



## **Management's Discussion and Analysis**

**For the Nine Months Ended September 30, 2017 and 2016**



## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016

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, 2017 and 2016, as well as its financial position and future plans. It should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2016 and 2015, prepared in accordance with International Financial Reporting Standards ("IFRS"). All figures 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](http://www.tvipacific.com) or on SEDAR's website at [www.sedar.com](http://www.sedar.com). Information in this Management Discussion & Analysis ("MD&A") is as of November 13, 2017.

### Forward-looking Statements

*Certain information contained herein constitutes forward-looking statements. Forward-looking statements are frequently characterized by words such as "plan", "expect", "forecast", "project", "intend", "believe", "anticipate", "outlook" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements are based on the opinions and estimates of management at the dates the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These factors include, without limitation: the inherent risks involved in the mining, exploration and development of mineral properties, the uncertainties involved in interpreting drilling results and other geological data, fluctuating metal prices, the possibility of project delays or cost overruns or unanticipated excessive operating costs and expenses, uncertainties related to the necessity of financing, the availability of and costs of financing needed in the future, and other factors described in the Company's Annual Information Form under the heading "Risk Factors". The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change other than as required by securities laws. The reader is cautioned not to place undue reliance on forward-looking statements.*

### Qualified Persons

*Mike Bue, Bsc. Eng, M.Eng, P.Eng, Technical Advisor and Project Advisory Group member of TVI, has acted as the Qualified Person in compliance with National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101") reporting requirements by virtue of his membership in the Professional Engineers of Ontario and Canadian Institute of Mining and Metallurgy. He has approved any scientific and technical information that may be contained in this document and has confirmed compliance with NI 43-101 requirements.*

Additional information on the Company, including the Company's Annual Information Form, is also available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.tvipacific.com](http://www.tvipacific.com).

### Corporate Profile

TVI is a publicly-traded Canadian resource company focused on the evaluation and acquisition of resource projects in the Asia Pacific region.

TVI management's track record of success includes putting the first foreign-invested mine into production in the Philippines after the passage of the Philippine Mining Act of 1995. From 2004 to 2014, TVI produced 105,200 ounces of gold, 1.8 million ounces of silver, 199,778 tonnes of copper concentrate and 30,558 tonnes of zinc concentrate from the Canatuan mines and was recognized as one of the most responsible miners in the Philippines. Up until 2014, TVI carried out its work through its Philippine affiliate, TVI Resource Development (Phils.) Inc. ("TVIRD"), and its track record of exceptional environmental performance to that time was recognized by numerous environmental and safety awards at the annual Presidential Mineral Industry Environmental Awards. Top accolades received between 2010 and 2013



**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE NINE MONTHS ENDED  
SEPTEMBER 30, 2017 AND 2016**

include the Presidential Mineral Industry Environmental Award – Platinum Award (2012); Titanium Award for Excellence in Environmental Management (2011); Platinum Achievement Award - Surface Mining Category (2010); and Titanium Award – Surface Mining Category (2013).

TVI management's track record of success has continued with the Agata nickel laterite project, Agata Mining Ventures Inc. ("**AMVI**"), a joint venture company between TVIRD and Mindoro Resources Ltd. ("**Mindoro**"), in which TVIRD holds a 60% interest and is operator. The Agata Direct Shipping Ore ("**DSO**") Project site is strategically located within proximity to main markets in Asia and bears the opportunity for shipping all year round. Nickel laterite DSO operations commenced in October 2014 and a total of 7.68 million wet metric tonnes have been shipped through 142 shipments as at the end of September 2017. TVIRD is focused on maximizing the production and sale of higher nickel grade saprolite ore in order to secure the highest selling prices and to maximize revenues. TVIRD also produces high iron limonite ore when market conditions are favorable. With TVIRD as operator, AMVI has continued to be recognized by the regulatory agencies and a number of environmental awards have been received.

During 2013, TVI was focused on obtaining additional financing for working capital and investment purposes and entered into various definitive agreements with Prime Resources Holdings, Inc. ("**PRHI**"), a private Philippine investment corporation, involving a private placement of common shares in TVI and the acquisition of an interest in its indirectly held Philippine assets, including TVIRD. TVI's interest in TVIRD was reduced at that time to 30.66% and TVI's management determined that TVI no longer had control in TVIRD 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 and various other Philippine assets were deconsolidated from TVI's consolidated financial statements.

