act*;

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

"**Ag**" means silver;

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

"**Apex**" means Apex Exploration and Mining Company;

"**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;

"**As**" means arsenic;

"**Au**" means gold;

"**AuEq**" means gold equivalent;

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

"**bornite**" means a mineral, an important ore of copper;

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

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

"**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;

"**Cu**" means copper;

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

"**dmt**" means dry metric tonnes;

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

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

"**EIA**" means Environmental Impact Assessment;

"**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 Exploration Permit No. 61 project (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;

"**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 mineral, lead sulphide, principal ore of lead;

"**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;

"**gpt**" means grams per tonne;

"**HQ**" means diamond drilling coring size of 63.5 mm (2.5");

"**Intermet**" means Intermet Engineering Pty Ltd.;

"**JV**" means joint venture;

"**Kilborn**" means Kilborn Engineering Pacific Ltd.;

"**km**" means kilometre;

"**kriging**" means the use of a weighted, moving average approach in the estimation of ore reserves by geostatistical methods;

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

"**laterite**" means tropical soil rich in hydroxides of aluminium and iron and formed under good drainage conditions;

"**Laurion**" means Laurion Consulting Inc.;

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

"**mafic**" means pertaining to or composed dominantly of the ferromagnesium rock-forming silicates;

"**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 Mines and Geosciences Bureau of the Department of Environment and Natural Resources of the Philippines;

"**mi**" means mile;

"**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 is generally exercised as an excise tax;

"**mm**" means millimetre;

"**MRI**" means MRI Trading AG;

"**Mt**" means million tonnes;

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

"**Norwest**" means Norwest Corporation;

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

"**oz**" means ounce;

"**Partners**" means the Company's joint venture alliance with DMCI-CERI, a subsidiary of DACON Corporation;

"**Php**" means Philippine pesos;

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

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

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

"**PQ**" means diamond drilling coring size of 85.0 mm (3.345");

"**Proton**" means Proton International Engineering Company;

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

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

"**RC**" means reverse circulation drilling;

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

"**saprolite**" means a soft, earthy, typically clay-rich, thoroughly decomposed rock, formed in place by weathering of igneous, sedimentary or metamorphic rock;

"**Sb**" means antimony;

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

"**SGMC**" means Siennalynn Gold Mining Corp.;

"**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;

"**sphalerite**" means a mineral, zinc sulphide, principal ore of zinc;

"**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;

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

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

"**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;

"**ultramafic**" means igneous rock composed chiefly of mafic minerals;

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

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

"**volcanogenic**" means of volcanic origin;

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

"**Zn**" means zinc;

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

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

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Certain information set out in this Annual Information Form ("AIF") constitutes 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", "scheduled" and similar expressions.

Forward-looking statements are based upon the opinions and expectations of management of the Company as at the effective date of such statements and, in certain cases, information received from or disseminated by third parties. Although the Company 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 be 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 by such forward-looking statements. These factors include, but are not limited to, such things as the volatility of prices for precious metals and base metals, commodity supply and demand, fluctuations in currency and interest rates, inherent risks associated with the exploration and development of mining properties, ultimate recoverability of mineral reserves, timing, results and costs of exploration and development activities, availability of financial resources or third-party financing, new laws (domestic or foreign), changes in administrative practices, changes in exploration plans or budgets, and availability of equipment and availability of personnel. **Accordingly, readers should not place undue reliance upon the forward-looking statements contained in this AIF and such forward-looking statements should not be interpreted or regarded as guarantees of future outcomes.**

Forward-looking statements respecting the nature and timing of oil exploration and development activities in the Philippines, Alaska and Niger (and potential cash flow from those activities) are based upon the results of prior exploration activities, discussions to date with the other joint venture partners, and the Company's overall plans, budget and strategy, which are all subject to change. Forward-looking statements regarding the Company's ability to offset its exposure to base and precious metals commodity pricing risk are based on management's analysis of the commodities markets, advice received from third parties, and the Company's overall plans, budget and strategy, which are all subject to change. Forward-looking statements regarding the commissioning of the Zinc Circuit at Canatuan are based upon current mining and processing activities, prior experiences of management with mining and processing, the estimated copper and zinc mineralisation of the sulphide zone, previous NI 43-101 technical reports, the current development and operating plan, and the Company's overall plans, budget and strategy, which are all subject to change. Forward-looking statements regarding the remaining mine life at Canatuan are based on the calculated reserves and resources as of December 31, 2010, current mining and processing activities, projected mining and processing activities, prior experiences of management with mining and processing, the estimated copper and zinc mineralisation of the sulphide zone, previous NI 43-101 technical reports, the current development and operating plan, and the Company's overall plans, budget and strategy, which are all subject to change. Forward-looking statements regarding the nature and timing of exploration in the GCTA (including Siennialynn and EXPA 61), Bonbon, Tamarok and the Company's other tenements in the Philippines are based upon current and previous exploration activities, management's experiences with other exploration programs undertaken in the Philippines and elsewhere, results obtained from airborne geophysical surveys, and the Company'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 FPIC from indigenous communities and regulatory approvals from the government of the Philippines. Forward-looking statements regarding expectations that the Company will be able to find additional ore in the GCTA (including Siennialynn and EXPA 61) 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 experience with current and previous mining and processing activities at Canatuan, and the Company's overall plans, budget and strategy, which are all subject to change. Forward-looking statements regarding anticipated production from the Balabag project are based on current and previous exploration activities, previous NI 43-101 technical reports and the current internal feasibility study, management's experience with the construction, commissioning and mining operations at Canatuan, and the Company's overall plans, budget and strategy, which are all subject to change. Forward-looking statements

regarding the timing for completing the internal feasibility study and updated NI 43-101 report for Balabag (as well as coming to a development decision based on these materials) are based upon current and previous exploration activities, management's experiences with feasibility and construction programs undertaken in the Philippines and elsewhere, advice received from third-party advisors, and the Company's overall plans, budget and strategy, which are all subject to change. Forward-looking statements regarding the timing of assay results from Balabag and Siennalynn are based upon current and previous exploration activities, management's experiences with other exploration work programs undertaken in the Philippines and elsewhere, and the Company's overall plans, budget and strategy, which are all subject to change.. Forward-looking statements regarding the timing for completion of airborne geophysical surveys over the Company's tenements are based upon discussions held to date with the international service provider, the timing of mobilization of equipment, and the Company's overall plans, budget and strategy, which are all subject to change. Forward-looking statements regarding the timing of the arrival of the EDCO drilling rigs in the Philippines and the timing of their refurbishment are based upon discussions held to date with third parties, management's past experience refurbishing EDCO drill rigs, and the Company's overall plans, budget and strategy, which are all subject to change. Forward-looking statements regarding the allocation the EDCO drill rigs to supplement the Company's exploration programs are based upon discussions held to date with third parties, results of current and previous exploration activities, management's experiences with other exploration work programs undertaken in the Philippines and elsewhere, and the Company's overall plans, budget and strategy, which are all subject to change. Forward-looking statements regarding the Company's expected capital expenditures for 2011 and its ability to continue to optimize throughput to offset declining feed grades is based on current mining and processing activities at Canatuan, current throughput of the sulphide plant and planned expansions in throughput, anticipated recoveries, efficiency and effectiveness of the sulphide plant, management's prior experiences with mining and processing at Canatuan, the estimated copper and zinc mineralisation of the sulphide zone at Canatuan, current and previous exploration, previous NI 43-101 technical reports, and the Company's overall plans, budget and strategy, which are all subject to change. Forward-looking statements regarding the Company's ability to raise capital is based on the Company's experience in previous financing endeavours, due-diligence completed to date, and the Company's overall plans, budget and strategy, which are all subject to change.

The forward-looking statements of the Company contained in this AIF are expressly qualified, in their entirety, by this cautionary statement. Various risks to which the Company 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 "Risk Factors", any of which could cause actual results to differ materially from the projected forward-looking information.

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

## **QUALIFIED PERSON DISCLOSURE**

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Yulo Perez, Vice President for Philippine Operations of TVIRD, is acting as the Qualified Person in compliance with National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101") reporting requirements with respect to the Canatuan mine. 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.

Cesar Medina, Exploration Manager of TVIRD, is acting as the Qualified Person in compliance with NI 43-101 reporting requirements with respect to the company's exploration projects (GCTA, Siennalynn, Balabag, Tamarok, etc.). He has prepared and/or supervised the preparation of the scientific or technical information and confirms compliance with NI 43-101 requirements.

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## CORPORATE STRUCTURE

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### Name, Address & Incorporation

TVI Pacific Inc. ("TVI or the "Company") is a publicly-traded resource company focused on the production, development, exploration and acquisition of resource projects in the Philippines. TVI produces copper concentrate from its Canatuan mine, is developing a gold property for anticipated production in the second half of 2012 and has begun an aggressive exploration program at its high-impact Tamarok property. TVI also has oil interests in various stages of discovery, drilling and exploration located in Alaska, Niger and off-shore Philippines.

TVI is focused on four key areas of growth:

- Maximize profits through process optimization at the producing Canatuan mine.
- Capitalize on near-term development and exploration properties and expedite exploration on other potentially high-impact North Zamboanga Tenements.
  - Fast-track exploration drilling on identified prospects in the Greater Canatuan Tenement Area ("GCTA") and other near-mine prospects to expand its current mine life; conduct additional drilling and complete an internal feasibility study at the Balabag gold property; and, expedite exploration and drilling at the Tamarok copper-gold project.
  - Continue other exploration activities on its 1,240 square kilometres (479 square miles) tenement package on the Zamboanga Peninsula that has the potential to host significant porphyry copper-gold, massive sulphide and epithermal gold deposits.
- Through its newly acquired subsidiary, TG World Energy Corp., TVI will also engage in the development of oil assets in Alaska, Niger and off-shore Philippines. This could provide TVI with access to a second cash flow stream that would help to offset its exposure to base and precious metals commodity pricing risk. These oil assets, combined with TVI's extensive land package of mining prospects in the Philippines, gives the company a strong foundation moving forward.
- Consider raising additional capital to finance the exploration and development of its diverse portfolio of properties and land positions and to possibly finance a value enhancing joint venture or acquisition.

The Company's interest in the Canatuan mine and its other Philippine mining assets are held through its Philippine operating affiliate, TVI Resource Development (Phils.), Inc. ("TVIRD").

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

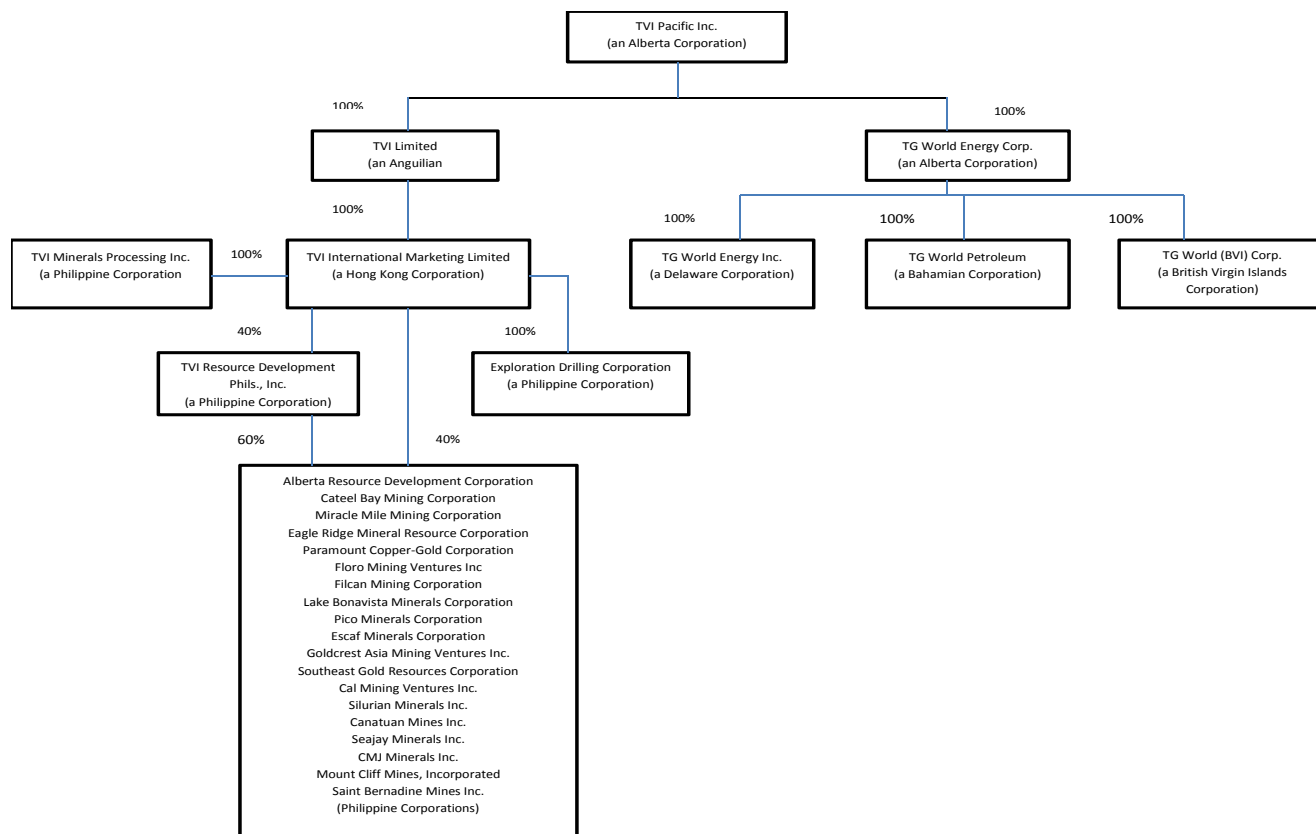
The head, principal and registered office of the Company is located at 2000, 736 - 6th Avenue S.W., Calgary, Alberta, Canada, T2P 3T7. TVI maintains a staff of three management employees and several administrative staff who look after the Company's market listing obligations.

The head office of TVI's Philippine operating affiliate, TVIRD, is located on the 22<sup>nd</sup> floor of Equitable PCI Bank Tower, 8751 Paseo de Roxas, Makati City, Metro Manila, Philippines. The Company's wholly-owned drilling subsidiary, Exploration Drilling Company ("EDCO"), has offices in Cebu in the Philippines. The number of corporate employees varies with the activity level of exploration and development programs. As of March 20, 2011, TVIRD and EDCO had approximately 1,223 employees in the Philippines including full-time, part-time and project specific employees.

## Intercorporate Relationships

The subsidiaries of TVI, their jurisdictions of incorporation and the percentage of votes attached to all voting securities of the subsidiaries that are beneficially owned or controlled or directed, directly or indirectly, by the Company are shown in the following organizational chart.

TVI's 100% owned subsidiary, TVI International Marketing Ltd., holds 40% of TVIRD. The remaining 60% interest in TVIRD is split 20% by Atty. Roberto V. San Jose and 40% by JMM International Holdings Inc. Under Philippine law, foreign holders of Mineral Production Sharing Agreements ("MPSA") are limited to 40% ownership. The remaining 60% interest must be held by Philippine interests.



## GENERAL DEVELOPMENT OF THE BUSINESS

### The Philippines

The Philippines is an archipelago nation made up of some 7,107 islands. Its location on the Pacific Ring of Fire and its tropical climate make the Philippines prone to earthquakes and typhoons, but have also endowed the country with natural resources and made it one of the richest areas of biodiversity in the world. In 2009 the Philippine economy was estimated to be the 48<sup>th</sup> largest in the world, producing a nominal gross domestic product of US\$161 billion. Primary exports include semiconductors and electronic products, transport equipment, garments, copper products, petroleum products, coconut oil and fruits. A recently industrialized country, the Philippine economy has been transitioning from one based on agriculture to one based more on services and manufacturing.

In 1993, following a two-year period of mineral exploration in Canada, TVI began investigating opportunities in the Philippines. TVI was originally attracted to the Philippines for a number of reasons, including:

- an increasing political and economic stability;
- a geology that has not been extensively explored;
- the availability of properties at a reasonable acquisition cost;
- mining legislation that encouraged foreign investment;
- a well-developed infrastructure for mining;
- the availability of mining equipment and well-trained technical personnel fluent in English; and
- low employment and infrastructure costs.

Perhaps most importantly, the Philippines is a country rich with minerals. Its gold, nickel, copper, aluminum and chromite deposits are among the largest in the world. Other notable minerals include silver, coal, gypsum and sulphur.

A recent report from the Joint Foreign Chambers of the Philippines titled *Arangkada Philippines 2010: A Business Perspective* ([www.investphilippines.info](http://www.investphilippines.info), December 2010) highlights the mineral potential of the Philippine archipelago:

“With an estimated US\$ 1.4 trillion in mineral reserves, especially gold, copper, nickel, aluminum, and chromite, the mining potential of Philippines is one of largest in the world. According to the Mines and Geosciences Bureau, the archipelago is second in the world in gold and third in copper resources. The country is ranked top five in the world for overall mineral reserves, covering an estimated nine million hectares, although less than 2% has received mining permits.”

*Estimated value of Philippine mineral reserves, US\$ Bn*

Mineral	Tons (Mn)	Average Grade	Value (US\$B)
Gold	3,869	2.68	367
Copper	5,051	0.9	318
Nickel	783	2.62	328
Chromite	38	24.55	1
Iron	483	42.05	103
Manganese	3	45.31	0.1
Aluminium	434	27.5	263
Zinc	11.4	2.66	1
Molybdenum	306	0.08	6
Total			1,387

The Philippines is well located in the South East Asia region to be supplied with mining equipment and services and has been a host to large national and international mining companies for decades. The country has a strong mining tradition and a wide range of mining activities from small scale miners to large corporate operations. A large pool of experienced, well educated professionals can be found locally.

In contrast to the majority of foreign investors who exited the Philippines during the difficult economic conditions in the late 1990's, TVI continued investing despite very difficult circumstances. The development of the Canatuan mine was the first foreign-funded mining operation in the country following the Philippine Mining Act of 1995 and has contributed to the tax base of one of the Philippine's least developed and least stable provinces. This has enabled the Company to gain and maintain its credibility with various levels of government, which has been a key contributor to its ongoing success.

### **Canatuan Copper-Zinc Mine**

The Canatuan mine is a polymetallic mine located in the Province of Zamboanga del Norte on the island of Mindanao in the Philippines. The Canatuan mine initially produced gold and silver doré from gossan ore, the oxidized cap of a volcanogenic massive sulphide deposit. The gossan ore was mined using open-pit methods and processed through conventional carbon-in-leach and Merrill Crowe circuits. The underlying primary sulphide portion of the deposit, hosting copper and zinc, was largely exposed during the mining of the gossan deposit.

TVIRD commenced construction and development of the Canatuan Sulphide Project in early 2007. The Sulphide Project included the construction of a new processing plant and the staged construction of a separate tailings dam. The plant construction was completed on time and under budget and the project began commissioning in mid-November 2008. Commercial production was declared on March 1, 2009, when copper concentrate inventory levels surpassed the 5,000-tonne shipping threshold.

The Company uses conventional open-pit methods and the sulphide ore is processed through a copper flotation plant. Due to the complex nature of the ore being treated, blending strategies and procedures are continuously refined to maintain recovery levels. The copper concentrates produced at the Canatuan mine are shipped to a coastal warehouse facility at Santa Maria Port approximately 30 km (19 mi) away. From this port, approximate 5,000 tonne loads of concentrate are shipped according to a 5-year off-take agreement with MRI Trading AG ("MRI").

Expansion construction for a Zinc Circuit began in October, 2009, and commissioning began on April 30, 2010. In the early stages of the Zinc Circuit commissioning it was found that acceptable copper/zinc separation was not being achieved using the 'recipe' initially chosen. As a result, the Zinc Circuit was temporarily suspended in gust, 2010 and additional metallurgical testing was carried out to determine a better 'recipe' for metal separation and recovery.

Continuous production of copper concentrates has been achieved to meet shipping requirements while the commissioning is ongoing. The objective of the commissioning process for the Zinc Circuit is to continuously make adjustments until the largest volume of concentrate (both copper and zinc) is produced with the highest grade and with the best metal recovery, taking into consideration the full extent of input factors.

Canatuan mine sulphide plant operating results for December 31, 2010 are summarized below:

<b>Selected operational highlights:</b>	<b>Quarter ended</b>				<b>Total Ended Dec 31, 2010</b>
	<b>March 31, 2010</b>	<b>June 30, 2010</b>	<b>Sept. 30, 2010</b>	<b>Dec. 31, 2010</b>	
Copper pound equivalent ("Cu lb eq") produced	8,841,433	5,035,688	6,249,498	5,185,333	25,311,952
Copper produced (lbs)	6,930,404	4,111,496	5,140,344	3,740,813	19,923,057
Gold produced (oz)	2,321	1,184	1,379	1,432	6,316
Silver produced (oz)	220,400	76,571	97,676	119,652	514,299

	Quarter ended				Year to date Dec 31, 2010
	March 31, 2010	June 30, 2010	Sept. 30, 2010	Dec. 31, 2010	
Total tonnes processed	203,480	187,845	218,525	194,585	804,435
Average tonnes processed per day	2,261	2,064	2,375	2,115	2,204
Ore copper grade (%)	1.75	1.22	1.21	1.04	1.31
Copper recovery (%)	88.14	81.41	88.43	83.91	85.93
Concentrates produced (dry weight - t)	15,826	10,110	12,680	9,684	48,300
Average daily concentrates produced (dry weight - t)	176	111	138	105	133
Concentrate copper grade (%)	19.86	18.45	18.39	17.52	18.71
Concentrate gold grade (g/t)	4.56	3.64	3.38	4.60	4.07
Concentrate silver grade (g/t)	433.15	235.57	239.60	384.29	331.19
Production cash cost per Cu lb eq (US\$) <sup>(1) (2)</sup>	0.56	1.13	1.02	1.57	0.99
Total cash cost per Cu lb eq (US\$) <sup>(2)</sup>	0.94	1.58	1.36	2.02	1.39
Total cash cost per Cu lb eq, net of by-products (US\$) <sup>(2)</sup>	0.32	0.95	0.91	1.14	0.76
<b>Off-take</b>					
Copper concentrates shipped (dry weight - t)	15,514	10,533	10,528	10,181	46,756
Cu lb eq shipped	8,546,480	5,458,367	5,180,122	5,258,531	24,443,500
Average copper price received (US\$/lb)	3.28	3.22	3.30	3.89	3.40

(1) Excludes selling expenses.

