

Consolidated Financial Statements

For the Years Ended
December 31, 2014 and 2013

March 24, 2015

Independent Auditor's Report

To the Shareholders of TVI Pacific Inc.

We have audited the accompanying consolidated financial statements of TVI Pacific Inc. and its subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2014 and December 31, 2013 and the consolidated statements of comprehensive income (loss), changes to equity and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of TVI Pacific Inc. and its subsidiaries as at December 31, 2014 and December 31, 2013 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Accountants

TVI Pacific Inc.
Consolidated Statement of Financial Position
December 31, 2014 and 2013
(in Canadian dollars)

	December 31, 2014	December 31, 2013
Assets		
Current assets:		
Cash and cash equivalents (note 6)	$ 1,066,073	$ 2,362,952
Short-term deposits (note 6)	4,225,750	-
Derivative financial instrument (note 8)	372,087	-
Accounts receivable (note 7)	226,404	8,489,402
Notes receivable (note 8)	299,787	940,362
Due from related parties (note 9)	168,860	384,726
Prepaid expenses (note 10)	78,720	108,929
Total current assets	6,437,681	12,286,371
Non-current assets:		
Investment in associates (note 11)	464,342	1,248,450
Investment in joint venture (note 12)	11,872,388	10,675,596
Total investments in associates and joint venture	12,336,730	11,924,046
Option to purchase contracts (note 11)	-	1,985,834
Property and equipment (note 13)	80,999	101,572
Exploration and evaluation assets (note 14)	2,721,219	1,882,078
Other assets (note 12)	242,614	46,622
Total non-current assets	15,381,562	15,940,152
Total assets	$ 21,819,243	$ 28,226,523
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities (note 15)	$ 234,856	$ 2,481,118
Due to related parties (note 9)	70,035	259,913
Income tax payable	180,820	-
Total current liabilities	485,711	2,741,031
Deferred tax liability (note 16)	591,366	-
Total liabilities	1,077,077	2,741,031
Equity attributable to shareholders of the Company:		
Share capital (note 17b)	32,972,145	32,972,145
Contributed surplus (note 17d)	6,546,839	6,333,382
Deficit	(15,483,520)	(9,453,379)
Translation reserves	(3,293,298)	(4,366,656)
Total equity	20,742,166	25,485,492
Total liabilities and equity	$ 21,819,243	$ 28,226,523

Commitment (note 23)
Financial instruments (note 24)
Subsequent events (note 25)

The accompanying notes are an integral part of these consolidated financial statements.

On behalf of the Board:

"Clifford M. James"
Clifford M. James, Director

"C. Brian Cramm"
C. Brian Cramm, Director

TVI Pacific Inc.
Consolidated Statements of Comprehensive Income (Loss)
December 31, 2014 and 2013
(in Canadian dollars)

	2014	2013
Revenues:		
Concentrate sales (note 19)	$ -	$ 46,937,501
Other revenues	-	1,228,532
Total revenues	-	48,166,033
Expenses:		
Mining, milling and other expenses (note 21)	-	38,206,750
Exploration costs	100,700	245,212
Depreciation, depletion and accretion	24,209	8,537,905
Administrative and general costs (note 21)	3,345,312	7,793,072
Total expenses	3,470,221	54,782,939
Operating loss	(3,470,221)	(6,616,906)
Other income (expenses):		
Interest income	106,147	72,730
Interest expense	-	(145,315)
Foreign exchange gain (loss)	898,357	(502,129)
Impairment loss (note 12, 14)	(1,317,453)	(4,283,123)
Other gains (losses) (notes 8, 12)	265,762	(1,336,414)
Share of loss of associates and joint venture (notes 11,12)	(1,615,130)	(1,987,439)
Other expenses, net	(1,662,317)	(8,181,690)
Net loss before income tax	(5,132,538)	(14,798,596)
Income tax recovery (expense) (note 16)	(897,603)	407,192
Net loss	(6,030,141)	(14,391,404)
Other comprehensive income (loss):		
Items to be reclassified to profit or loss in subsequent periods:		
Foreign currency translation adjustment – foreign operations	(362,085)	72,314
Foreign currency translation adjustment – associates and joint venture	1,435,443	21,389
Items not to be reclassified to profit or loss in subsequent periods:		
Remeasurements on defined benefit plan	-	5,696
Comprehensive loss	$ (4,956,783)	$ (14,292,005)
Net loss attributable to:		
Shareholders of the Company	$ (6,030,141)	$ (14,358,547)
Non-controlling interests	-	(32,857)
	$ (6,030,141)	$ (14,391,404)
Comprehensive loss attributable to:		
Shareholders of the Company	$ (4,956,783)	$ (14,259,148)
Non-controlling interests	-	(32,857)
	$ (4,956,783)	$ (14,292,005)
Net loss per share attributable to shareholders of the Company:		
Basic and Diluted (note 18)	$ (0.009)	$ (0.023)
Weighted average number of common shares:		
Basic and Diluted (note 18)	655,470,372	623,703,619

The accompanying notes are an integral part of these consolidated financial statements.

TVI Pacific Inc.
Consolidated Statements of Changes to Equity
December 31, 2014 and 2013
(in Canadian dollars)

	Attributable to shareholders of the Company							
	Share capital (Note 17b)	Contributed surplus (Note 17d)	Retained earnings (deficit)	Translation reserve	Defined Benefit Plan	Subtotal	Non-controlling interests	Total equity
January 1, 2014	**$ 32,972,145**	**$ 6,333,382**	**$ (9,453,379)**	**$ (4,366,656)**	**$ -**	**$ 25,485,492**	**$ -**	**$ 25,485,492**
Transactions with owners								
Stock-based compensation	-	215,464	-	-	-	215,464	-	215,464
Options forfeited	-	(2,007)	-	-	-	(2,007)	-	(2,007)
Transactions with owners	-	213,457	-	-	-	213,457	-	213,457
Comprehensive income (loss)								
Net loss	-	-	(6,030,141)	-	-	(6,030,141)	-	(6,030,141)
Other comprehensive income:								
Foreign currency translation adjustment	-	-	-	1,073,358	-	1,073,358	-	1,073,358
Total comprehensive income (loss)	-	-	(6,030,141)	1,073,358	-	(4,956,783)	-	(4,956,783)
December 31, 2014	**$ 32,972,145**	**$ 6,546,839**	**$ (15,483,520)**	**$ (3,293,298)**	**$ -**	**$ 20,742,166**	**$ -**	**$ 20,742,166**
January 1, 2013	**$ 32,265,811**	**$ 6,191,931**	**$ 6,348,297**	**$ (869,376)**	**$ (1,306,428)**	**$ 42,630,235**	**$ 1,007,887**	**$ 43,638,122**
Transactions with owners								
Capital contribution	706,334	-	-	-	-	706,334	64,583-	770,917
Stock-based compensation	-	156,276	-	-	-	156,276	-	156,276
Options forfeited	-	(14,825)	-	-	-	(14,825)	-	(14,825)
Net distribution to non-controlling interest	-	-	-	86,017	-	86,017	(277,952)	(191,935)
Deconsolidation of subsidiaries (note 12)	-	-	-	-	-	-	(761,661)	(761,661)
Transactions with owners	706,334	141,451	-	86,017	-	933,802	(975,030)	(41,228)
Comprehensive income (loss)								
Net loss	-	-	(14,358,547)	-	-	(14,358,547)	(32,857)	(14,391,404)
Other comprehensive income (loss):	-	-	-	-	-	-	-	-
Foreign currency translation adjustment	-	-	-	93,703	-	93,703	-	93,703
Remeasurements – defined benefit plan	-	-	-	-	5,696	5,696	-	5,696
Deconsolidation of subsidiaries (note 12)	-	-	(1,443,129)	(3,677,000)	1,300,732	(3,819,397)	-	(3,819,397)
Total comprehensive income (loss)	-	-	(15,801,676)	(3,583,297)	1,306,428	(18,078,545)	(32,857)	(18,111,402)
December 31, 2013	**$ 32,972,145**	**$ 6,333,382**	**$ (9,453,379)**	**$ (4,366,656)**	**$ -**	**$ 25,485,492**	**$ -**	**$ 25,485,492**

The accompanying notes are an integral part of these consolidated financial statements.

TVI Pacific Inc.
Consolidated Statements of Cash Flows
December 31, 2014 and 2013
(in Canadian dollars)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss before income tax	$ (5,132,538)	$ (14,798,596)
Adjustments for:		
Depreciation, depletion and accretion	24,209	8,537,905
Pension expense	-	(1,733,164)
Stock based compensation (note 17d)	213,457	141,451
Interest income	(106,147)	(72,730)
Interest expense	-	145,315
Unrealized foreign exchange loss (gain)	(136,817)	282,479
Other gains	(265,762)	(959,148)
Loss on deconsolidation of subsidiaries (note 12)	-	2,295,562
Impairment loss (note 12, 14)	1,317,453	4,283,123
Share of loss of associates and joint venture (notes 11, 12)	1,615,130	1,987,439
Changes in working capital (note 22)	(1,783,343)	5,039,246
Contribution to pension funding	-	(36,420)
Asset retirement obligation settled	-	(714,350)
Interest received	55,589	49,209
Income taxes paid	(169,184)	(561,442)
Net cash generated from (used in) operating activities	(4,367,953)	3,885,879
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayment of letter of credit facilities	-	(8,803,940)
Net repayment of short-term loan facilities	-	(1,348,617)
Interest and financing costs paid	-	(250,949)
Net distribution of non-controlling interest	-	(213,369)
Net cash used in financing activities	-	(10,616,875)
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in short-term deposits	(4,225,750)	-
Change in notes receivable	256,671	(549,091)
Expenditure on investment in associate (Note 11)	(284,271)	(432,969)
Expenditure on option to purchase contract	-	(6,795,280)
Expenditures on property and equipment, mining claims and deferred exploration costs and other assets	(235,656)	(5,272,159)
Net increase (decrease) in cash due to deconsolidation of subsidiaries (notes 7, 12)	7,556,878	(544,364)
Changes in working capital (note 22)	-	6,655,168
Net cash generated from (used in) investing activities	3,067,872	(6,938,695)
Effect of foreign exchange rates on cash	3,202	16,193
Net decrease in cash and cash equivalents	(1,296,879)	(13,653,498)
Cash and cash equivalents at beginning of the year	2,362,952	16,016,450
Cash and cash equivalents at end of the year	$ 1,066,073	$ 2,362,952

The accompanying notes are an integral part of these consolidated financial statements.

