

Management's Discussion and Analysis

For the Nine Months Ended September 30, 2014 and 2013

*The discussion and analysis that follows is intended to provide a summary of TVI Pacific Inc. ("**TVI**" or "**the Company**") results over the periods ended September 30, 2014 and 2013, as well as its financial position and future plans. It should be read in conjunction with the unaudited interim consolidated financial statements for the nine months ended September 30, 2014 and 2013, in addition to the audited consolidated financial statements for the years ended December 31, 2013 and 2012, prepared in accordance with International Financial Reporting Standards ("**IFRS**"). All numbers in this discussion and analysis are expressed in Canadian dollars unless otherwise indicated. Additional information is available on TVI's website at www.tvipacific.com or on SEDAR's website at www.sedar.com. Information in this Management Discussion & Analysis ("**MD&A**") is as of November12, 2014.*

*Jake Foronda, Vice President for Operations of TVI Resource Development (Phils.), Inc. ("**TVIRD**"), has acted as the Qualified Person in compliance with National Instrument 43-101 Standards of Disclosure for Mineral Projects ("**NI 43-101**") reporting requirements with respect to all TVI projects by virtue of his fellowship in the Australasian Institute of Mining and Metallurgy and the reciprocity rules covered under Recognised Overseas Professional Organisations. He has prepared and/or supervised the preparation of the scientific or technical information in this document and has confirmed compliance with NI 43-101 requirements.*

OVERVIEW OF BUSINESS

TVI is a publicly-traded Canadian resource company focused on the production, development, exploration and acquisition of resource projects in the Philippines and Southeast Asia. TVI's affiliate, TVIRD, has to date produced copper and zinc concentrates as well as gold and silver from its Canatuan mine and has now commenced loading high-iron/low nickel ore with its Agata Nickel direct shipping ore ("**DSO**") operation. TVIRD is in the final stage of completing a definitive feasibility study on the Agata Project which could result in the building of a plant and production of mixed nickel product and also continues to advance 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.

TVI is focused on the following areas of growth:

- Continuing to capitalize on its investments in the Philippines through its interest in TVIRD and its relationship with TVIRD shareholder, Prime Resources Holdings, Inc. ("**PRHI**"), which includes to:
    - Maximize profit in the Agata Nickel DSO operation, for which shipping of limonite high-iron/low nickel ore commenced in October 2014 (see *Subsequent Events*);
    - Develop and maximize profit in the Agata Nickel Processing operation;
    - Capitalize on near-term development at its Balabag property;
    - Explore opportunities for mine life extension at Canatuan mine; and
    - Expedite exploration on other North Zamboanga tenements:
        - Prioritize exploration activities on identified prospects in the Greater Canatuan Tenement Area ("**GCTA**") and other near-mine prospects to expand current mine life.
        - Pursue other exploration opportunities on its 1,240 square kilometer (479 square mile) tenement package on the Zamboanga Peninsula.
    - List TVIRD on the Philippine Stock Exchange ("**PSE**").

- Develop its current joint venture projects and pursue value creating acquisition opportunities both within and outside of TVIRD.
- Participate in the exploration of the offshore Philippine oil property.

On December 27, 2013, the Philippine Securities Exchange Commission approved an increase in the authorized capital stock of TVI's Philippine operating affiliate, TVIRD, which resulted in the subscribed ordinary shares being issued to Prime Resource Holdings, Inc. ("**PRHI**") and a reduction in TVI's indirect interest in TVIRD and other Philippine subsidiaries. This further resulted in the deconsolidation of TVIRD, the Exploration Drilling Corporation ("**EDCO**") and interests in the Agata and Pan de Azucar joint venture entities. TVI's continuing interest of approximately 30.66% in TVIRD is now recorded as an investment in joint venture within the mining segment, and accounted for using the equity method in the consolidated financial statements. As such, revenues earned and related expenses incurred at the level of TVIRD and its subsidiaries now result in an adjustment to the investment account and therefore do not make financial results directly comparable year-over-year.

In addition to retaining a 30.66% indirect interest in TVIRD and other Philippine subsidiaries, TVI continues to directly hold (i) 20.04% equity interest in Foyson Resources Limited ("**Foyson**") (ii) a 14.4% equity interest in Mindoro Resources Ltd. ("**Mindoro**" or "**MRL**"); (iii) its 10% interest in the Amazon Bay Iron Sands project (for which the exploration license is held by Titan Mines Limited, a company in which Foyson holds 50% shareholding and has an option to acquire the remaining 50%); and (iv) its 100% investment in shares of TG World Energy Corp. ("**TG World**").

INVESTING AND FINANCING TRANSACTIONS

On December 11, 2013, various definitive agreements were signed with 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, as described in the Investment Agreement, were for an aggregate investment by PRHI of US$22.5 million. As a result of the Transactions, PRHI holds approximately 5% of the total number of issued and outstanding common shares of TVI and 68.42% of the total number of outstanding voting shares of TVIRD through which TVI's Philippines assets are held. TVI continues to indirectly hold 30.66% of the issued and outstanding shares of TVIRD and all of its Philippine subsidiaries.

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 International Marketing Inc. ("**TVI Marketing**") and TVI Minerals Processing, Inc. ("**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 PSE.

On December 13, 2013, TVI 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;

(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; and

(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 indirect interest, as well as in the indirect interest in other Philippine subsidiaries. Management has determined that TVI does not have control due to the reduction of interest and by virtue of an agreement with PRHI which requires unanimous consent from both parties on decisions concerning relevant activities, resulting in joint control. Consequently, TVIRD, EDCO and the eight inactive Philippine subsidiaries, and interests in Agata and Pan de Azucar joint venture entities were deconsolidated. The retained interest of approximately 30.66% is now considered *investment in joint venture* to be accounted for using the equity method in the consolidated financial statements.

On January 10, 2014, TVI and PRHI completed a further closing of various investment and financing transactions ("**Second Closing**"), following satisfaction of certain conditions, which included approval by the SEC of 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, 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, representing the balance of the subscription prices paid by PRHI for the newly issued Class B voting shares of TVIRD. A portion of these funds was used by TVIRD for further restructuring of the TVI Group of companies, 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.

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) The release of all proceeds remaining in escrow, including:

a) US$4.3 million for the purchase of 3.97% of the common shares of TVI Minerals; and

b) US$1.23 million related to the sale and restructuring of subsidiaries and Class A shareholders of TVIRD.

(ii) US$5.3 million 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.

The carrying value of the investment in joint venture is $9,457,277 as at September 30, 2014, adjusted from the balance reported at December 31, 2013 to account for TVI's proportionate share of net loss realized by the Philippine entities through the quarter.

After giving effect to the Transactions and various other activities that have occurred since the Third Closing, TVI continues to indirectly hold 30.66% of the issued and outstanding shares of TVIRD (through TVI Marketing), while TVIRD continues to be the operator of the Agata and Pan de Azucar joint ventures. TVI also currently holds directly (i) 20.04% equity interest in Foyson (ii) a 14.4% equity interest in Mindoro; (iii) its 10% interest in the Amazon Bay Iron Sands project (for which the exploration license is held by Titan Mines Limited, a company in which Foyson holds 50% shareholding and has an option to acquire the remaining 50%); and (iv) its 100% investment in shares of TG World.

CANATUAN COPPER AND ZINC MINE

Ownership

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

Background

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

By March 2009, TVIRD had finished the construction of a new sulphide production plant and commenced commercial production of copper concentrate.

In April 2010, TVIRD completed construction of a Zinc Circuit that allowed for the production of zinc concentrate, after which continuous adjustments were made to produce the largest possible volume of concentrates (copper and zinc) with the highest grade and metal recovery. TVIRD completed its first zinc concentrate shipment on July 7, 2011.

On January 20, 2014 TVIRD stopped milling operations at its Canatuan mine after having exhausted its remaining stockpile, pending the results of assessing various mine life extension and expansion opportunities.

The 39th shipment of 4,118 dry metric tonnes of copper concentrate completed loading on January 26, 2014 for a gross revenue of approximately US$7.6 million, and the seventh shipment of 5,167 dry metric tonnes of zinc concentrate (based on the final concentrate testing relating to the final weight) was completed on January 7, 2014 for a gross revenue of approximately US$3.3 million. These shipments represent the last copper concentrate and zinc concentrate shipments from mining operations as ore reserves from the open pit have been exhausted.

Since completing construction in November 2008 of a sulphide production plant at Canatuan to process the underlying sulphide ore body containing copper and zinc, TVIRD has completed 39 shipments of copper concentrate for a total volume of 199,778 dry metric tonnes and seven shipments of zinc concentrate for a total volume of 30,558 dry metric tonnes, as compared to an initially anticipated 119,800 dry metric tonnes of copper concentrate and 6,100 dry metric tonnes of zinc concentrate. Reserves mined significantly exceeded initial reserves as a result of additional material found and mined. This material, consisting of banded sulphides with low-grade chlorite schists, was used in ore blending to optimize mill recoveries and was located both inside and outside the pit shell and not included in the original ore reserves.

The copper and zinc operations at the Canatuan mine have provided a 5.9 year mine life as compared to an initially anticipated 5 to 6 year mine life, but, as actual mill throughput was much higher than planned, the implied mine life has exceeded initial estimates. In the final months just prior to the stoppage of milling operations at Canatuan, actual mill throughput had increased to approximately 3,500 tonnes per day.

Canatuan Operations

The mine remained under care and maintenance during Q3 2014. Mining and milling of the sulphide deposit was completed in January 2014. The processing plant has been cleaned and some equipment decommissioned and rehabilitated for use in the Balabag project.

TVIRD is continuing to seek regulatory approval for expansion of the current Mineral Production Sharing Agreement ("**MPSA**") to include Malusok and SE Malusok to further assess possible economic deposits and thereby give opportunity to expand Canatuan.

Canatuan Reserves and Resources

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

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

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

During January 2014, mill throughput averaged 3,068 dry metric tonnes per day, for a total of 46,026 tonnes through the month (and for the period ended September 30, 2014). This mill feed consisted of ore mined from within the ore reserve block model as well as additional materials found and mined during the period.

Condemnation drilling has confirmed that the NI 43-101 compliant resource and reserves estimates have been exhausted. On January 20, 2014, TVIRD announced that it has stopped milling operations at its Canatuan mine after having exhausted its remaining stockpile, pending the results of expansion opportunities in Malusok.

Resources – Measured (January 15, 2014):
(The resources include the above reserves)

	Ore Tonnes	Cu (%)	Zn (%)	Au (g/t)	Ag (g/t)
Initial resource, December 31, 2012	994,563	0.75	0.73	0.54	13.48
Total ore milled to December 31, 2013	(1,029,853)	0.64	1.08	0.40	18.83
Additional ore mined in 2013 (1)	339,377	0.10	1.36	0.01	26.75
Remaining resource, January 15, 2014	304,087	0.39	0.25	0.42	10.18

(1) Additional ore identified inside and outside the pit limit by grade control drilling

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

Canatuan Operations and Production

For the nine months ended September 30, 2014, TVIRD completed one copper concentrate shipment:

Shipment Number	Shipment Completion Date	Shipped (dry metric tonnes)	Gross Revenue (in US$)			
			Copper	Gold	Silver	Total
39	January 30, 2014	4,118	4,755,687	1,892,776	960,431	7,608,894

During the nine months ended September 30, 2014, one shipment of zinc concentrate was made. This represented the seventh shipment of zinc concentrate to date and was completed on January 15, 2014.

Shipment Number (Zinc)	Shipment Completion Date	Shipped (dry metric tonnes)	Gross Revenue (in US$)
7	January 15, 2014	5,167	3,250,858

The total gross revenue for the nine months ended September 30, 2014 was US$10,950,175 ($12,056,613) which included the additional US$90,423 upward price adjustment and US$23,802 downward price adjustments for the 38th and 39th copper concentrate shipments, respectively, and US$62,137 downward adjustment for the 7th zinc concentrate shipment, based on the final concentrate testing relating to the final weight, assays and market price.

Canatuan Operational Highlights

	Quarter Ended March 31, 2014 (note 1)
Mill Throughput:	
Total tonnes processed	46,026
Average tonnes processed per day	3,068
Ore copper grade (%)	0.33
Copper Concentrate Production:	
Copper recovery (%)	76.44
Copper concentrate produced (dry weight - t)	638
Average daily concentrates produced (dry weight - t)	
Concentrate copper grade (%)	18.30
Concentrate gold grade (g/t)	12.41
Concentrate silver grade (g/t)	423.00
Zinc Concentrate Production:	
Zinc recovery (%)	19.28
Zinc concentrate produced (dry weight - t)	-
Concentrate zinc grade (%)	-
Off-take:	
Copper concentrate shipped (dry weight - t)	4,118
Zinc concentrates shipped (dry weight - t)	5,069
Average copper price received (US$/lb)	3.29
Average zinc price received (US$/lb)	0.85

(1) On January 20, 2014 TVIRD stopped milling operations at its Canatuan mine after having exhausted its remaining stockpile.

Canatuan Rehabilitation and Decommissioning

Following the end of mining and processing operations in January 2014, decommissioning and rehabilitation activities within the disturbed areas commenced. Approximately 165 hectares will be subject to the closure programs as identified in the approved Final Mine Rehabilitation and Decommissioning Plan ("**FMRDP**"). Third quarter activities have continued to focus on the decommissioning of plant and equipment within the mill and processing plant area as well as continuation of the progressive rehabilitation activities within the overburden waste areas and the surface mine area. Rehabilitation tasks include earthwork stabilization, drainage controls and re-vegetation. Water quality monitoring as well as meteorological data collection, hydrologic data collection and instrumentation data collection for the Sulphide Tailings Storage Facility Dam continued through the third quarter. These activities will continue through the remainder of 2014.

DEVELOPMENT PROPERTIES

Balabag Gold and Silver Project

Ownership

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

Balabag Update

The pre-development stage Balabag epithermal gold and silver property covers an area of approximately 52 square kilometers (20 square miles) and is situated approximately 75 kilometers (47 miles) east-northeast of the Canatuan mine.

An updated independent NI 43-101 technical report was completed and filed in 2013 to further support the NI 43-101 compliant scoping study (titled "*Scoping Study of the Balabag Project*") filed in 2008 and the previous resource report filed in 2007 (titled "*NI 43-101 Technical Report for the Mineral Resources at the Balabag Project of TVI Pacific Inc.*"). All studies are available on SEDAR at www.sedar.com.