TVI's continuing interest of approximately 30.66% in TVIRD is recorded in the consolidated financial statements as an investment in joint venture within the mining segment, and accounted for using the equity method. As such, revenues earned and related expenses incurred at the level of TVIRD and its subsidiaries result in an adjustment to the investment account.

As part of PRHI's agreement to invest in TVI and TVIRD, the parties agreed that TVIRD would seek a listing on the Philippine Stock Exchange ("**PSE**") following PRHI's investment in TVIRD. In October 2015, TVIRD filed a preliminary prospectus with the Philippine Securities and Exchange Commission ("**SEC**") and a listing application with the PSE relating to its proposed initial public offering ("**IPO**"), with a target listing date of mid-December 2015. However, due to timing issues related to the Asia-Pacific Economic Cooperation summit held in Manila in November 2015 and market volatility leading up to the Philippine presidential election in May 2016, the listing and IPO was deferred. As at September 30, 2017, all activities related to the proposed listing on the PSE and IPO continue to be on hold due to the uncertain environment in which the Philippine mining industry has operated since a nationwide audit of metallic mines was ordered by the Department of Environment and Natural Resources ("**DENR**") in June 2016. Such listing activities will resume once the DENR's position on various mining policies is further clarified.

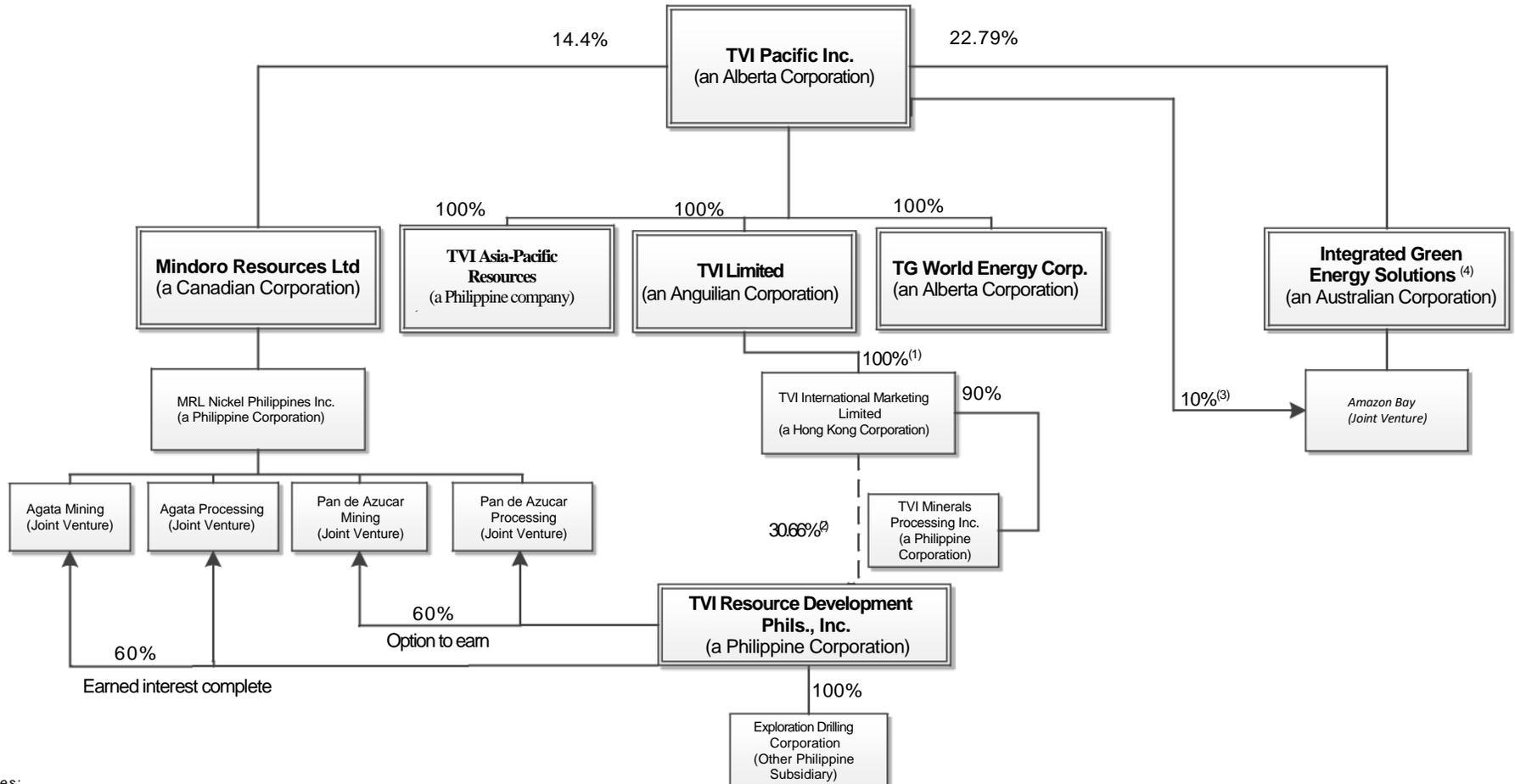
In addition to its interest in TVIRD and other Philippine subsidiaries, TVI directly holds (i) a 22.79% equity interest in Integrated Green Energy Solutions Ltd ("**IGES**") (name has been changed from FOY Group Limited starting September 2017); (ii) a 14.4% equity interest in Mindoro; (iii) a 10% interest in the Amazon Bay Iron Sands project; and (iv) a 100% investment in shares of TG World Energy Corp. ("**TG World**").