(2) 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 TVI's MD&A for the year ended December 31, 2010.

### Greater Canatuan Tenement Area

TVIRD controls an extensive 352 km<sup>2</sup> (136 mi<sup>2</sup>) land package surrounding the Canatuan mine that makes up the GCTA. The Canatuan orebody is a volcanogenic massive sulphide orebody and deposits of this type rarely occur in isolation. Accordingly, TVI believes the potential exists for continuing extension developments, or creating a "mining camp", within the GCTA. Initial exploration on the properties suggests that the land package includes a 40+ kilometre (25+ mile) strike length of the type of mineralisation that hosts the Canatuan orebody. Any mineable ore located in the area could economically be transported to the existing Canatuan plant for processing, which would extend the life-of-mine beyond the current estimate.

In January 2010, TVIRD established a partnership and strategic alliance with DMCI-CERI, a subsidiary of DACON Corporation (the "Partners"). In February 2010, the Partners signed a Joint Venture Agreement ("JVA") to conduct exploration, development and production of mineral deposits in EXPA 61 within the GCTA. Potential prospects identified within Exploration Permit Application 61 ("EXPA 61") lie within a 15 kilometre (9.3 mile) radius trucking distance of the current Canatuan sulphide plant. Under the JVA, TVIRD holds a 70% interest and acts as the operator, while DMCI holds the remaining 30% interest.

In June 2010, the Partners finalized the initial work program for EXPA 61 and initiated three main activities: (a) obtain Free Prior Informed Consent ("FPIC") from the affected indigenous communities in the area; (b) complete an airborne geophysical survey; and (c) complete the application for the Exploration Permit. TVIRD has successfully secured the endorsement of the local council and municipal authorities for the program. As of the writing of this report, discussions with the indigenous people and the National Commission on Indigenous People are ongoing, leading to a Memorandum of Agreement and FPIC. Once the FPIC process is completed, all

requirements will have been fulfilled for the issuance of the Exploration Permit ("EP"). Although the tribal communities are supportive, the process was slowed down by the national elections in May 2010, the local government elections of October 2010 and a change of relevant (monitoring and supervisory) government officials. Efforts are continuing in this regard.

### ***Siennalynn Copper-Zinc-Gold Prospect***

On October 7, 2010, the Company announced the acquisition of rights to explore a copper-zinc-gold property referred to as Siennalynn. TVIRD acquired the exploration rights over the property for an initial consideration of US\$1.2 million in cash, with the right to acquire a 100% interest in the property if a decision is made to proceed with mine development.

A reinterpretation of previous exploration data on the property from programs conducted by major international mining companies, together with recent field work conducted by TVIRD, identified two types of exploration targets: near-surface showings that could provide material for immediate trucking to the Canatuan mill site and potential hydrothermal deposits.

Drilling at Siennalynn commenced on October 19, 2010. TVIRD allocated four diamond drills to the property completing 1,765 metres (5,791 feet) to December 31, 2010. Assay results for all the prospects are being compiled and analyzed and will be reported at a future date.

### ***Balabag Gold-Silver Project***

The development-stage Balabag gold project is a high priority project. The Balabag property covers an area of approximately 52 km<sup>2</sup> (20 mi<sup>2</sup>) and is situated approximately 75 kilometres (47 miles) east-northeast of the Canatuan mine.

In 2008, TVI commissioned Genivar Limited Partnership, an independent mining engineering consulting company, to conduct a scoping study on the Balabag property. Genivar presented TVI with the comprehensive scoping study titled "Scoping Study of the Balabag Project", which was prepared in accordance with NI 43-101 and based on the NI 43-101 Technical Report for the Mineral Resources at the Balabag Project of TVI Pacific Inc." filed August 9, 2007, and prepared by P.J. Lafleur Geo-Conseil Inc. The purpose of the scoping study was to assess the mining potential of a stand-alone commercial scale mining operation centred on the currently delineated Balabag deposit and to provide an order of magnitude of its economic potential. This report was filed with certain securities regulatory authorities in Canada on August 20, 2008, and is available on the SEDAR website at [www.sedar.com](http://www.sedar.com) and on the company's website at [http://www.tvipacific.com/Theme/TVI/files/doc\\_financials/Balabag+Resource+Estimate.pdf](http://www.tvipacific.com/Theme/TVI/files/doc_financials/Balabag+Resource+Estimate.pdf).

In February 2010, drilling resumed at the Balabag epithermal gold project focusing on the Tinago vein, the largest of three spatially related vein systems. This Phase 1 drill program was completed on June 17, 2010, with 30 holes drilled for a total of 3,196 metres (10,486 feet). The goal was to define a minimum of 50,000 gold equivalent ("AuEq") ounces ("oz") in the indicated category, allowing for an internal scoping study to define an economical start-up "Bootstrap" mine development program. Under the "Bootstrap", or phased development concept, an initial "starter" plant would be constructed, drawing ore feed from the core area, with the plant and mine being expanded in stages from internal cash flow to the extent that the resource supports. Assay results from the Phase 1 drill program supported additional drilling at Balabag to further define the resources.

The Phase 2 drilling program, consisting of 55 new holes, is on schedule with 36 holes completed to date and three presently drilling.

On October 25, 2010, TVIRD launched an internal feasibility study with the intention of coming to a decision regarding a "Bootstrap" mine development plan during the first half of 2011. The intent of the internal feasibility study is to evaluate the engineering, the environmental and social requirements, the financial viability and the overall feasibility of the starter operation.

The scoping study that was previously completed on the Balabag gold project in 2007 was based on a full-scale development concept. The new internal feasibility study currently underway at Balabag is based on a "Bootstrap" development concept.

TVIRD intends to complete an updated NI 43-101 report in late Q2, 2011, after receiving drill results from the Phase 2 program (which will allow for an updated resource estimation) and after receiving the internal feasibility study results.

### ***Tamarok Copper-Gold Project***

The Tamarok copper-gold exploration project and the Tapisa exploration project are located 60 kilometres (37 miles) north-northeast of TVIRD's Balabag project and are within TVIRD's 1,240 km<sup>2</sup> (479 mi<sup>2</sup>) North Zamboanga tenement package.

In December 2009, the 507 hectare (1,253 acre) Mineral Production Sharing Agreement ("MPSA") encompassing the Tamarok copper-gold project was formally approved by the Secretary of the Department of Energy and Natural Resources of the Philippines. The MPSA was granted to the original claimholder with whom TVIRD has a contract to acquire full rights to the MPSA at TVIRD's election.

The approval of the MPSA at Tamarok allowed TVIRD to advance exploration activities including geophysical surveys, systematic detailed geological investigations and drilling. A scout drilling program is planned to test subsurface continuity of outcropping porphyry copper-gold mineralisation at Malachite Hill.

This package of landholdings was assembled with reference to the anticipated geological potential associated with the Sindangan-Cotabato fault system that hosts the world-scale Tampakan porphyry copper discovery currently being developed by Sagittarius Mines, Inc., a subsidiary of Xstrata.

To identify additional areas of concentrated mineralisation for future exploration, TVIRD has conducted an airborne geophysical program over these tenements.

It is anticipated that drilling will begin on identified targets in the Tamarok area in Q2, 2011.

### ***Zamboanga Tenement Airborne Geophysical Surveys***

A helicopter-supported geophysical survey covering all of TVIRD's tenements in the Philippines is nearing completion.

As of December 31, 2010, over 6,546 line-kilometres (4,067 line-miles) have been flown acquiring magnetic/radiometric data covering 119,017 hectares (294,096 acres) of the North Zamboanga tenements. Processing and interpretation of the data is expected to be completed by early 2011. This high quality data will assist TVIRD in identifying specific exploration targets for future program planning.

A second helicopter survey over the GCTA and a portion of the North Zamboanga tenements is a combination of Versatile Time-Domain Electromagnetic ("VTEM") and magnetic data. This survey was delayed due to the appropriate equipment not being available. The Company expects to resume flying in the near future. This data will assist in the location of mineralisation in the vicinity of the Canatuan operations with the goal of providing additional mill feed and mine life.

## **Other**

Other potential exploration projects include the Bonbon epithermal gold prospect and the broader North Zamboanga tenements.

Bonbon is made up of a series of north-northwest trending quartz veinlets/stockworks spread over a 10 kilometre (6 mile) long by 2 kilometre (1 mile) wide area currently being worked in places by illegal small-scale miners. After completing the required permitting, TVIRD plans to prepare geological mapping and sampling, as well as geophysical surveys, in order to locate prospective drill targets.

TVIRD is also considering the opportunity to engage in joint venture relationships across the entire 1,240 km<sup>2</sup> (479 mi<sup>2</sup>) North Zamboanga tenements. A number of prospects of interest have been identified on these properties under the exploration program carried out by the former property owner. TVIRD continues to welcome, seek out and advance opportunities that may present beneficial relationships to advance exploration across its Philippine land package.

## **Transaction with TG World Energy Corp.**

On December 23, 2010, TVI entered into a plan of arrangement with TG World Energy Corp. ("TG World") under which the Company agreed to acquire all of the outstanding common shares of TG World not owned by it as of the effective date of the acquisition.

On December 30, 2010, the Company acquired beneficial ownership of 29,650,000 common shares of TG World and a \$1,317,500 principal amount convertible promissory note in connection with the completion of a private placement previously announced on December 23, 2010.

On December 30, 2010, the Company acquired beneficial ownership of 29,650,000 common shares of TG World and a \$1,317,500 principal amount convertible promissory note in connection with the completion of a private placement previously announced on December 23, 2010. The note may be converted at the option of the Company into common shares of TG World at a conversion price of \$0.05 per share, in certain circumstances as indicated in the loan agreement, on or prior to December 31, 2015. Under the terms of the note, the conversion price of the note will be increased to \$0.10 per share if conversion is undertaken in certain circumstances as indicated in the loan agreement, while accrued interest and certain other amounts that may become owing to TVI are also convertible into common shares of TG World.

On March 1, 2011, the Company entered into an unsecured loan arrangement with TG World for US\$500,000. The full amount of the Loan was advanced immediately to TG World and used to fund obligations in the Philippines.

A special meeting of TG World security holders was held on March 4, 2011. Security-holders voted 99.79% in favour of the Arrangement and the Arrangement also received the required majority of the minority approval.

The Arrangement was approved by the Court of Queen's Bench of Alberta on March 9, 2011. On March 10, 2011, the Arrangement was completed pursuant to which TVI acquired all of the outstanding TG World common shares. Pursuant to the Arrangement, TVI Pacific issued approximately 61.5 million shares to acquire ownership and control of the 134,335,870 TG World common shares not owned by TVI Pacific immediately prior to the Arrangement. TG World is now a wholly owned subsidiary of TVI Pacific.

## **Drilling Segment**

TVIRD's drilling operations are owned and operated by EDCO, a wholly-owned subsidiary located in the Philippines. EDCO currently has eight drill rigs that are being used on the Company's development and exploration projects.

A sale agreement of drilling assets of EDCO in Kyrgyzstan to an arm's-length third party was rescinded in September 2010 due to the non-fulfilment of the contract conditions on the part of the third party. As a result, seven drill rigs have been returned to TVIRD. The drill rigs will need some maintenance and refurbishment.

## **Three Year History**

### **2008**

On January 21, TVI signed a nonbinding term sheet with LIM Asia Multi-Strategy Fund Inc. (formerly LIM Asia Arbitrage Fund Inc.) and LIM Asia Special Situations Master Fund Ltd. (together "LIM") relating to a US\$15 million bridge financing facility. The purpose of the Facility was to provide TVIRD with working capital funding for the near term.

On March 4, TVI disposed of its Chinese exploration and drilling operations through the sale of the outstanding shares of its subsidiary Tiamut International Limited to an arms-length third-party.

On March 13, TVI signed a definitive loan agreement with LIM providing the US\$15 million bridge financing facility.

On April 7, TVI received an updated NI 43-101 report from P.J. Lafleur Geo-Conseil Inc. ("PJLGC") with respect to respect the Sulphide Project at the Canatuan mine. The updated report presented incremental improvements to the previous feasibility study as a result of new drilling data, resource estimates and cost and metals prices.

On May 14, TVIRD reported that activities were ongoing in relation to the engineering, development and construction of a copper-zinc flotation plant to process ore from the lower sulphide portion of the volcanogenic massive sulphide ("VMS") deposit located at Canatuan.

On July 17, TVI received a comprehensive scoping study with respect to the Balabag epithermal gold project. The purpose of the scoping study was to assess the mining potential of a stand-alone commercial scale mining operation centered on the delineated Balabag deposit and to provide an order of magnitude of its economic potential.

On July 29, TVI announced that EDCO had agreed to dispose of its drilling operations and associated equipment in the Kyrgyz Republic to an arms-length third-party.

October 14, TVI signed an Amendment Agreement to the Omnibus Loan and Security Agreement originally signed with LIM on March 11, 2008. The amended loan agreement provided for an additional US\$5 million.

On November 10, TVI confirmed that LIM Asia Special Situations Master Fund Ltd. had provided \$2 million in additional bridge loan funds to TVIRD to permit the continued construction of the Sulphide Project through to the start-up of copper concentrate production.

On November 11, TVIRD entered into a five-year off-take agreement with MRI of Switzerland. MRI agreed to purchase all the copper concentrates produced from the Sulphide Project at the Canatuan mine.

On December 12, TVIRD signed a Fourth Amendment Agreement to the Omnibus Loan and Security Agreement originally signed with LIM on March 11, 2008. The Fourth Amendment Agreement provided that the total amount available under the bridge financing facility was increased by US\$5.2 million to US\$10.2 million.

## **2009**

On January 20, TVI signed an Omnibus Loan and Security Agreement with LIM providing for a US\$30.1 million principal amount Term Loan Facility (the "Facility"). The purpose of the Facility was to convert the bridge loans previously made by the Lenders to a term loan and to provide TVIRD with additional working capital funding to further advance commissioning and construction activities and to support mining and processing activities at the Canatuan mine.

On February 20, TVI Pacific issued 19,902,492 common shares to Seajay Management Enterprises Ltd. ("Seajay") and 17,285,979 common shares to Regent Parkway Management Ltd. ("Regent") in partial satisfaction of indebtedness owing to them by the Company.

On March 30, TVIRD completed the first shipment of copper concentrates from the Canatuan mine following the completion of Sulphide Project construction on November 15, 2008.

On April 22, TVI entered into an agreement to settle all claims associated with class-action proceedings previously commenced in Ontario and Quebec.

September 28, TVIRD made a voluntary prepayment of US\$3.1 million under the Facility, reducing the principal owing by 10% to US\$27.0 million.

On November 5, TVIRD began construction of an additional flotation circuit to process zinc ore at the Canatuan mine.

On December 3, TVIRD announced that the MPSA encompassing the Tamarok copper-gold project had been formally approved by the Secretary of the Department of Environment and Natural Resources of the Philippines.

## **2010**

On January 11, TVIRD entered into a Heads of Terms Agreement with DMCI toward the establishment of an unincorporated joint venture to conduct exploration, development and production of mineral deposits in EXPA 61.

On January 13, TVIRD made a second, voluntary prepayment of US\$6.0 million under the Facility, reducing the principal owing by approximately 25% to US\$18.3 million.

On January 22, TVIRD announced that it had reduced the original principal balance of its Facility by 46%, from US\$30.1 million to \$16.2 million in less than one year.

On April 7, TVIRD made a third voluntary prepayment of US\$6.0 million under the Facility, reducing the original principal owing by 66% to US\$10.3 million.

On April 30, TVIRD powered up the newly installed zinc flotation circuit on schedule and began plant commissioning.

On May 7, TVIRD made two additional voluntary prepayments totalling US\$6.3 million under the Facility, reducing the original principal owing by 87% to US\$4.0 million from US\$30.1 million.

On June 7, TVIRD and Joint Venture ("JV") partner DMCI finalized the initial work program for the exploration, development and production of mineral deposits in the Greater Canatuan Tenement.

On June 28, TVIRD completely repaid its \$30.1 million Facility.

On August 24, TVI's common shares commenced trading on the Pink OTC Market's premium-tier, OTCQX International, under the symbol TVIPF.

On October 7, TVIRD announced the acquisition of rights to explore and subsequently acquire the Siennalynn property on the Zamboanga Peninsula, Philippines.

On October 21, TVIRD declared that it had begun drilling at the recently acquired Siennalynn property.

On October 25, TVIRD noted that it initiated an internal feasibility study for mine development of the Balabag project. In the same release, the Company noted that it was also expanding the drilling program.

On December 17, TVI announced the appointment of Patrick Hanna as Chief Financial Officer.

On December 23, TVI Pacific and TG World announced that they had entered into a definitive arrangement agreement under which TVI agreed to acquire all of the outstanding common shares of TG World.

On December 30, TVI acquired beneficial ownership of 29,650,000 common shares of TG World and a \$1,317,500 principal amount convertible promissory note.

### ***2011 (to March 25, 2011)***

On March 10, 2011, the arrangement was completed pursuant to which TVI acquired all of the outstanding TG World common shares.

On March 14, 2011, TVIRD announced that it had initiated drilling the North Tarn #1 exploration well located on the North Slope in Alaska, USA.

### **Social Commitment**

TVIRD is active in supporting local community issues and employs extensive consultation programs in order to be fully accepted by the local population. The Company works closely with local social and government organizations to provide health, education, housing and community benefit programs, and employment with local people comprising the majority of its workforce. These programs are part of the Philippine government-mandated Social Development Management Program ("SDMP"), which TVIRD implements.

At Canatuan, TVIRD's Community Development Program has been designed to promote the social acceptability of the mining operation in the community and to contribute to sustainable development. It includes programs that promote institutional building, sustainable project development, assistance in development planning, youth development and tribal governance strengthening. TVIRD has provided the local community with information on mining and has provided regular updates on the Canatuan development through regular presentations, public hearings and open-house meetings. In addition, TVIRD has assisted with re-housing and self help programs for local Subanon peoples (the indigenous people).

TVIRD's commitment is to continuously work closely with the host communities in Canatuan and has assisted in the implementation of self sustaining livelihood projects. The development of livelihood projects in the area will benefit the local indigenous community. The operation has produced approximately 3,000 indirect job opportunities both for local residents and small-scale miners who have been displaced as mining operations continue.

TVIRD is playing a leadership role in the economic growth of the region around Canatuan. TVIRD recognizes that accelerated and integrated development of all resources in the area will be vital in its effort to reduce poverty and the subsequent improvement of security issues encountered in the area. This strategy is expected to be instrumental in re-shaping the economic and social climate of the region, creating a positive investment climate.

TVIRD's Canatuan project continues to benefit from social acceptance due to TVIRD's efforts in showing the host community that mining can be an engine for sustainable community development. Part of TVIRD's social

commitment is to ensure that all security measures are always in accordance with the United Nations Voluntary Principles on Security and Human Rights. Furthermore, the Company endeavours to integrate in its mining practices the UN Global Compact on Business and Human Rights and Millennium Development Goals.

## Environmental Commitment

TVIRD subscribes to the principle of sustainable development through responsible mining. With this in mind, the Company commits to the following principles:

- To be environmental leaders in the mining community by integrating responsible environmental management as an essential component of all business decisions;
- To design, construct and operate all projects and undertake rehabilitation in accordance with environmental best practices and in a sound manner incorporating the efficient use of energy and other resources;
- To minimize the use and production of hazardous substances;
- To provide adequate resources, personnel and training so that all employees and contractors are aware of and able to carry out their environmental responsibilities;
- To comply with all local and national regulatory requirements and corporate standards and maintain an active, continuous self-monitoring program;
- To control and monitor potential environmental risks by conducting periodic environmental assessments and developing and implementing action plans to correct deficiencies in a timely manner and prevent occurrence of potential impacts; and
- To continually improve our environmental management system by supporting research towards the development of environmental policies, laws and regulations which are cost effective and scientifically sound in cooperation with industry, government and other stakeholders.

TVIRD also promotes company involvement in environmental enhancement projects and encourages employee and community participation to achieve this policy. This is done in conjunction with the community development and social commitment programs.