Drilling at Balabag resumed in 2013 for a period, following the removal of all illegal occupants from the project site. Removal of the illegal miners was completed through implementation of a Mines and Geosciences Bureau ("**MGB**") Cease and Desist Order by a team of government agencies. Surface geology exploration at Balabag, west of the current Balabag Hill, has also commenced as planned. This is part of the overall goal to explore the full potential of the entire MPSA area.

During the first half of 2013, TVIRD completed 18 additional infill or extension drill holes equivalent to 1,221 meters (4,005 feet). In addition, mapping and sampling activities were carried out in the underground workings, and trenching and soil grid geochemical surveys were done over the eastern and southern part of Balabag hill. The discovery of multi-directional veining has increased the potential of finding more veins.

To date, including pre-2010 and post-2010 drill programs, a total of 296 holes have been drilled for a total of 34,156 meters at Balabag.

TVIRD has acquired all the necessary local government resolutions supporting TVIRD's intended operations from the province, the municipality of Bayog, and the four primary impact barangays and six other barangays' *Resolutions Supporting TVIRD's Intended Operations* in Balabag.

In October 2013, TVIRD received the Environmental Compliance Certificate ("**ECC**") for the Balabag Project. Receipt of the ECC confirms TVIRD has satisfied the requirements of Presidential Decree 1586,

and its issue comes upon recommendation of the Environmental Management Bureau ("**EMB**"). This marks a critical milestone towards starting development of the Balabag Gold-Silver Project, which will commence once approval is received of the Declaration of Mining Project Feasibility ("**DMPF**") by the Philippines MGB of the Department of the Environment and Natural Resources ("**DENR**"). All required documents have been submitted to the MGB and TVIRD continues to respond to all additional requirements as set by the MGB to obtain the DMPF.

Pilot plant test work has been completed and confirms the suitability of Carbon-in-Leach ("**CIL**") over Carbon-in-Pulp ("**CIP**"). Further optimization tests indicate that the big carbon handling circuit associated 'with high silver ores can be reduced by producing a high-silver flotation concentrate that can be treated by Merrill Crowe, and a flotation tail treated by CIL. Samples representing the initial years of mining and containing 2.7 g/t Au and 98 g/t Ag were treated in the pilot plant and generated extraction rates of 94% of gold and 92% of silver after 36 hours in a CIL circuit. The information from the pilot and optimization test work formed the basis for the design of the Balabag Gold-Silver processing plant. Further optimization on the flotation - Merrill Crowe circuit is on-going.

Pre-development work at Balabag has included:

- Completion of an all-weather 16km access road to the mine that will serve as the main access for equipment and product transport; and
- On-going design work on the CIL-Merrill-Crowe process based on the favorable test results, as well as completion of plant design and equipment sizing.

Balabag Outlook

TVIRD is continuing to pursue development of the starter mine, which has indicated robust stand-alone economics.

An independent NI 43-101 technical report has been completed and filed on SEDAR (www.sedar.com) on August 15, 2012. Based on drilling completed to the end of June 2011, the independent qualified person estimates an indicated mineral resource of 1.78 million tonnes averaging 2.34 grams per tonne of gold and 72.3 grams per tonne of silver containing 134,300 ounces of gold and 4,148,200 ounces of silver. Readers are cautioned that such estimates remain conceptual in nature and mineral resources that are not mineral reserves do not have demonstrated economic viability.

EXPLORATION PROPERTIES

Greater Canatuan Tenement Area ("GCTA")

Exploration work at TVIRD's GCTA was suspended pending approval of the required permits.

Processing and approval of MPSA applications continued to be on hold because of the ongoing moratorium on new permit applications imposed by the Secretary of the DENR. In March 2013, the DENR lifted the moratorium on the application for exploration permits, but the moratorium on MPSA's and financial or technical assistance agreements is still in effect despite the signing of the much awaited Executive Order by the President of the Philippines. Timing as to the issuance of the required permits continues to be uncertain.

Exploration Permit Application 61 ("EXPA-000061-IX") is also affected by the moratorium and therefore there were no new activities in the area.

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

Tamarok Copper and Gold Prospect

Tamarok exploration work has been suspended since January 2012 to seek possible joint venture partnerships, and to focus exploration resources on other projects.

RAPU RAPU

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

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

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

Rapu-Rapu Group moved out of corporate rehabilitation and resumed normal operations in October 2011, at which time TVIRD commenced negotiations for a compromise settlement to resolve the outstanding NSR issue. On December 14, 2012, TVIRD signed a memorandum of agreement ("**MOA**") with Rapu Rapu which outlined terms for the settlement of outstanding NSR payments to TVIRD. The MOA confirmed an agreement between TVIRD and the Rapu Rapu Group in the gross amount of US$3,844,720 for the period 2005 through Q3 2012. In 2012, TVIRD received a total of US$3,075,776, net of 20% withholding taxes, representing NSR payments for the period 2005 through Q3 2012. During the year ended December 31, 2013, TVIRD received a further total cash payment of US$2,342,164, net of 20% withholding tax, based on settlement statements provided by Rapu-Rapu and representing NSR for the periods from Q4 2012 to Q3 2013.

To date, a gross US$6,772,425 (net US$5,417,940) has been received since the MOA was signed December 14, 2012. There is no outstanding receivable as at September 30, 2014.

On July 5, 2013, following the Rapu Rapu Group's full satisfaction of TVIRD's claims, the parties filed with the Court of Appeals a Joint Motion seeking the dismissal of the appeal. The Joint Motion continues to be under consideration by the Court of Appeals but is expected to be granted in due time, thereby putting an end to the case.

The Rapu Rapu Group closed their mine and processing operations at the end of 2013 though some remaining shipments of product remained in storage awaiting clearance. On April 2, 2014 and June 16, 2014, TVIRD issued demand letters to the Rapu Rapu Group seeking for an update status on the two (2) final shipments detained by the MGB and the steps undertaken by the Rapu Rapu Group for the release of the said shipments. As of the date of filing of this report, the Rapu Rapu Group met with TVIRD in June 2014 and verbally assured their commitment to honor its obligation to pay the NSR royalties. The Rapu Rapu Group continues to request more time to make payment and has to date not provided any information that indicates the possible amount that may be due to TVIRD.

HEADS OF AGREEMENTS WITH MINDORO AND FOYSON

During Q3 2012, TVI entered into two heads of agreements ("**HOA**") with Mindoro, a Canadian company engaged in mining exploration in the Philippines, and Foyson, an Australian company engaged in mining exploration in Papua New Guinea. The HOAs, dated July 6, 2012 and August 17, 2012, respectively, set out the terms of various proposed transactions consisting of a loan to, an acquisition of equity interests by way of private placement to be undertaken in two tranches for each company, and joint ventures with Mindoro and Foyson (or "**associates**").

MINDORO

Pursuant to the HOA with Mindoro, TVI issued a loan to Mindoro in the amount of $938,968, 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. Interest was agreed to apply only if the full principal amount would not be repaid from the proceeds of the first tranche ("**Tranche 1"**) of the private placement.

On September 28, 2012, the secured loan receivable was discharged in full through acquisition of an initial equity interest in Mindoro that consisted of 18,779,353 units of Mindoro 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 million 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 and increased TVI's investment in Mindoro to 42,779,353 units, representing an approximate 14.4% holding in the capital of Mindoro. If TVI were to exercise all warrants acquired, TVI would hold 85,558,706 shares, representing an approximate 25.2% holding in the capital of Mindoro.

In June, 2013, TVI 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 the operations of Mindoro for the next twelve months and to finance an initial acquisition payment to Minimax Mineral Exploration Corporation ("**Minimax**") for Mindoro to acquire the remaining 25% interest in the Agata project. Mindoro currently holds a 75% interest in the Agata project, from which TVIRD shall earn its 60% of total property interests, and has concluded an option agreement through which it may acquire the additional 25% from its partner, Minimax. The loan was repayable within twelve months of the first draw down with interest calculated at a minimum of 15% per annum. The promissory note was secured by shares in Mindoro's wholly owned subsidiary, MRL Nickel Philippines Inc. The total outstanding principal and interest in the amount of $399,177 was fully paid in April 2014.

Mindoro Joint Venture Projects

Ownership

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

Structure of Mindoro Joint Ventures

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

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 Agata Mining Option and Joint Venture Agreement ("**AMVI Agreement**"), and (ii) commercial production at Agata having commenced within 3 years of the date of the AMVI Agreement. Under the AMVI Agreement, TVIRD is required to fund all expenditures associated with the establishment of the Mining Operation.

On April 10, 2013 TVI has filed an updated NI 43-101 technical report entitled "*Independent Report on the Nickel Laterite Resource - Agata North, Philippines*." The updated NI 43-101 reflects an updated and reclassified resource estimate for the Agata North nickel laterite resource. The new resource provides a robust foundation for moving forward, initially with a DSO operation of limonite high-iron/low nickel ore (upper laterite horizon), followed by atmospheric leach processing of the underlying saprolite horizon.

Highlights of the updated NI 43-101 include:

- An increase in Measured and Indicated resources to 33.9 million dry metric tonnes at 1.1% nickel as compared to the previous 31.8 million dry metric tonnes at 1.05% nickel;
- Inferred resources of 2.0 million dry metric tonnes at 1.04% nickel;
- Estimated contained nickel of 391 thousand tonnes.

At a cut-off grade of 44% iron, there are an estimated 7.0 million dry metric tonnes, or approximately 10 million wet metric tonnes, at 48.5% iron and 0.94% nickel - a DSO product grade currently in demand in China.

On April 28, 2014, the Agata Mining Joint Venture announced it had received the DMPF and clearance to develop a port facility for the proposed DSO operation of the limonite high-iron/low nickel ore resources at the Agata Project. Receipt of the DMPF authorized the Agata Mining Joint Venture to proceed to development, including the extraction and sale of iron, nickel and other associated minerals in the contract area, and was provided in addition to the ECC already held by the project. Site development and construction of the port facility commenced in June 2014, while the permit to operate was acquired in September 2014 and shipping of the limonite high-iron/low nickel ore commenced in October 2014 (see *Subsequent Events*). As such, TVIRD 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 Agata Processing Option and Joint Venture Agreement ("**API Agreement**") and completing the definitive feasibility study within 4 years of the date of the API Agreement. Under the API Agreement, TVIRD is required to fund all required expenditures associated with preparation of the definitive feasibility study.

Pilot plant testing commenced in May 2013 at the Beijing General Research Institute of Mining & Metallurgy ("**BGRIMM**") facility in China and was based on the results of the comprehensive program of laboratory bench-scale testing, which was previously carried out at BGRIMM and at TVI's Metallurgical Laboratory in the Philippines. Approximately 30 tonnes of ore was mined for this purpose from a variety of test pits that cover the Agata ore body. The test pits were carefully selected from the available drill hole data to accurately reflect the ore that is expected to feed the process plant.

The purpose of pilot plant testing has been to further define the technological parameters to be used in producing a Feasibility Study with the goal of building a commercial processing plant. The pilot plant at BGRIMM consisted of, amongst others, primary leaching (atmospheric) and secondary leaching (low pressure autoclave), and an extensive BGRIMM pilot plant campaign, in which 4,300 kg of feed ore was leached and confirmed an overall nickel extraction of 93.5 to 94.5% may be consistently achieved at an acid consumption of 48-59 t acid/t Ni leached. The process technology TVIRD is developing, and which has produced these results, aims to achieve maximum nickel recovery and low acid consumption which translates into increased metal production and lower operating costs.

Pregnant Leach Solution ("**PLS**") recovered from the slurry after leaching at the BGRIMM pilot plant was divided into two batches, with 8,000L for shipment to the continuously operating pilot plant installed and commissioned at TVIRD's metallurgical testing facility in the Philippines for production of a Nickel Hydroxide Product ("**NHP**") and 1,000L for production of an alternative Mixed Hydroxide Product ("**MHP**"). Testing at the two facilities has allowed NHP and MHP processes and products to be compared so as to select a final process route as part of the Definitive Feasibility Study that is currently underway.

The TVIRD pilot plant successfully produced NHP filter cake in February 2014 with a 52% to 54% Ni grade. Impurities such as Fe, Ca and Mg are low enough for the NHP to be considered a refined intermediate product and implies that NHP may be converted to nickel oxide and nickel metal without the need for additional refining, thereby offering possible offtakers with a versatile product alternative. An economic assessment of producing NHP or MHP indicates a more secured market and better returns from MHP. This has formed the basis for the Feasibility Study now underway and expected to be complete through the second half of 2014.

The pilot plant operation also demonstrated that treatment of the barren solution from the counter-current ion exchange pilot plant produced an effluent that is acceptable for disposal as well as ecological tests for residues.

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 ("**PDAMVI 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 the PDAMVI Agreement, as TVIRD considers appropriate in its discretion, with any such expenditures being creditable against the $2 million of aggregate expenditures noted above (*see note below with respect to extension of dates).*

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. The PDA Processing Option and Joint Venture Agreement ("**PDAPI Agreement**") contemplates that 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 the PDAPI Agreement, as TVIRD

considers appropriate in its discretion, with any such expenditures being creditable against the $2 million of aggregate expenditures noted above (*see note below with respect to extension of dates.)*

Amendment to Mindoro Joint Venture Agreements

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

- TVIRD's contributions to the Agata Mining Joint Venture and Agata Processing Joint Venture 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 TVI's full 60% interest is earned. TVIRD would not retain any interest in the Agata Mining Joint Venture if it withdraws prior to commencing a DSO operation and would not retain any interest in the Agata Processing Joint Venture if it withdraws prior to completing a Definitive Feasibility Study.
- TVIRD's minimum spending commitments pursuant to the PDA Joint Venture agreements were extended by one year, from December 31, 2013, to December 31, 2014.

As at September 30, 2014, TVIRD has incurred a total of $8,481,957 and earned 59% of shares in the Agata Mining Joint Venture and 45% of shares in the Agata Processing Joint Venture, which remain in escrow until satisfaction of other requirements. The amount has been derecognized in the consolidated financial statements due to the deconsolidation of the Philippine subsidiaries, and is now recognized as part of TVI's investment in joint venture:

		September 30, 2014
Agata Mining	$	3,087,413
Agata Processing		5,084,458
PDA Mining		243,513
PDA Processing		66,573
	$	8,481,957

FOYSON

Ownership

The direct investment and participation in Foyson joint ventures continues to be 100% owned by TVI.