TVI is currently focused on securing funding in order to pursue resource projects in the Asia Pacific region that can be rapidly developed and put into production to generate revenue and cash flows. TVI expects the sale of portions of its interest in various equity holdings and possible distributions from its investment in joint venture to be a source of funding for its resource acquisition activities.



**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE NINE MONTHS ENDED  
SEPTEMBER 30, 2017 AND 2016**

**TVI Pacific Inc. Corporate Structure**



**Notes:**

- (1) Two non-voting, non-participating redeemable deferred shares are held by Prime Resource Holdings, Inc., who also holds 68.42% of TVIRD and 10% of TVI Minerals Processing as well as 5% equity of TVI Pacific.
- (2) TVI Resource Development Phils. Inc. – The 30.66% interest is held directly by TVI Pacific while 68.42% is held by Prime Resource Holdings Inc. (a Philippine corporation) and 0.92% is held by other Class B shareholders.
- (3) Represents Joint Venture interest after having completed the Stage 1 Farm-in obligation and the 10% now held by TVI Pacific in the Amazon Bay tenement. The 10% interest in Amazon Bay was written down during the period ended June 30, 2015.
- (4) Formerly FOY Group Ltd.



**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE NINE MONTHS ENDED  
SEPTEMBER 30, 2017 AND 2016**

**INVESTMENT IN TVI RESOURCE DEVELOPMENT PHILS., INC.**

TVIRD is a private Philippine resource company responsible for putting the first foreign-invested mine into production after the passage of the Philippine Mining Act of 1995. This was the Canatuan mine which produced over 105,200 ounces of gold and 1.8 million ounces of silver from 2004 to 2008 and 199,778 dry metric tonnes (“dmt”) of copper concentrate and 30,548 dmt of zinc concentrate from 2009 to 2014. During the 10-year period in which the Canatuan gold-silver and copper-zinc mines were in production, TVIRD generated over US\$479 million in gross revenues and US\$180 million in cash flows.

TVIRD is currently focused on maximizing its valuation for a listing on the PSE, which would also maximize its investment value for TVI, by focusing on the following areas of growth:

- Advancing the Balabag Gold-Silver Project towards production;
- Maximizing profits at the Agata Nickel Laterite DSO Project; and
- Exploring production and marketing opportunities at the Agata Limestone Project

TVI's continuing interest of 30.66% in TVIRD is 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 through its equity earnings/(loss). Cash generated at the level of TVIRD, its subsidiaries and joint ventures will therefore not flow through directly to TVI. Cash flows generated by TVIRD will be used 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 TVI's investment.

During 2014, TVI paid \$232,020 as an option to acquire the remaining Class B shares of TVIRD held by a non-controlling interest holder, representing a 0.92% interest in TVIRD, upon execution of TVIRD's listing on the PSE. The option requires the listing of TVIRD to take place no later than five (5) years from the execution date of the option, or by December 2018, and the sale and purchase to be completed within 30 days from date of listing on the PSE. The total net purchase price is US \$500,000, including the payment, plus 10% of (i) the IPO value of the Class B shares, to be calculated as if they were included in the TVIRD IPO, or (ii) the average price of the Class B shares during the first 5 trading days of TVIRD's listing – whichever is higher. At December 31, 2016, the Company determined the fair value of the option to be \$142,603 based on the current estimated value of TVIRD, taking into account the effects of ongoing mining at Agata and estimated future value of other projects. The Company does not believe that any further adjustment to the fair value of the option is required at September 30, 2017. In the event the listing of TVIRD does not take place within the required period, for whatever reason, whether or not attributable to the Company, or should the Company decide not to pursue its purchase of the Class B Shares, funds paid with respect to this option will be forfeited.