1. Corporate information and nature of operations:

TVI Pacific Inc. ("TVI") is a publicly listed company incorporated in Alberta, Canada on January 12, 1987 under the Alberta Business Corporations Act and its shares are listed on the Toronto Stock Exchange. TVI, through its subsidiaries and investment in associates and joint ventures (together referred to as the "Company"), is a resource company focused on the production, development, exploration, and acquisition of resource projects in Southeast Asia. TVI is the ultimate parent company that is a direct or indirect participant in several joint venture projects in the Philippines, Papua New Guinea and Fiji, and also has an interest in an offshore Philippine oil property.

TVI's investment in joint venture, TVI Resource Development Phils., Inc. ("TVIRD"), operated the Canatuan gold and silver mine from 2005 to April 2008. From March 2009 to January 2014, the Canatuan mine produced copper and zinc concentrates. On January 20, 2014, milling operations concluded while TVIRD continues to assess various mine life extension and expansion opportunities. In October 2014, TVIRD commenced production of high-iron/low nickel ore and has started mining higher grade saprolite ore at its Agata nickel direct shipping ore ("DSO") project in which TVIRD has earned 60% interest, and is working towards completion of a definitive feasibility study for a nickel processing plant at the Agata mine site. In addition, TVIRD continues to advance its Balabag Gold-Silver project towards development.

Beginning in 2011, TVI participated in the business of international petroleum exploration and development through its subsidiary TG World Energy Corp. ("TG World") whose major area of focus is in the Philippines, through its affiliate TG World (BVI) Corp. ("TG BVI").

In July and August 2012, TVI also entered into heads of agreement ("HOA") each with Mindoro Resources Ltd. ("Mindoro"), a Canadian company engaged in mining exploration in the Philippines, and Foyson Resources Limited ("Foyson"), an Australian company engaged in mining exploration in Papua New Guinea. Pursuant to the HOA, TVI granted loans, acquired equity interests for each company and entered into joint arrangements with the companies and their affiliates. The joint arrangements with Mindoro and Foyson included the Agata nickel DSO and processing projects and Amazon Bay Iron Sands project, respectively.

In December 2013, various definitive agreements were signed with Prime Resources Holdings, Inc. ("PRHI"), a Philippine corporation, involving a private placement of common shares of TVI and the acquisition of an interest in TVIRD and various Philippine subsidiaries. As a result of these transactions, TVI's interest in TVIRD was reduced to 30.66%.

TVI continues to hold a 30.66% interest in TVIRD. TVIRD's assets include Canatuan, Balabag, the Agata mining and the Agata processing joint arrangements, and various exploration properties. TVI also hold a 20.06% equity interest in Foyson, a 14.4% equity interest in Mindoro, 100% of TG World, and a 10% interest in the Amazon Bay Iron Sands project.

TVI has established its principal business address at Suite 2000, 736–6th Avenue SW Calgary, Alberta, Canada T2P 3T7. Starting April 1, 2015, the new address will be at Suite 802, 505 2nd St. SW Calgary, Alberta, Canada T2P 1N8.

These consolidated financial statements were authorized for issue by the Board of Directors on March 24, 2015.

2. Basis of preparation:

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

2. Basis of preparation (continued):

(b) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value (note 5e). In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The consolidated financial statements are presented in Canadian Dollar which is the functional and reporting currency of TVI.

The preparation of timely financial statements necessitates the use of judgments, estimates and assumptions that will affect assets, liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as revenues and expenses during the reporting periods. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

(c) Adoption of new and revised standards, amendments and interpretations

The following are relevant new standards, amendments and interpretations that are effective for the first time for the financial year beginning on or after January 1, 2014.

Amendments to IAS 36, "Impairment of assets" on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of cash generating units which had been included in IAS 36 by the issue of IFRS 13. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which an impairment loss has been recognized or reversed during the period. The amendments were applied in presenting disclosures related to the impairment of the Company's exploration and evaluation assets.

IFRIC 21, "Levies", is applicable to all levies imposed by governments under legislation, other than outflows that are within the scope of other standards (e.g., income taxes) and fines or other penalties for breaches of legislation. It clarifies that an entity recognizes a liability for a levy no earlier than when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. IFRIC 21 is applied retrospectively. The standard is deemed to have no significant impact on the consolidated financial statements.

(d) New standards, amendments and interpretations issued but not yet effective for the financial year beginning January 1, 2014

A number of new standards and amendments to standards and interpretations are not yet effective for annual periods beginning January 1, 2014, and have not been applied in preparing the consolidated financial statements.

IFRS 9, "Financial Instruments" replaces existing requirements included in IAS 39, "Financial Instruments - Recognition and Measurement". The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit and loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit loss model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and

2. Basis of preparation (continued):

measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. The standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted. The Company is assessing the full impact of IFRS 9.

IFRS 15, "Revenue from contracts with customers" deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 "Revenue" and IAS 11 "Construction contracts" and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2017 and earlier application is permitted. The Company is assessing the impact of IFRS 15.

There are no other new standards, amendments and interpretations that are not yet effective that would be expected to have a material impact on the Company.

3. Significant accounting policies:

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise indicated.

(a) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements include the accounts of TVI and its subsidiaries that it controls as of the reporting date. Control exists when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The consolidated financial statements include the accounts of TVI and its wholly-owned subsidiaries TVI Limited and TG World; and indirectly owned subsidiaries TVI International Marketing Limited ("TVI Marketing") and TVI Minerals Processing Inc ("TVI Minerals"), TG BVI, TG World Energy Inc. ("TG Inc.") and TG World Petroleum Limited ("TG Petroleum"). The consolidated financial statements included its interest in TVIRD, EDCO, inactive Philippine subsidiaries, and interests in joint venture entities up to the date of the deconsolidation in 2013 (note 12). After giving effect to the transactions with PRHI, TVI continues to hold a 30.66% interest in TVIRD.

All intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, have been eliminated in preparing the consolidated financial statements. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

(ii) Loss of control

Where there is loss of control of a subsidiary, or restructuring of the subsidiaries equity accounts, the consolidated financial statements include the results for the part of the reporting year during which the Company has control. On the loss of control, the Company derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss.

3. Significant accounting policies (continued):

If a subsidiary or business is contributed to a joint venture in exchange for a jointly-controlled interest, a conflict exists in the guidance within IFRS 10, IAS 28 "Investments in Associates and Joint Ventures" and IFRS 11. IFRS 10 requires on loss of control of a subsidiary the retained interest be measured at fair value. Under IAS 28 and IFRS 11, a gain or loss is recognized only to the extent of the unrelated parties' interest in the arrangement and the retained interest is not remeasured to fair value.

The IASB has undertaken a project to clarify the inconsistency between these standards. The Company has chosen to follow the IFRS 11 methodology and will not remeasure its retained interest to fair value. However, where a loss occurs on the contribution of the assets, this would be considered an impairment indicator. Where the retained interest is an interest in a joint venture, the guidance for impairment of equity method investments is followed.

The Company views the contribution of a foreign operation subsidiary to a joint venture as a disposal for purposes of applying foreign currency translation standards and therefore fully recycles any cumulative translation adjustment amounts related to that foreign operation to profit or loss.

The Company applied the guidance in IFRS 11 in computing the loss on the deconsolidation of Philippine subsidiaries in 2013 (note 12).

(iii) Associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. For shareholdings below 20%, the significant influence is determined based on board representation and contractual terms. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition.

The Company's share of its associates' post-acquisition profits or losses is recognized in the statement of comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Company's share of losses in an associate equals or exceeds its interest in the associate, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Company resumes recognizing its share of those profits only after its share of the profits equals the share of profits not recognized.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount and its carrying value, and recognizes the amount to share of income (loss) of associates in the income statement. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. The fair value of financial instruments traded in active markets is based on quoted market prices and shares held at the balance sheet date.

(iv) Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The share of the assets, liabilities, revenues, and expenses are accounted for under joint operations while joint ventures are accounted for using the equity method. Under the equity method of accounting, interests in joint ventures are initially recognized at cost and adjusted thereafter to recognize the Company's

3. Significant accounting policies (continued):

share of the post-acquisition profits or loss and movements in other comprehensive income (loss).

The Company's exploration activities in petroleum and natural gas properties are conducted in joint participation with others, where the Company has a direct ownership interest in jointly controlled assets. The revenue, expenses, assets and liabilities related to the jointly controlled assets are included in the consolidated financial statements in proportion to the Company's interest. The retained investment in TVIRD is classified as investment in joint venture, accounted for under the equity method.

The Company determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount and its carrying value. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. The fair value of financial instruments traded in active markets is based on quoted market prices and shares held at the balance sheet date.

(b) Cash and cash equivalents and short-term deposits.

Cash and cash equivalents are carried at face amount or at nominal amount in the consolidated statement of financial position and includes cash on hand, deposits held at call with banks and short-term placements with maturities of three months or less. Short-term placements with maturities of more than three months are classified as short-term deposits.

(c) Mining claims and exploration costs

The Company expenses exploration costs incurred until it determines that the exploration property is capable of achieving commercial production at which time all further pre-production costs are capitalized at cost. Such costs include acquisition, exploration, operating, other related costs and administration expenditures net of any mineral revenues received. When a property is brought into production, the costs will be amortized using the unit-of-production method based on that property's estimated proved ore reserves. If a property is abandoned, capitalized costs are charged to operations in the year of abandonment. The Company capitalizes mining claims and deferred exploration costs and classifies them as tangible or intangible according to the nature of the asset acquired or cost incurred and applies the classification consistently. Certain deferred exploration costs are treated as intangible (e.g. license and legal fees), whereas others are tangible (e.g. vehicles). To the extent that a tangible asset is consumed in developing an intangible asset, the amount reflecting that consumption is part of the cost of the intangible asset.

Mining claims and deferred exploration costs are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows.

(d) Exploration and evaluation assets

Property acquisition costs are capitalized.

The Company follows the modified full cost method of accounting for petroleum and natural gas properties whereby all costs of exploring for and development of petroleum and natural gas properties and related reserves are capitalized on a country by country basis. Such costs include land acquisition costs, geological and geophysical expenses, and costs of drilling and completion of both productive and nonproductive wells.

3. Significant accounting policies (continued):

When proved reserves of oil and natural gas are determined and development is sanctioned, the relevant expenditure is transferred to petroleum and natural gas properties after impairment is assessed and any resulting impairment loss is recognized. The Company currently has no producing petroleum and natural gas properties.