Structure of Investment in Foyson

Pursuant to the HOA with Foyson, TVI issued a loan to Foyson in the amount of AUD$400,000 on August 17, 2012. TVI and Foyson agreed to changes in the terms of the loan in an Amendment Letter dated February 13, 2013, which were approved at a Foyson shareholder meeting held April 18, 2013, and included: (i) a reduction in interest rate to nil, and (ii) a restructuring of the loan to a convertible loan in the amount of AUD$600,000, either repayable on September 30, 2014 or convertible between December 31, 2013 to September 30, 2014 to 75 million shares and a further 75 million options.

On March 26, 2014, half of the principal was settled by offsetting AUD$300,000 from the payment of Tranche 2 investment discussed below. An additional loan of AUD$100,000 was issued at an interest rate of 5% per annum, based on another loan amendment on May 15, 2014. The total outstanding principal and interest as at September 30, 2014 was $393,598 (AUD$400,000).

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

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 million shares (at an aggregate purchase price of AUD$2.4 million) and options to purchase up to an additional 140 million shares (at an exercise price of AUD$0.03 per Share), exercisable until June 30, 2015.

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

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

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

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 (AUD$900,000, following part payment on May 3, 2013) were rescheduled so as to be made by TVI in two payments, the first for AUD$315,000 within 10 days of further financing to be received by TVI, and the second for AUD$585,000 within 10 days following the Foyson shareholder meeting to approve the transaction. The price per share was agreed at AUD$0.007;
- As part of the amended terms of agreement, Foyson agreed to make an early repayment of 50% of the restructured AUD$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; and
- Foyson would assume project management responsibility for the Amazon Bay Project for the remainder of Stage 1.

On December 19, 2013, TVI invested the further agreed AUD$315,000 of the AUD$1.0 million Tranche 2, increasing the shareholding to 127,285,714 shares, representing 15.51% of Foyson's issued capital. On March 26, 2014, TVI invested the final agreed AUD$585,000 of the AUD $1.0 million Tranche 2, increasing the shareholding to 210,857,143 shares, representing 23.01% of Foyson's issued capital. As agreed, AUD$300,000 of the loan to Foyson was offset upon payment of the balance of Tranche 2. TVI now has the right to nominate two out of five Foyson directors as a result of completing the full subscription of Tranche 2, while the warrants outstanding include 37,500,000 related to the remaining loan balance and 80,000,000 unlisted options.

Foyson Joint Venture Projects

On August 28, 2012, TVI signed agreements with Foyson 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 AUD$2 million in the twelve months following the later of the date on which all applicable joint venture conditions are satisfied and the date of the Tranche 1 Closing; (ii) TVI agreed to refund Foyson for any expenditures incurred on AB since July 1, 2012, to a maximum of AUD$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 AUD$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 were 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. Of note is that 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 AUD$1.25 million in the twelve months following the later of the date on which all applicable joint venture conditions are satisfied and the date of the Tranche 1 Closing; (ii) TVI agreed to refund Foyson for any expenditures incurred on NB since July 1, 2012, to a maximum of AUD$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 AUD$5.25 million within 12 months following the expiration of the initial earning year.

   TVI 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.

iii) New Ireland Gold/Copper ("**NI**") and Massau and Tanga Islands ("**MTI**") - (i) TVI committed to spend a minimum of AUD$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, TVI has incurred a total of $2,798,979.

		September 30, 2014
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

TVI was advised that on July 25, 2014, its 10% earned interest in the Amazon Bay tenement was formally registered with the Papua New Guinea Mineral Resources Authority ("**PNG MRA**") 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 consolidated financial statements as at September 30, 2014.

Foyson also announced on July 3, 2014, that the PNG MRA has renewed exploration license EL1396, the key tenement covering the Amazon Bay iron sands project on the southeast cost of PNG. Together with the other approved Amazon Bay tenements, Foyson now has a land holding of approximately 1,627 sq.

km. During Q2 2014, a sampling program at Amazon Bay was completed, resulting in 600kg of samples being provided to a major Chinese group in Beijing for metallurgical testing.

On July 25, 2014, TVI provided notice to Foyson of its intent not to proceed with the Stage 2 farm-in of Amazon Bay but renewed its commitment to assist Foyson in finding a cashflow positive project, with synergies for its PNG operations. Foyson announced July 4, 2014, that it has commenced exclusive negotiations for a strategic relationship with Integrated Green Energy Pty Ltd ("**IGE**") to acquire and fund the commercialization of its plastics-to-diesel technology, where the agreed strategy is to build four commercial-scale waste plastic-to-diesel plants in eastern Australia over the next two years. IGE is an Australian company located near Newcastle, New South Wales, with a focus on the development of its waste conversion technology to produce sustainable energy resources. The technology is applicable to both processing non-recyclable and waste plastics-to-fuels and for power generation in remote locations by processing a hybrid biomass, and IGE is currently operating a successful pilot plant, producing industry standard diesel suitable for use in conventional diesel engines. IGE is seeking the necessary funding to complete the first commercial facility at its Berkeley Vale pilot plant site, which has full environmental approvals and can be operational within six months of funding. Foyson has entered into a 120 day exclusivity period to complete due diligence, on the basis of acquiring licenses to operate the technology on a global basis, with exclusivity in some jurisdictions, including Australia.

In addition to the 10% earned interest in Amazon Bay, TVI holds a direct 23.01% equity interest in Foyson as at September 30, 2014, but this interest was subsequently diluted to 20.04% due to completion of a private placement made by IGE into Foyson in October 2014 (see *Subsequent Events*)

Valuation of investments

The carrying amount of the investments as of September 30, 2014 was $405,141. The carrying value reflects the requirement to record TVI's proportionate share of net losses recognized directly within the accounting records of Foyson and Mindoro in addition to the requirement to recognize the current fair value of each investment. During the period ended September 30, 2014, an impairment loss of $343,763 was recorded to write down the investment in Foyson at its fair value. As at September 30, 2014, the fair values of the investments in Foyson and Mindoro, which have been calculated based on the number of shares held by TVI multiplied by share price of each associate at September 30, 2014 were $405,141 and $1,711,174, respectively.

	Foyson	Mindoro	Total
December 31, 2013	$ 808,639	$ 439,811	$ 1,248,450
Additional investment	592,371	-	592,371
Share of net loss	(764,860)	(439,811)	(1,204,671)
Impairment loss	(343,763)		(343,763)
Share of other comprehensive income	112,754	-	112,754
September 30, 2014	$ 405,141	$ -	$ 748,904

The book value of TVI's investment in Mindoro has been reduced to nil as a result of recording its proportionate share of net losses since having acquired the investment. Any further proportionate share of losses realized by Mindoro will now be carried forward to future periods and offset against any proportionate share of net income that may be realized. As at September 30, 2014, a total of $933,410 cumulative proportionate share of net losses has been carried forward.

TVI's share of the associates' result of operations, assets and liabilities for the nine months ended September 30, 2014 is as follows:

	Foyson	Mindoro	Total
Share of revenue	$ 64,273	$ -	$ 64,273
Share of comprehensive loss	(652,106)	(439,811)	(1,091,917)
Share of total current assets	43,179	46,368	89,547
Share of total assets	4,239,245	1,612,080	5,851,325
Share of total current liabilities	248,881	361,728	610,609
Share of total liabilities	248,881	403,344	652,225

TVI has determined that it has significant influence of the associates by virtue of its right to have representation on the Board of Directors of the associates and various other contractual terms.

TVI's continuing interest of approximately 30.66% in TVIRD, as well as the indirect ownership interest to be earned through TVIRD in the Agata Mining Option and Joint Venture and the Agata Processing Joint Venture, is now recorded as an investment in joint venture within the mining segment, and accounted for using the equity method in the consolidated financial statements. As such, revenues earned and related expenses incurred at the level of TVIRD and its subsidiaries now result in an adjustment to the investment account. Cash generated also at the level of TVIRD, its subsidiaries and joint ventures, will be accounted for directly at that level, and be used to fund activities at that level, and will therefore not flow through directly to TVI but may be expected to fund current and future operations and expansion activities at the level of TVIRD, its subsidiaries and joint ventures to further enhance the value of the investment.

DRILLING COMPANY

TVIRD's drilling operations are owned and operated by EDCO. As of September 30, 2014, EDCO had 16 rigs in total, 4 rigs were deployed to Agata, 4 rigs were under repair or for repair and 8 rigs were awaiting deployment. For the nine months ended September 30, 2014, EDCO drilled 1060 meters, 100% of which were drilled for related parties, as compared to 8,859 meters through the same period in 2013. EDCO drilled 506 meters at Agata in September 2014. As part of the Transactions with PRHI, corporate restructuring has resulted in EDCO becoming a wholly owned subsidiary of TVIRD in which TVI continues to hold an indirect interest.

PETROLEUM AND NATURAL GAS PROPERTIES

On March 10, 2011, TVI acquired control of an international petroleum exploration and development company, TG World. At the time of acquisition, its major areas of focus were offshore Philippines, Alaska and Niger.

Philippines Offshore

Through TG World, TVI continues to hold 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.

In 2011, the partnership suspended development of its Tindalo field as a result of water incursion that the Operator was unable to resolve despite well workovers and a horizontal sidetrack well. An earlier plan to move the rig and production facilities to the nearby Yakal field was postponed to allow the joint venture to evaluate the results of the Tindalo operation.

The Philippine Department of Energy ("**DOE**") has approved three applications by the joint venture partners for twelve month extensions to Sub-phase 6 of SC 54A to allow the joint venture partners additional time to fully integrate the results of the exploration and development studies they have conducted, prior to electing to enter Sub-phase 7, which requires a one-well commitment. These studies included analysis of the Tindalo results, the acquisition of 2D and 3D seismic data over the Lawaan-Libas Prospects, and engineering studies targeting a development strategy for the three discovered fields on the SC 54A Block: Nido 1X1, Yakal and Tindalo.

Most recently, on August 18, 2014, the DOE confirmed its approval of a 3 year moratorium period that includes SC54A. The moratorium period extends from August 5, 2014 to August 5, 2017 and provides the joint venture sufficient time to study the development of the discovered marginal resources in the block. At the end of this period, the joint venture has the option to enter sub-phase 7 with a commitment to drill one well.

In 2013, Nido announced the planned divestiture of its 42.4% interest, in light of a strategic review that refocused its intentions in other blocks and other countries, resulting in SC 54A becoming a non-core asset within its portfolio. On November 25, 2013, Nido announced a provisional sale of its interest to a Philippine company, subject to the issuance of formal consent by the remaining Joint Venture partners. On March 28, 2014, Nido announced the termination of the provisional sale agreement due to the failure of the parties to secure partner and government approvals.

Nido has advised the partnership it intends to continue to seek divestment of its interest in SC54A, but in the interim has continued to act as Operator.

Another partner, Trafigura, has advised the Joint Venture it has agreed a provisional sale of its 15% interest to another party, subject to the fulfilment of certain completion provisions, while the one other partner, Kairiki Energy (through which its interest in the partnership is held by Yilgarn Petroleum Philippines Pty Ltd.), announced on October 20, 2014, that it has entered into a binding term sheet to sell its 30.1% interest in SC54A to Focus Oil and Gas

TVI management continues to believe in the development potential of the three discovered fields, including Tindalo, and that the Block has important remaining exploration upside. Accordingly TVI intends to pursue development options with its partners and/or could entertain offers for the divestment of its interest in the event of an approach by a potential buyer.

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, TG World completed the sale of all of its leasehold interests in Alaska, for US$16 million.

The areas explored by TG World for hydrocarbons in Alaska qualified TG World to apply for production petroleum tax credits ("**PPTC**") from the State of Alaska (the "**State**"). PPTC are cash credits funded by the State for previous exploration and seismic expenditures. TG World received no further cash credits for past applications during the nine months ended September 30, 2014. As at September 30, 2014, TG World has collected its remaining PPTC receivable relating to further tax credits bringing total cash credits received during the nine months ended September 30, 2014 for past applications to US$573,268 ($609,479).

QUARTERLY FINANCIAL INFORMATION

(in thousands of Canadian dollars, except per share information)

	Net Revenue	Net Income (Loss)	Net Income (Loss) per Share[1] Basic	Diluted
September 30, 2014	$ -	$ (1,469)	$ (0.002)	$ (0.002)
June 30, 2014	-	(1,860)	(0.003)	(0.003)
March 31, 2014	-	(1,561)	(0.002)	(0.002)
December 31, 2013	8,832	(9,839)	(0.016)	(0.016)
September 30, 2013	12,074	342	0.000	0.000
June 30, 2013	17,015	(4,315)	(0.007)	(0.007)
March 31, 2013	10,245	(579)	(0.001)	(0.001)
December 31, 2012	20,613	5,010	0.009	0.009

(1) Net of non-controlling interests. Please see the "Non-controlling interests" section below.

Revenue

In comparison to prior periods, TVIRD completed two copper concentrate shipments totalling 9,503 dry metric tonnes and one zinc concentrate shipment of 4,459 dry metric tonnes during Q4 2012. The gross revenues received were US$20.7 million for the copper concentrates and US$3.5 million for the zinc concentrate, based on the final concentrate testing relating to the final weight, assays and market prices, at average copper and zinc invoice prices of US$3.59 and US$0.90, respectively.

In Q1 2013, there was one shipment of copper concentrate for a total of 5,089 dry metric tonnes at an average invoice price of US$3.62 for gross revenue of US$11.2 million, based on the final concentrate testing relating to the final weight, assays and market prices.

In Q2 2013 revenue increased over that of the previous quarter as TVIRD completed two copper concentrate shipments totalling 10,418 dry metric tonnes at an average invoice price of US$3.25, generating gross revenue of $19.8 million, based on the final concentrate testing relating to the final weight, assays and market prices.

During Q3 2013, there was one shipment of copper concentrate and one shipment of zinc concentrate for a total of 5,498 dry metric tonnes and 5,169 dry metric tonnes, respectively. TVIRD earned total gross revenue of US$13.8 million at average invoice prices of US$3.23 for copper and US$0.84 for zinc.

In Q4 2013, there was only one shipment of copper concentrate for a total of 5,567 dry metric tonnes equivalent to a gross revenue of US$9.9 million at an average invoice price of US$3.25.