TVIRD had previously aimed to complete its PSE listing and IPO in late 2015 to mid-2016; however, these efforts have been put on hold pending further clarification of the DENR's position on various mining policies under the new Administration of President Rodrigo Duterte that was elected to power in May 2016.



**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE NINE MONTHS ENDED  
SEPTEMBER 30, 2017 AND 2016**

TVIRD has issued the following cash dividends through 2017, all of which have been received by TVI International Marketing Limited ("**TVI Marketing**"), the direct shareholder of TVIRD:

Date Received	Total TVIRD Dividend Declared		Total TVI International Marketing Share			
			Prior to Philippine Dividend Tax		Net of Philippine Dividend Tax	
	PHP(millions)	\$CAD(millions)	PHP(millions)	\$CAD millions	PHP (millions)	\$CAD millions
Feb 22, 2017	30.0	\$ 789.1	9.2	\$ 241.9	7.8	\$ 205.7
May 15, 2017	30.0	\$ 821.4	9.2	\$ 251.9	7.8	\$ 214.1
Aug 14, 2017	40.0	\$ 1,000.6	12.3	\$ 306.9	10.4	\$ 260.8
Oct 05, 2017	35.0	\$ 860.5	10.7	\$ 263.9	9.1	224.3
<b>Total Dividend</b>	<b>135.0</b>	<b>\$ 3,471.6</b>	<b>41.4</b>	<b>\$ 1,064.6</b>	<b>35.1</b>	<b>\$ 904.9</b>

All dividends received by TVI Marketing from TVIRD have been transferred through to TVI Pacific as repayment of intercompany advances.

Summary information is provided below on key TVIRD projects as they may materially affect the valuation of TVIRD when it lists on the PSE.

Balabag Gold and Silver Project

The Balabag gold/silver project is owned 100% by TVIRD. The tenement covering the Balabag property has a total area of 4,779 hectares and is located within the municipalities of Bayog, Zamboanga Del Sur and Zamboanga Sibugay Province, Island of Mindanao, Philippines.

In June 2012, TVIRD filed with SEDAR an updated NI 43-101 compliant technical report on the project titled "NI 43-101 Technical report on the Balabag Gold Project, Zamboanga Province, Philippines" produced by Georeference Online Ltd. According to the report, the project had Indicated resources of 1.78 million tonnes averaging 2.34 g/t gold and 72.3 g/t silver for contained metal of 134,262 ounces of gold and 4,148,196 ounces of silver.

Since mid-2013, exploration and development work has been on hold pending the receipt of all permits. From that period through to the current date, TVIRD has continued to work on the engineering design for a gold-silver processing plant to process ore on site. TVIRD has also constructed and maintained 16 kilometers of access roads to the project in anticipation of the commencement of construction.

On April 29, 2016, the Mines and Geosciences Bureau ("**MGB**") approved the Declaration of Mining Project Feasibility ("**DMPF**"). Approval of the DMPF follows receipt of the Environmental Compliance Certificate ("**ECC**") on October 16, 2013, and leaves only receipt of the tree-cutting permit outstanding. The DMPF limits the current project area to the 180 hectares defined by the ECC but provides for expansion into other areas of the Mineral Production Sharing Agreement ("**MPSA**") through amendment of the ECC. A letter received from the MGB on May 16, 2016, provides TVIRD one year, or through to April 29, 2017, to submit the documents required to secure the expanded ECC amendment, but TVIRD has requested for a one year extension from the start of commercial operation. In the interim, studies have been revisited to assess the possibility of starting with a smaller operation while waiting for the approval of the expanded ECC.