## MINERAL PROPERTIES

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### Tenement Package

TVIRD holds an extensive property package of 1,643 km<sup>2</sup> (634 mi<sup>2</sup>) on the Zamboanga peninsula that is detailed in the following table:

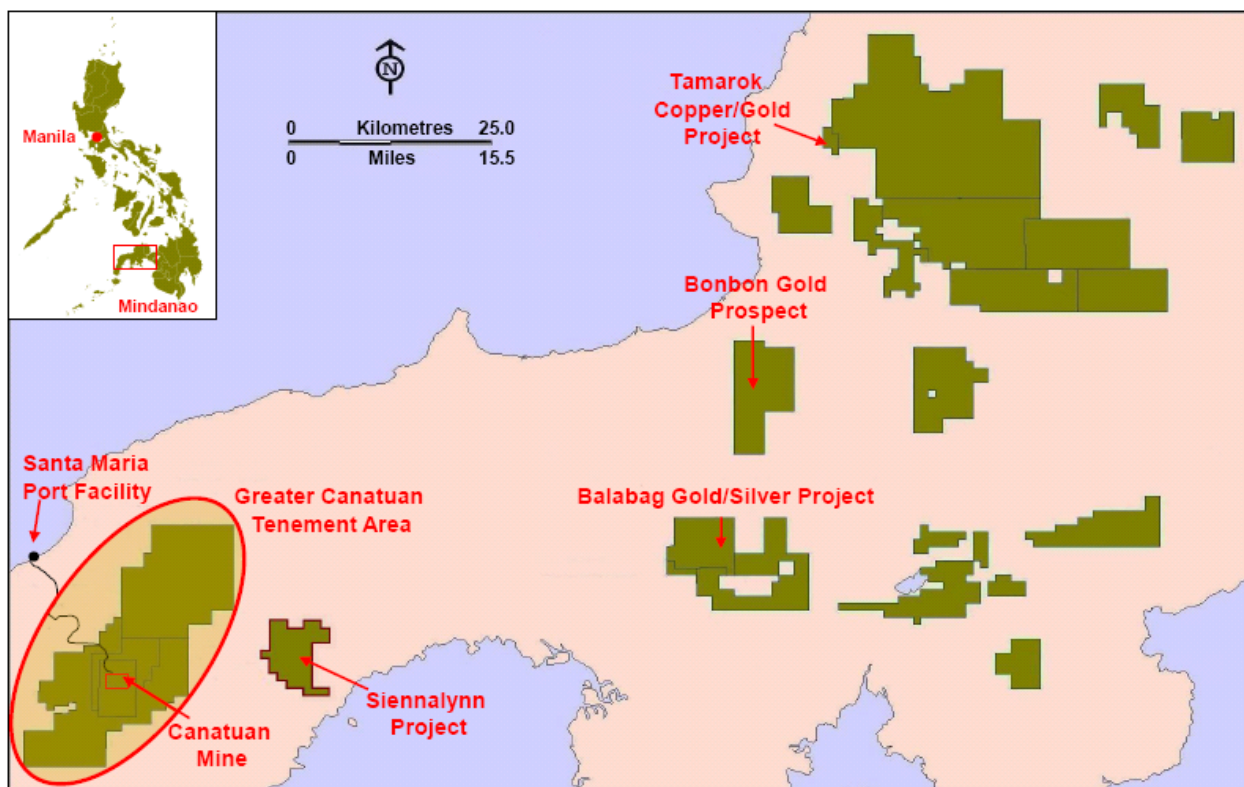
#### Current and Existing Tenement Applications (Zamboanga Peninsula)

##### Tenements - By Company

	Application No.	Date of Appls.	Hectares	Province	
<b>TVIRD</b>					
<b>Mineral Production Sharing Agreement (MPSA)</b>					
1	TVIRD- BC/Bosque	MPSA-054-96-IX	10-Apr-92	508.34	ZDN
2	TVIRD - Zamboanga Gold Mining Corp.	APSA-R-IX-023	5-Apr-94	2,673.00	ZDN
3	TVIRD	APSA-000039-IX	21-Jan-94	2,222.10	ZDN
4	TVIRD- Zamboanga Mineral Corp.	MPSA-086-97-IX	Apr 26, 2005	4,779.00	ZD

5	TVI Resource- Roldan Dalman	MPSA-301-2009-IX	Feb. 24, 2006	507.49	ZDN
6	TVIRD- Daihan S. Graciano	APSA-000036-IX	July 19, 2006	405.00	ZDS
<b>Financial or Technical Assistance Agreement (FTAA)</b>					
1	TVIRD	AFTA-000014-IX	28-Jan-05	12,798	ZDN
2	TVIRD	AFTA-000016-IX	31-Mar-05	7,776	ZDN
<b>Exploration Permit Application (EXPA)</b>					
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
<b>TVI Minerals Processing Inc.</b>					
<b>Financial or Technical Assistance Agreement (FTAA)</b>					
1	TVI Minerals	AFTA-000013-IX	28-Jan-05	34,506	ZDN
2	TVI Minerals	AFTA-000015-IX	31-Mar-05	23,571	ZDS
<b>Exploration Permit Application (EXPA)</b>					
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
<b>Alberta Resources Development Corp.</b>					
<b>Mineral Production Sharing Agreement (MPSA)</b>					
1	Alberta	APSA-000119-IX	31-Mar-05	8,100	ZDN
<b>Canatuan Mines</b>					
<b>Exploration Permit Application (EXPA)</b>					
1	Canatuan Mines	EXPA-000042-IX	19-Jan-00	15,228	ZDN
<b>Total Hectares</b>				<b>164,346.93</b>	

*TVIRD tenements on the Zamboanga Peninsula, Philippines*



### Canatuan Mine (MPSA 054-96-IX)

The following description includes 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. ("Geostat"); and "43-101 Technical Report for the Sulphide Resources at the Canatuan Project of TVI Pacific Inc." dated April 5, 2008, prepared by PJLGC. All three of these reports are available under the Company's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com).

#### Property Description and Location

The Canatuan property is located in the Zamboanga del Norte province of the Philippines. The project is situated approximately 27 km (17 mi) east of the town of Siocon, on the Zamboanga Peninsula, on the western end of the island of Mindanao.

The property consists of five tenement blocks, one of which is held under a MPSA, two of which are held under applications for MPSAs ("APSAs"), and the remaining two of which are held as Exploration Permit Applications ("EXPAs") for a total land package of approximately 352 km<sup>2</sup> (219 mi<sup>2</sup>).

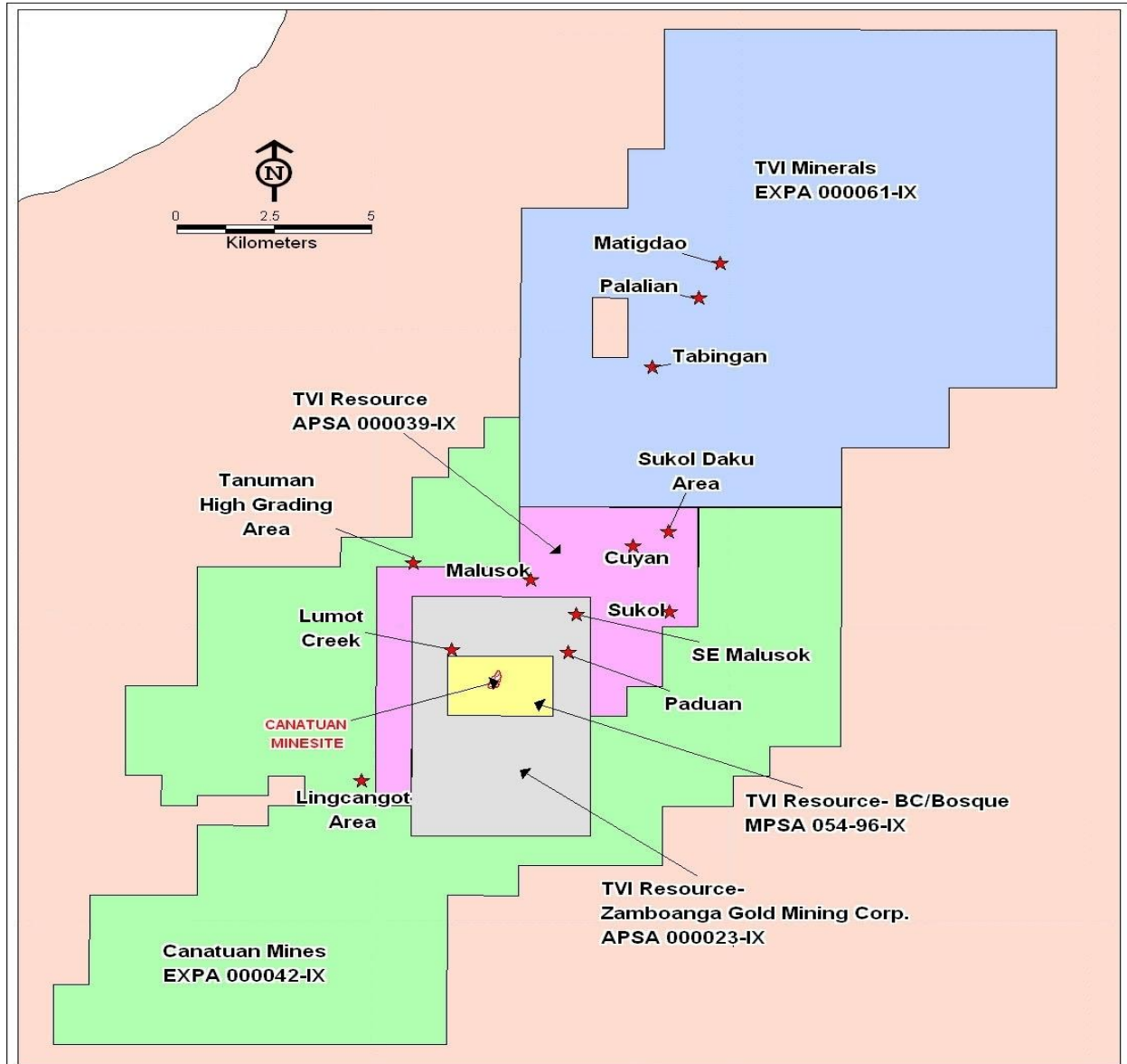
The sulphide deposit sits within MPSA 054-96-IX, which was acquired from Benguet Corporation ("Benguet"), a large Philippine mining company, through an option agreement dated January 20, 1994. Benguet had previously acquired the property from the original holder, Ramon Bosque ("Bosque"). Under the terms of the agreement with the Benguet, TVIRD holds 100% interest in the MPSA subject to a 1% royalty interest to Mr. Bosque. The Company also pays a 1% royalty interest to the local indigenous people.

The APSA (APSA-R-IX-023) surrounding the Canatuan MPSA is also held 100% by TVIRD under the terms of an option agreement with Zamboanga Gold Mining Corp. ("ZMC"), subject to a 5% production royalty. This application was filed on April 5, 1994.

TVIRD's APSA (APSA-000039-IX) that partially surrounds those discussed above was filed by TVIRD in 1994. When issued, TVIRD will hold a 100% interest.

The two EXPA's were also filed by TVIRD in 2000, directly adjacent to the north and south MPSA's, to cover the prospective geology along strike. These are numbered EXPA-000061-IX and EXPA-000042-IX.

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



**Accessibility, Climate, Infrastructure and Physiography**

The property is accessible via a system of gravel and dirt roads from either the eastern side of the Zamboanga peninsula, off Highway 14 near the town of Roseller T. Lim, or via a connecting set of roads from the town of Siocon on the northwest side of the peninsula. Siocon has a grass airstrip suitable for small planes. 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 roads, with the exception of Highway 14, are not surfaced and require maintenance in the rainy season.

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 a warehouse at this site to store its copper concentrates until they are shipped by MRI.

Electrical power is presently being generated on site by diesel generators. There are 8.5 MW of on-site power generation capability with only 3.9 MW being drawn. There is 100% standby capacity. There is also a separate 45 kilowatt capacity generator set at the Malusok camp.

The region's climate is tropical, with hot humid days and a temperature ranging from 22 to 35°C (72 to 92°F). Winds are generally calm and typhoons are rare. Average rainfall is approximately 2,100 millimetres (83 inches), with the bulk of precipitation falling between May and December when precipitation averages 220 millimetres (9 inches) per month. Rainfall can be very heavy in this period, resulting in flash flooding. There are well-defined dry and wet seasons. 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 1980's. Due to the substantial quantities of gold being recovered, Mr. Bosque put together a seven man prospecting crew to attempt to find the bedrock source of the mineralisation. In 1990, the group discovered an extensive field of gold-bearing gossan boulders derived from an in-situ bedrock source and the first test pit was sunk in the Canatuan area in August of that year.

Reports of the discovery drew local people as well as artisan miners from elsewhere in the Philippines to form several small cooperatives whose operations were established on site by September 1990. By 1994, there were nearly 1,500 small-scale miners that were working on the gossan material. The property was evaluated by Benguet between May and September of 1991, after which they negotiated an exploration agreement with Mr. Bosque and carried out an initial exploration program.

In 1991, a resource estimate was conducted by Benguet. This 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 January 1994. TVIRD subsequently carried out an extensive exploration program, which resulted in the discovery and delineation of the Canatuan copper-gold (sulphide/gossan) deposit.

In 1995 a pre-feasibility study was prepared by B.M Briggs for TVIRD. This study was initiated late in 1994 and was based on the first 85 drill holes completed by TVIRD.

In January 1996, a feasibility study was published by Kilborn Engineering Pacific Ltd. ("Kilborn") for TVIRD. This study was based on 122 drill holes. The mining scenario evaluated an operation with mill throughput set at 1,000 tonnes per day for the gossan and 850 tonnes per day for the sulphide portion of the Canatuan deposit.

In 1996, Proton International Engineering Company ("Proton") produced a feasibility study for TVIRD. This study was based on the same drill hole datasets as the Kilborn study carried out six months earlier. Similar bulk densities, metal prices, net smelter royalty ("NSR") cut-off values and dilutions were used. The study was based on an open pit mine operating at 1,850 tonnes per day for the gossan portion and 850 tonnes per day for the sulphide operation.

In September 2003, Norwest Corporation ("Norwest") was retained by TVIRD to complete an independent report on the Canatuan copper-gold project and its primary objective was to update the resource estimate for the gossan portion of the deposit. The secondary objective was to update the sulphide resource estimate. An infill drilling program was recommended to upgrade the bulk of the sulphide resource to the measured and indicated classification.

In January 2004, TVIRD carried out the recommended infill drill program consisting of a total of 45 holes and Norwest updated resource estimations by using both historical data and assay and geological data generated by this program. 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.

In 2004, Norwest completed an updated feasibility study for a stand-alone mining operation on the gold and silver bearing gossan portion of the Canatuan massive sulphide deposit.

In January 2006, Norwest completed an updated feasibility study of the stand alone mining operation of the sulphide ore underlying the gossan portion of the Canatuan mineral deposit.

Finally, in April 2008, 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 Canatuan property is situated within the Zamboanga-Sulu sub-province, which encompasses the entire Zamboanga peninsula on Mindanao Island. The basement in this 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 serpentized ultramafic bodies that exhibit both intrusive and fault contact relationships. A number of massive sulphide deposits have also been found associated with the muscovite-sericite units within the schist package.

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.

### **Deposit Type**

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 which suggests that the deposit formed distal to volcanic centre. Accordingly, instead of classifying the deposit as a "felsic volcanic associated VMS" deposit, considering the tabular deposit type of Canatuan and the distal nature of the volcanic host rock (volcanoclastic), it is more appropriate to consider this deposit's genetic model as a distal VMS deposit of tabular type. These deposits are generally in a spatial and genetic association with syn-sedimentary faults which control the geometry (extension) and the circulation of the hydrothermal fluids. Economic examples of VMS deposits occur throughout the geologic record from Archean to Recent.

### **Mineralisation**

The deposit originally consisted of an unoxidized copper-rich massive sulphide 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 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 they consist mainly of pyrite with up to 10% chalcopyrite and up to several percent sphalerite, galena and tetrahedrite.

### **Drilling History**

Five drill programs totalling 221 diamond drill holes (coring size of 85.0 millimetres / 3 inches)("PQ") with a total of 9,876 metres (32, 401 feet) and 45 vertical diamond drill holes (coring size of 64.5 mm / 2.5 inches) ("HQ") totalling 2,037 metres (6,683 feet) have been completed on and around the Canatuan deposit.

<b>YEAR</b>	<b>TYPE</b>	<b>SERIES</b>	<b>GOAL</b>	<b>COUNT OF HOLE-ID</b>	<b>SUM OF LENGTH</b>
	DD	CSW		2	163.9
		EDS		5	34.2
		TA		1	50.0
1994	DD	CAT		122	5,075.9
1996	DD			13	1.3
1997	DD	C		20	655.1
1999	DD	CDH		5	252.3
2004	DD	CAN		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

	PAD	Wild Cat Drilling	1	115.5
PH	RCP1		2	240.0
	RCP2		2	240.0
RC	RC	RC Infill Drilling	65	2,746.0
	RCCH	Condemnation Drilling	15	540.0
	RCE	RC Infill Drilling	19	380.0
	RCP	Wild Cat Drilling	2	83.0
			1	1.0
	RCW	RC Infill Drilling	19	818.0
		3	120.0	
Total			415	17,360.6

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

### ***Sampling Method and Approach***

Drill core samples sawn from the first six drill holes (CAT 001 to CAT 006) carried out by TVIRD at Canatuan were sent directly to McPhar Geoservices Philippines Inc. ("McPhar") (ISO accredited) for analysis. All subsequent holes were split using a manual core splitter and processed to the pulp stage in an onsite preparation lab by TVIRD personnel, with only the sample pulps sent to McPhar for analysis. All holes were split and sampled from top to bottom, using a 1 metre (3.3 foot) sample length as the standard, but respecting lithological and mineralogical breaks, such that many of the samples are less than 1 metre (3.3 feet) in length.

All core samples were analysed for copper, lead, zinc, silver and gold, while test pit samples from the gossan portion of the deposit were analysed for only gold and silver. A limited amount of multi-element analyses on samples were carried out early in the program to identify potential "deleterious elements" that could report to concentrates produced from the sulphide portion of the ore body.

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 have been tabulated on the drill logs.

In the database provided to PJLGC, there are 1,365 channel samples taken from test pit sites located in 5 areas: SE, C, NE, NW and SW. Many of the sites host multiple pits (or channels), two (twin), four and up to eight, that were used for various verifications. The average depth of the test pits is 5.4 metres (17.8 feet) and the maximum depth is 16.1 metres (52.8 feet). The test pits were done specifically to study the gossan, the softer oxidized rock on surface.

Gold displays a nugget effect (intrinsic variability) at a level of 35% of its sampling variance. Silver has a nugget effect of 50% of its sampling variance. Copper and zinc have a nugget effect of only 15% and 20% of their respective sampling variance. All grades have an isotropic continuity (omnidirectional) with a relatively short range of continuity of 3 to 7 metres (10 to 23 feet) to explain most of the grade changes between samples: 45% for gold, 30% for silver, 80% for copper and 25% for zinc. The remainder of the grade variation has a long range of continuity of 70 metres (230 feet) for gold (weak 20%), silver (20%), of 100 metres (328 feet) for copper (5%) and of 120 metres (394 feet) for zinc (55%). Only zinc data show a significant anisotropy in the long range (150 metres / 492 feet) in line with the strike and dip of the deposit which parallels the Canatuan hill side. Overall, this 2007 updated geostatistical analysis confirms the behaviour of the data as understood in 2006 by Geostat (same author: PJ Lafleur).

### **Sample Preparation and Security**

The sample preparation protocol involved splitting the PQ-size 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 (crushing to a size of 1/2" or 13 millimetres (0.5 inch)) and cone crusher (to 10 mesh or 2 millimetre (0.08 inch)). The sample was then manually rolled and split using a half inch Jones Splitter and a 500 gram (18 ounce) sample was taken. The remaining reject of approximately 9.5 kilogram (21 pound) was bagged and stored on site.

The 500 gram (18 ounce) sample was completely pulverized to minus 200 mesh and then sieved to minus 200 mesh with all material passing the sieve. 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, McPhar used a laboratory sample of 30 gram (1 ounce) for gold fire assay. Analysis of copper, lead, zinc and silver were carried out by 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 the SGS, Chemex, Pioneer and McPhar laboratories. No extraordinary sample security was undertaken on site or during commercial transport of the pulps to the lab. Similar sample preparation procedures were followed after 2004.

Assay procedures utilized by McPhar Geoservices 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 FA gravimetric finish. Samples with gold values less than 3.0 gram/Mt (0.1 ounce / Mt) are subjected to AAS finish.

#### Assay By AAS:

- Cu, Zn and Ag by AAS on 1.0 gram (0.04 ounce) sample digestion by HCl-HNO<sub>3</sub>-HClO<sub>4</sub> 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 Geostats Pty. in Australia. These standards were inserted in the sample stream so that in most holes, one of each type of standard was analysed.

Mine samples for quality control were assayed on site, while exploration samples were assayed by McPhar.

### ***Data Verification***

Checks on the pre-2004 assay data from McPhar were carried out on behalf of TVIRD by G. Giroux, Montgomery Consultants Ltd., and were re-examined by A.G.W. Voortman, Snowden Associates. Although lacking a full, formal, assay quality assurance / quality control ("QA/QC") procedure typical of current exploration programs, which would include the use of blanks (checking for contamination), standards (checking accuracy) and duplicates (checking repeatability), quality assurance was monitored reasonably closely through a series of multi lab checks on sample pulps, rejects and duplicates. The 2004 sampling and assay procedures utilized a full suite of standards, blanks and duplicates, as well as multi lab check assaying. These results, from both the geological and analytical perspectives, are consistent with the earlier drilling and analyses on the Canatuan deposit.

### ***Mineral Processing and Metallurgical Testing***

Metallurgical testwork was conducted on material from the Canatuan deposit in 1995 (Process Research Associates - gravity and cyanidation testwork on gossan material, and flotation studies on sulphide material) prior to the Kilborn feasibility study and again in 1996 (Process Research Associates, Svedala Industries Inc., Beattie Consulting Ltd.) prior to the Proton feasibility study. The later work also addressed issues that were raised by the technical audit carried out by Snowden Associates for Rothschild Australia Ltd., pertaining to the Kilborn study.

### ***Initial Mineral Resource Estimate***

In May 2007, TVIRD used a very similar method to that of Geostat in 2006 to estimate the mineral resources. The difference was that TVIRD used an updated 3D wiremesh solid representing updated geology. It did not present a significant change of volume, tonnage and grade because the Canatuan deposit is relatively flat and shallow dipping. The infill drilling confirmed the grade and tonnage and it improved the classification of the mineral resources to deem it "mineable". TVIRD used 1 metre (3.3 foot) composites instead of the original compositing used by Geostat in 2006 for grade interpolation. Samples were already standardized in length at 1 metre (3.3 feet). The results of the interpolation using 1 metre (3.3 foot) composites and the original samples were similar.

When compared to previous assessments, the TVIRD model was a true 3D wireframe model, as opposed to Norwest's 2D sectional extrusion model, using slightly different interpolation parameters. Kriging was the preferred method with assays constrained within the 3D solids representing the orebodies. Additionally, for all the new mineralized samples collected during the 2006 drilling campaign, TVIRD assayed for 32 elements (using inductively coupled plasma technology for multi-element determinations). TVIRD then modeled 13 of those in Gemcom, specifically those potentially deleterious elements disseminated within the sulphide orebody. TVIRD has also modeled the specific gravity for each block. Norwest's model contained only gold, silver, copper and zinc, and applied one specific gravity figure to each rock type. No penalty elements were modeled by Norwest, which elected to use empirical factors for penalty elements in its NSR calculations.

By comparison, TVIRD's resource model provided a more accurate representation of the distribution of metals within the orebody. The sulphide orebody was found to exhibit a good metal zonation, permitting a better visual discrimination of the three mineral domains, namely the high-copper, the high zinc and the mixed sulphide ore zones, subject to different metallurgical treatments and technologies. The modeling work in turn enabled the collection of more representative composite samples for detailed metallurgical testwork and engineering.