During Q1 2014, TVIRD completed its last shipments of copper concentrate and zinc concentrate from the current mining operations as ore reserves from the open pit have been exhausted. The copper concentrate shipment was for a volume of 4,118 dry metric tonnes and generated gross revenue of US$7.6 million, while the zinc concentrate shipment generated a gross revenue of US$3.3 million with 5,167 dry metric tonnes (based on the final concentrate testing relating to the final weight).

Results of operations

TVIRD declared commercial operations at the Canatuan Sulphide Project on March 1, 2009, and thereafter continued to improve its operating throughput and concentrate production until Q2 2010 when the Zinc Circuit began initial commissioning and provided additional opportunities.

In Q4 2012, the average copper ore grade was 0.88% while the average throughput continued to be above plan at 2,765 tonnes per day (as compared to budget of 2,600 tonnes per day).

During Q1 2013, the average copper ore feed grade fell further to 0.81% copper, and the average throughput declined to 2,483 tonnes per day. The drop in throughput was mainly due to the scheduled plant shutdown to replace the power generating units.

Through Q2 2013, the average copper ore feed grade further decreased to 0.73% due to the ore blending to reduce penalty elements in the concentrate; however, the average throughput increased back up to 2,593 tonnes per day while average copper recovery continued relatively unchanged from Q2 2013 at 72.36%.

During Q3 2013, the average copper ore feed grade was further reduced to 0.61% copper while the average throughput slightly increased to 2,617 tonnes per day. The drop in feed grade continued to be primarily due to the ore blending to reduce penalty elements in the concentrate.

During Q4 2013, the average throughput increased to 3,104 tonnes per day. However, the average copper ore feed grade was further reduced from 0.61% to 0.51% copper due to the continued ore blending to reduce penalty elements in the concentrate, while the copper recovery slightly also went down to 80% from 81%. The lower feed grade in particular resulted in a 11% decrease in copper pound equivalent of metals produced, causing Production Cash Cost per Cu lb equivalent to increase by 25% quarter over quarter.

The average feed grade fell to 0.33% in January 2014 as milling operations came to a close.

Net Income (Loss)

In Q4 2012, TVI realized a consolidated net income of $5.0 million primarily due to royalties received from Rapu Rapu with respect to settlement of outstanding NSR payments, equal to US$3,845,948 net after withholding tax for the period 2005 through December 31, 2012. TVIRD also completed two copper concentrate shipments and one zinc concentrate shipment during the quarter. The realized foreign exchange gain from the settlement of intercompany loans also contributed to the increase in net income during the quarter.

During Q1 2013, TVI incurred a consolidated net loss of $0.6 million as a result of there being only one shipment of copper concentrate. The decrease in net revenue was compensated by a decrease in mining, milling and other expenses as a function of the lower volume of concentrates sold, a decrease in general and administrative expenses, and further collection of royalty income from Rapu Rapu for Q1 2013 NSR payments equal to US$498,655.

TVI incurred a consolidated net loss of $4.3 million during Q2 2013, as a result of a decrease in metal prices (from average invoice price for copper of US$3.62 in Q1 2013 to US$3.25 in Q2 2013, and more significant decreases in gold and silver prices); an increase in production cash cost as a result of processing lower feed grades (0.73% copper) through the blending of ore to reduce penalty elements in the concentrate (though the increase has been offset in part by reduced mining cost and the continuing non-use of cyanide); and the requirement to record TVI's proportionate share of loss on investments in Foyson and Mindoro, arising primarily from the impairment of assets held directly by Mindoro.

TVI realized a consolidated net income of $0.3 million during Q3 2013, generated by one copper concentrate shipment and one zinc concentrate shipment as well as a decrease in mining, milling and other expenses as metal production increased through a combination of higher throughput and improved metal recoveries. The net income for the quarter also includes a further $0.6 million in NSR earned through Rapu Rapu.

TVI incurred a consolidated net loss of $8.6 million during Q4 2013, resulting from only one shipment of copper concentrate by TVIRD through the period and an increase in production cash cost caused by a further decrease in the feed grades of ore processed. There were also no NSR revenues received during the quarter. TVI also incurred consulting and success fees related to the investment and financing transactions with PRHI, which was offset by a $3 million curtailment gain arising from a reduction in the number of employees at the Canatuan sulphide plant and their related pensions as processing activities came to a close. Additionally through the period, TVI wrote down a total of $2.7 million of its investments in the SC54A and New Britain joint venture projects and recorded a $2.0 million share of loss of associates. Adjustments were made to the net assets of the consolidated statements to deconsolidate the

Philippine subsidiaries on the transition to joint control, resulting in a loss on deconsolidation of $2.3 million and an impairment of $2.2 million on the remaining interest of Philippine entities held by TVI.

In Q1 2014, TVI had a consolidated net loss of $1.6 million which includes TVI's proportionate share of loss in its Philippine affiliates following their deconsolidation as a result of the PRHI transaction. The proportionate share of loss in Philippine entities is recorded through its *investment in joint venture*. TVIRD had only one shipment of copper concentrate and one shipment of zinc concentrate as Canatuan reached its end of mine life early in 2014 and ore reserves from the open pit were exhausted.

During Q2 2014 net loss amounted to $1.9 million and in Q3 2014 to $1.5 million, each of which is made up of continuing general and administrative expenses, foreign exchange loss due to revaluation of accounts receivable, as well as TVI's proportionate share of loss in its associates and joint venture entities and impairment write-downs.

Adjusting for interest expense, depreciation, share of loss of associates, impairment of associate and other non-recurring items, net loss for the quarter ending September 30, 2014, would be:

	Quarter ended September 30, 2014 ($ million)
Reported net loss	(1.47)
Income tax expense	0.17
Depreciation, depletion and accretion	0.01
Share of loss of associates and joint venture	1.05
Impairment loss	0.34
Net income before interest, taxes, depreciation and accretion, share of loss of associates and joint venture and other items	0.10

Non-controlling interests

The consolidated financial statements include the accounts of TVI and its wholly-owned subsidiaries TVI Limited and TG World; as well as indirectly wholly owned subsidiaries TVI Marketing and TVI Minerals. The consolidated financial statements also include TVI's proportionate share in the net income or losses of TVIRD, EDCO, eight inactive Philippine subsidiaries, and interests in joint venture entities. Of the issued and outstanding shares of each of the inactive eight Philippine subsidiaries, 30.66% are indirectly owned by TVI Marketing. TVIRD shares are owned 30.66% by TVI Marketing with the 68.42% owned by PRHI as a result of corporate restructuring at the end of 2013 arising from the financing transaction concluded with PRHI.

As of September 30, 2014, there were no more non-controlling interests related to the Philippine subsidiaries as a result of the deconsolidation of some Philippine subsidiaries at the end of 2013.

CONSOLIDATED RESULTS OF OPERATIONS

During the nine month period ended September 30, 2014, TVI had a consolidated net loss of $4.9 million compared to $4.6 million net loss during the same period in 2013. During the current period, TVI has recorded its proportionate share in the net loss of the mining segment as discussed under *Segmented Information* below, and the year-over-year results are not directly comparable due to the deconsolidation of the Philippine subsidiaries as at December 27, 2013.

Total general and administrative expense decreased to $2.5 million during the period ended September 30, 2014 compared to $6.9 million in 2013 as a result of the deconsolidation of the Philippine entities at the end of 2013. The expenses during the period mostly consist of professional and consultancy fees, personnel expenses, investor relation expenses and other corporate expenses.

During the period ended September 30, 2014, the consolidated net loss included TVI's proportionate share of net losses of Foyson and Mindoro and impairment write-downs, in the amount of $1.5 million.

TVI also realized its proportionate share of losses in its Philippine entities through the nine months ended September 30, 2014, in an amount equal to $1.6 million. This loss relates to TVIRD, EDCO and the Philippine subsidiaries, for which related revenues and expenses were previously fully reflected prior to the Transactions with PRHI. As a result of the PRHI Transactions, TVI now accounts for its investment in its Philippine assets through the equity method.

TVIRD also had foreign exchange gain of $0.9 million during the period ended September 30, 2014, as compared to the loss of $0.4 million during the same period in 2013, which is primarily attributable to the realized foreign exchange gain on the collection of intercompany payables from TVI Minerals as well as gain on the translation of US Dollar denominated bank accounts of TVI Pacific.

TVI also had other gains of $0.1 million during the period ended September 30, 2014 as compared to the other gains of $1.5 million during the same period in 2013 as a result also of the PRHI Transactions, since the 2013 other gains included royalty income received from Rapu-rapu.

SEGMENTED INFORMATION

TVI's revenue from mining, extraction, production and selling of copper and zinc concentrates to an external client is now indirectly recognized within TVI's investment in joint venture, through the application of the equity method. Prior to the deconsolidation of its Philippine subsidiaries on December 27, 2013, TVI consolidated its interest in its Philippine subsidiaries and recognized its share of assets, liabilities, revenues and expenses. TVI's segmented information are 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, which reflects the results of the mining operations in the Philippines, before the application of the equity method pertaining to its investment in joint venture.

TVI has three reporting segments: (1) mining activities in the Philippines; (2) petroleum exploration and development in the Philippines; and, (3) corporate offices in Canada and in the Philippines, which includes TVI's equity investment in associates, Foyson and Mindoro.

Three months ended September 30, 2014	Mining [1]	Adjust joint venture operations [1]	Net amounts[1]	Petroleum Exploration	Corporate	Total
Other revenues	15,181	(15,181)	-	-	-	-
Operating expenses	(1,692,852)	1,676,165	(16,687)	(21,695)	(699,058)	(737,440)
Exploration costs	(31,677)	31,677	-	-	-	-
	(1,709,348)	1,692,661	(16,687)	(21,695)	(699,058)	(737,440)
Depreciation, depletion and accretion	(257,424)	257,424	-	(478)	(5,465)	(5,943)
	(1,966,772)	1,950,085	(16,687)	(22,173)	(704,523)	(743,383)
Interest income	45,873	(31,323)	14,550	41	4,296	18,887
Interest expense	(41)	41	-	-	-	-
Foreign exchange gain (loss)	797,251	(153,615)	643,636	8,515	66,554	718,705
Other gains (loss)	723,883	(621,875)	102,008	(4,879)	212	97,341
Share of loss of associates and joint venture	(350,540)	-	(350,540)	-	(695,422)	(1,045,962)
Impairment of associate	-	-	-	-	(343,763)	(343,763)
Net income (loss) before tax	(750,346)	1,143,313	392,967	(18,496)	(1,672,646)	(1,298,175)
Income tax	(170,821)	246	(170,575)	-	-	(170,575)
Net loss	$ (921,167)	$ 1,143,559	$ 222,392	$ (18,496)	$ (1,672,646)	$ (1,468,750)
Assets	$ 63,866,867	$ (54,349,256)	$ 9,517,611	$ 2,219,272	$ 9,533,521	$ 21,270,404
Liabilities	8,420,829	(8,218,480)	202,349	4,422	308,955	515,726
Capital expenditures	-	-	-	-	-	-

Nine months ended September 30, 2014	Mining [1]	Adjust joint venture operations [1]	Net amounts[1]	Petroleum Exploration	Corporate	Total
Revenues from concentrate sales	$ 9,472,622	$ (9,472,622)	$ -	$ -	$ -	$ -
Other revenues	51,099	(51,099)	-	-	-	-
	9,523,721	(9,523,721)	-	-	-	-
Operating expenses	(14,242,397)	14,208,160	(34,237)	(256,438)	(2,244,342)	(2,535,017)
Exploration costs	(130,987)	130,987	-	-	-	-
	(4,849,663)	4,815,426	(34,237)	(256,438)	(2,244,342)	(2,535,017)
Depreciation, depletion and accretion	(1,050,715)	1,050,715	-	(1,434)	(17,163)	(18,597)
	(5,900,378)	5,866,141	(34,237)	(257,872)	(2,261,505)	(2,553,614)
Interest income	64,372	(49,778)	14,594	57	23,007	37,658
Interest expense	(14,297)	14,297	-	-	-	-
Foreign exchange gain (loss)	594,370	56,693	651,063	(3,205)	222,749	870,607
Other gains (loss)	750,411	(678,086)	72,325	(780)	212	71,757
Share of loss of associates and joint venture	(1,597,237)	-	(1,597,237)	-	(1,204,671)	(2,801,908)
Impairment of associate					(343,763)	(343,763)
Net income (loss) before tax	(6,102,759)	5,209,267	(893,492)	(261,800)	(3,563,971)	(4,719,263)
Income tax	(170,821)	246	(170,575)	-	-	(170,575)
Net loss	$ (6,273,580)	$ 5,209,513	$ (1,064,067)	$ (261,800)	$(3,563,971)	$ (4,889,838)
Assets	$ 63,866,867	$ (54,349,256)	$ 9,517,611	$ 2,219,272	$ 9,533,521	$ 21,270,404
Liabilities	8,420,829	(8,218,480)	202,349	4,422	308,955	515,726
Capital expenditures	-	-	-	-	2,544	2,544

(1) Consistent with the segmented information of the interim consolidated financial statements for the period ending September 30, 2014, mining segment's operating results in the table above include the total results of the Philippine affiliates before the application of equity method, which recognizes the TVI share of earnings or loss from the joint venture. The net amounts include TVI's 30.66% interest in the Philippine affiliates.

With a Focus on the Mining Segment

Milling operations stopped at Canatuan on January 20, 2014 as ore reserves from the open pit were exhausted, and the last copper and zinc concentrate shipments were also completed during the same month.

The mining segment of TVI produced a net loss of $6.3 million during the period ended September 30, 2014 compared to $0.2 million net income realized in same period in 2013, as general and administrative support and various other operating expenses continued while TVIRD continued to focus on development of new revenue generating projects but no longer had the revenue from Canatuan to offset such activity. Adding back the non-cash depreciation, depletion and accretion expense of $1.1 million, the mining segment had a net loss before depreciation, depletion and accretion expense of $5.2 million.

During Q1 2014, prior to the end of mine life, the mining segment generated net revenues of $9.5 million, made up of one copper concentrate shipment and one zinc concentrate shipment, as compared to $38.4 million net revenue realized during the period ended September 30, 2013, which included three shipments of copper concentrate. The average copper price realized during Q1 2014 was US$3.29, which is 2% lower compared to the average copper price of US$3.34 realized during Q3 2013. Net revenues are net of treatment, refining and penalties from the buyer based on the revised treatment and refining rates and freight charges, effective from Q2 2011 as negotiated and agreed with the metal off-take partner, taking into consideration the quality of the concentrates and the change in the destination of the copper concentrate shipments.

