



12 DECEMBER 2013

ASX: FOY

ASX ANNOUNCEMENT

TVI PACIFIC INC. COMPLETES FUNDING ARRANGEMENTS

The Board of Foyson Resources Limited is pleased to advise that TVI Pacific Inc. (TVI) has executed definitive agreements and completed third-party financing with Prime Assets Ventures Inc. A copy of TVI's announcement to the Toronto Stock Exchange is attached.

As previously advised, TVI has confirmed it will meet all its funding commitments to Foyson, once its own funding arrangements were completed. The parties are currently discussing the timing of the funds flow to Foyson and details will be provided to shareholders as they become available, together with the timing of a General Meeting of Shareholders to approve the placement to TVI.

Yours Sincerely

A handwritten signature in black ink, appearing to read "Aliceson Rourke", with a horizontal line extending to the right.

Aliceson Rourke
Company Secretary



TSX: TVI OTCQX: TVIPF

December 11, 2013

TVI PACIFIC INC. ENTERS INTO DEFINITIVE AGREEMENTS FOR THIRD-PARTY FINANCING IN TVI AND INVESTMENT IN PHILIPPINES ASSETS

CALGARY, ALBERTA – TVI Pacific Inc. (TSX:TVI) (OTCQX:TVIPF) ("**TVI**" or the "**Company**") announced today the execution of various definitive agreements relating to the private placement in TVI and third-party investment in its indirectly held Philippine assets previously announced in the Company's October 21, 2013 news release. The parties to the definitive agreements include TVI, Prime Resources Holdings, Inc. ("**PRHI**"), which is an arm's-length Philippines corporation and wholly-owned subsidiary of Prime Asset Ventures, Inc. ("**PAVI**"), and various subsidiaries/affiliates of TVI. Certain aspects of the proposed transactions have changed since the date of TVI's original announcement (October 21, 2013) as a result of transaction structuring and ongoing negotiations among the parties. The transactions reflected in the definitive agreements (the "**Transactions**") will result in PRHI acquiring an approximate 5% direct equity interest in TVI and a 68.42% direct equity interest in TVI Resource Development Philippines, Inc. ("**TVIRD**"), TVI's Philippine operating affiliate. The definitive agreements for the Transactions contemplate aggregate investments by PRHI of U.S. \$22.5 million.

Highlights:

The Transactions are expected to occur in multiple closings and include:

- **Private Placement of 33,333,333 common shares in capital of TVI at U.S. \$0.06 per share for gross proceeds of U.S. \$2 million.**
- **Investments in TVI International Marketing Limited ("TVIIM") and TVI Minerals Processing, Inc., in the aggregate amount of U.S. \$7.845 million.**
- **Investments in TVIRD in the aggregate amount of U.S. \$13.055 million (to acquire 68.42% of the voting shares of TVIRD).**
- **Agreement between the parties to seek a listing for the shares of TVIRD on the Philippine Stock Exchange.**

The Transactions are expected to provide U.S. \$10.650 million to TVI and U.S. \$11.850 million to TVIRD and various subsidiaries, each before tax and related fees, while a net U.S. \$350,000 is expected to be used to repurchase all of the outstanding TVIRD Class A shares.

Definitive Agreements

TVI, certain of its subsidiaries/affiliates and PRHI have entered into definitive agreements relating to the proposed investments by PRHI comprising the Transactions, including an Investment Agreement (the "**Investment Agreement**"), which sets out the terms of PRHI's investments in TVI and its subsidiaries, the various agreements, timing, conditions and corporate actions necessary to effect the Transactions. The parties have also entered into a Shareholder Agreement (the "**Shareholder Agreement**"), relating to the conduct of the business and affairs of TVIRD and the rights and obligations of each of PRHI and TVIIM, a subsidiary of TVI, as shareholders of TVIRD. The Shareholder Agreement will take effect upon Initial Closing, as defined further in this announcement.