On February 14, 2017 TVIRD learned through a news conference held by the DENR that MPSA No.086-97-IX, in which the Balabag project is located, is among 75 MPSAs that have been recommended for cancellation. TVIRD filed a response on February 23, 2017 to the Show Cause letter and emphasized their



**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE NINE MONTHS ENDED  
SEPTEMBER 30, 2017 AND 2016**

position to be that there exists no grounds to validly cancel, terminate or suspend the MPSA between the government and TVIRD as there is neither violation of the terms of the MPSA nor of any law, rule or regulation that would merit its cancellation, termination or suspension. TVIRD has further stated that it does not contest the provisions of law cited in the Show Cause letter and recognizes also the authority of the DENR as the primary agency responsible for the conservation, management, development, and proper use of the Philippine mineral resources including those in reservations, watershed areas, and lands of the public domain, but that it is confident their past work to obtain the Balabag MPSA, the ECC and DMPF in compliance with the requirements of the DENR will justify its position. TVI agrees that Balabag is clearly not in a proclaimed watershed forest reserve and remains confident that TVIRD's Balabag MPSA is valid and can withstand any legal challenge.

As at the current date of reporting, TVIRD has received no reply to its response to the Show Cause letter as filed on February 23, 2017.

Agata Nickel Laterite Project

The Agata nickel laterite project is held by AMVI, a joint venture company between TVIRD and Mindoro, in which TVIRD holds a 60% interest and is operator. The Agata DSO Project site is located in a 4,995-hectare MPSA area located in the adjacent municipalities of Tubay, Jabonga and Santiago in Agusan del Norte province. It is accessible by land (approximately 1.5-hours driving time) from the provincial capital of Butuan. The project mine site is located 3.5 km from AMVI's private port, which is strategically located within proximity to main markets in Asia and bears the opportunity for shipping all year round.

Nickel laterite DSO operations commenced in October 2014 and a total of 7.68 million wet metric tonnes have been shipped through 142 shipments as at the end of September 2017. TVIRD is focused on the production and sale of mid-grade nickel saprolite ore in order to maximize revenues. TVIRD also produces high iron limonite ore when market conditions are favorable.

From November 2014 to April 2015, TVIRD undertook a large-scale 16,768-meter drill program aimed at upgrading and increasing the resources previously disclosed in April 2013. Following completion of the program, a Philippine Mineral Reporting Code ("PMRC") technical report and an updated resource estimate was completed to support the valuation of the Agata project for TVIRD's proposed PSE listing.

On September 27, 2016, the DENR announced the results of a nationwide audit of 41 metallic mines. AMVI was issued a Show Cause order for alleged infractions but was successful in its response and on February 2, 2017, AMVI received confirmation that it would be allowed to continue its operations without interruption. AMVI is one of 12 successful mining companies allowed to continue its activities, while a further 21 mining companies face closure and another 6 have been suspended.

During the year ended December 31, 2016, TVIRD recorded an impairment with respect to the Agata processing project and the Pan de Azucar mining and processing joint ventures in a total amount of \$3.7 million, of which TVI's share was \$1.1 million, as these companies have not yet commenced commercial operations. No impairment has been recorded with respect to the 60% interest TVIRD holds in the Agata nickel laterite project and DSO operations.

Agata Limestone Project

The Agata Limestone project is held by AMVI (in which TVIRD has a 60% interest) and is located in the same 4,995-hectare MPSA area as the Agata Nickel Laterite project.



**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE NINE MONTHS ENDED  
SEPTEMBER 30, 2017 AND 2016**

From November 2014 to April 2015, AMVI carried out a 17-hole drill program on the property and results confirmed the presence of a high-purity recrystallized limestone deposit covering an area of 600 meters by 650 meters. The Resource estimate is not compliant with NI 43-101 but a report was prepared through 2015 by a PSE-affiliated Philippine competent person. The results of the drilling are expected to support TVIRD's valuation on its proposed IPO listing with the PSE.

As of September 30, 2017, AMVI was continuing to evaluate the feasibility of commencing a limestone DSO operation or producing hydrated lime and a higher value ground calcium carbonate ("**GCC**") product marketable to the paper and plastics industries in Asia. Due to the project's close proximity to the causeway where materials will be shipped, potential operations will benefit from having low transport and handling costs.

AMVI has been in discussion with limestone companies for the production of different products. In May 2016, a Japanese mining company commenced a due diligence review of the Payong payong limestone and confirmed the quality and quantity of the resource for possible supply to the steel and construction industry. Further evaluation of the three other potential limestone sites, one of which is located just south of the Payong payong deposit in Tinigbasan with the others located in San Vicente and north of Agata in San Jose, are ongoing but require renewal of the related exploration permit (EP 27) prior to the commencement of any drilling.