When a property is brought into production, the depletion of the Company's interests in petroleum and natural gas properties will be computed by the unit-of-production method based on estimates of proved reserves. Petroleum and natural gas reserves and production are converted into equivalent units based upon relative energy content. Based on the exploratory nature of current operations, no amount has been recorded for depletion.

Exploration and evaluation assets are tested for impairment when reclassified to property and equipment assets, or whenever facts and circumstances indicate impairment. An impairment loss is recognized for the amount by which the exploration and evaluation assets' carrying amount exceeds their recoverable amount. The recoverable amount is the higher of the fair value less costs of disposal and their value in use.

(e) Property and equipment

Property and equipment are recorded at cost less subsequent depreciation and impairment. Costs include the amount of consideration given up to acquire, construct, develop, or better an item of property and equipment and include all costs directly attributable to the acquisition, construction, development or betterment of the asset.

The costs of construction-in-progress are accumulated in the accounts until the project is completed and put into operational use upon which they are classified to the appropriate property accounts and depreciated accordingly. Construction-in-progress is stated at cost, which includes cost of construction, equipment and other direct costs.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Mine development costs are deferred until the property is brought into commercial production, at which time the costs are amortized using the unit-of-production method based on that property's estimated ore reserves. The deferral of expenditures cease when a facility commences commercial operations. If a property is abandoned, previously capitalized costs are charged to operations in the year of abandonment.

Depreciation of these assets is provided at rates designed to amortize their cost over their estimated useful lives:

	Method	Years
Plant equipment	Unit-of-production	Estimated ore reserves
Buildings and leasehold improvements	Straight-line	5 years
Communication and computer equipment, office furniture and equipment	Straight-line	2-5 years
Transportation equipment	Straight-line	5 years
Field and geological equipment	Straight-line	5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the consolidated statement of comprehensive income.

3. Significant accounting policies (continued):

The Company evaluates the property and equipment for impairment when events or changes in circumstances indicate, in management's judgment, that the carrying value of such assets may not be recoverable. In assessing whether there is any indication that an asset may be impaired, the Company considers factors such as significant decline in commodity prices for an extended period of time, significant downward revision of reserves, significant adverse changes in economic or legal environment, evidence of obsolescence or physical damage, significant changes in the manner the asset is used, among others.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). Assets that do not generate cash inflows largely independent of those from other groups of assets are being combined with all other assets to form an asset group for impairment assessment.

Judgments and assumptions are inherent in management's estimate of the undiscounted future cash flows used to determine recoverability of an asset and the estimate of an asset's fair value used to calculate the amount of any impairment.

(f) Foreign currency

Items included in the financial statements of each of the Company's subsidiaries and investments are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Canadian Dollars, which is TVI's functional and reporting currency.

(i) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at the year-end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(ii) Foreign operations

The assets and liabilities of TVI's investments and other foreign subsidiaries are translated into Canadian Dollars from their functional currencies using period-end exchange rates, with revenues and expenses translated using average rates for the period. Unrealized gains and losses arising on the translation of these operations are included in the foreign currency translation adjustment within other comprehensive income.

When a foreign operation is disposed of, the relevant amount of the cumulative translation adjustment within other comprehensive income is transferred to net income as part of the profit or loss on disposal. On the partial disposal of a subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is reattributed to non-controlling interest. In any other partial disposal of a foreign operation, the relevant proportion is reclassified to net income.

3. Significant accounting policies (continued):

(g) Interest income

(i) Interest income

Interest income is recognized on a time-proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues accreting the discount as interest income.

(ii) Other revenue

Other revenue is recognized when earned or realized.

(h) Share option plan

The Company applies the fair value method, using the Black-Scholes option pricing model, when stock options are granted to employees and directors under the share option plan. Under this method, compensation expense of stock options, measured at the grant date, is recognized as a charge to earnings over the vesting period with a corresponding credit to contributed surplus. Upon exercise of the stock options, consideration paid together with the amount previously recognized in contributed surplus is recorded as an increase to share capital. The effects of forfeitures are estimated on initial measurement with subsequent adjustments so that the expense reflects what has actually vested in the period.

(i) Leases

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statements of income on a straight-line basis over the period of the lease.

(j) Income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognized in the consolidated statement of comprehensive income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The Company uses the liability method of accounting for deferred income taxes. Under the liability method, deferred income tax assets and liabilities are determined based on "temporary differences" (differences between the accounting basis and the tax basis of the assets and liabilities), and are measured using the currently enacted, or substantively enacted, tax rates and laws expected to apply when these differences reverse.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates, or interests in joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

3. Significant accounting policies (continued):

(k) Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognized when: (a) the Company has a present legal or constructive obligation as a result of past events; (b) it is probable that an outflow of resources will be required to settle the obligation; and (c) the amount has been reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the increases specific to the liability. The increase in provision due to passage of time is recognized as interest expense.

(l) Per share amounts

Net income (loss) per common share is computed by dividing net income (loss) attributable to shareholders of the Company by the weighted average number of common shares outstanding for the year.

Diluted per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. The treasury stock method is used to determine the dilutive effect of stock options and other dilutive instruments.

(m) Segment reporting

An operating segment is a component that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer that makes strategic decisions. The segments are classified based on the nature of underlying activities.

(n) Financial instruments and other comprehensive income

Classification

The Company classifies its financial assets in the following categories: (a) at fair value through profit or loss, (b) loans and receivables, (c) held-to-maturity investments and (d) available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

A financial asset is classified as fair value through profit or loss if it is classified as held for trading. Derivatives are also categorized as held for trading unless they are designated as hedges. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. If the Company has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Financial assets available-for-sale are non-derivative financial assets that are designated as available-for-sale or that are not classified in any of the previous categories. Issued financial instruments or their components, which are not designated as fair value through profit or loss, are classified as other financial liabilities, where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder.

3. Significant accounting policies (continued):

Cash and cash equivalents, short-term deposits, accounts receivable, notes receivable and due from related parties, are designated as "loans and receivables". The option to purchase contracts with Foyson and Mindoro and the derivative financial instruments are derivatives classified at fair value through profit or loss. Accounts payable and accrued liabilities and due to related parties are designated as "other financial liabilities".

Initial recognition, subsequent measurement and derecognition

Regular-way purchases and sales of financial assets are recognized on trade-date (the date on which the Company commits to purchase or sell the asset). All financial instruments are required to be measured at fair value on initial recognition of the instrument.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets at fair value through profit or loss are measured at fair value with changes in those fair values recognized in net income. Financial assets "held-to maturity", "loans and receivables" and "other financial liabilities" are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these are measured at amortized cost using the effective interest rate method of amortization, net of any impairment. Available-for-sale financial assets are measured at fair value, with changes in those fair values recognized in other comprehensive income. The methods used by the Company in determining fair value of financial instruments are unchanged during the year.

For financial assets and financial liabilities that are not classified as fair value through profit or loss, the transaction costs that are directly attributable to the acquisition or issue of a financial asset or financial liability are added to the fair value initially recognized for that financial instrument. These costs are expensed to earnings using the effective interest rate method.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statements of comprehensive income.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value, with changes in fair value recognized in profit or loss. Reassessment occurs only if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or there is a reclassification of a financial asset out of the fair value through profit or loss category.

Impairment

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

3. Significant accounting policies (continued):

(o) Accounting changes

Accounting changes are applied retrospectively unless otherwise permitted or required by the transitional provisions of IFRS or where impracticable to determine. As well, voluntary changes in accounting policy are made only when the change results in more relevant and reliable information.

(p) Comparative figures

Certain of the prior year comparative figures have been reclassified to conform to the presentation adopted for the current year. The investments in Foyson and Mindoro have been reclassified from the corporate segment to the mining segment in the Segmented Information (note 20).

(q) Events after the reporting date

Events after the reporting date are evaluated up to the date the financial statements are authorized for issue. Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

4. Critical accounting estimates and judgments:

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Such estimates are based on informed judgments made by management. Actual results could differ materially from those estimated.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(a) Critical accounting estimates and assumptions

Share options and derivative financial instrument

The Company applies the fair value method, using the Black-Scholes option pricing model, for stock options granted to employees and directors under the share option plan, as well as the derivative embedded in the note receivable from Foyson. Management must estimate the volatility, forfeiture rate, expected life and risk-free interest rates in using the model to assess the fair value of stock options (note 17c) and derivative financial instrument (note 8).

Recoverability of non-financial assets

The Company reviews and tests the carrying amounts of investments in associates and joint ventures, option to purchase contracts, property and equipment, and exploration and evaluation assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If there are indications that impairment may have occurred (as discussed in note 3), the amount by which the carrying value of assets exceeds their estimated recoverable value is charged to the statement of comprehensive income.

Evaluating for recoverability during the exploration and evaluation phase requires judgment in determining whether it is likely that future economic benefit from future exploitation, sale or otherwise are likely (note 14).

4. Critical accounting estimates and judgments (continued):

(b) Critical judgments in applying accounting policies

Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Additional information is disclosed in note 16.

Investment in Mindoro

Management has assessed the level of influence that the Company has on Mindoro and determined that it has significant influence even though the shareholding is below 20% because of the board representation and contractual terms. Consequently, this investment has been classified as an associate.

5. Financial risk management:

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, and fair value interest rate risk), liquidity risk, and credit risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework.

a) Market Risk

(i) Currency risk

The Company faces currency risks mainly due to the substantial cross-border element of its operations. The Company has office in Canada (Canadian Dollar and US Dollar), while the associates and joint venture entities are located in the Republic of the Philippines (Peso) and Australia (Australian Dollar). There are no forward sales, and the Company does not engage in currency hedging activities. The Company minimizes risks by carefully planning the timing of settlement of foreign currency denominated balances and closely monitoring changes in foreign exchange rates.

For the year ended December 31, 2014, the pro forma impact on net income if the US Dollar moved by 10% against the Canadian Dollar, with all other variables held constant, would be $247,606. The pro-forma impact on net income of other currencies with all other variables held constant is not material for disclosure.

The following significant exchange rates applied during the current year and prior year:

	Average rate		Spot rate	
	2014	2013	2014	2013
US Dollar	1.1045	1.0299	1.1601	1.0636
Philippine Peso	0.0249	0.0243	0.0260	0.0240

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Company has no significant interest-bearing assets, the Company's income and operating cash flows are independent of changes in market interest rates.

5. Financial risk management (continued):

The Company has exposure to fair value interest rate risk since its note receivable and short-term deposits have fixed interest terms, regardless of changes in market conditions. The Company reviews its exposure to interest rate risk through regular monitoring of actual interest rates with market interest rates.

c) *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach is to ensure that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed circumstances. Due to the dynamic nature of the underlying business, the Company maintains flexibility in funding through its joint ventures by keeping committed credit lines with major vendors. The Company expects to be able to meet its current financial obligations with its current source of funds.