Private Placement

One of the Transactions contemplated in the Investment Agreement is the private placement to PRHI of 33,333,333 common shares in the capital of TVI ("**TVI Shares**") at a price of U.S. \$0.06 per share for gross proceeds of U.S. \$2 million (the "**Private Placement**"). The Private Placement, which is anticipated to close later this week, will result in PRHI acquiring approximately 5% of the issued and outstanding TVI Shares. The Private Placement has been conditionally approved by the Toronto Stock Exchange.

Structure of the Transaction

The Transactions are expected to occur in multiple closings upon the satisfaction or waiver of certain conditions. The following elements of the Transaction are scheduled to occur this week (the "**Initial Closing**"):

1. U.S. \$1.545 million to be invested by PRHI in TVIIM to receive one deferred non-voting share TVIIM that is redeemable at par value;
2. U.S. \$2 million to be paid by PRHI to purchase 33,333,333 TVI Shares at a price of U.S. \$0.06 per share, which shares represent approximately 5% of the total number of issued and outstanding TVI Shares;
3. U.S. \$2 million to be advanced by PRHI as partial payment of PRHI's investment in TVIRD; and
4. U.S. \$12.655 million to be advanced by PRHI and placed into an escrow account to satisfy certain additional amounts to be invested by PRHI in subsequent closings (the "**Escrow Amount**").

As part of the Initial Closing, PRHI will have invested or advanced (in escrow) an aggregate of U.S. \$18.2 million. The parties will also enter into the Shareholder Agreement at the time of the Initial Closing, which provides for, among other things, certain shareholder protections for TVIIM, including anti-dilution protections, minority voting requirements in certain circumstances, spending controls, board representation rights and agreement to seek a listing for the shares of TVIRD on the Philippine Stock Exchange. It is expected that following completion of the Transaction, the Board of Directors of TVIRD will be composed of two directors nominated by TVIIM and three directors nominated by PRHI. Mr. Clifford M. James is expected to continue in his role as Chairman of the TVIRD Board while continuing also in his role as Chairman, President and CEO of TVI. The current TVIRD senior management team is expected to remain in place in TVIRD.

The following elements of the Transaction are expected to occur in one or more closings shortly after satisfaction or waiver of certain conditions, including the approval of the Philippine Securities and Exchange Commission ("**PSEC**") of an increase in the authorized capital stock of TVIRD to allow for PRHI's investment in TVIRD (the "**Subsequent Closings**"):

1. U.S. \$1.305 million released from the Escrow Amount, representing the balance of the subscription price for PRHI's investment in TVIIM;
2. U.S. \$11.35 million released from the Escrow Amount, representing the purchase price payable by PRHI to acquire newly issued voting shares of TVIRD;
3. U.S. \$4.3 million invested by PRHI to acquire a direct interest in TVI Minerals Processing, Inc., a wholly-owned Philippine subsidiary of TVIIM.

The proceeds will also be applied through the Transactions to restructure various parts of the TVI group of companies, resulting in Exploration Drilling Corporation, currently a wholly-owned subsidiary of TVIIM, becoming a wholly-owned subsidiary of TVIRD. The Transaction will also result in the repurchase of all the outstanding TVIRD Class A shares.

As a result of the Transactions, assuming satisfaction or waiver of all conditions and the occurrence of the Subsequent Closings, PRHI will directly own approximately 5% of the outstanding TVI Shares and 68.42% of the total number of issued and outstanding voting shares of TVIRD, while TVI will indirectly own approximately 30.66% of the issued and outstanding voting shares of TVIRD through TVIIM. The remaining 0.92% of the outstanding shares of TVIRD will be held by other current Class B shareholders.

TVI will continue to hold 100% of its investment in the shares of Mindoro Resources Ltd. and an indirect investment in the Agata and Pan de Azucar joint ventures in which TVIRD will continue to be operator. TVI will also continue to hold 100% of its investment in the shares of Foyson Resources Limited and its earning right in Amazon Bay, as well as 100% of TG World Energy Corp.