The TVIRD model incorporated lower grade mineralisation around the northwest fringe of the deposit, which was delineated in the 2006 drill program. The result was that the resource model was larger in volume compared to that of Norwest, but of slightly lower grade due to the inclusion of the material in the northwest, in effect inclusive of certain internal dilution. When converted to tonnage, TVIRD's model was approximately the same as Norwest's due to the lower estimate of specific gravity of the massive sulphide ore (TVIRD averaged 3.57 versus the blanket figure of 4.20 used by Norwest for the massive sulphide mineralized zone).

PJLGI, in 2008, verified the 3D wiremesh against the drill holes and it computed the grade using Ordinary Kriging. It found that TVIRD's resource model was acceptable as a basis for the 43-101 report..

For the economic analysis, TVIRD used updated metal prices. Higher metal prices usually result in a higher tonnage and a lower average grade ore being produced by the mine since marginal grade material becomes economic. This was reflected in the mineral resources, but the NSR value was not included in the table below.

In April 2008, TVI received a NI 43-101 technical report on the Canatuan sulphide deposit prepared by P.J. Lafleur Geo-Conseil Inc., an independent consulting group. This report was filed with certain securities regulatory authorities in Canada on April 7, 2008, and is available on the SEDAR website at [www.sedar.com](http://www.sedar.com). The NI 43-101 technical report includes the initial reserves and resources at the beginning of the Canatuan Sulphide Project.

<b>GRADEGROUP</b>	<b>Tonnage</b>	<b>CU PCT</b>	<b>ZN PCT</b>	<b>AU GT</b>	<b>AG GT</b>
	<b>T</b>	<b>Grade</b>	<b>Grade</b>	<b>Grade</b>	<b>Grade</b>
<b>&gt; 2.00 % Cu</b>	606,644	3.28	1.59	1.48	68.70
<b>1.00 - 2.00</b>	826,251	1.42	1.43	0.86	41.10
<b>0.50 - 1.00</b>	930,114	0.72	0.72	0.50	20.82
<b>0.40 - 0.50</b>	257,017	0.45	0.45	0.33	15.54
<b>0.30 - 0.40</b>	276,920	0.35	0.37	0.29	21.83
<b>0.20 - 0.30</b>	244,637	0.25	0.33	0.23	14.25
<b>0.10 - 0.20</b>	346,165	0.14	0.28	0.13	12.40
<b>0.05 - 0.10</b>	273,809	0.08	0.29	0.09	5.26
<b>0.00 - 0.05</b>	26,412	0.01	0.03	0.01	0.33
<b>Total</b>	<b>3,787,969</b>	<b>1.10</b>	<b>0.87</b>	<b>0.62</b>	<b>30.17</b>

At the end of June 2007, the mineral resources in the sulphides were estimated at 3.787 million tonnes ("Mt"), averaging 1.1% Cu, 0.87% Zn, 0.62 gpt Au and 30 gpt Ag. The main undesirable metal is 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.

It is common to find base metal zonation within VMS deposits. Frequently a massive sulphide deposit will exhibit zones or regions where metal ratios vary, reflecting the relative mobility of each mineral. Typically sphalerite (zinc sulphide) tends to disperse and accumulate towards the fringes of a particular sulphide deposit because it dissolves and precipitates at lower temperatures from hydrothermal solutions emanating from submarine feeder-vents. By comparison, chalcopyrite (copper sulphide) crystallizes at higher temperatures tends to concentrate and accumulate closer to the heat sources that are the feeder-vents, the source of the deposit in the first place.

Canatuan is no exception and the recent geological and resource modelling work displayed this metal zonation quite well. 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.

Likewise, the distribution of arsenic, associated with tennentite-tetrahedrite minerals locally distributed within the sulphide orebody, 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 copper concentrates to avoid such penalties. Arsenic, along with other less significant deleterious elements, has been modeled in the resource estimation exercise 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 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 PJLGI in 2008 for the 43-101 report:

#### Economic Factors Summary

<b>On-Site Unit Operating Cost Estimate</b>			
Cost Centre	Mill Campaign (\$/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			
<b>Total</b>	<b>\$ 23.75</b>	<b>\$ 26.71</b>	<b>\$ 26.39</b>

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

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

Ore Type	Mill Processed Tonnes	Head Grades					
		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
<b>Total</b>	<b>3,034,383</b>	<b>0.75</b>	<b>1.35</b>	<b>36</b>	<b>1.05</b>	<b>1.29</b>	<b>309</b>

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 Mt, averaging 1.35% Cu, 1.05% Zn, 0.75 gpt Au and 36 gpt Ag. The optimized pit to extract this ore would also contain 4,357 Mt of waste for an average stripping ratio of 1.4.

## Mine Planning and Optimization

Once the geological and resource modeling work was completed, TVIRD engaged Gemcom Asia Pacific in May 2007 to perform Whittle pit optimizations in order to produce a production schedule, a mine plan and annual pit shell designs. The mining of the orebody was scheduled to optimize net present value and used up-to-date metallurgical testwork results and cost data in the Whittle runs. The work was carried out by Gemcom consultant Sandy Martin, based in Hong Kong. Mineable reserves were thus calculated to be 3.034 Mt, averaging 1.35% Cu, 1.05% Zn, 0.75 gpt Au and 36 gpt Ag.

As part of the optimization exercise, the production rate of 1,300 tonnes per day (during the initial years when high grade copper is scheduled to be mined) was increased to 1,850 tonnes per day from year four onwards. The objective was to take advantage of economies of scale during the less profitable high zinc ratio period.

Mine planning was carried out using the Whittle pit optimization software to make a schedule by period and by bench in sufficient detail to keep production within range of quality to maximize the use of the sulphide processing unit, to meet smelter quality requirements and to maximize profits and the mineral resource utility. Based on recent operating experience, TVIRD estimated that contract blasting would be required for about 60% of the sulphide ore on a 3 x 3 metre (9.8 x 9.8 foot) to 5 x 5 metre (16.4 x 16.4 foot) pattern for grade control purposes.

TVIRD carried out extensive metallurgical testing to optimize the mill design and ensure the production of concentrate of commercial grade and to keep the arsenic level low.

*Mine Schedule by TVIRD (June 2007) – used for ore reserve definition*

Period	Pit	Mill	Head Grades					
			Au	Cu	Ag	Zn	Cu:Zn	As
Start	Ore	Processed	g/t	%	g/t	%	Ratio	ppm
	Tonnes	Tonnes						
Jan-08	4,430	-	-	-	-	-	-	-
Feb-08	41,841	-	-	-	-	-	-	-
Mar-08	29,142	8,619	1.39	1.31	83	0.18	7.37	686
Apr-08	64,742	24,948	1.38	1.89	103	0.12	15.79	735
May-08	51,406	25,780	1.16	1.51	96	0.09	16.16	629
Jun-08	92,814	41,580	1.22	1.71	91	0.12	13.88	558
Jul-08	111,609	42,966	1.22	2.24	75	0.20	11.38	493
Aug-08	117,077	42,966	0.90	2.32	51	0.23	10.20	436
Sep-08	23,075	41,580	0.77	2.29	43	0.24	9.60	404
Oct-08	33,942	42,966	0.86	2.26	50	0.24	9.22	422
Nov-08	55,288	41,580	1.22	2.13	51	0.78	2.72	402
Dec-08	53,574	42,966	1.38	2.39	56	1.07	2.24	446
Jan-09	130,794	166,320	1.23	2.47	57	1.27	1.95	381
May-09	28,004	170,478	1.18	2.49	56	1.30	1.92	343
Sep-09	394,489	169,092	1.03	2.21	54	1.74	1.27	235
Jan-10	178,685	166,320	0.67	1.51	38	1.19	1.28	200
May-10	84,381	170,478	0.64	1.27	28	1.69	0.75	205
Sep-10	12,039	169,157	0.85	1.41	38	2.37	0.60	256
Jan-11	105,892	215,460	0.60	1.15	29	0.68	1.69	173
May-11	319,189	220,847	0.46	0.67	18	0.44	1.52	232
Sep-11	273,412	219,051	0.56	0.77	22	0.78	0.99	330
Jan-12	362,850	217,256	0.53	0.87	23	0.60	1.44	359
May-12	465,708	220,847	0.58	0.97	32	0.61	1.59	414
Sep-12	-	219,051	0.59	0.80	24	1.31	0.61	278
Jan-13	-	215,460	0.59	0.80	24	1.31	0.61	278
May-13	-	138,616	0.59	0.80	24	1.31	0.61	278
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<b>Totals</b>	<b>3,034,383</b>	<b>3,034,383</b>	<b>0.75</b>	<b>1.35</b>	<b>36</b>	<b>1.05</b>	<b>1.29</b>	<b>309</b>
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<b>Total</b>		<b>3,034,383</b>	<b>0.75</b>	<b>1.35</b>	<b>36</b>	<b>1.05</b>	<b>1.29</b>	<b>309</b>

### **Modeling Parameters, Cash Flow Scenarios and Sensitivity Analyses**

As most of the pit optimization and modeling work was performed early in June 2007, some of the parameters were updated in April 2008 to generate cash flow models more closely reflecting adjusted mining, milling and operating costs. This update was undertaken as a result of changing foreign exchange rates and increasing labour, commodity and consumable prices. The foreign exchange rate notably needed adjustment on account of the devaluation of the US dollar at the time. The foreign exchange rate was thus adjusted from PHP 48:1 USD to PHP 40:1 USD. The mine plan and production schedule were recast to reflect a more conservative timeline, while capital expenditures and disbursement schedules were rearranged to better align with the timing of likely financing scenarios. Forecast metal prices were also subsequently adjusted in the final cash flow analyses, as shown in the table below, to test the sensitivity of the project to economic variables.

Sensitivity analyses were performed to test the economics of the project as per four pricing scenarios: (initial) "Whittle Model" (pricing parameters); "Low"; "Base Case" and "Market" metal pricing forecasts. The results are summarized below and support the project economics. As could be expected, the cash flow models display an acute sensitivity to metal pricing.

A base case mining and pricing scenario was selected based on the general outlook for commodities and the mining industry at the time.

The retained cash flow model is found to be moderately sensitive to capital and operating costs and, to a certain extent, grade variations and metallurgical recoveries. However, the latter factors are believed to be well understood on account of the acquired operating experience at Canatuan and on the extensive metallurgical and modelling work undertaken and completed in 2007.

Project revenues are largely based on the copper and zinc produced in concentrates, with less emphasis given to the associated recoverable gold and silver metals. The base metal elements are less erratic in grade and distribution than gold and silver within the deposit.

### **Current Reserves and Resources**

The remaining ore reserves and resources at December 31, 2010, are estimated based on mine and mill production statistics for the year, additions and depletions due to ore extraction, grade control, geological assessments, and monthly reconciliation.

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; and, operating and capital costs.

Reserves – Proven and Probable (December 31, 2010):

	<b>Ore Tonnes</b>	<b>Cu (%)</b>	<b>Zn (%)</b>	<b>Au (g/t)</b>	<b>Ag (g/t)</b>
Initial reserve, December 31, 2009	2,517,305	1.23	1.19	0.78	30.17
Total ore milled to December 31, 2010	(804,435)	1.31	0.54	0.40	28.12
Stockpile, December 31, 2010	24,762	2.20	0.73	0.70	8.06
New found ore mined during 2010	206,175	0.64	0.23	0.29	19.12
Projected additional ore for 2011:					
PAG blocks reclassified	133,779	0.23	0.14	0.27	7.99
Outside pit limit	19,652	1.11	0.38	0.41	22.02
Remaining reserve, December 31, 2010	2,097,238	1.09	1.26	0.84	28.12

Resources – Measured (December 31, 2010):  
(The resources include the above reserves)

	Ore Tonnes	Cu (%)	Zn (%)	Au (g/t)	Ag (g/t)
Initial resource, NI 43-101	2,965,287	1.01	1.03	0.64	25
Total ore milled to December 31, 2010	(804,435)	1.31	0.54	0.40	28.12
Stockpile, December 31, 2010	24,762	2.20	0.73	0.70	8.06
Projected additional ore for 2011:					
PAG blocks reclassified	133,779	0.23	0.14	0.27	7.99
Remaining resource, December 31, 2010	2,319,393	0.87	1.14	0.70	22.75

### ***Canatuan - Environment and Permitting***

Environment management activities during the sulphide phase of operations have been expanded and upgraded relative to the gossan phase of operations. Permitting and reporting modifications were made at the start of operations including the approval of a new Environmental Compliance Certificate (“ECC”), which amended the previous ECC issued for the project in 1997. The focus of the new ECC was to increase the maximum daily production from 850 tonnes to 1,850 tonnes, and a maximum annual materials extraction limit of 1.8 million tonnes. The new ECC was issued on March 4, 2009.

In conjunction with the approval of the ECC amendment, the Environmental Management Bureau (“EMB”) of the Philippines also reviewed and modified the conditions attached to the 1996 ECC. The modifications were intended to bring the conditions to a level more consistent with the current environmental laws and regulations and the 1995 Mining Act. Subsequent to this, an additional amendment to the new ECC, focused on further increasing the maximum daily production rate from 1,850 tonnes to 2,500 tonnes and increasing the maximum annual total materials extraction rate of 2.5 Mt per year, was approved on March 19, 2010. A third amendment will be requested in early 2011 to further increase the maximum daily production to 3,500 tonnes per day and the annual extraction of ore and waste materials to 3.5 million tonnes.

The Annual Environmental Protection and Enhancement Plan for 2011 was approved by the Regional Mines & Geosciences Bureau (“MGB”) in February 2011. These plans require continued expenditures during the sulphide phase operations for Progressive Rehabilitation activities. The initial deposit for the post mining rehabilitation and decommissioning activities was deposited in a government bank account administered by the Mine Reclamation Fund Committee and TVIRD in 2010. Deposits will also be made in 2011 and will continue through 2013. The Progressive Rehabilitation expenditures will occur annually as identified in the Annual Environmental Protection and Enhancement Plans.

A review of the Final Mine Rehabilitation and Decommissioning Plan will be conducted in 2011 to update the Plan as needed. The stakeholders including the Subanen indigenous people, the Local Government Unit and the Mines and Geosciences Bureau will participate in this activity.

Other key environmental management activities that are being implemented during the sulphide phase operations focus on acid mine drainage control and treatment, continued monitoring of aquatic habitat, terrestrial flora and fauna, air quality, noise, forest resources and health of the residents. An expanded water quality monitoring program has also been implemented both within and around the Canatuan area as well as the Sta. Maria Port area. Rehabilitation of the previous gossan tailings impoundments is underway and a research program has been started to study the agricultural opportunities and constraints associated with the reclamation of the tailings impoundments.

Tailings management activities have focused on the continued deposition of tailings within the sulphide tailings facility. The dam currently has a height of 70 metres (230 feet) with a crest length of 250 metres (820 feet). In addition, the dam and spillway will be able to withstand the Maximum Credible Earthquake and the Probable Maximum Flood.

## Greater Canatuan Tenement Area

TVIRD's Canatuan deposit is classified as a felsic VMS - a type of deposit that is mined to a high degree of operational and financial success in many districts around the world. Canadian examples include Noranda, Buchans, Flin Flon, Sturgeon Lake, Louvicourt and Myra Falls. One of the common characteristics of this type of deposit they tend to occur in clusters and together they often form a substantial "mining camp" scenario. The deposits are found within a favourable host rock horizon that is readily identified. TVIRD believes such clusters can also be found on strike with the Canatuan deposit, providing the Company with major potential exploration upsides in the near term.

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 mineralisation.

Exploration efforts intensified in 2006 and were enlarged in 2007 to the greater Canatuan district, an area some 352 km<sup>2</sup> (219 mi<sup>2</sup>) (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 Bosque claims (MPSA-054-96-IX) immediately around the Canatuan Mine site 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 surrounding the Bosque claims, including EXPA-042-IX to the south of Canatuan, EXPA-023-IX and EXPA-039-IX surrounding the Bosque claims immediately to the north, and finally on EXPA-061-IX further north, where several mineral indices were revealed including Tabingan, Matigdao and Palalian.

### **Reconnaissance Survey of the Greater Canatuan Area**

#### *Canatuan and Cusan Creeks*

Active panning areas were encountered at the SE periphery of the Bosque claim along the Canatuan and Cusan creeks. The local panners were collecting gold nuggets from alluvial deposits mainly composed of rubbly gossan boulders from the upstream portion of both creeks. A first-pass reconnaissance survey was then conducted to investigate the small-scale mining activities in these areas from late 2006 to early 2007. Geologic mapping was done along creeks and grab samples were taken from rubbly gossan floats. Rock samples were sent to the Canatuan Mine assay laboratory for analysis.

Outcrops of quartz-chlorite-schist were observed along the Canatuan and Cusan creeks. Thickness of exposed quartz-shlorite-schist varies from 1 to 5 metres (3.3 to 16.4 feet). Foliation generally strikes NE-SW and dips gently from 10°-30° NW. Thin bands of quartz-pyrite-sericite-schist within quartz-shlorite-schist layers were also noted. Aside from the in-situ schists, rubbly gossan floats are well distributed along creeks and tributaries. The size and quantity of boulders were found to be increasing upstream. Gold nuggets are mainly derived from these gold-bearing rubbly gossan boulders that are inferred to have originated from the main Canatuan gossan orebody. Four grab samples returned the following assay results:

Sample Code	Au (gpt)	Ag (gpt)	AuEq (gpt)	Cu (ppm)
AD0050	0.23	0.23	0.235	5480.00
AD0051	4.70	76.47	6.293	2026.00
AD0052	6.47	70.87	7.946	1798.00
AD0053	0.17	trace	0.170	307.00

**Note:**

The Gold equivalent values calculated for the above table and all subsequent locales described in the following sections were done using commodity prices US\$600 per ounce of gold and US\$12.50 per ounce of silver at the time of compilation of these work results

Although some of the collected samples revealed good gold grades, the small volume of rubbly gossan floats in this area, as well as the accessibility, were not feasible for large-scale mining. In addition to the reconnaissance survey conducted in this area, diamond drilling was also done to test if sulphide mineralisation was present at depth. Two holes namely CUS-06-01 and CUS-06-02, were drilled to depths of 75 metres (248 feet) and 101 metres (331 feet). No sulphide interval was recorded in the core logging except for the presence of quartz-chlorite-schist with pyrite disseminations.

*Gambinaw and Tanuman Area*

The preliminary review of the old geological data on Gambinaw and Tanuman indicated that these two areas showed consistent anomalous values for gold, copper, zinc, molybdenum and lead. Gold panning and small scale mining activities have historically been reported in these areas.

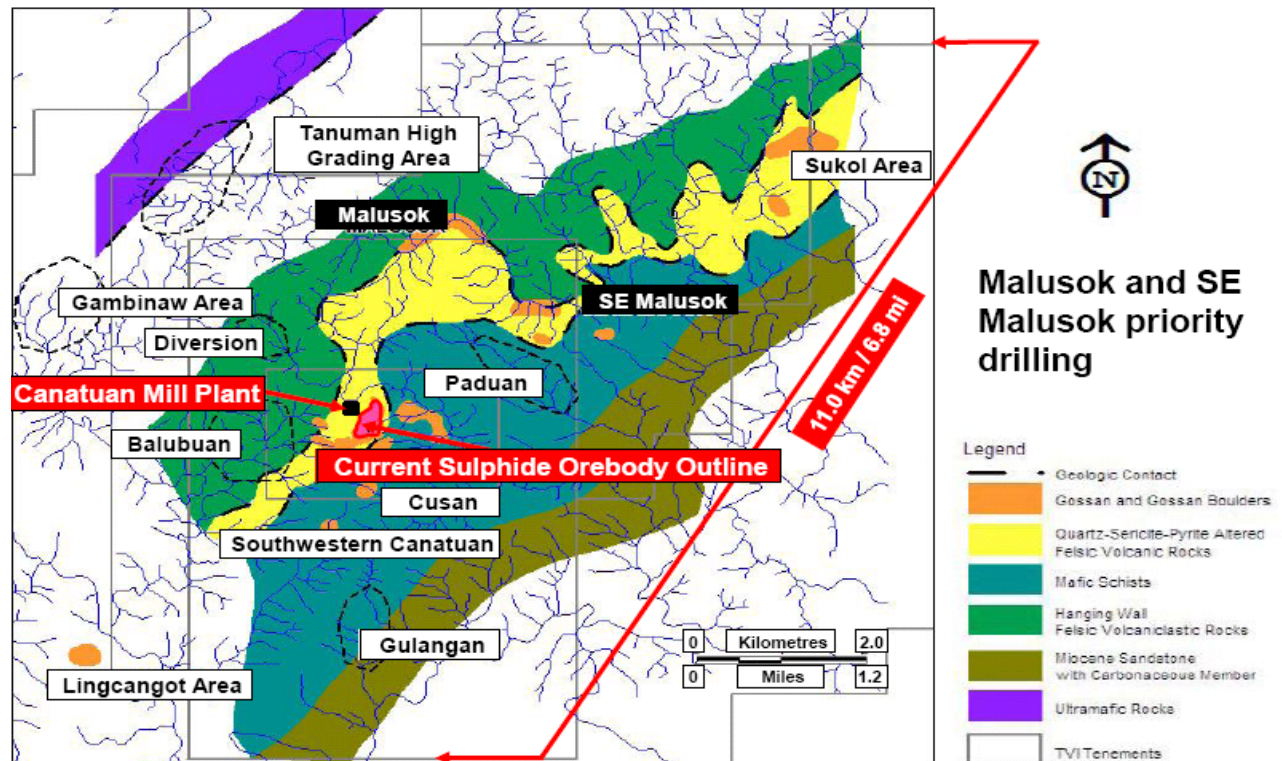
*Lingcancot Area*

Lingcancot area is located SW of the Canatuan orebody. In 2007 a reconnaissance survey was conducted on this site, downstream of the junction of Litoban River and Balubohan Creeks. Initial findings show that the area is generally composed of quartz-sericite-schist with pyrite disseminations and oxide infill. Cobble to boulder-sized gossan floats were also observed along tributaries. Gold values from collected samples were marginal.