As at December 31, 2014, the Company has $6.0 million available working capital surplus, as compared to a working capital surplus of $9.5 million as at December 31, 2013.

The table below analyzes the Company's financial liabilities into relevant maturity groupings based on contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is considered not significant.

	2014	2013
Due within 12 months:		
Accounts payable and accrued liabilities	$ 234,856	$ 2,481,118
Due to related parties	70,035	259,913
Income tax payable	180,820	-
	$ 485,711	$ 2,741,031

Note 15 includes a further breakdown and explanation of accounts payable and accrued liabilities.

d) *Credit risk*

Credit risk arises from the potential that a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash and cash equivalents, short-term deposits, derivative financial instrument, accounts receivable, due from related parties and notes receivable. The Company manages credit risk associated with cash by maintaining its cash and short term deposits in accounts with highly reputable banks, which were approved by the Board of Directors.

The following are the components and aging of the accounts receivable:

	2014	2013
Receivable from former non-controlling interest	48%	-
Tax refund	34%	3%
Partial disposal of subsidiaries (note 12)	-	89%
Petroleum Production Tax Credits ("PPTC") receivable	-	7%
Other receivables	18%	1%
	100%	100%

	2014	2013
Neither past due nor impaired	$ 39,208	$ 7,857,190
Past due over 6 months but not impaired	187,196	632,212
	$ 226,404	$ 8,489,402

5. Financial risk management (continued):

Note 7 includes a further breakdown and explanation of accounts receivable. The past due receivable during the year ended December 31, 2014 consists of the receivable from former non-controlling interest that was subsequently collected in February 2015. The December 31, 2013 receivable related to the partial disposal of subsidiaries was fully collected in 2014.

The carrying amounts of cash and cash equivalents, short-term deposits, accounts receivable, notes receivable and due from related parties at December 31, 2014 and December 31, 2013 represent the Company's maximum credit risk exposure.

The Company only deals with parties who have appropriate credit history and sufficient security to mitigate credit risk. For other financial assets, the Company adopts the policy of dealing only with high credit quality counterparties.

e) *Fair value measurements recognized in the statement of financial position*

The analysis of financial instruments that are measured subsequent to initial recognition at fair value can be classified into Levels 1 to 3 based on the degree to which fair value is observable.

- *Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities.*
- *Level 2 – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).*
- *Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).*

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

The fair values disclosed for the Company's equity accounted investments in Foyson and Mindoro (note 11) fall under Level 1, while the non-recurring fair value disclosed for the exploration and evaluation assets (note 14) and the recurring measurement for option to purchase contracts (note 12) and derivative financial instrument (note 8) were classified under Level 3.

The carrying value of the Company's financial assets and liabilities consisting of cash and cash equivalents, short-term deposits, accounts receivable, note receivable, due from and to related parties and accounts payable and accrued liabilities, approximate their fair values at December 31, 2014 and December 31, 2013 due to their short term nature.

During the year ended December 31, 2014, there were no transfers between levels in the fair value hierarchy of any fair value measurements.

f) *Capital risk management*

The Company defines its capital as shareholders' equity. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns and benefits to shareholders. In order to provide a return to

5. Financial risk management (continued):

shareholders, the Company must explore, develop, and invest in viable properties in order to sustain future operations of the Company.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the issuance of new shares, the issuance of new debt, or the issuance of new debt to replace existing debt with different characteristics.

The Company does not have externally imposed capital requirements. Consistent with other capital intensive companies, the Company monitors capital on the basis of the debt-to-equity ratio and the debt-to-assets ratio.

Debt is composed of accounts payable and accrued liabilities and due to related parties. Equity comprises all components of equity other than amounts in accumulated other comprehensive income. Assets are defined as the Company's total current and non-current assets. The Company's strategy is to improve the debt to equity ratio in order to secure access to financing at a reasonable cost by maintaining a good credit rating.

	2014	2013
Debt	$ 304,891	$ 2,741,031
Equity	24,035,464	29,852,148
Assets	21,819,243	28,226,523
Debt-to-equity	1%	9%
Debt-to-assets	1%	10%

6. Cash and cash equivalents and short-term deposits:

Cash and cash equivalents and short-term deposits consist of:

	2014	2013
Cash on hand	$ 359	$ 345
Cash in banks	1,065,714	2,362,607
Total cash on hand and in banks	1,066,073	2,362,952
Short-term deposits	4,225,750	-
	$ 5,291,823	$ 2,362,952

Cash in banks and short-term deposits earn interest at the prevailing bank deposit rates. The carrying amounts of cash and cash equivalents approximate their fair value.

Cash and cash equivalents and short-term deposits are denominated in the following currencies (Canadian Dollar equivalents):

	2014	2013
Canadian Dollars	$ 2,632,881	$ 319,483
US Dollars	2,576,975	1,996,715
Philippine Pesos	81,967	46,754
	$ 5,291,823	$ 2,362,952

Cash and cash equivalents and short-term deposits are held in the following countries:

	2014	2013
Canada	$ 5,181,801	$ 2,293,899
Philippines	107,643	64,643
Others	2,379	4,410
	$ 5,291,823	$ 2,362,952

7. Accounts receivable:

Accounts receivable consists of:

	2014	2013
Tax recoverable	$ 76,618	$ 262,422
Receivable from former non-controlling interest	109,113	-
Partial disposal of subsidiaries (note 12)	-	7,556,878
PPTC receivable	-	614,358
Other receivables	40,673	55,744
	$ 226,404	$ 8,489,402

The receivable related to the partial disposal of subsidiaries was fully collected during the year ended December 31, 2014. As at December 31, 2014, the receivable from former non-controlling interest amounted to $109,113.

The tax refund is receivable from the State of Alaska attributable to TG World's joint venture oil and gas properties previously held on the Alaskan North Slope (note 14). The areas explored by TG World for hydrocarbons in Alaska qualified TG World to apply for PPTC from the State of Alaska. PPTC are cash credits for previous exploration and seismic expenditures. TG World has received US$573,268 ($609,479) cash credits for past applications during the year ended December 31, 2014.

8. Notes receivable:

(a) Note receivable from Foyson

Pursuant to the HOA with Foyson (note 1), TVI issued a loan to Foyson in the amount of A$400,000 on August 17, 2012. On February 13, 2013, the Company and Foyson agreed to changes in the terms of the loan where the interest rate was reduced to nil. TVI also agreed to restructure the loan to a convertible loan in the amount of A$600,000 repayable on September 30, 2014; and was granted the option through the period December 31, 2013 to September 30, 2014 to convert the loan to 75 million shares and receive also a further 75 million options.

On March 26, 2014, half of the principal was settled by offsetting A$300,000 from the payment of Tranche 2 investment (note 11). An additional loan of A$100,000 was issued at an interest rate of 5% per annum, based on another loan amendment on May 15, 2014.

In October 2014, TVI and Foyson agreed to further amend the terms of the loan that was to be due September 30, 2014. TVI agreed to extend the due date of the loan to March 31, 2015, and to be provided the option to convert the loan to equity at any time prior to that date. Effective October 15, 2014, the total principal of the loan outstanding was agreed to be subject to 8% per annum interest, until converted or repaid. The loan balance of A$400,000 and accrued interest can be converted to equity at A$0.0025 per share. The change in terms of the loan is subject to shareholder approval.

The option to convert the loan into shares is accounted for as a derivative instrument and was separately accounted for at fair value. At December 31, 2014, the fair value of the conversion option was $372,087 presented as a derivative financial instrument. The Company recognized a gain on the increase in the fair value of the derivative financial instrument amounting to $226,088 presented as part of other gains in the statement of comprehensive income (loss).

The following assumptions were used by the Company to estimate the fair value of option at the inception date and reporting date:

	October 15, 2014	December 31, 2014
Risk free interest rate – average	4%	4%
Current share price	A$0.001	A$0.003
Expected volatility	666%	515%

8. Notes receivable (continued):

The carrying amount of the receivable accreted using the effective interest method, plus accrued interest was $299,787 as at December 31, 2014 (December 31, 2013 - $558,560). The previous options provided to TVI have expired.

(b) Note receivable from Mindoro

Pursuant to the HOA with Mindoro (note 1), TVI agreed to loan Mindoro $938,968 in 2012, which had interest of 8% per annum (calculated semiannually and not in advance) and was secured by Mindoro's interests in the Agata South nickel laterite mineral project. On September 28, 2012, the secured loan receivable was discharged in full through acquisition of the equity interest in Mindoro (note 11).

On June 20, 2013, the Company agreed to loan, pursuant to a secured promissory note, up to CAD $1.3 million to Mindoro. The loan was agreed to be used by Mindoro to help fund its operations for the next 12 months and to finance an initial acquisition payment to acquire the remaining 25% interest in the Agata project. Mindoro holds a 75% interest in the Agata project, from which TVIRD has earned its 60% of total property interests, and Mindoro concluded an option agreement to acquire the additional 25%. The total outstanding principal and interest as at December 31, 2013 was $381,802 which was fully paid to TVI in April 2014.

9. Related party transactions:

The consolidated financial statements include the financial statements of TVI and the following subsidiaries, affiliates, associates and joint venture:

	Country of Incorporation	% Equity interest (Direct and Indirect)	
		December 31, 2014	December 31, 2013
Subsidiaries of TVI:			
TVI Limited	Anguilla	100%	100%
TG World	Canada	100%	100%
Affiliates:			
TVI Marketing	Hong Kong	100%	100%
TVI Minerals	Philippines	96%	100%
TG BVI	British Virgin Islands	100%	100%
TG Petroleum	Bahamas	100%	100%
TG Inc.	United States	100%	100%
Associates/Joint Venture:			
TVIRD and affiliates	Philippines	30.66%	30.66%
Foyson	Australia	20.06%	15.51%
Mindoro	Canada	14.4%	14.4%

Transactions with related parties are entered into at the exchange amounts which are the amounts established and agreed to by the parties:

(a) Due from related parties

During the year ended December 31, 2014, the Company had incurred management fees of $789,563 (December 31, 2013- $775,984). Management fees are paid to a corporation owned by the President of the Company for the services of the President and support staff. During the year, the Company made advanced payments and at December 31, 2014, the amount receivable from the corporation was $147,305 which formed part of the due from related parties in the statement of financial position (December 31, 2013 – $72,635 due to related parties).

At December 31, 2014, the Company's remaining receivable from the joint ventures in the Philippines was $21,555 (December 31, 2013 - $384,726), presented as part of due from related parties in the statement of financial position.