Mining, milling and other expenses for the period ended September 30, 2014 were $11.2 million, lower than the $29.8 million incurred in Q3 2013, due to lower volumes of concentrates produced and shipped during the period following the stoppage of milling operations at TVIRD's Canatuan mine after having exhausted its remaining stockpile. Mining, milling and other expenses do not include treatment, refining and penalties from the buyer as these costs are netted against gross revenues, as noted previously

During the period ended September 30, 2014, exploration expenses were $0.1 million, compared to $0.2 million in 2013. Balabag expenses are being capitalized. During the period ended September 30, 2014, $0.3 million of expenditures related to Balabag have been capitalized while cumulative capitalized costs amounted to $16.7 million as at September 30, 2014. Exploration activities were limited through the period primarily as a result of the ongoing moratorium with respect to the issue of permits and the inability to perform works (reference *Regulatory Risk: Political and Regulatory Environment in the Philippines*, as discussed later in this MD&A).

Depreciation, depletion and accretion expense for the period ended September 30, 2014, amounted to approximately $1.1 million, which is lower than the $6.7 million recorded during the same period in 2013. The lower depreciation, depletion and accretion is partly due to a revised rate resulting from the revision in the estimated residual value of plant and equipment starting April 2012 and an update in the ore reserve balance based on the end of mine life, which are all factors in computing depreciation charges, but more the result of the stoppage of milling operations at TVIRD's Canatuan mine after having exhausted its remaining stockpile and no further copper concentrate and zinc concentrate shipments since January 2014.

CONSOLIDATED CASH POSITION, LIQUIDITY AND CAPITAL RESOURCES

Cash Position

	Three months ended September 30		Nine months ended September 30	
	2014	2013	2014	2013
Operating cash flow from (used in) operations	$ (1,319,657)	$ 3,221,212	$ (3,522,999)	$ 6,213,750
Change in working capital	1,507,851	(415,019)	2,010,942	(2,237,614)
Funds from (used in) operations	188,194	2,806,193	(1,512,057)	3,976,136
Net expenditures on property and Equipment	-	(832,544)	(2,544)	(4,499,526)
Free cash flow	$ 188,194	$ 1,973,649	$ (1,514,601)	$ (523,390)
Common shares outstanding	655,470,372	622,137,039	655,470,372	622,137,039
Free cash flow per share	$ 0.000	$ 0.003	$ (0.002)	$ (0.001)

(1) Free cash flow is a non-IFRS measure. Please see definitions in the "Non-IFRS Measures" section.

The free cash flow for the nine months ended September 30, 2014 was lower as a result of changes in working capital related to the deconsolidation of Philippine subsidiaries starting December 2013. At September 30, 2014, the TVI consolidated financial statements reflect a total cash and short-term deposits balance of $6.2 million held by TVI, which includes TVI Pacific, TVI Marketing, TVI Minerals and TG World, as compared to a consolidated cash balance of $4.9 million at the end of September 30, 2013, which, as it was prior to the PRHI Transactions and the resulting deconsolidation of Philippine affiliates, included cash held also held by TVIRD, EDCO and the Philippine subsidiaries. Cash and short-term deposits held specifically by TVI Pacific at September 30, 2014, was $6.0 million and included all final proceeds from the PRHI Transactions. Of note is that total cash held by all Philippine entities at September 30, 2014 is $7.1 million, of which $1.9 million is held in joint venture accounts and $5.2 million is held directly by TVIRD, all of which is available to the Philippine entities to fund activities and investments at that level but are reflected on a proportionate basis in *investments in joint ventures* within the accounts of TVI Pacific as a result of deconsolidation.

Capital Requirements

TVI expects to incur capital expenditures for the development of its properties and potential projects, among others.

TVI's combined capital expenditure program for its mining and petroleum and natural gas properties was tightly controlled through 2013 and was significantly reduced due to delays in obtaining required permits for certain projects, caution among investors to provide project financing to the mining industry given the decline through the year in metal prices and the impact this decline has had upon internal cash available for investment. TVI continues to tightly control its capital expenditure program through 2014 and expects such to be funded in the current year by cash generated as a result of the PRHI Transactions. The capital program for 2014 at the TVI level is negligible as the primary focus through 2014 is at the level of the Philippine entities and joint ventures, where capital expenditure programs will be funded by cash generated also by the PRHI Transactions as well as available project financing.

Equity

Total capital was $32,972,145 at September 30, 2014 and December 31, 2013. The Company's outstanding common shares as at November 13, 2014 and at September 30, 2014, were 655,470,372. The basic weighted average number of common shares issued and outstanding for the three and nine months ended September 30, 2014, were 655,470,372 (September 30, 2013 – 622,137,039). No adjustments were required to the weighted average number of common shares in computing diluted per share amounts for these periods because the Company was in a loss position.

Stock Option Plan

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. At September 30, 2014, TVI had 45,252,033 options outstanding of which 5,718,690 were vested and exercisable. During the period, 37,201,575 stock options at a weighted average exercise price of $0.021 per share expired and 266,667 stock options with a weighted average exercise price of $0.019 per share were forfeited. In September 2014, the Company granted 32,500,000 stock options to directors and employees of the Company, with an exercise price of $0.015 per share. During the three and nine months ended September 30, 2014, a net of $75,890 and $135,672 (September 30, 2013 - $25,488 and $114,614) of stock-based compensation were charged to the consolidated statement of comprehensive income.

RISK FACTORS

There are certain risks involved in TVI's operations, some of which are beyond its control. Additional risks and uncertainties not presently known, or not expressed or implied below, or that are presently deemed immaterial, could also have an impact to TVI's business, financial condition and operating results.

Statements made in this MD&A regarding risk factors are based upon the opinions of management of TVI as at the effective date of such statements and, in certain cases, information received from or disseminated by third parties. Although TVI believes that the risk factors below are based upon reasonable assumptions and that information received from or disseminated by third parties is reliable, it can give no assurance that those expectations will prove to have been correct.

Risk Management

TVI's activities expose it to a variety of financial risks: market risk (including currency risk), interest rate risk, liquidity risk and credit risk. TVI's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on TVI's financial performance. The

Board of Directors has the overall responsibility for the establishment and oversight of TVI's risk management framework.

(a) Currency risk

TVI faces currency risks mainly due to the substantial cross-border element of its operations. TVI has offices 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 dollars). TVIRD sells its mineral deposits at prevailing market prices in the US dollar currency. In addition, TVI transacts with its affiliates, borrows money and settles loans in the US dollar currency. Upon receipt, TVI and its affiliates convert these funds into the functional currencies of individual entities to finance operational and administrative expenses. There are no forward sales and TVI does not engage in currency hedging activities.

TVI minimizes risks by carefully planning the timing of settlement of foreign currency denominated balances and closely monitoring changes in foreign exchange rates.

(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 TVI has no significant interest-bearing assets, TVI's income and operating cash flows are largely independent of changes in market interest rates. TVI has exposure to fair value interest rate risk since its note receivable has fixed interest terms, regardless of changes in market conditions. TVI reviews its exposure to interest rate risk through regular monitoring of actual interests with market interest rates.

(c) Liquidity risk

Liquidity risk is the risk that TVI will not be able to meet its financial obligations as they fall due. TVI'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, TVI maintains flexibility in funding by keeping committed credit lines with major vendors. TVI expects to be able to meet its current financial obligations with its current source of funds.

As at September 30, 2014 TVI has a $6.8 million working capital surplus, as compared to a working capital surplus of $9.5 million as at December 31, 2013.

(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 TVI's cash and cash equivalent, short-term deposits, accounts receivable, due from related parties and note receivable. TVI manages credit risk associated with cash by maintaining its cash and investments in accounts with highly reputable banks, which were approved by the Board of Directors.

As noted previously, on January 20, 2014, TVIRD announced that it has stopped milling operations at its Canatuan mine after having exhausted its remaining stockpile, pending the results of assessing various mine life extension and expansion opportunities, and has made one more copper concentrate shipment and one zinc concentrate shipment in January 2014. As TVI and its affiliates bring on new projects, such as the Agata DSO and Balabag, this may include new customers with new terms of settlement.

The Company's accounts receivable as at December 31, 2013 includes a receivable related to the PRHI Transactions, which has been fully collected during the period ended September 30, 2014.

The carrying amounts of cash and cash equivalent, short-term deposits, accounts receivable, due from related parties and notes receivable at September 30, 2014 and December 31, 2013 represent TVI's maximum credit exposure.

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

Risk on Investments

In its investments in Foyson and Mindoro, TVI is exposed to risk that it may not realize the expected returns from these investments. Projected cash flows from these investments may change depending on the outcome of the projects. Market value of the shares may decline, affecting the valuation of the investments; and further losses may be incurred by Foyson or Mindoro that would require write-down in the value of these investments. As at September 30, 2014, the value of investment in Foyson has been written down to its fair value as at September 30, 2014 while the value of investment in Mindoro has already been fully written-down as a result of an earlier share of impairment of assets.

Open Pit Mining Ban

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

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

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

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

The hearings on the legal merits of the Ordinance are expected to be lengthy and exhaustive. The initial hearing was held in March, 2014, but covered procedural matters only. TVIRD counsel remains confident that there is sufficient legal basis to nullify the ordinance; however, there is still a risk that the Courts will not do so. There is also a risk that the legal process may drag on indefinitely. Nonetheless, the preliminary injunction, which allows TVIRD to operate in the Province of Zamboanga del Norte until declared otherwise as a result of the hearings, remains in force.

No date was set for the next hearing in the process. In the meantime, TVIRD stopped milling operations at its Canatuan mine in January, 2014, after having exhausted its remaining stockpile, pending the results of assessing various mine life extension and expansion opportunities.

Government Regulation and Potential Changes in Philippine Law

Mining operations and exploration activities are subject to governmental laws and regulations. TVIRD, as well as the Agata and Pan de Azucar Joint Ventures, have obtained, or are in the process of obtaining and/or renewing, all authorizations currently required to conduct their activities. Amendments to current laws and regulations governing operations and activities of mining companies, or more stringent

implementation thereof, could have an adverse impact on TVIRD as well as the Agata and Pan de Azucar Joint Ventures. Obtaining the required permits from applicable regulatory agencies and complying with laws and regulations may be more onerous, time consuming, and more costly than originally anticipated by TVIRD and the Agata and Pan de Azucar Joint Ventures.

Regulatory Risk

Political and Regulatory Environment in the Philippines

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

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

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

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

The government also committed to honour existing contracts such as those held by TVIRD, and in fact has approved both the ECC for the Balabag project, and, more recently, the Declaration of Mining Project Feasibility for the Agata project (see TVI Pacific's news release dated April 28, 2014). The MGB is also working diligently with TVIRD to progress TVIRD's applications for the Declaration of Mining Project Feasibility for the Balabag project.

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

- The Administration has created a Cabinet-level Minerals Industry Coordinating Council ("**MICC**") to oversee policy formulation and the administration of minerals issues.
- Through its member departments the MICC conducted a review of fiscal terms and has reportedly drafted a new bill, which is ready for presentation to the President, who may then manage the process of its submission to Congress. Statements made to the media by the Secretary of Trade and Industry and other Cabinet Secretaries suggest that the draft – if not amended by the President – would propose a single regime for all mining projects, consisting of a 10% gross royalty or 55% tax on "adjusted" net operating revenue, whichever is greater, plus a windfall tax or surcharge during periods of high prices. The "adjustments" to net operating revenue are reported to be caps on deductible expenses and expenditures. TVIRD is of the view that, if this draft were to be passed into law it would be considered by international industry to be economically discouraging for new projects. It should be noted, however, that the process by which such bills are passed into law by Congress is normally a lengthy one.

- The Secretary of Trade and Industry has also stated to the media that the government is considering the creation of Mining Zones to administer all mines, under an Authority similar to the highly regarded Philippine Economic Zone Authority within his department. This Authority would assume the responsibility of collecting tax revenues and also distributing the shares of LGUs and Indigenous Peoples to them in a timely fashion. TVIRD's management is of the view that this would be a positive step.
- The Philippines has been accepted as a candidate country by the Extractive Industries Transparency Initiative ("**EITI**") and much progress has been made by government, industry and civil society representatives working together to advance the preparation of the country's first report, due to be published by the end of 2014.
- However, no progress has been made in causing the LGUs to rescind the various anti-mining Ordinances in effect around the country. To the contrary, the House of Representatives has passed a Bill that would make the Province of Nueva Vizcaya, in Luzon Island, off limits to mining. When Congress recessed, the Bill had not been considered by the Senate. The Bill still has to be debated and approved by the Senate before becoming law.
- The government has finalized "No Go" maps for each of the country's administrative districts. These maps are available from the Mines and Geosciences Bureau upon application. A consolidation of all the "No Go" zone maps has been compiled by an independent party and made available to industry through the Joint Foreign Chambers and the Chamber of Mines. While not officially verified, it indicates that approximately 85% of the country would be off limits to minerals exploration and development. If the maps are not appealed or amended, there is a risk that some properties of potential future interest to TVIRD will no longer be available.

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

Political and Regulatory Risks in the Philippines

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

- The government has stated that the new fiscal regime will increase the level of taxation for all new projects in the Philippines but that it will only be applied prospectively; i.e. to new projects. Existing projects will, however, be given the option of adopting the new fiscal regime. The Balabag Project is an existing project in advanced stages of approval, and management believes it should be governed by the existing fiscal regime. However, there is a risk that the new fiscal regime may be applied to the Balabag Project.
- While the government has stated that Motions for Reconsideration will be processed for APSAs and Applications for Financial and Technical Assistance Agreements ("**AFTAs**"), including TVIRD's AFTA 13, AFTA 14 and APSA 39 there is a risk that the Motions may not be approved; and that the Free Prior Informed Consent ("**FPIC**") process required for these tenements may drag out and/or not be secured.
- Government has raised the possibility of a requirement for compulsory and mandatory insurance

coverage for the affected environs and communities, as well as perpetual liability for the maintenance and rehabilitation of post mining sites (i.e., setting up trust funds or heritage funds with specified uses).