*Sukol Area*

A zone of quartz-shlorite-schist in the Sukol Dako Creek area was mapped. A previously reported zone with high magnetite and chalcopyrite was not validated nor located in the field. Mapping upstream revealed chlorite schist units trending NNE and dipping moderately to the NW and grading to volcanoclastic rocks / siltstones with interbeds of volcanic flows. The NW section of Sukol Dako shows significant geochemical anomalies for copper, lead, zinc, gold and arsenic. The presence of quartz-sericite-pyrite alteration and/or local gossan/sulphide mineralisation requires further follow-up with soil geochemical survey and ground geophysics on both showings.

*Map of projects near the Canatuan Mine*



### *Malusok and South East Malusok Area (Data review for copper)*

In 1995, the gossanous boulder fields in Malusok and SE Malusok were discovered by TVIRD prospectors. The following activities were subsequently conducted in the area:

#### ***Geophysics***

In September 1995, 18 line-kilometres (11 miles) of HLEM and Magnetics were completed by McPhar over the Malusok grid. The grid was extended to the NW in November 1995 with an additional 10.35 line-kilometres (6.4 miles). In Feb 1996, 45.65 line-kilometres (28 miles) of HLEM and Magnetics were conducted over the SE Malusok grid. This was followed up by a detailed MaxMin survey totaling 15.3 line-kilometres (9.5 miles) surveyed on nineteen (19) 50 metre (164 foot) spaced lines with coal separation at 100 metre (328 foot) and readings at 25 metre (82 foot) stations

In April 1996, Down-hole Electro-Magnetic (DHEM) surveys were done in drillholes MLK-07, MLK-11 and MLK-12.

Subsequently, in late 1996, DHEM surveys were implemented in MLK-08,09,10,14,15,16,17,18 and 19. However, the results from these holes have not been interpreted.

#### ***Soil Geochemical Sampling***

Grid soil sampling was carried out from October 1995 to February 1996. A total of 426 soil samples were collected from Main Malusok. The grid lines were oriented N45W and spaced 100 metres (328 feet) apart. Compositing soil samples were collected every 50m along the lines. One composite consisted of 5 samples – one from the point and one sample 5 metres to the north, south, east, and west of the sample point. A total of 569 samples were also collected from SE Malusok along 100 meter grid lines oriented N10W.

#### ***Rock Sampling***

A total of 1,542 rock chip samples were collected in the area of which 216 samples were assayed for Au, Ag, Cu, Pb, Zn while the rest were assayed for Au and Ag only.

#### ***Drilling***

A total of 29 diamond holes with an aggregate meterage of 3,153 meters were drilled in the Malusok Area. Twelve (12) of these were drilled in Main Malusok (MLK-001 to MLK-012) and 17 in SE Malusok (MLK-013 to MLK-029). The first 21 holes, all with dip direction of S10°E and inclination at -60°, targeted the oxide ore and sulphide lenses at depth while MLK-022-029 (vertical holes) targeted the near-surface gossan bodies at SE Malusok.

#### ***Resource Evaluation at Malusok and SE Malusok Area***

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. 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. A review of geologic and assay data of the SE Malusok Prospect was carried out and the following salient points were obtained:

- A total of 144 test pits previously excavated and sampled between 1995 and 1996. A total of 23 of these encountered notable mineralisation and about 16% of the total test pits were found having potential mineralisation.
- Sixteen coring holes were drilled over the SE Malusok Area, but only six produced notable AuEq Oz intercepts.

- Two clusters of test pits having notable AuEq Oz values were also recognized. The northern cluster is between section lines 450S and 200S, while the southern cluster is between section lines 100N and 300N.
- The observed mineralisation was found occurring along in-situ gossan and along portions that could be rubbly gossan as the fabric of the test pit logs suggest. Depth of these range from near surface, 2 to 13 metres (7 to 43 feet) below ground surface. Thicknesses of the intercepts are relatively thin and ranges from 0.3 metres (1 foot) to as much as 5 metres (16 feet). Spacing of these test pits are from 25 to 100 metres (82 to 328 feet) apart.
- Four of the test pits having notable AuEq Oz intercepts are remote from the two observed clusters.
- Some rubbly gossan boulder occurrences in the old maps have notable AuEq Oz values, although are erratically distributed.
- With the available data, the prospective clusters of mineralized in-situ gossan are characterized as relatively thin, therefore a low confidence level is perceived in the projection of assayed values from test pit to test pit at a 50 metre (164 foot) distance.

To assess the potential for these satellite mineralized bodies to constitute supplemental feed to the gossan 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).

New maps were generated at a 1:1,000 scale showing old and new data and corresponding geologic/assay cross-section maps were prepared. Existing drill holes were also found along the section lines with a dip direction of S10°E, all inclined at -60°, and were integrated to the new model. Drill hole MLK-017 was drilled to test a geophysical anomaly along section line 300S. Distribution of the old mineralized test pits were found irregularly located along section lines with bearing oriented N10°W spaced at 25 metres (82 feet) apart, perpendicular to a reference line whose axis is N80°E. New test pits were located in between and around the old pits at a distance of 25 metres (82 feet) apart to test the lateral influence of each test mineralized section, which in turn served as basis for determining the limits of the polygons used for determining the volume of mineralized gossan.

Two main clusters were delineating 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.

#### ***Geochemical Survey in Paduan Ridge Area***

Geologic field mapping was carried out on the Paduan ridge area to seek for additional gossan resource. A grid-based geochemical survey was conducted to test for gold and copper anomalies. A total of 187 holes were sampled along NE-SW striking grid lines. The soil-sampling points averaged 0.5 metre (1.6 feet) in depth, enough to systematically hit the B-horizon. Soil material was mixed and quartered and about 1 to 2 kilograms (2.2 to 4.4 pounds) for each hole was sent to the Canatuan mine assay laboratory for analysis of gold, silver, copper, lead and zinc. All sampling points were staked and surveyed for actual coordinates.

The area was found to mainly consist of lateritic soil and saprolite composed of oxidized quartz-chlorite-sericite-schist to quartz-sericite-schist. The soil material is generally yellowish brown to reddish brown in appearance with quartz fragments and black specs of oxidized pyrite. No significant traces of gossan and massive sulphide were observed on the exposed portions of the Paduan area.

Wild cat drilling was also conducted in order to confirm the lithology of this area at depth. Diamond drilling was then initiated on the same area, reaching a maximum depth of 115 metres (115 feet). Core samples were collected of mainly quartz-shlorite-schist with very minimal occurrence of pyrite specs. Some intervals were relatively brecciated, but no significant mineralisation or alteration was observed from the core.

Assay results of geochemical survey and drilling, on the other hand, only revealed marginal gold and copper values, and therefore, no further exploration at the Paduan Ridge is planned.

## **Siennalynn Copper-Zinc Gold Project (MPSA No. 076-97-IX)**

### ***Property Description and Agreement***

TVIRD has signed two agreements that cover a total of 2,000 hectares (4,900 acres); both areas being located within MPSA No. 076-97-IX granted to Siennalynn Gold Mining Corp. ("SGMC"). The MPSA is within the province of Zamboanga del Sur on the island of Mindanao, Philippines.

The properties were acquired from SGMC and YZ Summit Mining Corp, ("YZ"), a small-scale operator who had entered into an Operating Agreement with SGMC on a portion of the Siennalyn MPSA and over the past two years was engaged in mining for the purposes of direct shipping copper ore to China from two small adits on the Pinili prospect. TVIRD acquired the exploration rights over the property for an initial consideration of US\$1.2 million in cash, with the right to acquire a 100% interest in the property at a subsequent time, in the event of a decision to develop a mine.

The Siennalynn property is located some 5 km (16 mi) west of the Canatuan mine site. Due to the short trucking distance, Siennalynn targets could add ore sources to extend and expand TVIRD's mining operations at Canatuan.

### ***Geological Setting***

The property is underlain by volcanic intrusive rocks which contain epithermal and mesothermal auriferous quartz-sulphide veins. These veins have been the target of small-scale gold operators over the past few years.

### ***Near Surface Targets for Immediate Drill Program***

Clast-supported hydrothermal breccias containing copper-zinc-lead sulphides and gold within areas of low-temperature alteration are exposed in historical excavations at Siennalynn.

TVIRD mapping recently completed at the Pinili prospect Adit 2 revealed that the main mineralized breccia lode strikes WNW with steep dip directions swinging from NE to SW. It is exposed for at least 85 metres (278 feet) along the drift of Adit 2. The breccia lode is a structurally-emplaced body at least 2 metres (6.5 feet) wide where mapped, but the full width is not exposed. A low grade mineralized alteration halo also exists around the main breccia lode. Where it was exposed at a crosscut within Adit 2, an 8 metre (26 feet) thick zone grading 0.22% Cu (with trace gold and zinc) was encountered. Drilling will allow determination of true width and strike continuity of the Pinili breccia lode.

### ***Potential Deeper Hydrothermal Deposits***

Evidence of additional, larger and deeper mineralized targets of porphyry mineralisation is being identified using reprocessed geophysical data combined with ground prospecting recently completed by TVIRD. Mineralisation is extensive but outcrop exposure is limited requiring further follow-up. These prospects are Bailos, Abueva, Tatfu, Rodrige, Nanao West and Nanao East.

Previous airborne magnetic survey data outlined a large alteration zone of quartz-clay-sulphide-iron oxide in the central part of the project area. Reprocessing of this magnetic survey data revealed a core alteration zone 2 by 1.5 km (1.2 by 1 mi) of low magnetic intensity surrounded by magnetic volcanic rocks. Surface mapping of this alteration zone has outlined several mineralized areas of quartz-sulphide breccias and hematitic altered rocks.

Soil geochemical anomalies coincident with ground IP and magnetic survey anomalies from previous investigations occur along the margin of the alteration core. Ground prospecting follow-up by TVIRD has identified several potential drill targets; namely, Bailos, Abueva, Tatfu and Rodrige. Further exploration including trenching, mapping and sampling were carried out to better pinpoint the drill targets. These exploration works are discussed under each prospect.

### ***Exploration Drilling***

On October 19, 2010 TVIRD initiated a Stage 1 drilling program to test the Pinili prospect area and two targets at Nanao East and Nanao West. The Stage 1 program consisted of 9 holes for a total of 1,200 metres (3,937 feet) at Pinili Prospect. The intent of the Stage 1 program was to explore the tenement's potential to host intrusive-related copper mineralisation. Assuming the initial holes at the area successful, TVIRD anticipates drilling additional holes in this area. Assay results are pending.

### ***Drilling Summary 2010***

#### *Pinili Prospect*

YZ Summit Mining Corporation produced copper ore for a short period of time from two of the three adits driven into the hill side at Pinili in 2007. Zinc-rich copper-gold mineralisation occurs as quartz-sulphide breccia lodes hosted by altered andesitic volcanics. These vein-lodes are confined along WNW-ESE structural corridors recognized from re-processed magnetics survey.

A plan to drill 1,200m in 9 holes was undertaken to test if there is substantial mineralisation at depth and for possible parallel repetitions of this lode at Pinili. The first 8 of these holes had been completed by year end 2010.

#### *Bailos Prospect*

Bailos Prospect (Figure 3) is located some 500m aerial distance south of Pinili Prospect. The mineralized vein lode can be traced over a kilometre in length as it is marked by evidence of small scale mine workings. The breccia vein-lodes are also localized along WNW-ESE structural corridors as is common in the Siennalynn project area.

Two scout drill holes were completed at Bailos in 2010. Hole SIDH-10-006 was designed to test for the subsurface extension of the mineralisation that was engaged by the small scale miners. Assay results are being analyzed and will be release in due course.

#### *Abueva Prospect*

This prospect was delineated by strong Cu-in-soil geochemical anomaly of several hundred ppm Cu. The anomaly is oblong-shaped and is very distinct at IP Line 3200N (Placer Dome data 1998). It is located 500m to the west of TVIRD's camp. Reconnaissance exploration of the source for the soil anomalism revealed the presence of clay-altered volcanics containing quartz-sulphides breccia floats, essentially similar to the characteristics of the Bailos mineralisation. Due to the paucity of outcrops, the soil anomaly could not be directly attributed to a rock source. Trenching was undertaken at strategic locations to expose the underlying geology.

A scout drill hole was collared to test the subsurface extension of mineralisation deduced from small scale workings and trenches. Assay results are pending.

### *Tatfu Prospect*

This prospect is located some 200m NE of TVIRD's camp and is possibly the continuation to the SE of the Abueva mineralisation. Crisscrossing to sub-parallel network of quartz veins dominate this prospect. This mineralisation was drilled in early 2011 with assay results pending.

### *Nanao Prospect*

This area was covered by ground geophysics by Placer Dome in the late 1990s. Re-processing of the gradient array IP and dipole-dipole IP surveys by TVIRD consultants revealed a sharp anomaly at Nanao West. An angled drill hole was collared to test if the Nanao West IP anomaly indeed is caused by cupriferous intrusive at depth. Assay results are pending.

## **Balabag Gold Project (MPSA-086-97-IX)**

*The following descriptions also include information in the technical reports: "43-101 Technical Report for the Mineral Resources at the Balabag Project of TVI Pacific Inc." dated July 2007, prepared by P.J. Lafleur Géo-Conseil Inc.; and "Scoping Study of the Balabag Project" dated July 8, 2008, prepared by Genivar Limited Partnership ("Genivar"). These reports are available under the Company's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com).*

### ***Project Location, Accessibility and Climate***

The Balabag property consists of a MPSA and APSA that cover a total area of 52 km<sup>2</sup> (32 mi<sup>2</sup>). 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 falls within the Type IV weather classification under the climate map of the Philippines. It is relatively dry from January to May and wet throughout the rest of the year. Mean annual average precipitation is 2,240 millimetres (88 inches). November registers the highest mean monthly rainfall at 358 millimetres (14 inches), while February is the driest month at 58 millimetres (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).

As the climate has no extremes, activities may be conducted almost all year without seasonal breaks except for intermittent periods, amounting up to approximately 30 days, during the raining season.

### ***History of Ownership***

The Balabag property was initially under an option agreement with a local subsidiary of a major international mining company from October 15, 1996 to January 14, 1998. On April 25, 2005, ZMC entered into an agreement with TVIRD.

The Balabag property and approved MPSA-086-97-IX was optioned from ZMC to TVIRD on April 26, 2005. 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, US\$50,000 of which was paid in cash in February 2008. On February 19, 2009, the Company issued 23,228,444 common shares at a price of \$0.016 per share to settle the remaining US\$300,000 amount with ZMC. The issuance of the common shares of TVI to ZMC satisfied TVIRD's obligations in respect of the balance of the purchase price of the Balabag interest.

With the exercise of the option to acquire, TVIRD has the right to proceed to Stage 4 of the agreement, which will require TVIRD to complete a full feasibility study and put the property into full production within five years of January 25, 2008.

### ***Geological Setting and Mineral Resource***

The Philippines regional geology is dominated by tertiary and younger plutono-volcanic sequences that are superimposed on both continental and oceanic crust. The regional geology of the Zamboanga Peninsula is less well understood than other parts of the country and its mineralisation potential remains to be quantified as the area is under-explored.

The peninsula is bounded to the west by the Eurasian Plate being subducted southeastward into the Sulu Trench, and on the east by the Philippine Sea Plate being subducted westward into the Philippine Trench. This complexity is further added to by the NE-subducting Cotabato trench that is expressed on-land as a collision zone along the Cotabato-Sindangan Fault, which is believed to connect northwestward to the Negros Trench (Acharya and Aggarwal, 1981). This tectonic setting has produced three distinct rock-stratigraphic assemblages, namely: (a) SW-Zamboanga Zone, (b) Cotabato-Sindangan Collision Zone and (c) NE - Zamboanga Zone (Flores, 1999).

The SW – Zamboanga Zone consists of a generally NE-trending and relatively older suite of rock-stratigraphic units. These include the pre-Tertiary basement complex consisting of Triassic schists and other metamorphics, Jurassic granites, Cretaceous ultramafics and Ophiolitic rocks, and Paleocene to Eocene sediments. Oligocene to Miocene sediments and volcanics unconformably overlie the basement complex. Miocene intrusives and hypabyssal rocks intrude the pre-existing rocks. The youngest sequences comprise Quaternary volcanics and finally a young cover of Quaternary sediments, alluvium and terrace gravel.

The Cotabato-Sindangan collision zone 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 (Antonio, 1951) which 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 mineralisation.

### ***Mineralisation and Mineral Resources***

Sufficient drilling and mapping activities have been completed at Balabag to date to comment on the mineralisation in some detail and to provide preliminary estimates of the resource potential of the Tinago and Miswi-Lalab main mineralized zones. Dimensions largely reflect observations made in the field, on recent trenches, drilling results and openings produced by illegal small-scale miners. Mapping has been conducted in sufficient detail to confirm the continuity of individual veins over the Balabag ridge (covering over 3.0 hectares / 7.4 acres) and detailed surveying of the site has been completed to produce a 2.0 metre (6.6 foot) contour digital topographic map of the site.

The gold mineralisation of the Balabag project is characterized by quartz veining and silica replacement within andesitic to dacitic volcanics and fine-grained laminated tuffs. Stockwork quartz veins and veinlets are present in the underground workings. Wallrocks are generally altered to sericite-illite, chlorite and kaolinite, although a few occurrences of alunite and pyrophyllite in the leached / silicified layer in Tinago area were observed.

At surface, the thickest mineralized zone exposed is located at the so-called "Warik Warik" area. The zone consists of banded or crustified veins in the middle, with dark sulphidic bands, which under a microscope show magnetitehematite- chalcopyrite-sphalerite-galena in the order of paragenesis. The banded portion at the middle is about 3.0 metres (9.8 feet) thick and bordered by a massive silica-illite /sericite zone, with total thickness of about 10 metres (33 feet). Wallrock alteration is marked at this place by high silicification that is partially chalcedonic and still mineralized, but of lower grade than the vein body.

Gold-silver mineralisation at Balabag appears to be typical of that encountered in high-level low-sulfidation epithermal vein systems. Data currently suggests there are two major vein systems being Tinago to the north and Miswi 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 small-scale mining activities are concentrated).

The veins comprise 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.

The Miswi-Lalab vein system strikes parallel to Tinago, occurring some 70 to 100 metres (230 to 328 feet) deeper in the footwall. The veins exhibit a sigmoidal en echelon pattern and tend to develop within andesitic tuff and volcanoclastic units bordered to the north and south by NW-SE running faults showing sinistral displacement. The vein structures, which develop braiding and typical pinch and swell within the andesites, tend not to extend in the sediments on either side of the faults.

Previous sampling related to the technical due diligence investigations had been restricted to the Tinago vein. Assays indicated a range of 0.36 to 62.20 gpt gold and 2 to 8,175 gpt 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 comprises 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***

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 (which were considered encouraging by TVIRD management), the latter was increased to 60 drill holes and 7,000 metres (22,966 feet) of drilling to delineate the main zones of mineralisation at about 50 metre (164 foot) spacing. The 2006 program was completed (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 in 2007.

Accordingly, an infill drilling program, designed to increase sampling density to 25 metre (82 foot) spacing, was initiated in early 2007. From this later program, assays received from all 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.

Continuing exploration work by TVIRD has most recently identified two new vein occurrences near the Tinago and Miswi vein systems. Trenching work is underway to expose the two multi-metre wide veins, which occur some 150 metres (492 feet) east of the Miswi interpreted mineralisation.

In February 2010, drilling resumed at Balabag focusing on the Tinago vein, the largest of three spatially related vein systems. This Phase 1 drill program was completed on June 17, 2010. 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. A total of 30 drill holes were completed for 3,196.25m during this program.

In addition to confirming the lateral and vertical continuity of mineralisation between previously drilled holes, the Phase 1 drilling program expanded the gold and silver mineralisation beyond the area previously sampled by the drilling in 2007. The results also show that the vein system appears to be well developed and capable of extension down dip; hence, it is interpreted that the limits of the hydrothermal system, as previously defined, have expanded from the previous studies. The gold and silver grades of the expansion/extension intersections in the 2010 drilling program appear somewhat lower compared to those in previous drilling campaigns.

The veins pinch and swell along strike and dip and consistently project downward at shallow-to-moderate dips ranging from 30 to 40 degrees. It is postulated that the vein system steepens further to the north and that this "steepening" or change of dip is coincident with fault structures along the creek north of Balabag Hill and may indicate positions where structural thickening might occur leading to better mineralisation. Accordingly these potentially higher mineralisation locations have been proposed as deep drill targets within the Tinago vein system.

Phase 2 drilling program commenced at Miswi and Lalab vein systems on July 26, 2011. The objective of this program was to confirm the mineralisation extension and to increase the drill density at these veins. Furthermore, two deep holes were drilled in North Tinago to verify and test the down dip continuity of the gold veins.

An aggregate of 15 holes were drilled at Miswi and Lalab areas, and of these, 12 holes intersected gold bearing quartz veins which confirms lateral and down dip extent of mineralisation. Conversely, the two deep holes, BLDH-10-133 and BLDH-10-137 did not intersect any mineralisation, thereby reducing the potential to find deep mineralisation north of Balabag Hill.

On 2<sup>nd</sup> November 2010, phase 2 drilling program was modified and shifted to drill the Lower Tinago Area in order to give drill data basis for the mineralisation extension beyond limits of the deepest drill hole in the 2007 mineral resource estimate. This drill program was required to complete the NI-43-101 compliant mineral resource estimate report in the 2<sup>nd</sup> quarter of 2011. By year end 2010 a further 22 drill holes had been completed for 4,073.05m drilled in Phase 2 program. This brings the aggregate meters drilled in 2010 to 7,269.30 in 52 holes.