9. Related party transactions (continued):

(b) Due to related parties

During the year ended December 31, 2014, the Company incurred directors fees of $222,750 (December 31, 2013 - $344,250) and paid $351,625 (December 31, 2013- $216,375) for director fees. At December 31, 2014, the fees payable to directors were $47,938 which formed part of the due to related parties in the statement of financial position (December 31, 2013 – $176,813).

During the year ended December 31, 2014, the Company incurred $152,269 (December 31, 2013- $446,217) to a corporation controlled by a director and officer of TVIRD for administrative expenses. The Company owed the corporation $12,786 at December 31, 2014 which formed part of the due to related parties in the statement of financial position (December 31, 2013 - $10,465).

At December 31, 2014, the Company's remaining payable to the joint ventures in the Philippines was $9,311 (December 31, 2013 - nil), presented as part of due to related parties in the statement of financial position.

(c) Other related party transactions

The Company's interest in joint venture, TVIRD has also entered into a management contract with the corporation owned by the President of the Company for the services of the President starting January 1, 2014. As a result, a portion of the fees previously paid by the Company to the President were reimbursed by the corporation back to the Company. During the year ended December 31, 2014, the net amount collected from the corporation was $148,216.

In 2013, the Company also incurred a finder's fee and consultancy fees to be paid to a corporation associated with a director who is also a director and principal of the corporation. A finder's fee of 3% of the value of the transaction was payable to the corporation for its role in identifying PRHI and helping to negotiate the initial terms of the proposal with PRHI. The total amount payable to the corporation was $717,930 as at December 31, 2013 which was fully paid during the year ended December 31, 2014.

During the year ended December 31, 2014, the note receivable of $381,802 from Mindoro was settled. Half of the notes receivable from Foyson (A$300,000) was also settled and an additional loan of A$100,000 was issued by the Company based on the loan amendment in May 2014 (note 8). The carrying amount of outstanding notes receivable from Foyson was $299,787 as at December 31, 2014 (December 31, 2013 - $940,362 notes receivable from Foyson and Mindoro).

On December 12, 2014, TVIRD provided a bridge loan to Mindoro in the amount of $500,000 on which an annual interest rate of 8% shall fully apply on any unpaid portion until the earlier of the maturity date of January 31, 2015 or upon receipt of the proceeds from a proposed convertible debenture offering by Mindoro.

(d) Key management compensation

Compensation of key management personnel composed of the officers and directors of the Company:

		2014		2013
Short-term employee benefits	$	812,146	$	868,280
Directors' fees		222,750		344,250
Stock options expense		198,984		111,315
	$	1,233,880	$	1,323,845

10. Prepaid expenses:

Details of prepaid expenses are:

	2014	2013
Prepaid insurance	$ 42,922	$ 48,306
Annual service fees	20,255	24,739
Prepaid rent	9,414	9,414
Others	6,129	26,470
	$ 78,720	$ 108,929

11. Investment in associates:

The following are the associates of the Company as at December 31, 2014:

	Foyson	Mindoro	Total
January 1, 2013	860,251	1,937,663	2,797,914
Additional investment	416,586	-	416,586
Share of net loss	(447,827)	(1,539,612)	(1,987,439)
Share of other comprehensive income (loss)	(20,371)	41,760	21,389
December 31, 2013	$ 808,639	$ 439,811	$ 1,248,450
Additional investment	592,371	-	592,371
Share of net loss	(1,077,620)	(449,216)	(1,526,836)
Share of other comprehensive income	140,952	9,405	150,357
December 31, 2014	$ 464,342	$ -	$ 464,342

The Company has determined that it has significant influence by virtue of its representation, or right for representation, on the Board of Directors of the associates and various other contractual terms.

As at December 31, 2014, the fair values of the investments in Foyson and Mindoro which have been calculated based on the number of shares held by the Company multiplied by share price of each associate at December 31, 2014, were $599,614 and $1,283,381, respectively.

(a) Investment in Foyson

Foyson is a publicly listed company incorporated in Australia, with shares listed on the Australian Securities Exchange (ASX). Its annual reporting period ends at June 30.

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

TVI also signed a subscription agreement for the second tranche of the proposed private placement ("Tranche 2"), which originally provided the option to TVI to purchase an additional 160,000,000 shares (at an aggregate purchase price of A$2.4 million) and options to purchase up to an additional 140,000,000 shares (at an exercise price of A$0.03 per Share), exercisable until June 30, 2015.

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

- subscribe for 142,857,143 Foyson shares at A$0.007 for a total A$1.0 million investment (as compared to an initially agreed investment of A$2.4 million, as per the original subscription agreement) and receive 80,000,000 options from Foyson, exercisable at A$0.015 prior to December 31, 2014, that would bring TVI's ownership of Foyson to 29.5% on a fully diluted basis; and
- replace the previously provided loan to Foyson by a convertible loan in the amount of A$600,000, with the right (but not the obligation) to request repayment from Foyson through the issuance of 75,000,000 shares and 75,000,000 options to TVI (note 8).

11. Investment in associates (continued):

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

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

- Subject to funding, the remaining Tranche 2 placements (A$900,000, following part payment on May 3, 2013) were rescheduled so as to be made by TVI in two payments, the first for A$315,000 within 10 days of further financing to be received by TVI, and the second for A$585,000 within 10 days following the Foyson shareholder meeting to approve the transaction. The price per share was agreed at A$0.007; and
- As part of the amended terms of agreement, Foyson agreed to make an early repayment of 50% of the restructured A$600,000 unsecured convertible loan provided earlier by TVI payable from the final Tranche 2 placement. The balance of the loan was agreed to continue to be subject to existing terms.

On December 19, 2013, TVI invested the further agreed A$315,000 of the A$1.0 million Tranche 2, increasing the shareholding to 127,285,714 shares, representing 15.51% of Foyson's issued capital. On March 26, 2014, TVI invested the final agreed A$585,000 of the A$1.0 million Tranche 2, increasing the shareholding to 210,857,143 shares, now representing 20.06% of Foyson's issued capital.

The Company's share of Foyson's result of operations, assets and liabilities are as follows:

	December 31, 2014	December 31, 2013
Share of revenue	$ -	$ 25,824
Share of comprehensive loss	(936,668)	(468,198)
Share of total current assets	37,433	162,281
Share of total assets	3,092,113	3,064,883
Share of total current liabilities	212,148	167,652
Share of total liabilities	212,148	207,598

Below is the summarized financial information (100%) of Foyson and reconciliation with the carrying amount of investment in the Company's consolidated financial statements:

		December 31, 2014
Total expenses	$	(4,530,769)
Other income		2,166,989
Net loss		(2,363,780)
Other comprehensive income		273,028
Comprehensive loss		(2,090,752)
The Company's share of net loss		(1,077,620)
The Company's share of other comprehensive income		140,952
Share of comprehensive loss of associate		(936,668)
Current assets		186,653
Non-current assets		15,231,511
Total assets		15,418,164
Current liabilities		1,057,833
Non-current liabilities		-
Total liabilities		1,057,833
Net assets		14,360,331
Adjustments and eliminations		(13,895,989)
Investment in associate	$	464,342

11. Investment in associates (continued):

The information above reflects the amounts presented in the financial statements of Foyson adjusted for differences in accounting policies between TVI and Foyson.

(b) Investment in Mindoro

Mindoro is a publicly listed company incorporated in Canada with shares listed on the TSX Venture Exchange and Frankfurt Stock Exchange. Its annual reporting period ends at December 31.

On September 28, 2012, TVI acquired ownership of 18,779,353 units of Mindoro by way of a private placement ("Tranche 1") at a price of $0.05 per unit, for a total of $938,968. Each unit consists of one common share and one common share purchase warrant that entitles TVI to purchase one additional share, at a price of $0.10 per share, at any time and from time to time until September 28, 2017. The total common shares acquired on September 28, 2012 represented an approximate 6.9% interest in Mindoro.

On October 10, 2012, TVI completed the purchase of an additional 24,000,000 units of Mindoro, at $0.05 per unit, for an aggregate purchase price of $1.2 million ("Tranche 2A"). Each unit consists of one common share and one common share purchase warrant that entitles TVI to purchase, at any time and from time to time until October 10, 2017, one additional common share, at an exercise price of $0.10. The 24,000,000 common shares acquired by TVI represented an approximate additional 8.1% interest in Mindoro. When added to Tranche 1 acquisition, TVI now owns 42,779,353 units of Mindoro, representing approximately 14.4% holding in the capital of Mindoro. Assuming the exercise of all of the warrants acquired, TVI would hold 85,558,706 shares, representing an approximate 25.2% holding in the capital of Mindoro.

(c) Commitments in respect of associates

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

i) Amazon Bay Iron Sands Project ("AB") – (i) TVI committed to a minimum expenditure of A$2 million in the 12 months following the later of the date on which all applicable joint venture conditions are satisfied and the date of the Tranche 1 Closing; (ii) TVI agreed to refund Foyson for any expenditures incurred on AB since July 1, 2012, to a maximum of A$200,000 creditable against TVI's spending commitments; (iii) TVI would earn a 10% interest in AB as a result of initial expenditure; (iv) TVI would have the right to earn a further 20% in AB by spending an additional A$5.5 million within 12 months following the expiration of the initial earning period; (v) during the two earning periods and up to the end of the second earning period, TVI and Foyson may, at TVI's expense, carry out a feasibility study of a DSO operation. If a DSO project is determined to be feasible, TVI would have the right to undertake the development to earn a 51% interest in the DSO project area. TVI was also provided the option to advance $10 million to Foyson to acquire the remaining 50% in AB held by Titan Mines. On July 25, 2014, TVI provided notice to Foyson of its intent not to proceed with the Stage 2 farm-in of Amazon Bay.

ii) New Britain Gold/Copper ("NB") - (i) TVI committed to a minimum expenditure of A$1.25 million in the 12 months following the later of the date on which all applicable joint venture conditions are satisfied and the date of the Tranche 1 Closing; (ii) TVI agreed to refund Foyson for any expenditures incurred on NB since July 1, 2012, to a maximum of A$200,000 creditable against TVI's spending commitments; (iii) TVI would earn a 12.5% interest in NB as a result of the initial expenditure; and (iv) TVI would have the right to earn a further 42.5% interest in NB by spending an additional A$5.25 million within 12 months following the expiration of the initial earning year.

The Company provided its notice of withdrawal from the New Britain project, which resulted in the write-down of $813,145 in related expenditures as of December 31, 2013.