- Several draft, independent member's bills, referred to as "Alternative Mining Acts" have been presented for discussion in the Philippine House of Representatives. While these bills do not currently have the support of the Administration, in the event that they were to be passed into law by Congress, or have significant elements of them adopted as law, they would further impair the fiscal regime and regulatory framework under which the mining industry operates in the country. The House Environment and Natural Resources Committee has stated it will review these bills in 2014. However, it is noteworthy that an additional Alternative Mining Bill, favourable to industry, has also been tabled in the Committee for consideration alongside the others.
- A petition for Writ of Kalikasan ("Writ of Nature") has been filed with the Supreme Court of the Philippines by third parties seeking cancellation of all mining tenement applications in Region IX (Zamboanga Peninsula) and amendment of the Implementing Rules and Regulations to the Philippine Mining Act of 1995. TVIRD is not named as a respondent to the aforesaid petition, but a risk exists that it may be impleaded into the case, and/or it may be impacted should an adverse ruling issue from the court. The Supreme Court has remanded the case to the Court of Appeals in Cagayan de Oro. TVIRD legal counsel is monitoring the case. On April 08, 2014, TVIRD received an Order coming from the Court directing it to file within ten (10) days a return of the writ. On April 15, 2014, TVIRD filed a manifestation adopting the return of the writ filed by the public respondents.
- The Supreme Court has heard arguments before it from Petitioners in the case of Baraquel vs. DENR Secretary, Sagittarius Mining Inc., Oceana Gold Corporation and TVIRD, which seeks to challenge the constitutionality of certain sections of the Mining Act of 1995 and in effect to revisit the Court's La Bugal judgment that upheld its constitutionality. TVIRD is a respondent in regard to an application for a Financial and Technical Assistance Agreement ("**FTAA**"), which has subsequently been denied but which denial TVIRD has appealed. Three sessions of oral argument have taken place before the Court and all parties to the case, as well as the Chamber of Mines of the Philippines, have provided final written submissions to the Court. At the time of writing the Court continues to deliberate the case in camera. A risk exists that the Supreme Court could choose not to reject the petition and make a new ruling on the constitutionality of key provisions in the Mining Act. In that event, there is a risk that the mining agreements cited in the case would be ruled null and void and TVIRD's appeal of the denial would be rejected; or that all mining agreements in the country would be ruled null and void and their taxation agreements would have to be renegotiated (which would affect TVIRD along with all other tenement holders).

Social and Economic Environment

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

Although TVIRD has obtained a title opinion with respect to its Philippine properties, there is no guarantee that title to such mining rights will not be challenged or impugned.

There are continuing risks that communities or local politicians could withdraw support for TVIRD projects and mount protests or refuse to provide the necessary endorsements to support project titles and applications. TVIRD has been successful to date in gaining community support for its operations, and management is committed to continuing the policies of community development, sustainable development and corporate social responsibility that have been effective and rewarding to this time. Accordingly management believes the risk of the withdrawal of community support is low.

In addition, there is a continuing, background security risk involved in any operation in the Philippines, including Mindanao – over and above the normal security risks of theft and robbery that affect any mine, anywhere.

For example, there remain small groups of the New Peoples' Army ("**NPA**") still at large and operating in rural areas throughout the Philippines, including those where TVIRD has its projects. The NPA are part of the residual Communist movement in the Philippines – and are thought to be the last Maoist movement remaining in Asia. Their activities usually involve strikes against controversial LGUs or their leaders, as well as ordinary robbery and banditry. The NPA has recently stated, however, that it intends to strike against mining operations; and it has mounted a few, sporadic attacks against mining operations in the past two years.

TVIRD continues to practice its historically effective security strategy of combining positive community works and community relations (to build community support as a defense against violent elements), with a strong security presence. TVIRD management believes the risk of any attack against TVIRD is low; but nevertheless there is a residual risk that there could be an event at some time in the future.

In Mindanao there has been a second, "revolutionary" movement involving the Moro Islamic Liberation Front ("**MILF**"). However, the national government has recently signed a comprehensive peace agreement with the MILF, entitled the Bangasamoro Framework Agreement, which will create a semi-autonomous entity within Mindanao called Bangsamoro. It is anticipated that this peace agreement and its implementation will reduce, if not eliminate, any security risk resulting from the Muslim insurgency. An outbreak of violence occurred in 2013 in Zamboanga City, in which members of the former insurgent group, the Moro National Liberation Front seized hostages and a section of the city, claiming that they were being left out of the peace process. However, the government crushed the outbreak with force, and it appears that there is little residual risk of disturbance coming from this group for the foreseeable future. Finally, a Canadian church group has stated recently it is sending a delegation to investigate allegations of "human rights abuses" by "Canadian mining companies" operating in Mindanao. While TVIRD has committed no human rights abuses and has an excellent record of community support, there is a risk that false allegations could be made against the company — as has occurred in the past — by individuals or groups, and be reported in the media with high profile. While these allegations may be refuted definitively, there is nevertheless the risk of reputation damage to the company that cannot be litigated.

Balabag

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

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

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

Future Exploration and Development Activities may not be Successful

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

current exploration and development programs will result in profitable commercial mining operations or replacement of current production at existing mining operations with new reserves. Also, substantial expenses may be incurred on exploration projects that are subsequently abandoned due to poor exploration results or the inability to define reserves that can be mined economically.

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

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

Funding and Liquidity

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

The ability to make scheduled payments of expenses depends on the financial condition and operating performance of TVI and its affiliates and associates or Joint Ventures, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond its control. As at September 30, 2014, TVI and its affiliates and associates have fully repaid all such loans.

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

Subsidiaries and Joint Ventures

The consolidated financial statements include the accounts of TVI and its wholly-owned subsidiaries TG World, TVI Limited, TVI Marketing and TVI Minerals, including its remaining interest in TVIRD, EDCO, eight inactive Philippine subsidiaries and interests in joint venture entities.

Of the issued and outstanding shares of each of the inactive eight Philippine subsidiaries, 30.66% are indirectly owned by TVI Marketing. TVIRD shares are owned 30.66% by TVI Marketing and 68.42% by PRHI as a result of corporate restructuring at the end of 2013 arising from the financing transaction concluded with PRHI.

The restructuring of the ownership of TVIRD as noted above resulted in the inability on the part of TVI to account for TVIRD and the inactive Philippine subsidiaries on a consolidated basis and an inability to fully direct the financial and operating policies of these companies.

Property Competition

There are large and well established mining companies with technical and financial resources in the worldwide market. Significant and increasing competition exists for mineral acquisition opportunities throughout the world. As a result, TVI may be unable to acquire the rights to exploit additional attractive mining properties on terms it considers acceptable. Accordingly, there can be no assurance that TVI will acquire any interest in additional operations that would yield reserves or result in commercial mining operations.

Environmental Hazards

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

NON-IFRS MEASURES

Funds from (used in) operations is a measure that is not in accordance with IFRS. It represents cash generated from operating activities before changes in working capital. Funds from (used in) operations should not be considered an alternative to, or more meaningful than, cash flow from operating activities. Management believes that funds from (used in) operations is a useful supplemental measure to analyze TVI's ability to generate cash flow to fund capital investment and working capital requirements. Funds from (used in) operations may not be comparable to similar measures used by other companies.

Free cash flow from operations is a measure that is not in accordance with IFRS. It represents cash generated from operations, before changes in working capital, less cash expenditures on property and equipment and cash expenditures on exploration and evaluation assets. Free cash flow should not be considered an alternative to, or more meaningful than, cash flow from operating activities. Management believes that free cash flow is a useful measure that represents cash available for reinvestment or growth after considering all the expenditures necessary to maintain TVI's asset base.

Net loss before interest, taxes, depreciation and accretion, share of loss of associates and joint venture, and other charges is a measure that is not in accordance with IFRS. It represents income before non-cash expenses in depreciation and accretion expense, and share of loss of associates and joint venture. This measure should not be considered an alternative to, or more meaningful than, net income. Management believes that net income before interest, taxes, depreciation and accretion and one-time charges is a useful supplemental measure to analyze TVI's ability to generate cash income. This measure may not be comparable to similar measures used by other companies.

Total cost, production cash cost, total cash cost, and total cash cost net of by-products are measures that are not in accordance with IFRS. These represent the cash cost to produce a copper pound equivalent of copper concentrate. These measures should not be considered alternatives to, or more meaningful than the mining, milling and other expenses income statement line item. Management believes that production cash cost, total cash cost, and total cash cost net of by-products are useful supplemental measures to monitor operating costs and cash profitability. These measures may not be comparable to similar measures used by other companies.

COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform to the presentation in the current year.

Of note is that year-over-year results are not directly comparable due to the deconsolidation of the Philippine subsidiaries as at December 27, 2013.

CHANGES IN ACCOUNTING POLICIES

Adoption of new and revised IFRS

The consolidated financial statements follow the same accounting policies and methods of application as the audited consolidated financial statements for the year ended December 31, 2013 except for the adoption of the new standards and interpretations effective 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 recognised or reversed during the period. The standard is deemed to have no significant impact on the interim consolidated financial statements.

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 effective for annual periods beginning on or after 1 January 2014 and is applied retrospectively. The standard is deemed to have no significant impact on the interim consolidated financial statements.

New standard not yet effective at January 1, 2014

IFRS 9, "Financial Instruments" replaces existing requirements included in IAS 39, "Financial Instruments - Recognition and Measurement". The new standard requires financial assets to be classified at initial recognition into two measurement categories: those measured as at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. Under IFRS 9, fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income rather than the income statement unless this creates an accounting mismatch. The adoption of IFRS 9 is expected to have an impact on TVI's financial assets.

IFRS 9 is effective for years beginning on or after January 1, 2018. Early adoption is permitted if IFRS 9 is adopted in its entirety at the beginning of a fiscal period. The Company is currently evaluating the impact of adopting IFRS 9 on the consolidated financial statements.

In May 2014, the IASB published IFRS 15, "Revenue from Contracts with Customers" replacing IAS 11, "Construction Contracts", IAS 18, "Revenue" and several revenue-related interpretations. IFRS 15 establishes a single revenue recognition framework that applies to contracts with customers. The standard requires an entity to recognize revenue to reflect the transfer of goods and services for the amount it expects to receive, when control is transferred to the purchaser. Disclosure requirements have also been expanded. The new standard is effective for annual periods beginning on or after January 1, 2017, with earlier adoption permitted. The standard may be applied retrospectively or using a modified retrospective approach. The Company is currently evaluating the impact of adopting IFRS 15 on the Consolidated Financial Statements.

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

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Management is responsible for applying judgement in preparing accounting estimates. Certain estimates and related disclosures included within the consolidated financial statements are particularly sensitive because of their significance to the consolidated financial statements and because of the possibility that future events affecting them may differ significantly from management's current judgements. The following are significant accounting estimates:

- The recorded amortization expense is based on the estimated useful lives of long-lived assets and estimated residual values of property and equipment. The estimated useful lives of property and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. It is possible, however, that the future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any year would be affected by changes in these circumstances.

  The estimate that most significantly affects the measurement of amortization is quantities of proved mineral reserves, which is used in the computation of amortization expense based on the unit-of-production method. The estimation of quantities of mineral reserves is complex, requiring significant subjective assumptions that arise from the evaluation of geological, geophysical, engineering and economic data for a given ore body. This data could change over time as a result of numerous factors, including new information gained from development activities, evolving production history and a reassessment of the viability of production under different economic conditions.

- The carrying values of property and equipment are assessed for impairment when events or changes in circumstances indicate, in management's judgement, that the carrying value of such assets may not be recoverable. In assessing whether there is any indication that an asset may be impaired, TVI 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.

- TVI is required to review the carrying value of its exploration and evaluation properties for potential impairment. Once impairment is indicated, the amount by which the carrying value of exploration and evaluation properties exceeds their estimated recoverable value is charged to the statements of comprehensive income. Evaluating for recoverability during the exploration and evaluation phase requires judgement in determining whether it is likely that future economic benefits from future exploitation, sale or otherwise are likely.

- TVI 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. 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.

- 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. TVI 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 year in which such determination is made.

- Management has assessed the level of influence that TVI has on Foyson and Mindoro and determined that it has significant influence because of the board representation and contractual terms. Consequently, these investments have been classified as investments in associates.
- Significant judgment is required in assessing the loss of control of the Philippine subsidiaries as well as in selecting the accounting policy applied. Management has determined that the retained interest in the Philippine subsidiaries is considered an *investment in joint venture,* which is accounted for under the equity method. Management has also assessed that the results of operations of the Philippine subsidiaries that were deconsolidated shall not be presented as discontinued operations, as the operations contributed to the joint venture did not constitute a separate component.

OFF BALANCE SHEET ARRANGEMENTS

TVI does not have any off balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

All related party transactions are approved by the independent directors of the Board of Directors. Transactions with related parties are recorded at the exchange amounts which are the amounts established and agreed to by the parties.

- During the nine months ended September 30, 2014, notes receivable of AUD$300,000 from Foyson and $381,802 from Mindoro were settled. The outstanding notes receivable was $393,598 as at September 30, 2014 and relates fully to a loan to Foyson.
- During the three and nine months ended September 30, 2014, TVI had incurred management fees of $111,315 and $618,469 (September 30, 2013- $46,384 and $445,151). Management fees are paid to a corporation owned by the President of TVI for the services of the President and support staff. At September 30, 2014, the amount payable to the corporation was $28,843, which formed part of the due to related parties in the consolidated financial statements (December 31, 2013 - $72,635).
- TVI's interest in joint venture, TVIRD has also entered into a management contract with the corporation owned by the President of TVI for the services of the President starting January 1, 2014. As a result, portion of the fees previously paid by TVI to the President shall be reimbursed by the corporation back to TVI. At September 30, 2014, the amount receivable from the corporation was $148,216 which formed part of the due from related parties in the consolidated financial statements.
- During the three and nine months ended September 30, 2014, TVI incurred directors' fees and consultant fees of $52,938 and $174,813 (September 30, 2013 - $55,938 and $187,813) and paid $121,875 (September 30, 2013 - $119,875) for directors' fees. At September 30, 2014, the fees payable to directors were $52,938, which formed part of the due to related parties in the consolidated financial statements (December 31, 2013 - $176,813).
- During the three and nine months ended September 30, 2014, TVI incurred or paid $120,894 and $191,177 (September 30, 2013 - $97,639 and $295,722) to corporations controlled by a director and officer of TVIRD for administrative expenses. TVI owed the corporations $7,976 at September 30, 2014, which formed part of the due to related parties in the consolidated financial statements (December 31, 2013 - $27,159).
- In 2013, TVI 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 at December 31, 2013, which was fully paid during the period ended September 30, 2014.