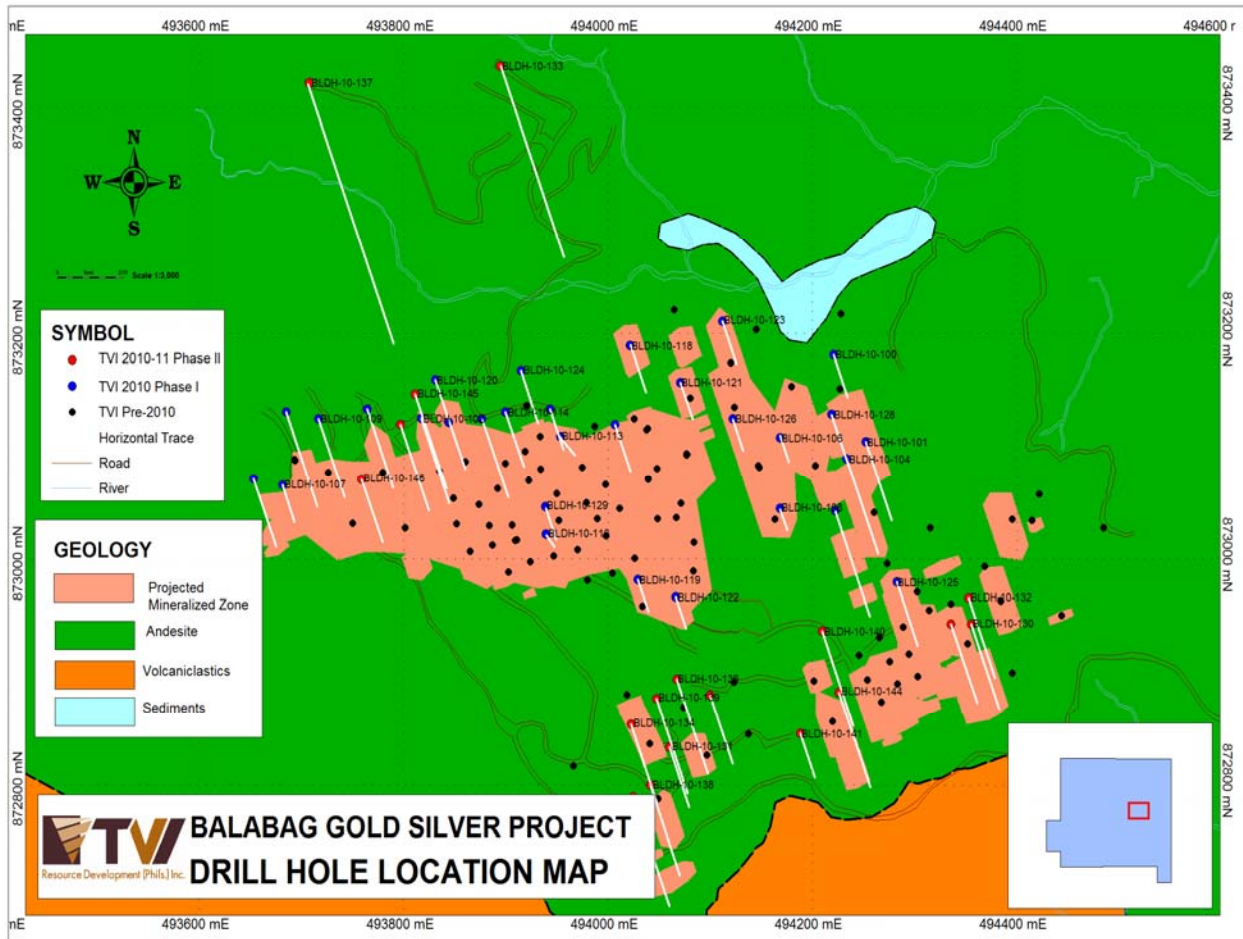
For the 2010 drill program, significant mineralisation is defined at Balabag as drill intervals 0.30 metres (1 foot) or better, that assay  $\geq 0.50$  gpt gold. The table below summarizes the mineralized drill intersections from Phase 1 of the 2010 drill campaign.

25 out of the 30 drill holes completed during the Phase 1 drilling program intersected significant gold mineralisation. Of the 5 drill holes that did not intersect mineralisation, 2 were positioned at the western margins of Tinago (line 375W), another 2 at the eastern end (lines 150E and 000). However, mineralisation was intersected by another drill hole (BLDH-10-111, the westernmost hole in the property at line 425W) 50 metres further west of the un-mineralized holes at line 375W. This occurrence of mineralisation, beyond un-mineralized positions, supports the pinching and swelling characteristics of the auriferous veins mineralisation at Tinago.

Assaying of the new data from Phase 1, as well as previously un-assayed cores from the previous campaigns, was finished in August 2010.

A phase 2 drilling program, consisting of 55 new holes, is on schedule with 20 holes drilled to the end of 2010. The exploration portion of the program is currently focusing on step-out drilling in the downdip mineralized zones with a view to confirming and extending the Balabag mineral resource. This component of the program is expected to be completed by mid 2011. It is intended that the program will also include further infill drilling in the core area of the Tinago vein zone for mine development planning.

Map showing completed Balabag drill holes.



**Resource Estimate**

The mineral resource estimate, which was prepared by P.J. Lafleur Geo-Conseil Inc., was based on the 69 drill hole program first completed by EDCO at the end of March 2007. An updated NI 43-101 technical report, detailing the project and mineral resource estimate protocols, was filed on SEDAR on August 9, 2007.

Upon completion of the Phase 2 Lower Tinago drill program, a new NI 43-101 compliant resource estimate report will be produced during the second half of 2011.

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

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

**Notes:**

1. 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
2. The estimation method used geostatistical block modeling techniques, using Ordinary Kriging grade interpolation and capping values set at 50 gpt gold and 1,000 gpt silver
3. 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
4. Mineral resources which are not mineral reserves do not have demonstrated economic viability
5. Metallurgical recoveries and net smelter returns have not yet been determined
6. There is no assurance, at this time, that the mineralisation at Balabag will support a commercial mining operation

**Pre-feasibility / Scoping Study**

In June 2007, TVI released a National Instrument 43-101 compliant mineral resource estimate of 208,000 AuEq Oz at 3.84 gpt AuEq indicated category, and 240,700 AuEq Oz at 3.05 gpt AuEq inferred category (Lafleur 2007). In July 2008, TVI released the Balabag Scoping Study (Genivar 2008). The purpose of the Scoping Study was to assess the mining potential of a stand-alone, commercial, large-scale mining operation centred 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.

**Internal Feasibility Study**

An internal feasibility study is underway at Balabag that is based on a "Bootstrap" development concept. Under the "Bootstrap", or phased development concept, an initial "starter" plant would be constructed, drawing ore feed from the core area, with the plant and mine being expanded in stages from internal cash flow to the extent that the resource supports. The study involves estimating capital costs including infrastructure, plant and pit development, and operating costs such as mine and mill costs, tailings disposal, environmental remediation and social programs. Metallurgical testing and social and environmental baseline studies are ongoing. TVIRD expects to come to a decision regarding a "Bootstrap" mine development plan during the first half of 2011.

### ***QA/QC Protocol, 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 with holes collars. All starting points were surveyed by the resident team of surveyors.

The sites sampled underground were determined by the geometry of the workings. All sampled adits commence in the hanging wall to the mined vein and progress approximately 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 canvass 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 replaced 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.

### ***Balabag Sample Preparation, Analysis and Security Data Verification***

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.

All of the other sampling sites that were visited and inspected comprised some 24 surface trenches, 21 (horizontal) tunnel sites (14 active and seven abandoned) and an additional eight shafts (vertical). Samples have been taken to confirm the presence of gold and silver and to help formulate a geological model and develop the exploration drill program. Wherever possible, the samples were surveyed in and precisely localized with the intention to develop 3D geological models and generate resource estimates.

The laboratory used by TVIRD in 2006 for assaying was McPhar, which normally undergoes two audits per year. Internal standards from Rocklabs Limited, New Zealand, and Geostats Pty Limited, Australia, are used. During the past few years comprehensive audits have also been conducted by several major exploration companies.

QA/QC conducted by both the McPhar laboratory and TVIRD personnel have been reviewed thoroughly. McPhar Laboratory of Manila, Philippines, performed the sample preparation and assaying for the project. Gold analysis is completed using 50 gram (1.8 ounce) fire assay fusion. If gold values are greater than 3 ppm, assay values are determined by gravimetric finish. If such values are less than 3 ppm, the analysis is completed by using AAS. Silver is determined by AAS after an HCL-HNO<sub>3</sub>-HClO<sub>4</sub> digest. Pulp and coarse duplicate results are included in the analytical report. A replicate assay is done on every tenth sample and certified reference materials are used in every 20 samples. In addition to the laboratory's internal QA/QC, TVIRD independently inserts blanks and standards randomly, but on average every tenth sample.

In 2010, all samples were prepared at Balabag Site and reduced to minus 2mm size fraction prior to sending to the Canatuan Mine Assay Laboratory for analysis. Specific gravity measurements are also done on-site using paraffin method. Six QA/QC samples are inserted for every batch of samples, three of which come from 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<sup>®</sup> commercial reference material (CRM), a blank sample and a duplicate sample.

The Canatuan mine laboratory was favoured and largely solicited 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 Laboratory for the TVIRD 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 either a Bico Brawn "Badger" Jaw Crusher or a TM Rhino Jaw Crusher.
- A Jones Riffle 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<sup>th</sup> sample.
- The 1 kilogram (2.2 pound) split is pulverized (90% passing -200 mesh (75 microns)) in an LM2 Ring mill or TMG/1500 Ring 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 10<sup>th</sup> and 20<sup>th</sup> samples thereafter.

#### Fire Assay

- The weight of the sample used for assaying is 50 grams (1.8 ounce).
- Gold values greater than 3 ppm are determined with a gravimetric finish and, if less than 3ppm, AAS is utilized.

#### Assay for other elements by AAS

- Cu, Pb, Zn is by AAS after an HCL-HNO<sub>3</sub>-HClO<sub>4</sub> 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. One out of 20 pulverized samples is sieved to monitor the percentage passing - 200 mesh (75 microns).
- A replicate assay is done on every 10th sample and certified reference materials, both blanks and standards, are used in every 20 samples. In addition to the laboratory's internal QA/QC, TVIRD independently inserts blanks and standards randomly, but on average every tenth sample.
- Samples with anomalously high or low values are re-assayed automatically.

#### Reporting

- Analytical results are transmitted via fax, e-mail and hard copy reports. Standard formats are Excel, CSV and Access.

#### 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 Security

1. 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.
  - Prior to the transport of the samples to the base camp in Guinoman and eventual delivery to the courier in Zamboanga City, the sample dispatch documentation is prepared and double checked again.
  - All samples sent for dispatch for assaying at the McPhar lab 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 in Manila.
  - Upon arrival and receipt of the samples by McPhar, the lab calls TVIRD to advise arrival. McPhar checks the dispatch listing and sample preparation proceeds when all is confirmed to be in order.

#### ***Environmental Requirements***

Baseline environmental investigations were started in mid 2010 and will continue through the first half of 2011. Data obtained from these studies will be used in preparation of the Project Environmental Impact Statement ("EIS") and compliance with the Environmental Impact Assessment ("EIA") process identified by the Department of Environment and Natural Resources ("DENR"). The objective is to obtain an Environmental Compliance Certificate ("ECC") from the DENR to allow construction of the mine, mill and related facilities. The tentative schedule is issuance of the ECC in the fourth quarter of 2011.

Included within the EIS will be baseline studies to identify and evaluate the damage and environmental impacts resulting from recent small-scale mining activities. The investigations will be designed to document and establish the current level of contamination of the soils, streams and watersheds prior to any site preparation and development work by TVIRD.

Third party studies have been completed in 2010 to define 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 stream and rivers. Acid mine drainage and leachate studies will also be conducted as part of the EIA work program to evaluate the potential for acid water to be generated by seepage and run-off upon from the overburden and stockpile areas, mine pit walls and deposited tailings. .

Included as a part of the EIS preparations will be 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 program to be implemented upon mine closure.

The major topics to be addressed as part of the EIS preparation as defined by the DENR include the following:

- Scoping activities with the Stakeholders (including the small-scale miners, local government units, Subanen indigenous peoples, government agencies and local communities)
- Baseline data collection (including land resources, water resources, air quality, conservation values, health issues and community and social indicators)
- Project description and activities
- Environmental impact identification and assessment
- Environmental impact analyses and identification of mitigation measures
- Preparation of an environmental management plan
- Preparation of an environmental risk assessment

Other key environmental management programs to be addressed in 2011 focus on waste management relative to tailings generation and disposal, water and potential cyanide management as part of the tailings disposal and operations and overburden waste generation and storage. Third party specialized consultants will be used to assist in the analysis, design and construction of these facilities.

Upon issuance of the ECC, other environmental permits will be required. 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

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.

## **Tamarok Copper-Gold Porphyry (MPSA 301-2009-IX) and Tapisa (AFTA-013-IX)**

### ***Property Description and Agreement***

The Tamarok copper-gold property (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.

TVIRD has carried out significant surface exploration, geological mapping and rock/channel sampling over the Tamarok area. Assay results from channel samples are consistent with, and have extended the historical results of, previous operators. Recent exploration work has also identified a number of new occurrences of interest. The results of assays taken over significant intervals on the property indicate the potential for a sizeable porphyry copper-gold system.

Due to the prospective nature of the occurrences at Tamarok, discussions have been carried out with the local indigenous communities. TVIRD has received FPIC authorizing further exploration. TVIRD expects to be able to carry out additional geological mapping and geophysical surveys, as well as initial drilling operations, over the most prospective areas soon.

On February 24, 2006, TVIRD signed a "Concession Purchase Agreement" with Atty. Roldan B. Dalman. Under the terms of the Agreement, TVIRD paid the claim owner the amount of US\$5,000 as a signing bonus and 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 2nd 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 3rd period of the agreement, TVIRD has the right to purchase the royalty agreement interest for US\$1 million.

### ***Accessibility, Climate, Local Resource, Infrastructure and Physiography***

The property can be accessed by 55 km (34 mi) of paved national highway south of Dipolog and then by dirt road for 18 km (11 mi) from tidewater to the west of the property. The prospect area is characterized by moderate to rugged terrain in some portions and the relief rises abruptly to about 300 metres (984 feet) along a distance of less than a kilometre (0.6 mi). General configuration of 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. Coconut trees are conspicuous on some slopes and flat areas near the river banks. Main drainage is the Disakan River in the easternmost boundary of the property and flows in a NNW direction draining at the eastern portion of the Sulu sea.

### ***History***

Reports of copper mineralisation were first noticed in 1956 by a group of prospectors, the Tubungbanwa-Dalman group, who observed copper mineralisation in a diorite mass exposed in a landslide mass along the bank of Disakan River. There were no further recorded activities until August 1968 to February 1970 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 of the lode claims were not granted because of defects in survey tie-points and technical descriptions.

Apex Exploration and Mining Company ("Apex") eventually obtained the property through an Option and Operating agreement from the group signed in July 1973. Apex then applied for additional lode claims with a total of 213 claims. In the same year Apex applied for a Prospecting Permit on portions covered by the Katipunan Manukan-Molave Forest Reservation in Manukan, Zamboanga del Norte. In January 1989, Atty. Roldan B. Dalman (present valid claim owner) filed six Declarations of Location, namely Dragon 1 to 6. From 1973 to 1988, there were no recorded activities on the tenements.

Based on the available data and initial ground verification, the area covered by the Dalman's Dragon 1 to 6 Declarations of Location applications is considered highly prospective for porphyry copper-gold mineralisation. Detailed evaluation of the prospect is required in order to establish the presence of a workable orebody. During 2009, detailed geological mapping, ridge and spur geochemical survey, stream sediment sampling, induced polarization and ground magnetic surveys are proposed to be carried out in the area to define drilling targets.

### ***Geological Setting***

Mineralisation is hosted in approximately 50 metre (164 foot) exposure of magnetite-biotite-kspars-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 noted. The host diorite might represent a single phase in an apparently multiphase diorite 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 in the diorite is predominantly propylitic (chlorite-pyrite-epidote) and occasional tremolite-actinolite. Along the periphery of the diorite are silica-clay-pyrite altered volcanics. There are indications of later epithermal alteration as drussy quartz veinlets and chalcedonic quartz veins were observed in floats and along some silicified zones. The diorite body intrudes into the ophiolitic, volcanic and clastic country rocks including possible coeval volcanics. This diorite is unconformably overlain by younger sandstones-siltstones at its SW margin, while a Lower to Middle Miocene limestone (based on paleontological study by RTE) overlies this intrusive at its SE end. Younger andesite dikes trending NNW transect this intrusive body. NW trending faults and fractures occur in the area, commonly having left lateral movement.

### ***NCIP-FPIC Certification and Exploration Permit Granting***

Work has been concentrated on community relations activities in trying to communicate to the indigenous people and Barangay officials TVIRD's intentions and to allay any fears as far as exploration work is concerned. TVIRD has explained that its exploration activities are essentially non-invasive, leave minimal footprints and do not cause pollution to the environment. TVIRD has since obtained favourable endorsement and acceptance from the majority of the IP's residing in the area from the Tribal Council of Elders and from Barangay officials.

In 2007, the National Commission on Indigenous People process was completed and the final consultative meeting was held, leading to the issuance of a certificate of compliance to the FPIC process for the Dalman claims (APSA-64-IX) on December 7, 2007. On December 3, 2009, a MPSA encompassing the Tamarok copper-gold project was formally approved by the Secretary of the Department of Environment and Natural Resources of the Philippines. This MPSA will allow advanced exploration activities including geophysical surveys, systematic detailed geological investigations and the delineation of drill targets.

### ***Exploration Work***

Detailed geologic mapping and sampling of the Tamarok copper-gold prospect commenced on March 25, 2006. A team composed of 5 TVIRD geologists carried out the initial field exploration work. The study area covered is within the Dalman Claims and on TVIRD's neighbouring AFTA-013-IX, known as the Tapisa property. What follows is a summary of the field investigations conducted during the first half of 2006 and intermittently during 2007:

- Mapped over 17 km (11 mi) of drainage covering roughly an area of 5 x 2 km (3.1 x 1.2 mi)
- Delineated significant mineralized outcrops
- Obtained a total of 306 rock samples for assay and eight for petrography
- Characterized district scale mineralisation trend for the orientation of succeeding gridded geochemical and geophysical surveys

- Developed preliminary geologic fact map / partial assay map
- Significant Features Uncovered and Mapped:
  - Kamaroy Creek mineralized diorite outcrop area
  - Balobohan – Newlywed Creeks mineralized diorite outcrop area
  - Malachite Hill - Sagukan Pait Creek mineralized diorite outcrop area
  - Silawa Creek and Tigon Creek mineralized diorite outcrop area
  - Tudlisan Creek mineralized diorite outcrop area
  - Bree-Capinis diorite dikes
  - Capinis Creek-Labawan Ridge clay-silica-pyrite altered rock outcrops

The porphyry copper float train was followed up approximately 1 km (0.6 mi) from the base of the main porphyry copper outcrop upstream along the main Disakan River. It was observed that the mineralized floats are decreasing in both size and density upstream until none are noted 1 km (0.6 mi) away. Follow-up traverses along secondary creeks and tributaries are needed to trace where these mineralized floats are shedding aside from the known bigger outcrop.

Subsequent Work Program Proposed for 2011:

- Continue with drainage mapping along secondary tributaries and along ridges and spurs.
- Proceed with completion of rock sampling along delineated mineralized areas.
- Establish a 5 by 2 km (3.1 x 1.2 mile) grid system about a N30W baseline, picketed at 200 metre (656.2 foot) spacing in the field.
- Section lines perpendicular to the N30W baseline will be establish with sampling points laid out every 50 metres (164 feet).
- These points along the base line and section lines shall constitute the probes of geochemical/soil sampling and geophysical electrode sounding points for the IP and ground magnetic surveys.
- Geologic mapping along the grid section lines.
- Soil Geochemical Sampling along the established grid points.
- Conduct induced polarization geophysical survey.
- Conduct ground magnetics geophysical survey.
- If geochemical/geophysical surveys results warrant it, additional section lines could be added for the refinement of subsurface data and for better positioning exploratory drill holes.
- Identify drilling targets to confirm mineralisation at depth.
- Preparation of access to proposed drill sites.

- Prepare additional samples (drill core) for petrographic analysis.
- Proceed with resource definition drilling when positive result is obtained from Phase 1 drilling.
- Acquire surface rights within MPSA-301 to gain control over the area.

**Field Results on Malachite Hill, Silawa, Kamaroy, Balobohan, Tudlisan, Bree and Capninis**

*Malachite Hill (Along Disakan River) - Sagukan Pait Creek Mineralized Diorite Outcrop Area*

Traverses along the Disakan River and the Sagukan Pait Creek showed that the Malachite Hill diorite extends into such creek. Previous exploration efforts on the Dalman Claim included a petrographic analysis of samples obtained from the Malachite Hill diorite outcrop that described the rock as being potassically altered. However, samples obtained from channel cuts surrounding the Malachite Hill and along the Sagukan Pait Creek exhibited an assemblage of chlorite, magnetite, silica and epidote. Copper ferns were also observed surrounding the mineralized zones. Partial assay results of samples obtained from channel cuts along the mineralized diorite had copper concentrations ranging from 13 ppm to 14,446 ppm. Gold values are notably low, below 1.0 ppm. Each channel sample was 2 metres (6.6 feet) long. Ten separate continuous channel samples from the diorite outcrops had the following composited average assay grades:

Sample Nos. <i>*one duplicate /** 2 duplic.</i>	Channel Length (m)	Average Assay Grades	
		Cu (ppm)	Au (ppm)
TAM 0104 – 0105	4	339	0.007
TAM 0109 – 0127	38	1548	0.021
TAM 0128 – 0135	20	734	0.007
TAM 0207 – 0225	38	7049	0.346
TAM 0234 – 0244*	20	677	0.008
TAM 0245 – 0255*	20	290	0.003
TAM 0256 – 0266*	20	297	0.002
TAM 0301 – 0306*	10	300	0.002
TAM 0307 – 0316*	18	494	0.005
TAM 0431 – 0453**	40	751	0.005

*Silawa Creek and Tigon Creek Mineralized Diorite Outcrop Areas*

The Silawa Creek and Tigon Creek mineralized diorite outcrops are located in the northern portion of the Tamarok project area, at the northwestern end of the projected mineralized trend recognized in this district. These two outcrops were mapped and found to be exposures of one contiguous intrusive body that measured roughly 500 metres (1,640 feet) by 200 metres (656 feet). This intrusive, described as highly brecciated, was found to grade from medium grained diorite to andesite porphyry. Alteration assemblage consisted of chlorite, silica, magnetite, pyrite and some argillic alteration. The outcrops are also pervaded by copper fern vegetation. Partial assay results of samples obtained from channel cuts along the mineralized diorite in the Silawa Creek Area had copper concentrations ranging from 316 ppm to 5,277 ppm. Gold values are notably low, less than 1.0 ppm. Each channel sample had a length of 2 metres (6.6 feet).