Upon settlement of various intercompany advances as a result of the Transactions, the Transactions are expected to provide U.S. \$10.650 million to TVI and U.S. \$11.850 million to TVIRD and various subsidiaries, each before tax and related fees, while a net U.S. \$350,000 will be used to repurchase all of the outstanding TVIRD Class A shares. The funds received from the Transactions are expected to be used for working capital and to advance various other projects.

Rationale for the Transaction

There are a number of additional steps to be taken before TVI expects the mining industry in the Philippines will be capable of operating in a more normalized environment. Definition and implementation of Executive Order 79, released in August 2012, continues at a slow pace and, as a result, the issuance of necessary permits to mining companies remains slow as well. While TVIRD recently received the Environmental Compliance Certificate for its proposed Balabag Gold-Silver project, Declaration of Mining Project Feasibility ("DMPF") approval is still required to allow development to commence, and there is no certainty as to when this may be provided. Similarly, TVIRD is awaiting DMPF approval for its proposed Agata DSO project. While TVIRD management remains confident these permits will be issued, TVIRD cannot estimate with any certainty the date by which they may be issued. TVIRD had anticipated these projects would commence much sooner – contemporaneously with the wind down of the Canatuan mine (which is approaching the end of its mine life). Delays in the start-up of these projects and approvals of possible extensions to the Canatuan mine have caused TVIRD to limit its expenditures in an effort to conserve available cash. It is with these concerns in mind that management and the directors of TVI believe it is important to establish a relationship with a significant Philippine organization that, combined with the very positive reputation established by TVI in the Philippine mining industry, will be in a position to help advance the business and affairs of TVIRD and provide financing for its projects, all of which is expected, in turn, to work to the benefit of TVI shareholders.

TVI believes itself to be undervalued as a result of various factors, including delays in the granting of permits to allow new projects to move to development in place of Canatuan, the status of financing, and lack of recognition of TVI as a significant player in the Philippines. It is hoped that, with the establishment of a relationship with PRHI and advancement of all of TVIRD's projects, this condition relative to TVI's investments in the Philippines will be addressed.

Mr. Clifford M. James, TVI's President and CEO and Chairman of TVIRD noted: "The Company expects the Transactions to generate value for TVI shareholders. It is anticipated that PRHI will be able to assist in moving new projects forward and that the involvement of PRHI will bring strength to our Philippine assets."

Conflicts of Interest

As disclosed in the Company's October 21, 2013 news release, a finder's fee and a success fee are expected to be paid in the event the Transactions are completed. The Finder's Fee would be payable to Argosy Advisors, Inc. ("**Argosy**") for its role in identifying PAVI and helping to negotiate the initial terms of the proposal between PAVI and TVI. Mr. Aloysius Colayco, a TVI director, is also a director and principal of Argosy and therefore has been excluded from participation in the Special Committee formed to consider the initial proposal and the Transactions contemplated thereby and from all Board meetings and other discussions related to the Transactions and alternative financing opportunities available to TVI. Argosy is expected to receive a finder's fee in an amount of up to 3% of the value of the Transactions. In addition, Arch Advisory Limited, a non-related party, is expected to receive a success fee of up to 2% of the value of the Transactions for its role in assisting TVI to negotiate and complete the Transactions.

Mr. Clifford James, TVI President and CEO, and Chairman of the TVI Pacific Board, is also considered to be in a conflicted position with respect to the Transactions as he is a significant shareholder of TVI, a director and officer of TVI and he is expected to have an ongoing significant role in TVIRD as its Chairman. As such, Mr. James has also been excluded from participation in the Special Committee and from all voting related to the Transactions.

Conditions, Security and Liquidated Damages

Completion of the Initial Closing and the Subsequent Closings of the Transactions remain subject to the satisfaction or waiver of various conditions, including PSEC approval of certain matters related to the Transactions ("**PSEC Approval**"), certain corporate actions being completed and the release of certain funds

from escrow. Should PSEC Approval not be obtained by the outside date stipulated in the Investment Agreement (June 30, 2014), PRHI will be entitled to liquidated damages in the amount of U.S. \$3.545 million and will have the right to enforce security granted by TVI Limited, a wholly-owned subsidiary of TVI, being 50% of the outstanding shares of TVIIM. In addition, PRHI will be entitled to additional liquidated damages of U.S. \$200,000 if PSEC Approval is not obtained as a result of the wilful act or gross negligence of any TVI entity.