- At September 30, 2014, the remaining receivable of TVI from the joint ventures in the Philippines was $24,329 (December 31, 2013 - $384,726), presented as due from related parties in the consolidated financial statements.

CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

In January 2010, TVIRD established a partnership and strategic alliance with DMCI-CERI, a subsidiary of DACON Corporation. In February 2010, the partners signed a joint venture agreement to conduct exploration, development and production of mineral deposits in EXPA 61 located within the Greater Canatuan Tenement Area. Potential prospects identified lie within a 15 kilometer (9.3 mile) radius trucking distance of the current Canatuan sulphide plant. Under the joint venture agreement, TVIRD holds a 70% interest and acts as the operator, while DMCI-CERI holds the remaining 30% interest. The Partners will fund an exploration program for a year of two years amounting to a maximum of US$2 million, to be shared in accordance with their interests in the joint venture. There are still no exploration costs incurred in relation to the GCTA.

TVI rents its office premises on a five-year term lease. The total rental paid during the nine months ended September 30, 2014 was $92,590 (2013 - $119,883). The future rent payments up to the end of the lease contract in March 2015 amounts to $61,727, net of short-term sub-leasing arrangements.

Legal Actions

Petition to exclude 18 Meridonial Blocks from Balabag MPSA Area (Eta Cordero, et al. vs. TVIRD):

TVIRD has been informed that a petition has been filed with the Panel of Arbitrators of the MGB of the DENR by four Filipino citizens claiming 18 Blocks, equivalent to 1,458 hectare, be removed from TVIRD's 4,776 hectare Balabag MPSA. The petition claims that the four parties were the original discoverers of the mineral property and were improperly deprived of their claim to the 18 blocks by their subsequent partner who founded Zamboanga Minerals Corporation (the company that perfected the MPSA with the DENR and subsequently assigned the MPSA to TVIRD in a commercial transaction). At the time of writing, no summons has been issued to TVIRD to file its response to said petition. Counsel for the petitioners has stated separately that they wish compensation from TVIRD in preference to a "carve-out" of the blocks.

TVIRD management maintains its position that the MGB's processes of verification prior to the signing of the MPSA by the Secretary (verification that the claimholders are fully entitled to the claim), and the signature by the State entering into the MPSA as a contract, fully protect TVIRD as a contracting party in good faith in the event the Panel of Arbitrators find any merit in the petitioners' suit. In that event TVIRD believes the cause of action should be against Zamboanga Minerals Corporation and that it would not affect TVIRD or the MPSA, which could not be subdivided after being granted and after substantial investment approved annually by the MGB.

Writ of Amparo Case

On July 11, 2012, a group of small scale miners and their employees headed by Julieto Monding (the "petitioners") filed with the Court of Appeals a Petition for Writ of Amparo against TVIRD, its officers, Zamboanga del Sur Governor Antonio Cerilles, Balabag Mayor Leonardo Babasa for alleged threat to their life, safety and security as borne out by supposed emails on the so-called "Plan X" an alleged assassination plot supposedly hatched by TVIRD officers.

During the presentation of their evidence in chief, petitioners sought the production and inspection of the correspondences in TVIRD's email system which was vehemently opposed by TVIRD for being a mere fishing expedition.

On January 23, 2013, the Court resolved to deny for lack of merit the Petitioners' Motion for Production and Inspection.

On February 1, 2013, the Court further directed the Petitioners to file their Formal Offer of Evidence within a period of 15 days from receipt of such Order and to rest their case.

On April 11, 2013, the Petitioners moved for reconsideration of the aforementioned Orders on the following grounds: (a) that petitioners filed a written manifestation as compliance of the Court's directive during the January 9, 2013 hearing; and (b) that the interim relief of inspection and production order is to preserve electronic documents in the event of further investigation.

On May 3, 2013, TVIRD filed an Opposition with Motion to Strike Out (Re: Petitioner's Motion for Reconsideration dated 11 April 2013) on the grounds that Petitioners' Motion for Reconsideration was filed out of time and that the same is a prohibited pleading.

On May 27, 2013, the Court resolved to grant the Petitioners an additional ten (10) days within which to file the appropriate pleading/s relative to the Resolutions of 23 January 2013 and 01 February 2013.

On 20 June 2013, the Petitioners filed a Comment to the Respondents Motion to Strike Out asking the Court of Appeals to Reconsider and Set Aside its earlier resolution dated January 23, 2013 and grant the Motion for Inspection and Production Order. The motion for reconsideration was denied in the resolution dated August 14, 2014. The petitioners are directed to file its formal offer of evidence within fifteen days from notice and the respondents are given five (5) days from receipt of the petitioners' formal offer to file comment/opposition. Instead of complying with Resolution, petitioner filed a Motion for additional Time to submit formal offer of Evidence dated October 6, 2014. On October 20, 2014, respondents filed an opposition with motion to strike out the motion for extension of time filed by the petitioners. As of October 20, 2014, Petitioner has also not filed their offer of evidence.

Sytengco Enterprises Corporation (Sytengco) vs TVIRD, Eugene T. Mateo, Luis Jovito A. Santos Jr. and Wilson Villanueva (Civil Case No. 14-218 For: Collection of Money with Prayer for Preliminary Attachment)

On February 25, 2014, Sytengco filed a case against TVIRD et. al. for collection of the alleged unpaid interest and penalties in relation to TVIRD purchases of various chemicals from May 2007 to August 2007. The said complaint includes a request for issuance of Preliminary Attachment.

On May 12, 2014, RTC, Br. 141 of Makati City granted the issuance of Writ of Preliminary Attachment directing the sheriff to attach properties of TVIRD and also the personal property of certain TVIRD Management as a security for the claimed amount.

On June 16, 2014, Summons together with the writ of Preliminary attachment was served to the respective TVIRD Management. On the same day, the notice of garnishment was also served to China Bank and on June 17, 2014, the notice of garnishment was served to BPI and Metrobank.

On June 18, 2014, the notice of Garnishment was processed by BPI, while during the process TVIRD deposited in its account the more than Php12,510,512 required to cover the Writ in full and the remaining Notice of Garnishment was therefore not served to Agata Ventures, Inc., Security Bank, PNP Bank and other minor banks. On June 20, 2014, the Court lifted all notices of garnishment except only that related to the BPI Account.

On June 17, 2014, TVIRD filed a Motion to Dismiss based on the ground of improper venue, and on June 30, 2014, the Sytengco filed its comment. The Motion is now submitted for decision.

TVIRD also filed a motion for reconsideration on the Order of RTC Br. 141 dated May 12, 2014. The Court denied TVIRD's Motion to Dismiss.

TVIRD filed a motion for reconsideration on the denial of its motion to dismiss. The Motion for Reconsideration of the May 12, 2014 Order and the Motion for Reconsideration of the denial of TVIRD's Motion to Dismiss is now submitted for resolution.

Libel Cases

(a) People of the Philippines vs. Julieto Monding, et al.,

On March 15, 2012, TVIRD and its corporate officers initiated a case for libel with the Makati City Prosecutor's Office against persons who disseminated fabricated emails about the so-called "Plan X", an alleged assassination plot against MOSSMA leader Julieto Monding et al., supposedly hatched by TVIRD officers.

On March 18, 2013, the Office of the City Prosecutor found probable cause and filed the information for libel against the accused, Edgar Baling, Julieto Monding and Joel Cayabyab. The warrant for their arrest was issued on April 05, 2013 and forwarded to the local National Bureau of Investigation in Region IX on April 08, 2013 for the corresponding implementation thereat.

On May 6, 2013, accused Julieto Monding and Edgar Baling and on July 05, 2013, accused Joel Cayabyab posted bail for their provisional liberty with the Regional Trial Court of Pagadian City (Branch 21). The order granting provisional liberty was forwarded to the Regional Trial Court of Makati City (Branch 66) which set the arraignment of the said accused on July 18, 2013.

On July 18, 2013, the accused Edgar Baling and Julieto Monding were arraigned and both pleaded "not guilty" and set the pre-marking of documents before the branch clerk of court on September 12, 2013. Accused Joel Cayabyab was still at large. However, he has expressed his willingness to cooperate and work things out with TVIRD and agreed to become a prosecution witness against accused Edgar Baling and Julieto Monding.

On September 12, 2013, the Court referred the case for mediation to give the parties the opportunity to settle the case amicably. During the mediation proceedings, the respondents did not have anything to offer that would at best be of interest to TVIRD. The respondents accordingly failed to appear in the next mediation hearing on September 23, 2013, October 2 and 9, 2013. The pre-trial was reset on February 28, 2014. The mediation failed, hence, the Court proceeded on the trial on March 26, 2014. Plaintiff presents TVIRD's Gen. Emmanuel Cayton as its first witness.

The accused/s filed a motion to quash the information on the ground of lack of jurisdiction and the facts contained in the information does not constitute as an offense. Meanwhile, the cross examination of General Cayton was reset to October 30, 2014. The presiding judge cancelled the hearing on October 30, 2014 and reset it to December 11, 2014, in view of the pending Motion to Quash. No resolution on the motion to quash as of the reporting date.

(b) TVIRD vs. Teofisto Deocares, et al (NPS No. XV-05-INV-12C-00884) for Defamatory Advertisement:

TVIRD and its officers filed a case for libel against the publishers of Mindanao Balitang Local and Pagadian Star for publishing the so-called "Plan X."

On December 14, 2012, the Assistant City Prosecutor of Makati City issued a resolution dismissing the Complaint for want of jurisdiction, it appearing that the subject defamatory advertisement did not malign the person of TVIRD but only the person of Paul Arias (employee of TVIRD) such that the case can only be filed either in the place where the libelous statement was published (Pagadian City) or in the place where the aggrieved party resides (Davao City).

A Motion for Reconsideration was filed by TVIRD on December 21, 2012, asking that the Honorable Office review the facts of the case such that the libel committed by the Respondents (*publishers of Mindanao Balitang Local and Pagadian City Star*) was not only directed to the complainant Paul Arias but also against TVIRD, for which the filing of the action in Makati City was properly made.

On January 24, 2013, the Office of the Prosecutor directed the Respondents to file their comment on the Motion for Reconsideration filed by the Petitioners within 15 days from receipt of the order, after which the Petitioners' motion shall be deemed submitted for resolution. This is still pending resolution on TVIRD's motion for reconsideration.

Dangen Subanen Gokum De Bayog vs. TVIRD for Injunction and Damages

On July 13, 2012, DANGEN SUBANEN GASAL GOKUM DE BAYOG filed the case before the National Commission on Indigenous Peoples Regional Hearing Office IX (NCIP-RHO) seeking to restrain TVIRD "*from continuing its mining activities*" and from allegedly "*preventing the Plaintiffs [and other persons] to enter the premises of [its] mining area*" through the supposed check points it established on alleged ground of lack of FPIC of the Indigenous Peoples of Bayog.

On 12 October 2012, TVIRD filed a Position Paper to address on record the facts upon which TVIRD has acquired its rights in the Mineral Production Sharing Agreement No. 086-IX-97 (MPSA No. 086-IX-97). The main issue to be resolved is "whether or not there exist sufficient grounds to warrant the issuance of the Restraining Order prayed for by the DANGEN SUBANEN GASAL GOKUM DE BAYOG". The plea for Injunctive Relief questioned the action taken by the MGB of the DENR in using the MPSA No. 086-IX-97 that was legally transferred from Zamboanga Minerals Corporation to TVIRD.

On December 19, 2012, after discussing the merits of TVIRD's position before the Regional Hearing Officer ("**RHO**") during the scheduled hearing of the complaint, the RHO expressed his intent to dismiss the petition for want of jurisdiction citing that the case was prematurely filed, there being no showing that the required consent was not given by the identified Indigenous Peoples representatives. A motion to dismiss was thus filed by TVIRD on January 15, 2013.

On 30 April 2013, the Pairing RHO ordered the dismissal of the petition for lack of jurisdiction. The Order likewise cited that TVIRD's MPSA was issued prior to the Indigenous People's Rights Act ("**IPRA**") as such it does not require a FPIC because it is already a vested right. We have not received any pleading/motion from the complainant questioning the dismissal. The case is now closed and the dismissal is now final.

TVIRD v. Gov. Yebes & Sangguniang Panlalawigan (otherwise known as the "Provincial Government") of Zamboanga del Norte

This is an action filed by TVIRD before the Regional Trial Court of Dipolog city for Declaratory Relief to Annul Provincial Ordinance Number ZN-11-128 prohibiting open pit mining or open cut land surface mining in Zamboanga del Norte with Prayer for Preliminary Injunction.

TVIRD questions the validity of the said Ordinance on the following grounds, namely:

(a) That as a party to a valid MPSA duly approved by the national government it has the right to conduct mining operations in accordance with the means and methods approved by the national government under all applicable laws (Philippine Mining Act of 1995) and related issuances (Implementing Rules and Regulations) and not the ordinance in question as it violates its rights from adopting a mining method and enforcing the terms and conditions of the MPSA which the national government allows.
(b) That the ordinance was enacted by the Provincial Government beyond the scope of its authority under the Local Government Code;
(c) That the ordinance violates the prohibition against non-impairment of contracts clause of the 1987 Philippine Constitution;
(d) That the ordinance, if implemented, would force TVIRD to close down its open pit mining operations thereby causing it to suffer grave and irreparable injury; and
(e) That TVIRD has a clear and unmistakable right to be protected from the deleterious effects of a void and unconstitutional ordinance and is willing to post a bond in such reasonable amount that the Court may fix in accordance with the Rules of Procedure for the Issuance of an Injunctive Writ.

On January 04, 2011, Hon. Judge Rogelio D. Laquihon of the Regional Trial Court of Dipolog City issued an order granting the Writ of Preliminary Injunction requested by TVIRD and enjoining the enforcement and implementation of the Provincial Ordinance Number ZN-11-128 upon posting of a bond in the amount of Php2 million to answer for any damages which the Respondents may sustain should the court finally decide that TVIRD is not entitled thereto.
On July 31, 2012, the Court denied the motion for reconsideration for lack of merit stating that the basic purpose of the preliminary injunction is to preserve or maintain the status quo of things and is generally availed of to prevent actual or threatened acts until the merits of the case can be heard. The Court likewise set the hearing of the respondents' affirmative defenses on September 28, 2012, which was postponed upon motion filed by the respondents.