Seven separate continuous channel samples from the diorite outcrops returned the following average assay grades:

Sample Numbers <i>*one duplicate sample</i>	Channel Length (m)	Average Assay Grades	
		Cu (ppm)	Au (ppm)
TAM 0027- 0034	16	512	0.003
TAM 0035 – 0045*	20	1018	0.008
TAM 0046 – 0054*	16	2333	0.010
TAM 0055 – 0058	8	2167	0.010
TAM 0059 – 0072*	24	3547	0.042
TAM 0073 – 0081*	16	3536	0.035
TAM 0082 – 0087	12	2524	0.032

At the Tigon Creek area, hand specimen samples collected showed pervasive malachite coatings and bornite and chalcopyrite disseminations. Remnant oxidized silicified veins from boulder floats with some copper sulfide were observed.

#### *Kamaroy Creek Mineralized Diorite Area*

Geologic mapping along the Kamaroy Creek located mineralized quartz diorite outcrop intruding basaltic andesite flows and partly covered by younger andesitic flows. Three diorite outcrops that could be apophyses of a larger diorite body have a combined strike length of about 1.2 km (0.7 mi) and about 350 metres (1,148 feet) at its largest width. Alteration assemblage of the diorite included chlorite, magnetite and quartz. Observed sulphide mineralisation included pyrite, bornite and chalcopyrite occurring as disseminations. Malachite and azurite stains are moderately pervasive along weathered zones. These outcrops are pervaded by copper fern vegetation. Partial assay results of samples obtained from channel cuts along the mineralized diorite had copper concentrations ranging from 524 ppm to 4,210 ppm. Gold values are notably low, less than 1.0 ppm. Each channel sample had a length of 2 metres (6.6 feet). Four separate continuous channel samples from the Kamaroy diorite outcrops had the following average assay grades:

Sample Numbers <i>*one duplicate sample</i>	Channel Length (m)	Average Assay Grades	
		Cu (ppm)	Au (ppm)
TAM 0454 – 0466	24	2301	0.121
TAM 0405 – 0410	12	605	0.007
TAM 0411 – 0422	24	1104	0.014
TAM 0423 – 0430*	16	1435	0.017

#### *Balobohan Creek – Newlywed Creek Mineralized Diorite Outcrop Area*

Geologic mapping along the Balobohan Creek located mineralized hornblende diorite outcrop that locally grades to quartz diorite and forms part of the same diorite stock underlying the Malachite Hill, Newlywed Creek and Sagukan Pait outcrops and is partly covered by younger andesitic flows. This diorite body is located in the central portion of the Tamarok project area and is about 1.3 km (0.8 mi) on its long side and roughly about 700 metres (2,297 feet) wide on the northwestern end at Newlywed Creek. It elongates towards the south at Balobohan Creek. Alteration assemblage of the diorite included chlorite, epidote, magnetite and quartz. Observed sulphide mineralisation included pyrite, bornite and chalcopyrite occurring as disseminations. Malachite stains are moderately occurring as coatings and fine dissemination. These outcrops are pervaded by copper fern vegetation. Partial assay results of samples obtained from channel cuts along the mineralized diorite had copper concentrations ranging from 176 ppm to 8,780 ppm. Gold values are notably low, below 1.0 ppm. Each channel sample had a length of 2 metres (6.6 feet).

Two separate continuous channel samples from the Balobohan diorite outcrops had the following average assay grades:

Sample Numbers <i>*one duplicate sample</i>	Channel Length (m)	Average Assay Grades	
		Cu (ppm)	Au (ppm)
TAM 0227 – 0232	12	334	0.006
TAM 0201 – 0202	4	6313	0.167
TAM 0321 – 0343*	44	581	0.008

#### *Tudlisan Creek Mineralized Diorite Outcrop Area*

The Tudlisan Creek diorite was observed to be very similar petrographically to the diorite observed in the Silawa-Tigon Creeks. However, this is observed intruding through metasediments. Prominent NNE trending structures in the Silawa together with abruptly cut dacite flow ridges form a narrow valley that has been deeply eroded exposing the diorite from Silawa-Tigon to Tudlisan Creek. This structural feature could suggest a contiguous diorite body could persist under the dacite and metasediment cover that is found in between the Silawa and Tudlisan areas. This intrusive body in Tudlisan was observed to grade from medium grained diorite to andesite porphyry. Alteration assemblage consisted of chlorite, silica, magnetite,  $\pm$ pyrite, and some argillic alteration. This diorite is also described as highly brecciated. Sulphide mineralisation observed consisted of pyrite, bornite and chalcopyrite. So far, this outcrop has not yet been sampled for assay.

#### *Bree and Capinis Diorite Dikes*

Smaller mineralized diorite outcrops have been mapped along the Disakan River. Petrographic characteristics of these dikes appear to be very similar to the Silawa and Tudlisan Diorite outcrops. However, these dikes were notably striking in a NW direction. Alteration assemblage consisted of chlorite, silica, magnetite, pyrite and some argillic alteration. This diorite is also described as highly brecciated. Sulphide mineralisation observed consisted of pyrite, bornite and chalcopyrite. These dikes have not yet been sampled for assay. The largest of these dikes mapped was the Bree Dike along Disakan River, which measured about 50 metres (164 feet) in length and roughly 2 metres (6.6 feet) in width. Its southern end was noted to intrude through beds of andesite flows, while its northern end intruded through highly indurated, slightly metamorphosed sedimentary beds. Two smaller dikes (1 metre/3.3 feet wide and 6 metres/19.7 feet long) were also mapped along the Capinis Creek.

#### *Capinis Creek-Labawan Ridge Clay-Silica-Pyrite Altered Rock Outcrops*

A trail of clay-silica-pyrite boulders led to the outcrop of a hornfelsic rock that was measured to be about 15 metres (49 feet) as exposed along the Capinis Creek. Similar clay-silica-pyrite large boulders were also mapped on the Labawan Ridge about 200 metres (656 feet) southeast of the Capinis Creek outcrop. The presence of these hornfelsic rocks could suggest probable sulphide mineralisation at depth

#### *Preliminary Interpretation*

The general distribution of the diorite outcrops suggests a northwest mineralisation trend for the Tamarok porphyry copper-gold prospect. A slight NNE trend is observed in the northern end along the Silawa-Tudlisan outcrops. This crossing of structural paths suggests favourable permeability has been in place providing mineralizing fluids to circulate thru the system that brought about the observed sulphide mineralisation. The Kamaroy Creek diorite, Bolobohan Creek diorite, Newlywed Creek diorite stocks could be apophyses of the same intrusive system (southern Tamarok intrusive) that could be partly covered by the younger and older units it intruded. These diorites were notably higher in quartz content as compared to the diorites in the northern part of the Tamarok prospect.

The Silawa-Tigon-Tudlisan mineralized diorite outcrops and Bree-Capinis diorite dikes are interpreted to be of the same intrusive systems (northern Tamarok intrusives) that tend to be grading to andesite porphyry in texture. The diorite in the northern Tamarok prospect area also tends to be more brecciated. The Capinis Creek and Labawan Ridge clay-silica-pyrite altered rock outcrops could be products of an even later intrusive event as the hornfelsic rocks are observed altering the uppermost (youngest) basaltic andesite flows in the Capinis-Labawan Area. These support the perception of multi-phase diorite occurrence underlying the Tamarok Porphyry Copper Prospect Area.

### **Field Work Results on Tugop, Tiong and Tangingon**

#### *Tugop*

Two rock chip samples registered relatively high copper results. One 1.5 metre (4.9 foot) long sample gave 0.31% Cu with 0.238 ppm Au and 2.4 ppm Ag. Another 2 metre (6.6 foot) long sample gave 0.58% Cu with 0.09 ppm Au and 1.1 ppm Ag. Values for lead, zinc, arsenic and antimony are low to negligible. The samples were taken from exposed mineralized porphyry copper outcrops on top of a high, steep ridge overlooking Disakan River. The rock appears to be andesite porphyry based on relic textures. The rock is moderately clay-silica-altered with patches of 1-2% malachite and 1-2% disseminated pyrite. It is also moderately magnetic. Lush growths of copper ferns on the mineralized outcrops were observed. The extent of mineralisation at the top ridge is estimated to be 60 x 60 metres (197 x 197 feet) based on pacing and visual sighting. Local residents claim that mineralisation extends eastward towards Disakan River but this has not yet been verified. The area lies along a 7 km (4.3 mi) NNW-SSE belt of confirmed porphyry copper mineralisation that starts from Kamaroy Creek in Tamarok. The belt could potentially extend farther to the NW of Tugop towards the Rapid City tenement. This area will be included in future exploration program on Tamarok.

#### *Tiong*

A 20 X 100 metre (66 x 328 foot) Tiong mineralized outcrop is located at the east bank of Dohinob River in barangay Situbo, Roxas, Zomboanga del Norte. It is generally trending N-S with an apparent sub-vertical dip. The exposed, sampled face registered 12 metres (39 feet) of 2.364 ppm Au, 80.3 ppm Ag and 0.28% Cu. Arsenic and antimony also gave high average values of 4,490 ppm and 625 ppm. The above values essentially duplicate the sampling results obtained by a previous exploration program in 1996 and by TVIRD in 2005. This massive sulphide prospect is scheduled for follow-up work once TVIRD can freely access the tenements. In light of the high sample values obtained so far TVIRD plans to conduct regional and semi-detailed mapping and sampling starting from the outcrops and radiating outwards in all directions.

Sample#	Au	Ag	Cu	Pb	Zn	As	Sb	Mo	Description
ATF0012	2.107	53.7	1496	1046	789	2720	405	52	Int. sil+cly+py in and. volcanoclast
ATF0013	2.679	69.2	5305	446	827	8022	617	20	20-50%py; <1% cov. & malachite
ATF0014	3.236	153.9	3809	381	537	5119	868	73	ccasional barite crystals
ATF0015	1.362	44.4	885	157	107	2102	610	23	
<b>Average</b>	<b>2.346</b>	<b>80.3</b>	<b>2873</b>	<b>507</b>	<b>565</b>	<b>4490</b>	<b>625</b>	<b>42</b>	<i>All values in ppm.</i>

#### *Tangingon*

The area of interest is located at Bob Creek, about 500 metres (1,640 feet) from the village of Tangingon. The outcrop is surrounded by arcuate, steep-sided mountain scarps, giving the impression that the altered outcrop sits in the middle of a caldera. Along Bob Creek, a 400 metre (1,312 foot) outcrop of intense silica+clay+pyrite alteration is exposed. Coarse-grained pyrite forming discrete crystals occur as disseminations, fracture filling and discontinuous lenses. Massive pyrite stringers and veinlets with various orientations and ranging in thickness from hairline to 2 centimetre (0.8 inch) usually converge to form massive lens (>60% by volume). Generally pyrite is 5-20% by volume. Two samples taken from this alteration type gave very low values: almost negligible gold and sulphides and a high of just 2.4 ppm silver.

A stockwork zone of hairline to 2 centimetre (0.8 inch) chalcopyrite+enargite+covellite+chalcocite veinlets was also observed, covering an area of approximately 2 x 5 metres (6.6 x 16.4 feet), hosted in advanced argillic altered rock. Malachite is 3-5%. One random rock sample taken from this outcrop gave a very high 7.81% Cu, 0.22% Zn, 36.4ppm Ag, 2.16% As, and 313 ppm Sb. Gold is negligible at 0.065 ppm. Based on relic textures, the original rock is inferred to be andesite porphyry. Also along the creek, altered rock is covered by fresh, unaltered basaltic conglomerate, which suggests post-alteration deposition and a possible extension of alteration beneath the fresh rock.

The above results suggest a high sulphidation epithermal prospect. The high arsenic could pose an environmental hazard should the prospect become a mine in the future. Semi-detailed geologic mapping and sampling is planned, with the outcrop as the focal point. Regional reconnaissance mapping and sampling in rock outcrops and drainages are planned within a 5 km (3.1 mi) radius.

### ***Reconnaissance Work on the Greater Tamarok Area***

From July to December 2007, the following tasks were completed:

- follow-up channel sampling of mineralized outcrops in Tugop in barangay Lumaping and Tudlisan and Tigon in barangay Tamarok,
- stream sediment sampling of primary and secondary streams at a sampling density of one sample per 5 km<sup>2</sup> (3.1 mi<sup>2</sup>),
- regional geologic mapping at a scale of 1:50,000; and
- sampling of mineralized/altered rock outcrops and float.

The regional exploration work is planned to proceed through 2011 and will cover the other TVIRD tenements in the North Zamboanga area. The primary objective of the exercise is to delineate copper and gold mineralized areas within the tenements for future follow-up work. It has been suggested that to facilitate faster approval of mining applications with the MGB, the current AFTA-13 tenement will have to be broken up to two or three EXPA's. TVIRD has been advised that an EXPA only needs the approval of the MGB regional director while an AFTA needs the approval of the President of the Philippines. The maximum area that can be applied for in an EXPA is 200 meridional blocks and the proposed target area fits well within this prescribed limit.

### ***Field Work Results - Greater Tamarok Area***

#### *Tugop*

The mineralized outcrops are located in sitio Tugop, Lumaping, Jose Dalman, Zamboanga del Norte, centred at coordinates N8°24'13.0" and E123°04'33.5". All outcrops display potassic altered diorite breccia with phyllic overprint and are moderately to highly oxidized. Malachite is 2-3% by volume. Sub-angular clasts, which range in size from 1-4 centimetres (0.4-1.6 inches), are matrix supported. The mineralized diorite breccia is in fault contact with unaltered bedded sedimentary rocks at its southern boundary. The fault is sub-vertical and trends almost E-W.

The mineralized outcrops cover an area of about 350 metres (1,148 feet) long by 170 metres (558 feet) wide, with top elevation of approximately 310 metres (1,017 feet) and bottom elevation of 210 metres (689 feet). The area is located in a cornfield on a ridge overlooking Disakan River. Sampling results can be summarized as follows:

- Outcrop 1: 1.5 metres (4.9 feet) averaging 0.31% Cu and 0.24 ppm Au
- Outcrop 2: 12 metres (39.4 feet) averaging 0.15% Cu and 0.24 ppm Au
- Outcrop 3: 2 metres (6.6 feet) averaging 0.58% Cu and 0.09 ppm Au
- Outcrop 4: 4 metres (14.1 feet) averaging 0.70% Cu and 0.10 ppm Au
- Outcrop 5: 6 metres (19.7 feet) averaging 0.42% Cu and 0.08 ppm Au

### *Tigon Area*

The Silawa Creek and Tigon Creek mineralized diorite outcrops are located in the northern portion of the Tamarok prospect area, at the northwestern end of the projected mineralized trend recognized in this district. These two outcrops were mapped and found to be exposures of one contiguous intrusive body that measured roughly 500 metres (1,640 feet) by 200 metres (656 feet). This intrusive, described as highly brecciated, was found to grade from medium grained diorite to andesite porphyry. Alteration assemblage consisted of chlorite, silica, magnetite, pyrite, and some argillic alteration. The outcrops are also pervaded by copper fern vegetation. Assay results of samples in 2006 had copper concentrations ranging from 316 ppm to 5,277 ppm. Gold values are notably low, less than 1.0 ppm. Each channel sample had a length of 2 metres (6.6 feet).

At the Tigon area, hand specimen samples collected showed pervasive malachite coatings and bornite and chalcopyrite disseminations. Remnant oxidized silicified veins from boulder floats with some copper sulphide were also observed. Sampling results pertaining to the Tigon outcrop returned 22 metres (72 feet) at 0.92% Cu and 0.138 ppm Au.

### *Tudlisan Area*

The Tudlisan diorite was observed to be very similar petrographically to the diorite observed in the Silawa-Tigon Creeks. However, this is observed intruding through metasediments. Prominent north-northeast trending structures in the Silawa together with abruptly cut dacite flow ridges form a narrow valley that has been deeply eroded exposing the diorite from Silawa-Tigon to Tudlisan Creek. This structural feature could suggest a contiguous diorite body could persist under the dacite and metasediment cover that is found in between the Silawa and Tudlisan areas. This intrusive body in Tudlisan was observed to grade from medium grained diorite to andesite porphyry. Alteration assemblage consisted of chlorite, silica, magnetite,  $\pm$ pyrite and some argillic alteration. This diorite is also described as highly brecciated. Sulphide mineralisation observed consisted of pyrite, bornite and chalcopyrite.

Sampling in 2007 at the Tudlisan outcrop showed 10 metres (33 feet) at 0.35% Cu and 0.053 ppm Au. There has been no follow-up work to date as the permit has not yet been granted.

### **Field Work Results - North Zamboanga Region**

Drainage sampling was conducted at a density of one sample per 5 km<sup>2</sup> (3.1 mi<sup>2</sup>). Regional reconnaissance mapping was also carried out. Alteration and mineralisation were noted and mineralized and/or altered float and outcrops were sampled. One team composed of one geologist, one driver and locally hired labourers visited the tenements starting in late July 2007 through to the end of the year. A total of 179 stream sediment and 58 rock samples were collected and dispatched to the Canatuan laboratory.

### *Assay Results*

The highest value for copper was 464 ppm Cu and the lowest was 16 ppm Cu in stream sediment samples. The top 10% of the stream sediment values range between 149 ppm Cu and 464 ppm Cu. The highest stream sediment value for gold is 0.903 ppm Au. 21 samples gave 0.10 ppm Au and higher.

The majority of streams with high copper values are within the corridor of interpreted strong NW trending structural lineaments, which also includes the greater Tamarok porphyry copper mineralized zone. Thirteen out of 21 high gold samples are also within the zone.

To the south, in the towns of Sindangan and Siayan (APSA-119-IX), elevated gold values in secondary streams that drain into the Piao River suggest potential epithermal gold mineralisation within splays of the Sindangan fault zone. This area is characterized by juxtaposed fragments of ultramafics, bedded cherty sedimentary rocks and

andesitic to basaltic volcanics and volcanoclastics. Intermittent gold panning by local residents has been going on since the 1980's.

## **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, the Company 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, 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 Lafayette Group. On March 19, 2008, TVIRD filed a notice of claim against the Lafayette Group for unpaid NSR.

On September 17, 2009, the Pasig City Regional Trial Court approved the final rehabilitation plan of the Lafayette Group, which recognizes the royalty claims of TVIRD beginning in 2012; however, the plan does not recognize TVIRD's royalty claims prior 2012. The Company has filed an appeal to have royalty claims prior to 2012 recognized and expects a decision from the Court of Appeals.

On February 16, 2011, the Court of Appeals requested the parties to mediate in an effort to come up with an extra-judicial settlement on the issues, but Rapu Rapu and its creditors refused to mediate and decided to wait for the decision of the Court of Appeals.

## **RISK FACTORS**

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

### **Funding and Liquidity**

Future development and exploration depends upon the Company's ability 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 may cause the Company 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 the Company.

The ability to make scheduled payments or to refinance debt obligations depends on the financial condition and operating performance of the Company, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond its control. The lenders have security over assets of the Company and if the Company becomes unable to make scheduled payments or otherwise commits an event of default, such as bankruptcy, the lenders may foreclose on or sell the assets. Although the Company believes that current project cash inflows provide sufficient financing to meet immediate requirements, there can be no assurance that the amount will be adequate for the future financial obligations of the Company.

### **Open Pit Mining Ban Risk**

The Environment Committee of the Provincial Board (equivalent to Legislature) of the Province of Zamboanga del Norte has proposed for consideration by the Board, an Ordinance to Protect and Conserve the Integrity of the Land and Water Resources in the Province. A first hearing has been held on the proposed Ordinance and a second is scheduled soon.

The Ordinance proposes a number of measures to improve environmental management in the province, but while it expressly permits the environmentally destructive practices of small-scale mining, it proposes a ban on open pit mining.

The Secretary of the Environment and Natural Resources has advised the mining industry that the National Government will be prepared to seek declaratory relief from the Supreme Court in the event that such Ordinances are not properly amended to be consistent with the Mining Act (which permits and regulates open pit mining).

In addition, in the event that the Ordinance were to be passed without amendment of this clause, TVIRD's Canatuan investment would not be affected because of the principle of non-retroactivity of laws; there is ample jurisprudence to provide comfort on this point.

## **Government Regulation and Potential Changes in Philippine Law**

Mining operations and exploration activities are subject to governmental laws and regulations. The Company 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 the Company. 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 the Company.

There are several risk factors for TVI and TVIRD that are currently under consideration by the Philippine Government as part of an ongoing review of the existing fiscal regime. They include but are not limited to:

- A reclassification of a number of tenements to a status that could add a 5% royalty to the current 2% excise tax;
- A moratorium of new mining applications while existing applications are reviewed; and
- In view of the Philippine government's move to rationalize (granting of) fiscal incentives, it is possible that the new projects of the Company may no longer be entitled to income tax holiday.

### *Non-Controlling Interests*

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries TVI Limited, TVI International Marketing Limited ("TVI Marketing"), EDCO and TVI Mineral Processing Inc., including its interest in TVIRD and nineteen inactive Philippine subsidiaries, which are controlled by the Company, as it has the power to govern the financial and operating policies of the subsidiaries and obtain benefits from their activities.

Of the issued and outstanding shares of each of the inactive nineteen Philippine subsidiaries, 40% are owned by TVI Marketing and 60% are owned by TVIRD. TVIRD shares are owned 40% by TVI Marketing with the remaining 60% owned by Philippine residents or companies. Non-controlling interests in less than wholly-owned subsidiaries of the Company 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 the Company'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.

Although there has been no official pronouncement with respect to changes to the foreign ownership rule, if there were, a restructuring of the ownership of TVIRD could have a material adverse effect on TVI, including an inability on the part of TVI to account for TVIRD on a consolidated basis and an inability to direct the financial and operating policies of TVIRD.