11. Investment in associates (continued):

iii) New Ireland Gold/Copper ("NI") and Massau and Tanga Islands ("MTI") - (i) TVI committed to spend A$100,000 for each project, within nine months of the granting of the tenements; and (ii) such expenditure would earn TVI the right to match any third party offer to farm into NI or MTI, received during the year of the expenditure by TVI or during the 12 months following the finalization of the information memorandum on NI or MTI.

Of the amount of the total spending commitment in relation to the joint venture arrangements with Foyson, the Company has incurred a total of $2,798,979.

		December 31, 2013
Amazon Bay Iron Sands	$	1,985,834
New Britain Gold/Copper		813,145
		2,798,979
Write-down of New Britain Gold/Copper		(813,145)
	$	1,985,834

Foyson has acknowledged that TVI has earned its 10% interest in Amazon Bay as a result of satisfying its spending commitment. On July 25, 2014, TVI's 10% earned interest in the Amazon Bay tenement was formally registered with the Papua New Guinea Mineral Resources Authority after having been earlier approved by the Minister for Mining on June 5, 2014.

Accordingly, the net amount of $1,985,834 was reclassified from option to purchase contract to exploration and evaluation assets in the statement of financial position as at December 31, 2014 (note 14).

12. Investment in joint venture:

		December 31, 2014
Investment in joint venture at January 1, 2014	$	10,675,596
Share of net loss		(88,294)
Share of other comprehensive income		1,285,086
Investment in joint venture at December 31, 2014	$	11,872,388

The Company's share of the joint venture's result of operations, assets and liabilities for the year ended December 31, 2014 are as follows:

		December 31, 2014
Share of revenue	$	5,888,238
Share of comprehensive income		1,196,792
Share of total current assets		8,138,973
Share of total assets		20,650,825
Share of total current liabilities		4,239,965
Share of total liabilities		6,125,186

(a) Investment and financing transactions

On December 11, 2013, various definitive agreements were signed with Prime Resources Holdings, Inc. ("PRHI"), a Philippine corporation, and various subsidiaries/affiliates of TVI, relating to the private placement in TVI and third party investment in its indirectly held Philippine assets ("Transactions").

The Transactions occurred in multiple closings and included: (a) private placement of common shares in capital of TVI for gross proceeds of US$2 million; (b) investments in TVI Marketing and TVI Minerals, in the aggregate amount of US$7.845 million; (c) investments in TVIRD in the aggregate amount of US$12.655 million (to acquire 68.42% of the voting shares of TVIRD); and (d) agreement between the parties to seek a listing for the shares of TVIRD on the Philippine Stock Exchange.

12. Investment in joint venture (continued):

On December 13, 2013, the Company completed an initial closing ("First Closing") which included the following transactions:

(i) US$2 million ($2,119,000) was paid by PRHI to purchase 33,333,333 common shares in the capital of TVI at a price of US$0.06 per share, which shares represent approximately 5% of the total number of issued and outstanding TVI Shares (note 17);

(ii) US$1.545 million ($1,636,928) was invested in TVI Marketing to purchase one non-voting non-participating deferred share of TVI Marketing that is redeemable at par value;

(iii) US$2 million ($2,115,625) was paid to TVIRD as partial payment of PRHI's subscription of Class B shares of TVIRD subject to the approval of the Philippine Securities and Exchange Commission ("SEC") of the application for an increase in authorized capital stock of TVIRD.

(iv) US$12.655 million was advanced by PRHI and placed into an escrow account – representing a portion of the additional amount that PRHI agreed to invest in TVI group entities in subsequent closings.

On December 27, 2013, the application for the increase in authorized capital stock of TVIRD was approved by the SEC and, as a result, the subscribed ordinary shares were issued to PRHI resulting in the reduction of TVI's interest in TVIRD and other Philippine subsidiaries. Management has determined that the Company did not have control due to the reduction of interest and by virtue of an agreement with PRHI which requires unanimous consent from both parties on decisions concerning relevant activities, resulting in joint control. Consequently, TVIRD, EDCO, the eight inactive Philippine subsidiaries, and interests in Agata and Pan de Azucar joint venture entities were deconsolidated in 2013. A loss on deconsolidation amounting to $2,295,561 was recorded under other gains (losses) and an additional impairment loss of $2,234,513 was also recorded, as a result of the deconsolidation during the year ended December 31, 2013. The retained interest of approximately 30.66% was considered an investment in joint venture accounted for using the equity method.

On January 10, 2014, the Company and PRHI completed a further closing of various investment and financing transactions ("Second Closing"), following satisfaction of certain conditions, which included the approval of the SEC for an increase in the authorized capital stock of TVIRD, obtained on December 27, 2013. The following were completed during the Second Closing:

(i) TVIRD delivered to PRHI and TVI Marketing the share certificates representing TVIRD shares subscribed;

(ii) The release of the following funds previously placed in escrow by PRHI:

  (a) US$1.305 million ($1,424,669), representing the balance of the subscription price for PRHI's investment in TVI Marketing for which PRHI received a second deferred non-voting share of TVI Marketing that is redeemable at par value;

  (b) US$10.12 million ($11,048,004), representing the balance of the subscription price paid by PRHI for the newly issued Class B voting shares of TVIRD. A portion of the funds was used by TVIRD for further restructuring of the Company, paying in part for the purchase of EDCO shares, the inactive Philippine companies and the repurchase of Class A shares in TVIRD; and

(iii) A further US$4.3 million was advanced by PRHI (and placed into an escrow account), representing the purchase price of voting shares in the capital of TVI Minerals.

12. Investment in joint venture (continued):

On July 8, 2014, the final closing (the "Third Closing") of various investment and financing transactions involving PRHI was completed, which included the following:

(i) release of all proceeds remaining in escrow, including:

(a) US$4.3 million ($4,589,820) for the purchase of 3.97% of the common shares of TVI Minerals; and
(b) US$1.23 million ($1,292,544) related to the sale and restructuring of subsidiaries and Class A shareholders of TVIRD.

(ii) US$5.3 million ($5,678,568) of the above transactions coming through to TVI as the repayment of intercompany advances, resulting in an aggregate US$10.65 million to TVI as a result of all Transactions and US$11.85 million to TVIRD and various subsidiaries, each before tax and related fees.

After giving effect to the Transactions and various other activities that have occurred since the Third Closing, TVI continues to hold 30.66% of the issued and outstanding shares of TVIRD (through TVI Marketing). TVIRD remains the operator of the Agata and Pan de Azucar joint ventures. As well, the Company continues to directly hold (i) its investment in shares of Mindoro (ii) its investment in shares of Foyson; (iii) its 10% interest in the Amazon Bay project; and (iv) its investment in shares of TG World.

The accounts receivable balance of $7,556,878 at December 31, 2013 with respect to the Transactions was fully collected during the year ended December 31, 2014.

During the year ended December 31, 2014, $232,020 was paid by TVI to the non-controlling interest holder of TVIRD as advanced payment of an option to acquire the remaining Class B shares of TVIRD, upon execution of TVIRD's listing on the Philippine Stock Exchange. The payment was presented as other assets in the consolidated statement of financial position as at December 31, 2014.

(b) Summarized financial information

Summarized financial information (100% share) of the joint venture and reconciliation with the carrying amount of investment in the Company's consolidated financial statements are set out below:

		December 31, 2014
Revenue from concentrate sales	$	19,204,952
Other revenues		51,409
Total revenues		19,256,361
Total expenses		(22,171,087)
Operating loss		(2,914,726)
Other income		3,521,764
Net income		607,038
Non-controlling interest		(895,017)
Net loss		(287,979)
Other comprehensive income		4,191,408
Comprehensive income		3,903,429
The Company's share of net loss		(88,294)
The Company's share of other comprehensive income		1,285,086
Share of comprehensive income of joint venture	$	1,196,792

12. Investment in joint venture (continued):

		December 31, 2014
Current assets	$	26,545,900
Non-current assets		40,808,389
Total assets		67,354,289
Current liabilities		13,828,979
Non-current liabilities		6,148,796
Total liabilities		19,977,775
Net assets		47,376,514
Adjustments and eliminations		(35,504,126)
Investment in joint venture	$	11,872,388

The joint venture had no contingent liabilities as at December 31, 2014. The information above reflects the amounts presented in the financial statements of the joint venture adjusted for differences in accounting policies between TVI and the joint venture.

(c) Commitments in respect of joint venture

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

i) Agata Mining Option and Joint Venture - TVIRD has an option to earn a 60% interest in the Agata Mining Joint Venture upon commencement of commercial production subject to (i) TVIRD having expended a minimum of $2 million within 12 months of the date of the agreement, and (ii) commercial production at Agata having commenced within 3 years of the date of the agreement. Under this agreement, TVIRD is required to fund all expenditures associated with the establishment of a mining operation.

In October 2014, Agata has launched operations and commenced loading its first shipment of limonite high-iron/low nickel direct shipping ore produced from the Agata project in the Philippines which was completed on October 23, 2014. As such, TVIRD has met the conditions described above and has fully earned its 60% interest in the Agata Mining Joint Venture in October 2014.

ii) Agata Processing Option and Joint Venture - TVIRD has the right to earn a 60% interest in the Agata Processing Joint Venture upon delivery of a definitive feasibility study with respect to nickel processing at Agata, subject to TVIRD having expended a minimum of $2 million within 12 months of the date of the agreement and completing the definitive feasibility study within 4 years of the date of the agreement. Under this agreement, TVIRD is required to fund all required expenditures associated with the preparation of the definitive feasibility study.

As of December 31, 2014, TVIRD has completed its requirement to spend a minimum of $2 million and has earned 45% of shares in Agata Processing Joint Venture, which remain in escrow until it completes a definitive feasibility study.

iii) Pan de Azucar ("PDA") Mining Option and Joint Venture - TVIRD has an option to earn a 60% interest in the PDA Mining Joint Venture by: (i) making minimum aggregate expenditures of $2 million in respect of the PDA mining project prior to the first anniversary of the date that a declaration of mining project feasibility is issued in respect of that project (the "Feasibility Declaration Date"); and (ii) solely funding the PDA mining project to the point of commercial production, provided commercial production is achieved on or prior to the third anniversary of the Feasibility Declaration Date. The PDA Mining Option and Joint Venture Agreement contemplates that TVIRD will make expenditures in respect of the PDA mining project in an aggregate amount of not less than $500,000, prior to the date that is 12 months following the date of that agreement, as TVIRD considers appropriate in its discretion, with any such expenditures being creditable against the $2 million of aggregate expenditures noted above.