About TVI Pacific Inc.

TVI Pacific Inc. is a Canadian resource company focused on the production, development, exploration and acquisition of resource projects in the Philippines and Southeast Asia. TVI's affiliate, TVIRD, produces copper and zinc concentrates from its Canatuan mine and is advancing its Balabag Gold-Silver project. TVI is a direct or indirect participant/operator in several joint venture projects in the Philippines and Papua New Guinea and also has an interest in an offshore Philippine oil property.

TVIRD was recently recognized as the most-awarded mining company by the Philippine Mine Safety and Environment Association (PMSEA). For the second year, TVIRD was awarded the top level Titanium Award in the surface mining category, recognizing TVIRD's implementation of its environmental management, safety and health, and social development programs at its Canatuan project site. This follows on from TVIRD having received, in 2011 and 2012, the Safest Mining Operations Award and the Platinum Award for Excellence in environmental management. For the second consecutive year also, TVIRD received the Safest Mineral Processing Award in the concentrator category and moved to second runner-up for the Best Mining Forest Award from third runner-up in 2012.

About Prime Resources Holdings, Inc.

PRHI is a wholly-owned subsidiary of Prime Asset Ventures, Inc. ("PAVI"). PAVI is a holding corporation of utilities engaged in various industries which include water distribution infrastructure, energy and power generation as well as retail distribution, cable and antennae television, and telecommunications.

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The Toronto Stock Exchange has neither approved nor disapproved of the information contained herein.

IMPORTANT INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

*This news release contains certain forward-looking information (referred to herein as "**forward-looking statements**") within the meaning of applicable Canadian securities laws. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "plan", "intend", "estimate", "scheduled", "expect", "may", "will", "should", or similar words suggesting future activities or outcomes. In particular, this news release includes forward-looking statements respecting the Transactions and the anticipated timing of completion of the various Transactions and uses of proceeds from sales of securities associated with the Transactions and anticipated benefits the Company expects to derive from the Transactions. Forward-looking statements relating to the Transactions are based upon the terms set out in the Investment Agreement. Forward-looking statements respecting use of proceeds are based upon various assumptions and factors, including, but not limited to, the terms of the Transactions, discussions between representatives of the Company and representatives of PRHI and the current business plan, budget and strategy of the Company, its subsidiaries and affiliates, all of which are subject to change.*

*Forward-looking statements are subject to certain risks and uncertainties that could cause actual events or outcomes to differ materially from those anticipated or implied by such forward-looking statements. With respect to the Transactions, those risks and uncertainties include a failure to close one or more of the Transactions on the terms outlined in the Investment Agreement and this news release due to the failure to receive PSEC Approval or a failure to satisfy one or more conditions, such as conditions relating to the receipt of any necessary corporate or regulatory approvals. There is a specific risk that the Company, even if it is able to complete the Transactions contemplated by the Investment Agreement, may not experience the anticipated benefits of the Transactions and the Company could lose some or all of its interests in certain assets in the Philippines. **Accordingly, readers should not place undue reliance upon the***

forward-looking statements contained in this news release and such forward-looking statements should not be interpreted or regarded as guarantees of future outcomes.

*The forward-looking statements contained in this news release are made as of the date hereof and TVI does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, except as required by applicable Canadian securities law. **The forward-looking statements of the Company contained in this news release are expressly qualified, in their entirety, by this cautionary statement.** Various risks to which TVI, its subsidiaries and affiliates are exposed in the conduct of their business are described in detail in the Company's Annual Information Form for the year ended December 31, 2012, which was filed on SEDAR on March 19, 2013, and is available at www.SEDAR.com.*