## **Political, Social and Economic Environment**

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

Although the Company 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 the Company currently holds title.

## **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. The Company 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. The Company 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 the Company'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 the Company's future cash flows, earnings, results of operations and financial condition.

## **Price Volatility**

Even if the Company 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 the Company 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.

## **Reserve and Resource Estimates may be Imprecise**

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

## **Production and Cost Estimates may be Inaccurate**

The Company 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 the Company's activities.

Failure to achieve production or cost estimates, or increases in costs, could have an adverse impact on the Company'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 the Company'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, the Company 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 the Company 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. The Company 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 the Company's financial position.

## **Key Personnel**

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

## **Replacement of Depleted Reserves**

TVI must 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" above). TVI's exploration projects involve many risks and may be unsuccessful. Once a site with mineralisation 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 or acquisitions. The mineral base of TVI may decline if reserves are mined without adequate replacement and the Company may not be able to sustain production beyond the current mine life, based on current production rates.

## **LEGAL PROCEEDINGS**

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As at the date of this Annual Information Form, neither TVI nor TVIRD are not a party to, nor is any of its property the subject of, any material legal proceedings and neither TVI nor TVIRD was not a party to, nor was any of its property the subject of, any material legal proceedings during the year ended December 31, 2010. As at the date of this Annual Information Form, TVI is not aware of any contemplated material legal proceedings involving it or any of its property and TVI was not, at December 31, 2010, aware of any such contemplated legal proceedings.

## **REGULATORY ACTIONS**

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Other than the cease trade order described in this Annual Information Form under the heading "Corporate Cease Trade Orders and Corporate Bankruptcies", 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, 2010; 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, 2010, no settlement agreements were entered into by TVI before a court relating to securities legislation or with a securities regulatory authority.

## MATERIAL CONTRACTS

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In June 2010, TVIRD completed repayment on the US\$30.1 million five-year Facility entered into on January 20, 2009 with LIM.

The funds borrowed under the Facility bore interest at the rate of 10% per annum calculated on the original principal balance of US\$30.1 million, irrespective of the actual outstanding principal balance. However, voluntary prepayments, meeting certain conditions set forth in the Facility, decreased the principal balance on which interest was calculated. Voluntary prepayments were subject to a 25% prepayment premium.

In connection with the Facility, TVIRD entered into an Advisory Agreement with the Advisor. The Advisor was entitled to a fee equal to 10% per year of the original Facility amount of US\$30.1 million. However, voluntary prepayments decreased the principal balance on which the advisory fee was calculated. In addition, the Agreement allowed for profit participation of 40% of any cash surplus in TVIRD commencing December 31, 2010. Voluntary prepayments of principal decreased the percentage of profit participation proportionately.

During the first half of 2010, TVIRD made five voluntary principal payments totalling US\$22.3 million, a scheduled payment of US\$2.0 million, a US\$1.1 million payment of interest, and a US\$7.2 million prepayment premiums, each of which was grossed up to include Philippine withholding tax, and a further US\$1.3 million payment in advisory fees. The Term Facility was paid in full in June 2010, which also terminated the Advisory Agreement.

In order to facilitate the timely repayment of the Facility, TVIRD acquired short-term loans from a major Philippine bank. These loans have annual interest rates much lower than the Facility.

In January 2010, TVIRD established a partnership and strategic alliance with DMCI-CERI, a subsidiary of DACON Corporation. In February 2010, the Partners signed a JV agreement to conduct exploration, development and production of mineral deposits within EXPA 61 in the GCTA. EXPA 61 is within a 15 km (9.3 mi) radius trucking distance of the current Canatuan sulphide plant. Under the JVA, TVIRD holds a 70% interest and acts as the operator, while DMCI holds the remaining 30% interest. The Partners will fund an exploration program for a period of two years amounting to a maximum of US\$2 million, to be shared in accordance with their interests in the joint venture.

On October 7, 2010, TVIRD announced the acquisition of rights to explore a copper-zinc-gold property referred to as Siennalynn. TVIRD acquired the exploration rights over the property for an initial consideration of US\$1.2 million in cash, with the right to acquire a 100% interest in the property if a decision is made to proceed with mine development. On December 23, 2010, TVI entered into a plan of arrangement with TG World under which the Company agreed to acquire all of the outstanding common shares of TG World not owned by it as of the effective date of the acquisition.

On December 30, 2010, TVI acquired beneficial ownership of 29,650,000 common shares of TG World and a \$1,317,500 principal amount convertible promissory note in connection with the completion of a private placement previously announced on December 23, 2010

The note is payable on demand and bearing interest of 12% per annum in excess of the prime lending rate for Canadian dollar loans. The note may be converted at the option of the Company into common shares of TG World at a conversion price of \$0.05 per Share, in certain circumstances as indicated in the loan agreement, on or prior to December 31, 2015. Under the terms of the note, the conversion price of the note will be increased to \$0.10 per share if conversion is undertaken in certain circumstances as indicated in the loan agreement and accrued interest and certain other amounts that may become owing to TVI are also convertible into common shares of the Issuer.

On March 1, 2011, the Company entered into an unsecured loan arrangement with TG World for US\$500,000. The full amount of the Loan was advanced immediately to TG World and used to fund obligations in the Philippines.

A special meeting of TG World security holders was held on March 4, 2011. Security-holders voted 99.79% in favour of the Arrangement and the Arrangement also received the required majority of the minority approval.

The Arrangement was approved by the Court of Queen's Bench of Alberta on March 9, 2011. On March 10, 2011, the Arrangement was completed pursuant to which TVI acquired all of the outstanding TG World common shares. Pursuant to the Arrangement, TVI Pacific issued approximately 61.5 million shares to acquire ownership and control of the 134,335,870 TG World common shares not owned by TVI Pacific immediately prior to the Arrangement. TG World is now a wholly owned subsidiary of TVI Pacific.

Other than as noted herein, there are no material contracts (other than contracts entered into in the ordinary course of business, that are material to the Company 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.

## **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

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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.

On February 19, 2009, and on September 30, 2009 the Company completed a private placement of common shares to two corporations controlled by Mr. James, Seajay and Regent, pursuant to a debt conversion agreement entered into in satisfaction of a condition imposed by the lenders under the Facility entered into on January 20, 2009, among TVI (as guarantor), certain of its affiliates, and others. There were 37,188,471 and 11,547,338 common shares issued to Seajay and Regent in connection with the private placement at a sale price of \$0.016 per share and \$0.043 per share. In conjunction with the common shares issued on September 30, 2009, the Company issued 8,399,683 warrants to purchase common shares of the Company at a purchase price of \$0.043 per share. The warrants have a three-year term and expire on September 30, 2012. In April 2010, the Company issued 7,980,889 common shares priced at \$0.12 per share to these parties for final settlement of promissory notes payable to them. As at March 25, 2011, Mr. James beneficially owns, or is deemed to beneficially own, approximately 9.9% 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 14.0% of the total number of issued and outstanding common shares.

## **TRANSFER AGENTS AND REGISTRARS**

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

## **CONFLICT OF INTERESTS**

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On December 23, 2010, TVI Pacific announced that it had entered into an arrangement agreement (as amended as described below, the "Arrangement Agreement") with TG World, under which the Company had agreed, among other things, to acquire all of the outstanding common shares of TG World not owned by it as of the effective date of the acquisition, on the basis of 0.67 of a TVI share for each common share of TG World, pursuant to a plan of

arrangement under the *Business Corporations Act* (Alberta) (the "Arrangement"). The Company also announced that it had entered into a subscription agreement with TG World providing for the Company to purchase common shares of TG World and acquire from TG World a convertible promissory note (the "Private Placement"). The Private Placement was completed on December 30, 2010, at which time the Company acquired 29,650,000 common shares of TG World (at a price of \$0.05 per share) and a \$1,317,500 principal amount convertible promissory note, for a total investment of \$2.8 million. The promissory note issued to the Company by TG World (the "Convertible Note") provided that the principal amount of such note (and accrued interest) could be converted into TG World common shares, at a conversion price of \$0.05 per share, in certain circumstances, including: (i) if the TG World board of directors resolved to accept an acquisition proposal from a third party that constituted a "superior proposal" for purposes of the Arrangement Agreement; (ii) if, after conversion, the number of TG World common shares held by TVI would be less than 19.5% of the total number of issued and outstanding TG World common shares; (iii) if the conversion were to be approved by the TG World shareholders; (iv) if the TG World common shares were to be delisted from the TSX Venture Exchange; (v) if the TSX Venture Exchange provided its consent to conversion; or (vi) at any time following December 31, 2015. In connection with the Private Placement, TG World agreed that the net proceeds received by it from the Company would be used by TG World to pay amounts owing, or that might become owing, in respect of the oil and gas assets of certain TG World subsidiaries in the Philippines and Alaska and (to the extent of any balance) for other corporate purposes. After giving effect to the purchase of TG common shares in connection with the Private Placement, the Company owned approximately 19.5% of the total number of issued and outstanding TG World common shares (not including TG common shares issuable under the Convertible Note or 12 million TG World common shares issued to LIM Asia Special Situations Master Fund Limited on December 30, 2010 in connection with the transaction described below).

On January 17, 2011, the Company announced that it had entered into an amending agreement with TG World, pursuant to which, among other things, the share exchange ratio associated with the Arrangement was revised to provide that upon the effective date of the Arrangement, the Company would acquire TG World common shares on the basis of 0.458 of a TVI share for each common share of TG World.

On February 1, 2011, an information circular was mailed to the security holders of TG World in anticipation of a special meeting of such securityholders (the "Special Meeting"), called to consider the Arrangement. The Special Meeting was held on March 4, 2011. At the Special Meeting the securityholders of TG World approved the Arrangement and the shareholders of TG World approved a \$0.05 conversion price for the principal amount and accrued interest owing under the Convertible Note. On March 9, 2011, the Court of Queen's Bench of Alberta granted a final order approving the Arrangement. Articles of Arrangement were filed with the Registrar of Corporations for the Province of Alberta on March 10, 2011 and the Arrangement became effective at that time. As a result of the Arrangement, TG World is now a wholly-owned subsidiary of the Company and approximately 61.5 million common shares of the Company were issued to the former shareholders of TG World.

Mr. Clifford M. James, a director, chief executive officer and principal shareholder of the Company has been a director and senior officer of TG World since July 2001. In addition, prior to completion of the Arrangement, Mr. James (directly and indirectly through corporations controlled by him) held approximately 4,883,931 common shares of TG World (representing approximately 3% of the total number of issued and outstanding common shares of TG World); Mr. James also held options and warrants to acquire up to an additional 2,850,000 common shares of TG World. (As a result of the Arrangement, the options and warrants to acquire additional shares of TG World held by Mr. James were terminated.) Prior to completion of the Arrangement, three other directors of the Company, Mr. Peter Richards, Mr. Bob Armstrong and Mr. Jan Horejsi, also held common shares of TG World, in the amount of 1,014,745 common shares, 27,130 common shares and 51,000 common shares, respectively. In addition, the spouse of Mr. Peter Richards held approximately 555,273 common shares of TG World prior to completion of the Arrangement.

Having regard to potential conflicts of interest arising in connection with any transaction involving TG World, the board of directors of the Company established a special committee (the "Special Committee"), consisting of Messrs. Brian Cramm and Jan Horejsi. Under its mandate, the Special Committee was tasked with responsibility to review the proposed transaction with TG World, negotiate the terms of such transaction with representatives of TG World, oversee negotiations respecting any definitive agreements or other documents required in order to implement such transaction and oversee implementation of the same. The Special Committee was also required

to report to and make recommendations to the full board of directors of the Company concerning various matters relating to the transaction. The Special Committee was established on November 30, 2010 and remained active through the completion of the Arrangement. During that time, the Special Committee held 22 meetings and delivered reports or recommendations to the board of directors of the Company at 9 meetings. In accordance with its mandate, the Special Committee retained independent legal counsel.

To the Company's knowledge, LIM Asia Special Situations Master Fund Limited acquired 12 million common shares of TG World, at an aggregate subscription price of \$600,000 on December 30, 2010. In August 2010, LIM Asia Special Situations Master Fund Limited made a loan to TG World in the principal amount of US\$6.0 million and, subsequent to that time, loaned additional funds to TG World, in the aggregate principal amount of US\$1.25 million. At December 31, 2010, the aggregate principal amount of the loans made to TG World by LIM Asia Special Situations Master Fund Limited was US\$7.25 million, with a principal balance outstanding at December 31, 2010 of US\$6.72 million. Accrued interest on such loans payable to LIM Asia Special Situations Master Fund Limited totalled US\$307,198. In connection with the Arrangement, LIM Asia Special Situations Master Fund Limited agreed to certain modifications to its loan agreements with TG World; in particular, LIM Asia Special Situations Master Fund Limited agreed to extend the maturity date of the loans made by it to TG World and to defer the payment of certain interest accrued thereunder.

## **INTERESTS OF EXPERTS**

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### **Names of Experts**

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 National Instrument 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 (the Company's independent auditors), Patrick Hanna (TVI's Vice President, Finance & Administration, and CFO), Yulo Perez (TVIRD's Vice President for Philippine Operations), Cesar Medina (TVIRD's Exploration Manager) and each of Genivar and PJLGCi (independent engineering and geological consultants). PricewaterhouseCoopers LLP Chartered Accountants have performed the external audit of the consolidated financial statements for the fiscal year ended December 31, 2010. During 2008, Genivar and PJLGCi prepared technical reports in accordance with National Instrument 43-101. No technical reports were prepared in 2010.

### **Interests of Experts**

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 associate or affiliate of the Company.

As at the date hereof, Patrick Hanna, TVI's Vice President, Finance & Administration, and CFO, beneficially owns no common shares.

As at the date hereof, Yulo Perez, TVIRD's Vice President for Philippine Operations, owns 1,500,000 options to purchase common shares of the Company.

As at the date hereof, Cesar Medina, TVIRD's Exploration Manager, beneficially owns no common shares.

As at the date hereof, the members of Genivar, independent engineering and geological consultants for the Company, as a group beneficially own no common shares.

As at the date hereof, the members of PJLGCi, independent engineering and geological consultants for the Company, as a group beneficially own no common shares.

## DIVIDEND POLICY

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The Company 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 Company's earnings, financial requirements and other factors that the Board of Directors may consider appropriate in the circumstances.

## DESCRIPTION OF CAPITAL STRUCTURE

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The Company 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 the Company on a dissolution or wind-up. The Company's outstanding common shares as at December 31, 2010 were 559,623,359 and 621,269,706 at March 25, 2011. Additionally, an unlimited number of non-voting preferred shares, issuable in series are authorized for issuance, of which none have been issued.

## MARKET FOR SECURITIES

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Since September 15, 1995, the common shares have been listed on the 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 2010:

Month	High	Low	Volume
January	0.120	0.100	15,851,031
February	0.115	0.100	20,383,327
March	0.130	0.100	24,019,011
April	0.125	0.110	10,284,970
May	0.115	0.095	10,734,612
June	0.100	0.085	5,656,496
July	0.095	0.085	4,818,994
August	0.095	0.075	10,245,975
September	0.095	0.075	10,197,648
October	0.120	0.085	26,755,613
November	0.130	0.110	19,666,581
December	0.130	0.110	24,289,494

## DIRECTORS AND OFFICERS

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

<b>Name and Municipality Of Residence</b>	<b>Position Held with Company</b>	<b>Common Shares Beneficially Owned</b>	<b>Principal Occupations</b>
Robert C. Armstrong <sup>(2)(3) (4)</sup> Castle Rock, Colorado	Director since June 23, 1998	<b>9,341,010</b> (1.5% of currently outstanding)	Director, Pitchstone Exploration Ltd. (since 2003). President, Armstrong Associates International, LLC. (since 1998), a private company involved in the mining industry.
C. Brian Cramm <sup>(1)(3)(5)</sup> Castle Rock, Colorado	Director since June 25, 1997	<b>290,698</b> (<1% of currently outstanding)	President, Number Sense Corp. (since July 2010), a personal and business financial management services firm. Formerly President, Ladies Only Sports LLC and Poms 4 Less, both private online retail corporations.
Jan R. Horejsi <sup>(1)(2)(3) (4)(5)</sup> Calgary, Alberta	Director since December 31, 1991	<b>1,173,358</b> (<1% of currently outstanding)	President, CEO, and a director, Shooting Star Petroleum Ltd. (since July 1983), a private oil and gas and investment company. Director, CEO, and former President, Jadex International Ltd (since Jan 2001), an independent oil and gas exploration company.
Peter C.G. Richards <sup>(1)(2)(3)</sup> Vancouver, B.C.	Director since July 25, 2001	<b>2,033,143</b> (<1% of currently outstanding)	Retired Partner, Richards, Buell, Sutton (a law firm in Vancouver, B.C.)
Clifford M. James <sup>(4)</sup> Calgary, Alberta	President, Chairman, and Chief Executive Officer Director since January 30, 1987	<b>61,602,915</b> (9.9% of currently outstanding)	Chairman, President and CEO, TVI Pacific Inc.; President and CEO, Seajay Management Enterprises Ltd. and Regent Parkway 3202 Management Inc. (both private management and investment companies); President and CEO, and director, TG World Energy Corp. (a public oil and gas exploration corporation, the shares of which were listed separately on the TSX Venture Exchange prior to the acquisition by TVI Pacific).
Patrick B. Hanna Calgary, Alberta	Chief Financial Officer	<b>Nil</b>	Formerly Director of Financial Excellence, Kazakhmys Copper Corporation, Karaganda, Kazakhstan

<sup>(1)</sup> Member of the Audit Committee.

<sup>(2)</sup> Member of the Compensation Committee and the Nominating and Governance Committee

<sup>(3)</sup> Member of the Special Committee was dissolved June 30, 2009

<sup>(4)</sup> Member of the Environmental, Health, and Safety Committee

<sup>(5)</sup> Member of Special Committee dissolved March 10, 2011

The directors and executive officers, as a group, beneficially own, or control, or direct, directly or indirectly an aggregate 12.0% of the total outstanding common shares. The directors and officers also hold options to acquire an additional 31,049,410 common shares as at March 25, 2011.

## **Corporate Cease Trade Orders and Corporate Bankruptcies**

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 securityholder 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.

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 all members of the board of directors) 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.

On March 15, 2002, the Alberta Securities Commission issued a cease trade order in respect of the securities of DMR Resources Ltd. ("DMR"). Mr. James was, at all relevant times, a director of DMR. The cease trade order was issued because of DMR's failure to file certain financial statements in accordance with the requirements of the Securities Act (Alberta). This order is still in effect.

On February 20, 2002, the Toronto Stock Exchange suspended trading in respect of securities of Aris Canada Ltd. ("Aris") (formerly Gimbel Vision International Inc.). Mr. James was, at all relevant times, the Chairman and a director of Aris. The trading suspension occurred as a result of the failure of Aris to meet certain continued listing requirements of the Toronto Stock Exchange. On February 21, 2002, Aris shares began trading on the Toronto Venture Exchange. Mr. James resigned as a director and Chairman of Aris in September 2002. On June 10, 2003, Aris was placed into voluntary receivership.

On July 6, 2001, the Alberta Securities Commission issued a cease trade order, and on July 31, 2001 the Ontario Securities Commission issued a cease trade order, in respect of the securities of Rift Resources Ltd. ("Rift"). Mr. James and Mr. Horejsi were, at all relevant times, directors of Rift. These cease trade orders were issued as a result of Rift's failure to file certain financial statements in accordance with the requirements of the Securities Act (Alberta) and Securities Act (Ontario). These orders are still in effect.

Mr. James and Mr. Horejsi were each subject to a cease trade order issued by Ontario Securities Commission on June 16, 2000 in respect of trading in securities of Rift. Messrs. James and Horejsi were, at all relevant times, directors of Rift. The cease trade order was issued as a result of Rift's failure to file certain financial statements in accordance with the requirements of the Securities Act (Ontario). This order was rescinded July 25, 2000.

## AUDIT COMMITTEE MATTERS

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Pursuant to the provisions of Section 171 of the ABCA and applicable securities legislation, the Company 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 National Instrument 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***

<b>Member</b>	<b>Independent/Not Independent</b>	<b>Financially Literate/Not Financially Literate</b>
C. Brian Cramm	Independent	Financially literate <sup>(1)</sup>
Jan R. Horejsi	Independent	Financially literate <sup>(1)</sup>
Peter C.G. Richards	Independent	Financially literate <sup>(1)</sup>

<sup>(1)</sup> 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:

C. Brian Cramm	Mr. Cramm has served as Chief Financial Officer for General Minerals Company until April 2002 (a mineral exploration and development company). Mr. Cramm is a Certified Management Accountant (CMA) 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. Director, CEO, and former President, Jadex International Ltd (since Jan 2001), an independent oil and gas exploration company. Mr. Horejsi has extensive business, administrative and operating experience in the oil and gas industry.
Peter C.G. Richards	He holds a Bachelor of Science Degree in Geology from the University of Alberta. 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 the Company's external auditors in each of the last two fiscal years for service fees are as follows:

Financial Year Ending	Audit Fees	Audit Related Fees <sup>(1)</sup>	Tax Fees <sup>(2)</sup>	All Other Fees <sup>(3)</sup>
2010	\$ 257,318	\$ 0	\$ 30,124	\$ 0
2009	\$ 221,910	\$ 0	\$ 0	\$ 0

**Notes:**

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

<sup>(2)</sup> Fees charged for tax compliance, tax advice and tax planning services.

<sup>(3)</sup> Fees for services other than disclosed in any other column.

## ADDITIONAL INFORMATION

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Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, options to purchase securities and interests of insiders in material transactions, will be contained in the Company's Management Proxy Circular for its next annual meeting of shareholders and at which directors are to be elected. Additional financial information is provided in the Company's financial statements for the year ended 2010 and the related Management's Discussion and Analysis. A copy of such documents may be obtained upon request from the Chief Financial Officer of the Company at #2000, 736 - 6th Avenue S.W., Calgary, Alberta, T2P 3T7 or may be obtained on-line at on the SEDAR site ([www.sedar.com](http://www.sedar.com)) maintained by the Canadian securities regulators.

## ***APPENDIX 1 - AUDIT COMMITTEE CHARTER***

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### **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 affect 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.