12. Investment in joint venture (continued):

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

On June 18, 2013, TVI and Mindoro agreed to amend some terms of the original joint venture agreements. It was agreed that TVIRD's contributions to the joint ventures would be for shares in the applicable joint venture, rather than as paid in capital, with such shares to be issued as earned and placed in escrow until TVIRD's full 60% interest is earned. TVIRD's minimum spending commitments pursuant to the Pan de Azucar Joint Venture agreements were also extended by one year, from December 31, 2013 to December 31, 2014.

13. Property and equipment:

December 31, 2014

	Computer equipment	Office furniture and equipment	Land, buildings and leasehold improvements	Total
Cost				
At January 1, 2014	**$ 226,012**	**$ 20,431**	**$ 78,803**	**$ 325,246**
Additions	3,636	-	-	3,636
At December 31, 2014	**229,648**	**20,431**	**78,803**	**328,882**
Accumulated Depreciation				
At January 1, 2014	**(165,045)**	**(18,019)**	**(40,610)**	**(223,674)**
Depreciation	(16,601)	(632)	(6,976)	(24,209)
At December 31, 2014	**$ (181,646)**	**$ (18,651)**	**$ (47,586)**	**$ (247,883)**
Net book value	**$ 48,002**	**$ 1,780**	**$ 31,217**	**$ 80,999**

13. Property and equipment (continued):

December 31, 2013

	Transportation and heavy equipment	Communication and other equipment	Computer equipment	Field and geological equipment	Office furniture and equipment	Buildings and leasehold improvements	Plant equipment	Construction in progress	Total
Cost									
At January 1, 2013	**$ 1,174,017**	**$ 49,967**	**$ 1,127,095**	**$ 409,019**	**$ 146,798**	**$ 2,820,580**	**$ 24,100,349**	**$ 23,562,551**	**$ 53,390,376**
Additions	187,004	-	99,146	16,415	1,202	9,200	280,449	629,783	1,223,199
Reclassification to other assets	-	-	(10,315)	-	-	-	21,324,561	(21,335,824)	(21,578)
Disposal	(23,203)	-	(4,277)	-	(10,182)	-	(230,566)	-	(268,228)
Write-off	-	-	(11,869)	-	-	-	(17,377)	-	(29,246)
Foreign currency translation	(11,339)	(393)	(8,021)	(3,428)	(878)	(21,679)	(198,153)	(185,033)	(428,924)
Deconsolidation of subsidiaries (note 12)	(1,326,479)	(49,574)	(965,747)	(422,006)	(116,509)	(2,729,298)	(45,259,263)	(2,671,477)	(53,540,353)
At December 31, 2013	**$ -**	**$ -**	**$ 226,012**	**$ -**	**$ 20,431**	**$ 78,803**	**$ -**	**$ -**	**$ 325,246**
Accumulated Depreciation									
At January 1, 2013	**$ (846,379)**	**$ (42,705)**	**$ (963,868)**	**$ (201,764)**	**$ (125,596)**	**$ (2,205,123)**	**$ (17,861,051)**	**$ (17,163,956)**	**$ (39,410,442)**
Depreciation	(242,952)	(4,727)	(110,550)	(69,524)	(6,298)	(587,996)	(2,493,305)	(3,381,890)	(6,897,242)
Reclassification	-	-	-	-	-	-	(20,632,793)	20,632,793	-
Disposal	23,203	-	4,277	-	10,182	-	208,849	-	246,511
Write-off	-	-	11,869	-	-	-	17,377	-	29,246
Foreign currency translation	9,483	397	7,402	2,481	792	24,543	169,620	178,479	393,197
Deconsolidation of subsidiaries (note 12)	1,056,645	47,035	885,825	268,807	102,901	2,727,966	40,591,303	(265,426)	45,415,056
At December 31, 2013	**$ -**	**$ -**	**(165,045)**	**$ -**	**$ (18,019)**	**$ (40,610)**	**$ -**	**$ -**	**$ (223,674)**
Net book value	**$ -**	**$ -**	**$ 60,967**	**$ -**	**$ 2,412**	**$ 38,193**	**$ -**	**$ -**	**$ 101,572**

14. Exploration and evaluation assets:

The carrying amount and the related movement of the exploration and evaluation assets are as follows:

	2014	2013
Beginning balance	$ 1,882,078	$ 3,715,037
Addition (note 11c)	1,985,834	-
Foreign currency translation	170,760	215,651
Impairment loss	(1,317,453)	(2,048,610)
Ending Balance	$ 2,721,219	$ 1,882,078

The balance at December 31, 2014 consists of petroleum and natural gas properties located in the Philippines and the Company's interest in the Amazon Bay tenement (note 11c).

Philippines

TG World holds a 12.5% working interest in Service Contract 54A ("SC 54A") in the Philippines. SC 54A is situated offshore west of the Palawan islands. The project operator is Nido Petroleum Limited of Perth, Australia ("Nido") who owns a 42.4% working interest in the project.

During the year ended December 31, 2014, the Company has recorded a provision for impairment of the exploration and evaluation assets amounting to $1,317,453 (2013 - $2,048,610). The recoverable amount was calculated on the basis of fair value using bids received by the joint venture partners for their interest in SC 54A from an independent third party (Level 3 fair value measurement), that were used in estimating the value of the project as at year-end. The estimated fair value of the Company's working interest in SC54A was $735,385 as at December 31, 2014.

As at December 31, 2014, the partners were re-evaluating the opportunities and considering various options under the service contract.

Alaska

TG World had a joint venture agreement with Alaska Venture Capital Group ("AVCG") and Brooks Range Petroleum Corporation ("BRPC"), a wholly-owned subsidiary of AVCG, to explore joint venture oil and gas properties held on the Alaskan North Slope. TG World's working interests varied from 20% to 35% in four distinct areas.

On November 9, 2011, the Company completed the sale of all of its leasehold interests in Alaska, for US$16 million.

During 2014, TG World has collected its remaining PPTC receivable relating to further tax credits and is expecting to further collect a tax refund from the State of Alaska as at December 31, 2014 (note 7).

15. Accounts payable and accrued liabilities:

Account consists of the following:

	2014	2013
Trade payables	$ 72,349	$ 332,060
Deferred revenue	3,981	19,906
Accrued finder's and consultancy fees	-	717,930
Other accrued expenses	158,526	1,411,222
	$ 234,856	$ 2,481,118

Accrued expenses include accruals of personnel expenses, consultancy and other professional fees. The accrued finder's fee and consultancy fees were fully paid during the year ended December 31, 2014 (note 9).

16. Income taxes:

	2014	2013
Current tax expense	$ 332,892	$ (156,813)
Deferred tax expense	564,711	(250,379)
Income tax expense (recovery)	897,603	(407,192)

The deferred tax liability of $591,366 was related to TVI Minerals' unrealized foreign exchange gains.

The provision for income taxes differs from that which would be expected by applying the combined federal and provincial corporate statutory rates as follows:

	2014	2013
Effective income tax rate	29.3%	28.6%
Net income (loss) before income tax	$ (5,132,538)	$ (14,798,596)
Expected expense (recovery)	$ (1,502,849)	$ (4,238,929)
Change to income taxes resulting from:		
Nondeductible expenses	3,106,983	3,852,726
Non-taxable income	(37,843)	(504,676)
Unrecognized (recognized) tax credit for losses	(859,566)	762,537
PPTC	27,874	-
Income eligible for Philippine tax holiday	-	(62,205)
Tax refund	-	(462,157)
Other	163,004	245,512
Income tax expense	$ 897,603	$ (407,192)

The Company did not recognize deferred income tax in respect of the Company's deferred income tax assets, majority of which relates to exploration and evaluation expenses and non-capital losses.

The effective income tax rate was 29.3% (2013- 28.6%).

At December 31, 2014, the Company has unrecognized non-capital losses available for income tax purposes of approximately $46.3 million (2013 - $48.5 million), which may be applied to reduce taxable income in future taxation years, the benefit of which has not been recorded in these consolidated financial statements. Of these losses, $2.4 million will expire in 2015 while $43.9 million will expire commencing 2016 through 2034.

The aggregate outside basis differences, being the difference between the carrying amount of investment in subsidiaries, associates and joint venture and their tax bases, as of December 31, 2014 amounted to $2.6 million (2013 - $2.5 million).

17. Share capital:

(a) Authorized

Unlimited common voting shares without nominal or par value.

Unlimited preferred non-voting shares without nominal or par value, issuable in series, none of which have been issued.

(b) Issued and fully paid

Common shares	Number of shares	Amount
January 1, 2013	622,137,039	$ 32,265,811
Shares issued (note 12)	33,333,333	706,334
December 31, 2013 and December 31, 2014	655,470,372	$ 32,972,145

17. Share capital (continued):

(c) Share options

The Company has a share option plan pursuant to which options may be granted to directors, officers, and employees of the Company. The options generally vest over years of up to three years and expire no more than 5 years from the date of grant.

In June and October 2014, the Company granted share options to directors and employees of the Company.

	Year ended December 31, 2014		Year ended December 31, 2013	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of year	50,220,275	$ 0.046	53,488,442	$ 0.046
Issued	33,500,000	0.015	-	-
Forfeited	(500,000)	0.018	(2,250,000)	0.030
Expired	(37,370,275)	0.049	(1,018,167)	0.083
Options outstanding, end of year	45,850,000	$ 0.021	50,220,275	$ 0.046
Options exercisable, end of year	9,166,666	$ 0.039	42,253,598	$ 0.048

Price range	Number outstanding	Weighted average remaining contractual life (years)	Number Exercisable
$ 0.015 – 0.022	32,100,000	4.45	-
0.023 – 0.033	11,750,000	2.93	7,166,666
0.051 – 0.075	2,000,000	1.40	2,000,000
$ 0.015 – 0.383	45,850,000	3.93	9,166,666

The fair value of share options granted during the year ended December 31, 2014 was $0.014 per share. The following table sets out the assumptions used by the Company to estimate the fair value of awards granted during the period:

	Year ended December 31, 2014
Risk free interest rate – average	1.3%
Expected life (in years)	5
Expected volatility	158%
Estimated forfeiture rate	10%

(d) Stock-based compensation and contributed surplus

During the year ended December 31, 2014, a net of $213,457 (2013- $141,451) of stock-based compensation was charged to the consolidated statement of comprehensive income.