Respondents filed a Petition for Certiorari questioning the validity of the Twin Resolutions on the Preliminary Injunction issued by the Hon. Judge Rogelio D. Laquihon before the Court of Appeals in Cagayan De Oro City on 31 October 2012 but the same was dismissed for being filed out of time. To this date, trial court has yet to re-set the hearing on the respondents' affirmative defences. There was a motion filed by former Gov. Yebes asking the court to drop him from the case considering that he is no longer the Governor of Zamboanga del Norte.

On April 16, 2014, the Court granted the motion of former Gov. Yebes and order the new governor and the sanggunian panlalawigan of Zamboanga del Norte to file a manifestation on whether or not they will continue the position of the previous administration. We have received a manifestation dated August 14, 2014 coming from the new administration that they will continue the policy of the previous administration.

In an Order dated August 27, 2014, the Trial Court allows the substitution of the new governor of Zamboanga del Norte.

NBI Complaint against Illegal Small Scale Miners (members of the Monte De Oro Small Scale Miners Association Inc.) for violation of Section 55 (Minerals Processing Permit), Section 102 (Illegal Extractions), Section 103 (Theft of Minerals) of the Philippine Mining Act of 1995 in relation to Republic Act 7076 (Small Scale Mining Act of 1991).

On October 23-25, 2012, the joint task force of the DENR, Provincial Government, PNP, NBI and AFP implemented the Cease and Desist Order against the illegal small scale miners led by Julieto Monding. On November 19, 2012 the NBI filed a complaint against the latter for violation of the following laws, to wit:

(a) Section 55 (Minerals Processing Permit), Section 102 (Illegal Extractions) and Section 103 (Theft of Minerals) of the Philippine Mining Act of 1995 in relation to Republic Act 7076 (Small Scale Mining Act of 1991);
(b) Section 4, P.D. 1586 and Section 16, Article IV of DAO 203-30 (operation of gold processing plant without Environmental Compliance Certificate);
(c) Republic Act No. 9275 (Clean Water Act);
(d) Republic Act No. 6969 (Toxic and Hazardous and Nuclear Waste Act); and
(e) Republic Act No. 8749 (Clean Air Act).

Through the initiative of TVIRD, a supplemental complaint was filed by the NBI on December 20, 2012 against forty-six (43) additional respondents as well as for violation of Presidential Decree 1866 as amended by R.A. 8294 (Illegal Possession of Firearms and Explosives) against the spouses, Julieto Monding and Rolinda S. Monding.

On January 22, 2013 and January 25, 2013, respondents filed their respective counter-affidavits denying the complaint against them on the following grounds:

(a) that there is a pending petition by the MOSSMA for Declaration of Minahang Bayan filed on March 28, 2012 before the Mines and Geosciences Bureau Panel of Arbitrators on a portion of Mining Claim by small scale miners of Balabag, Depore, Bayog, Zamboanga del Sur;
(b) that the Cease and Desist Order as issued out of bribery during the presentation of evidence in the petition for Writ of Amparo filed by some respondents before the Court of Appeals in July 12, 2012; and
(c) that there lies a prejudicial question pending the resolution of the Writ of Amparo case.

On April 8, 2013, the Investigating Prosecutor required the parties to submit their respective memoranda to aid the said office in the determination of probable cause due to complexities of the factual and legal issues involved. The provincial prosecutor dismissed the case citing that the evidences used are inadmissible. TVIRD has already filed an appeal with the DOJ questioning the dismissal. No resolution on TVIRD's Petition for Review as of reporting date.

Petition for Writ of Kalikasan:

On May 2, 2013, TVIRD, received a copy of the Amended Petition for Writ of Kalikasan filed by Philippine Earth Justice Center League, Inc. and several other individuals and NGOs seeking to stop all mining operations in the entire Zamboanga Peninsula for alleged, but unsubstantiated, violations of several Environmental Laws anchored on the supposed infringement of their constitutional right to a balanced and healthful ecology. Being a holder of a MPSA, TVIRD was impleaded as one of the respondent mining companies operating in Zambonga along with the Secretary of DENR and the Chamber of Mines. The Petition was originally filed with the Supreme Court, but the same was endorsed to the Court of Appeals-Cagayan De Oro City Station for the reception of Return and evidence for the parties and decision. On April 08, 2014, TVIRD received an Order coming from the Court directing it to file within ten (10) days a return of the writ. On April 15, 2014, TVIRD filed a manifestation adopting the return of the writ filed by the public respondents. On September 4, 2014, we received a resolution from the Court of Appeals, holding in abeyance the action on the petitioner's prayer for Temporary Environmental Protection Order (TEPO) pending compliance with the directives of the Court.

Baraquel Cases:

(a) G.R. No. 181702:

A petition assailing the constitutionality of Section 81 of the Philippine Mining Act of 1995 and DAO 07-12 (Revised Administrative Guidelines on Fiscal Regime re FTAAs) and seeking cancellation of all existing

FTAAs and denial of all applications. TVIRD was included as one of the private respondents being an FTAA applicant.

The petition is grounded on the claims that the PMA of 1995 is null and void as it violates the rule on delegation of powers for being too broad and generalized and allows inequitable sharing of wealth.

(b) G.R. No. 181703:

A petition assailing the constitutionality of sec. 80 of PMA of 1995 and DAO 96-40 (IRR of the PMA of 1995) and seeking cancellation of all MPSA's and denial of all applications. TVIRD was not impleaded as respondent, but being an MPSA assignee/holder itself, TVIRD has filed a Comment with Leave of Court.

The petition is grounded on the claims that the aforementioned Section 80 and DAO, as well as the MPSAs granted by the government, are unconstitutional as they unduly restrict the latter's share to excise taxes which should not be considered as share in exploration, development and utilization of mineral resources as they merely emanate from the government's taxation power.

In short, both petitions ultimately assail the prevailing fiscal regime concerning FTAAs and MPSAs.

The Supreme Court has set the cases for oral arguments by the parties. Since then, the Supreme Court has heard the petitioners on six occasions. The cases were again set for oral argument on July 30, 2013, and the oral arguments proceeded and the Supreme Court directed the parties to submit their respective memoranda within 15 days. No resolution on the case as of reporting date.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to management, including the Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure. Management, with the participation of the certifying officers, has evaluated the effectiveness of the design and operation of the TVI's disclosure controls and procedures (as defined by the Canadian Securities Administrators). Based on that evaluation, the certifying officers have concluded that such disclosure controls and procedures are effective and designed to ensure they are aware of all material information relating to TVI and its subsidiaries.

Internal Controls over Financial Reporting

TVI's internal controls over financial reporting ("**ICOFR**") are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles. Management has evaluated the effectiveness of TVI's ICOFR as at September 30, 2014, and plans to update the evaluation of operating effectiveness of internal controls over financial reporting throughout the year.

It should be noted that while TVI's Chief Executive Officer and Chief Financial Officer believe that ICOFR provide a reasonable level of assurance, they do not expect that the ICOFR would prevent all errors and fraud. A control system, no matter how well conceived or operated, can only provide reasonable assurance that the objectives of the control system are met.

SUBSEQUENT EVENTS

In October 2014, TVIRD's joint venture company, AMVI, launched operations and commenced loading its first shipment of high-iron/low nickel direct shipping ore ("DSO") produced from the Agata project in the Philippines, which was completed on October 23, 2014. As at the reporting date, loading of a second shipment of high-iron/low nickel DSO has also been completed.

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 1, 2014, the total principal of the loan outstanding shall be subject to 8% per annum interest, until converted or repaid. The change in terms of the loan is subject to Foyson shareholder approval.

On October 23, 2014, Foyson announced completion of a private placement by Integrated Green Energy ("IGE") in the amount of AUD$337,500, through which IGE was granted 135 million ordinary shares, representing 14.73% of Foyson's share capital. This has resulted in the dilution of TVI's interest in Foyson to 20.04% and follows the announcement by Foyson on September 30, 2014, of its intention to enter into a strategic relationship with IGE whereby Foyson will acquire exclusive licenses to use IGE's waste conversion technology in Australia, New Zealand, China, North America, India, Southeast Asia, Papua New Guinea and Fiji, and also fund the construction of up to four plants in eastern Australia.

IGE is an Australian company located near Newcastle, New South Wales, with a focus on the development of its waste conversion technology to produce sustainable energy resources. The technology is applicable to both processing non-recyclable and waste plastics-to-fuels and for power generation in remote locations by processing a hybrid biomass, and IGE is currently operating a successful pilot plant, producing industry standard diesel, suitable for use in conventional diesel engines. IGE is seeking the necessary funding to complete the first commercial facility at its Berkeley Vale pilot plant site, which has full environmental approvals and can be operational within six months of funding.

On October 31, 2014, TVI announced the members of its new Project Advisory Group consisting of independent, seasoned mining exploration and project assessment experts who will be assisting TVI in evaluating new opportunities in the Asia Pacific region, and on November 3, 2014, announced that it had entered into a Heads of Terms Agreement with Kalo Exploration Ltd., a private resource company incorporated in Fiji, for the exclusive right to enter into a joint venture partnership to conduct mineral exploration, development and production on the Cirianiu gold project located in the Macuata Province of northern Vanua Levu Island, Fiji.

IMPORTANT INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

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

Forward-looking statements regarding the remaining mine life and resources/reserves of the Canatuan deposit are based on current and previous mineral reserve and resource estimates, current mining and processing activities, prior experiences of management with mining and processing activities, the current development and operating plan, efficiency and effectiveness of the sulphide plant, and the TVI's overall plans, budget and strategy for Canatuan (which are all subject to change). Forward-looking statements regarding the timing and nature of exploration and

drilling activities in the Greater Canatuan Tenement Area (including EXPA 61, Malusok and SE Malusok), Tamarok and TVI's other tenements in the Philippines are based upon current and previous exploration activities, management's experience with other exploration programs undertaken in the Philippines and elsewhere, and TVI's overall plans, budget and strategy (which are all subject to change). In certain cases, the timing of exploration activities in the Philippines and Papua New Guinea are dependent upon the receipt of free prior informed consent from indigenous communities and regulatory approvals from the governments of the Philippines and Papua New Guinea. Forward-looking statements regarding expectations that TVI will be able to find additional ore in the Greater Canatuan Tenement Area (including EXPA 61, Malusok and SE Malusok) and that this ore can be economically transported to the existing Canatuan mill are based upon current and previous exploration activities, management's experience with other exploration programs undertaken in the Philippines and elsewhere, management's current and previous experience with mining and processing activities at Canatuan, and TVI's overall plans, budget and strategy (which are all subject to change). Forward-looking statements regarding TVIRD's expected capital expenditures for 2014 and its ability to continue to generate revenue from its operations are based on its various current and planned projects, management's prior experiences with mining and processing, current and previous exploration, and TVI's overall plans, budget and strategy (which are all subject to change) and its ability to continue to access available project financing.

The forward-looking statements set out in this MD&A include information relating to interests that may be earned by TVIRD in the Agata and Pan de Azucar joint ventures; opportunities for exploration, development and commercialization of the Agata Mining Project (including the High Fe and Limestone DSO/Lime Production Facility and the Agata Nickel Processing Plant). Related risks and uncertainties include, but are not limited to: (A) results of further work in pursuing the conceptual planning described in this MD&A not supporting current expectations as to the opportunities outlined; (B) TVIRD not funding the necessary expenditures at Agata or Pan de Azucar to advance the projects or earn an interest under the joint venture agreements due to, among other things (i) changes in TVIRD's strategic priorities, due diligence findings, changes in laws or regulations affecting mining operations in the Philippines (including the profitability of such operations), and other factors, (ii) changes in TVIRD budgets and (iii) limited availability of funds; (C) a determination on the part of TVIRD not to pursue projects contemplated by one or more of the joint venture agreements noted above for technical, economic, legal or other reasons (including, without limitation, a failure to obtain required permits or other governmental or regulatory approvals); and (D) certain other risks identified elsewhere in TVI's public filings, including, without limitation, those risk factors set forth at pp. 66-74 of TVI's Annual Information Form dated March 19, 2014.

This MD&A also includes forward-looking statements respecting certain transactions provided for in definitive agreements entered into with PRHI (the "Transactions") and are based upon the terms of these definitive agreements. 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 definitive agreements entered into with PRHI due to the failure to satisfy one or more conditions, such as conditions relating to the receipt of any necessary corporate or regulatory approvals.

***Accordingly, readers should not place undue reliance upon the forward-looking statements contained in this MD&A and such forward-looking statements should not be interpreted or regarded as guarantees of future outcomes**.*

The forward-looking statements of TVI contained in this MD&A are expressly qualified, in their entirety, by this cautionary statement. Various risks to which TVI and its affiliates are exposed in the conduct of their business are described in detail in TVI's Annual Information Form for the nine months ended December 31, 2013, which was filed on SEDAR on March 19, 2014, and is available at www.SEDAR.com. Subject to applicable securities laws, TVI does not undertake any obligation to publicly revise the forward-looking statements included in this MD&A to reflect subsequent events or circumstances, except as required by law.

Corporate Head Office:

2000, 736–6th Avenue SW
Calgary, Alberta, Canada T2P 3T7
Telephone: (403) 265-4356
Facsimile: (403) 264-7028

Email: tvi-info@tvipacific.com
Web: www.tvipacific.com

Corporate Directory:

Clifford M. James, President and Chief Executive Officer
Telephone: (403) 265-4356
Facsimile: (403) 264-7028
Email: tvi-info@tvipacific.com

Patrick B. Hanna, Chief Financial Officer
Telephone: (403) 265-4356
Facsimile: (403) 264-7028
Email: tvi-info@tvipacific.com

Shirley Anthony, Investor & Corporate Relations
Telephone: (403) 265-4356
Facsimile: (403) 264-7028
Email: tvi-info@tvipacific.com

Registrar and Transfer Agent:

Computershare Trust Company of Canada
600, 530–8th Avenue SW
Calgary, Alberta, Canada T2P 3S8
Telephone: (403) 267-6800

Share Listing:

Toronto Stock Exchange Symbol: TVI

Auditors:

PricewaterhouseCoopers LLP
3100, 111–5th Avenue SW
Calgary, Alberta, Canada T2P 5L3
Telephone: (403) 509-7500