	2014	2013
Contributed surplus, beginning of period	$ 6,333,382	$ 6,191,931
Stock-based compensation	215,464	156,276
Options forfeited	(2,007)	(14,825)
Contributed surplus, end of period	$ 6,546,839	$ 6,333,382

18. Per share data:

	2014	2013
Net loss attributable to shareholders of the Company	$ (6,030,141)	$ (14,358,547)
Weighted average number of shares, basic and diluted	655,470,372	623,703,619
Net loss per share attributable to shareholders of the Company, basic and diluted	(0.009)	(0.023)

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares consisting of share options. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated above is compared with the number of shares that would have been issued assuming the exercise of the share options.

19. Revenues:

	2013
Revenues from:	
Copper	$ 33,547,152
Gold	12,577,866
Silver	6,863,578
Zinc	3,400,931
Gross revenues	56,389,527
Treatment, refining, and other charges	(9,452,026)
Net revenues from concentrate sales	$ 46,937,501

During the year ended December 31, 2014 there was no revenue recorded in the consolidated statements of comprehensive income due to the deconsolidation of the Philippine subsidiaries as described in Note 12. Other revenues in 2013 pertain to royalty income from Korea Malaysia Philippines Resources Inc., Rapu-Rapu Processing Inc. and Rapu-Rapu Minerals Inc., for net smelter return from a polymetallic mining project in the Philippines.

20. Segmented information:

The Company's revenue from mining, extraction, production and selling of metal concentrates to an external client is indirectly recognized within the Company's investment in joint venture, through the application of the equity method as described in note 12. Prior to the deconsolidation of its Philippine subsidiaries on December 31, 2013, TVI consolidated its interest in its Philippine subsidiaries and recognized its share of assets, liabilities, revenues and expenses. The Company's segmented information is reported in the same way as internal reporting provided to TVI's executive management to make decisions about resource allocation and performance assessment of the operating segments.

The Company has three reporting segments:

- mining exploration in Fiji and investments in associates and joint venture with mining activities in the Philippines and Papua New Guinea;
- petroleum exploration in the Philippines; and
- corporate offices in Canada.

During the year ended December 31, 2014, the investments in Foyson and Mindoro have been reclassified from the corporate segment to the mining segment. The comparative information for the year ended December 31, 2013 has been reclassified accordingly. The Company's corporate division does not earn revenue and incurs expenses that are considered incidental to the activities of the Company and therefore does not meet the definition of an operating segment as defined in IFRS 8, Operating Segments.

20. Segmented information (continued):

Mining segment's operating results in the table below include TVI's 30.66% interest in the Philippine joint venture entities whose summarized financial information is presented in note 12, interest in Foyson and Mindoro (note 11), as well as the exploration costs incurred in Fiji.

Geographic information:

	Revenues		Property and equipment and exploration and evaluation assets	
	2014	2013	December 31, 2014	December 31, 2013
Philippines	$ -	$ 48,166,033	$ 735,385	$ 1,882,078
Papua New Guinea	-	-	1,985,834	-
Canada	-	-	80,999	101,572
	$ -	$ 48,166,033	$ 2,802,218	$ 1,983,650

2014	Mining	Petroleum Exploration	Corporate	Total
Administrative and general costs	$ -	$ (286,666)	$ (3,058,646)	$ (3,345,312)
Exploration expenses	(100,700)	-	-	(100,700)
	(100,700)	(286,666)	(3,058,646)	(3,446,012)
Depreciation expense	-	(1,912)	(22,297)	(24,209)
	(100,700)	(288,578)	(3,080,943)	(3,470,221)
Interest income	57,046	62	49,039	106,147
Foreign exchange gain	-	4,210	894,147	898,357
Impairment loss	-	(1,317,453)	-	(1,317,453)
Other income	226,088	4,099	35,575	265,762
Share of loss of associates and joint venture	(1,615,130)	-	-	(1,615,130)
Net loss before income tax	(1,432,696)	(1,597,660)	(2,102,182)	(5,132,538)
Income tax expense	-	(180,820)	(716,783)	(897,603)
Net loss	$ (1,432,696)	$ (1,778,480)	$ (2,818,965)	$ (6,030,141)
Assets	$ 14,605,698	$ 971,395	$ 6,242,150	$ 21,819,243
Liabilities	-	187,072	890,005	1,077,077
Capital expenditures	-	-	3,636	3,636

20. Segmented information (continued):

2013	Mining	Petroleum Exploration	Corporate	Total
Revenues from concentrate sales	$ 46,937,501	$ -	$ -	$ 46,937,501
Other revenues	1,228,532	-	-	1,228,532
	48,166,033	-	-	48,166,033
Operating expenses	(40,414,183)	(310,875)	(5,274,764)	(45,999,822)
Exploration costs	(245,212)	-	-	(245,212)
	7,506,638	(310,875)	(5,274,764)	1,920,999
Depreciation, depletion and accretion	(8,506,941)	(2,731)	(28,233)	(8,537,905)
	(1,000,303)	(313,606)	(5,302,997)	(6,616,906)
Interest income	58,771	233	13,726	72,730
Interest expense	(145,315)	-	-	(145,315)
Foreign exchange loss	(461,672)	(5,816)	(34,641)	(502,129)
Impairment loss	-	(2,048,610)	(2,234,513)	(4,283,123)
Other gains (loss)	1,569,441	12,648	(2,918,503)	(1,336,414)
Share in loss of associates	(1,987,439)	-	-	(1,987,439)
Net income (loss) before tax	(1,966,517)	(2,355,151)	(10,476,928)	(14,798,596)
Income tax	(54,965)	462,157	-	407,192
Net loss	$ (2,021,482)	$ (1,892,994)	$ (10,476,928)	$ (14,391,404)
Assets	$ 19,535,968	$ 2,855,780	$ 5,834,775	$ 28,226,523
Liabilities	8,419	17,570	2,715,042	2,741,031
Capital expenditures	5,236,523	-	2,774	5,239,297

21. Expenses by nature:

	2014	2013
Personnel costs	$ 919,094	$ 7,352,366
Stock-based compensation	213,457	141,451
Contracted services	840,922	8,118,480
Professional fees	601,244	1,470,695
Advertising and investor relations	224,561	1,862,181
Travel and transportation	202,933	587,963
Rent	116,114	1,372,605
Insurance	99,494	387,846
Taxes and licenses	69,290	427,341
Utilities	24,481	342,375
Materials and supplies	13,681	17,187,339
Freight	2,588	2,429,399
Excise tax and royalty expenses	-	2,254,216
Repairs and maintenance	-	1,746,240
Others	17,453	319,325
Total mining, milling and other expenses and administrative and general costs	$ 3,345,312	$ 45,999,822

22. Changes in working capital:

	2014	2013
Accounts receivable	$ 739,500	$ (1,653,291)
Advances to suppliers	-	457,578
Inventories	-	7,804,280
Prepaid expenses	30,209	708,709
Trade accounts payables and accrued liabilities	(2,579,040)	(2,308,059)
Due to related parties	25,988	30,029
	$ (1,783,343)	$ 5,039,246

The changes in working capital during the year ended December 31, 2014 are not directly comparable to those at December 31, 2013 due to the deconsolidation of the Philippine subsidiaries as described in Note 12.

23. Commitment:

The Company rents its corporate office premises on a five-year term lease. The total rental paid during the year ended December 31, 2014 was $108,644 (2013 - $119,883). The future rent payments up to the end of the lease contract in March 2015 amounts to $30,863, inclusive of base rent, estimated operating expense and taxes.

24. Financial instruments:

The tables below set out the classification for each of its financial assets and liabilities at December 31, 2014 and 2013.

	December 31, 2014	December 31, 2013
Loans and receivables:		
Cash and cash equivalents	$ 1,066,073	$ 2,362,952
Short-term deposits	4,225,750	-
Accounts receivable	226,404	8,489,402
Notes receivable	299,787	940,362
Due from related parties	168,860	384,726
Fair value through profit and loss:		
Derivative financial instrument	372,087	-
Option to purchase contracts	-	1,985,834
	$ 6,358,961	$ 14,163,276
Other financial liabilities:		
Accounts payable and accrued liabilities	$ (234,856)	$ (2,481,118)
Due to related parties	(70,035)	(259,913)
	$ (304,891)	$ (2,741,031)

25. Subsequent events:

On January 29, 2015, TVIRD agreed to an extension of the repayment date for the $500,000 bridge loan provided to Mindoro on December 12, 2014. The repayment date was extended to February 28, 2015, from January 31, 2015, while interest shall continue to accrue at 8% per annum on the total loan balance and the loan continues to be payable at the earlier of the revised repayment date or upon receipt of the proceeds from the proposed convertible debenture offering by Mindoro. On February 27, 2015, the repayment date was further extended to April 15, 2015.

The Company entered into a Capital Promissory Note Agreement on February 19, 2015, with Foyson through which it provided a further A$100,000 that shall accrue interest at 12% per annum until the earlier of conversion date or maturity date. The maturity date is May 15, 2015, but the Note may be converted at any time prior at a conversion price of A$0.0029 to Foyson shares, at which time one option per share would also be received that may be exercised at a conversion price of A$0.008 at any time through to their expiry on

25. Subsequent events (continued):

December 31, 2019. The conversion feature of the Note is subject to shareholder approval that is expected to be received at an Extraordinary General Meeting on March 31, 2015. If shareholder approval is not obtained the Notes remain a basic promissory note and the holder will be repaid all principal and interest (at the default rate of 18% per annum) on the maturity date.

On February 23, 2015, the Company formalized a Conversion Agreement with Foyson in relation to the A$400,000 loan principal that continues to be outstanding. The Conversion Agreement continues to be subject to shareholder approval but confirms the conversion price to be A$0.0025 and that one option per share shall also be received at time of conversion that may be exercised at a conversion price of A$0.008 at any time through to their expiry on December 31, 2019. Interest on the loan shall continue to accrue at 8% through to conversion, and shall be paid in cash at time of conversion while only the principal shall be subject to conversion. ASX rules dictate that the conversion shall be completed in two-steps, both of which are expected to occur through 2015.

The Company has entered into a lease contract with respect to its corporate office premises that is to commence April 1, 2015. The lease is for a three-year term through to March 31, 2018, and the total rent payments up to the end of the lease contract in March 2018 amounts to $179,177, inclusive of base rent, estimated operating expense and taxes.

The Company entered into a Royalty Agreement on March 11, 2015 with respect to Amazon Bay, whereby it shall be responsible to pay its proportionate share of a royalty on all minerals extracted and concentrate produced from Amazon Bay and sold. The royalty is set at 0.5% of gross revenue less all costs incurred in connection with shipping or transporting the respective minerals or concentrate from the port of loading to the point of delivery to the purchaser. Currently, the Company holds a 10% interest in Amazon Bay.

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