**Carrying value of investment in TVIRD**

The carrying value of the investment in joint venture is \$12,064,252 as at September 30, 2017, adjusted from the balance reported at December 31, 2016 to account for TVI's proportionate share of net income realized by the Philippine entities during the nine months ended September 30, 2017, as well as TVI's proportionate share of other comprehensive income (loss), which have largely offset each other through the period. The carrying value of investment in TVIRD is further reduced by \$800,704 paid-out in cash dividends to TVI Marketing during the nine months ended September 30, 2017.

	<b>September 30, 2017</b>	
Investment in joint venture at January 1, 2016	\$	14,004,387
Share of net income		259,890
Share of other comprehensive loss <sup>(1)</sup>		83,146
Foreign exchange revaluation of other comprehensive income		(1,383,314)
Write down of investment		(126,546)
Investment in joint venture at December 31, 2016		12,837,563
Cash dividend received from investment in joint venture		(800,704)
Share of net income		789,376
Share of other comprehensive income (loss) <sup>(1)</sup>		(761,983)
Investment in joint venture at September 30, 2017	\$	12,064,252

<sup>(1)</sup> Other comprehensive income (loss) is generated by the conversion from Philippine pesos of the Philippine books to \$CAD equivalent.

TVIRD's results for the year ended December 31, 2016, include an impairment with respect to the Agata processing project and the Pan de Azucar mining and processing joint ventures in a total amount of \$3,621,519, of which \$1,110,358 represents TVI's share, as these companies have not yet commenced commercial operations. No impairment has been recorded with respect to the 60% interest TVIRD holds in the Agata nickel laterite project and DSO operations.

**INVESTMENT IN MINDORO**

Mindoro is a publicly listed company incorporated in Canada with shares listed on the TSX Venture Exchange and Frankfurt Stock Exchange.



**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE NINE MONTHS ENDED  
SEPTEMBER 30, 2017 AND 2016**

As at September 30, 2017, TVI owns 42,779,353 units of Mindoro, representing a 14.4% holding in the capital of Mindoro. Each unit consists of one common share and one common share purchase warrant that had entitled TVI to purchase one additional share, at a price of \$0.10 per share. All common share purchase warrants have now expired as at October 10, 2017.

The TSX-Venture Exchange announced on July 6, 2016, that Mindoro has been halted from trading for failure to pay their annual sustaining listing fees, and, as at the current reporting date, the situation has not been rectified. Mindoro has reported that it is seeking financing alternatives to fund its operations but that there is no assurance initiatives will be successful and material uncertainty exists in relation to events or conditions that may cast significant doubt as to whether Mindoro will be able to continue as a going concern.

The carrying value of TVI's investment in Mindoro has been adjusted by the Company's proportionate share of net losses recognized directly within the accounting records of Mindoro and has been fully written-down since March 2014.

More information on TVI's transactional history with Mindoro is available in TVI's previous MD&As dating back to July 2012.

**INVESTMENT IN INTEGRATED GREEN ENERGY SOLUTIONS LTD (FORMERLY FOY GROUP LIMITED)**

IGES is a publicly listed company incorporated in Australia, with shares listed on the Australian Securities Exchange ("**ASX**"). At September 30, 2017, TVI holds a 22.79% equity interest in IGES, a company engaged in the commercialization of technologies related to converting waste plastics to fuel in Australia and internationally. IGES also holds a 90% interest in Amazon Bay. TVI's interest in IGES stems from a Heads of Terms agreement ("**HOA**") signed on August 17, 2012, which sets out the terms of various proposed transactions consisting of an acquisition of equity interests by way of private placement in, and joint ventures with, IGES.

IGES was granted a trading halt by the ASX on July 29, 2015, pending the outcome of a meeting to consider a restructuring of its business. The restructuring is intended to change the focus of the company from resource extraction to resource recovery by exploiting the opportunities from three key technologies to be acquired from Integrated Green Energy Limited ("**IGE**"), following the initial announcement of a Business Sale Agreement ("**BSA**") on March 18, 2015:

- Plastics to Fuel;
- Biomass to Fuel; and,
- Biomass to energy / power.

The trading halt suspended status remains in place pending the completion of this restructuring process.

At an Extraordinary General Meeting ("**EGM**") held on November 15, 2016, IGESp received shareholder approval of the IGE transaction and to acquire the IGE Assets and Technology Rights, including:

- exclusive licenses to commercialize three technologies in Australia, New Zealand, China, India, North America, South East Asia, Papua New Guinea and Fiji;
- non-exclusive licenses in each of Western Europe, Eastern Europe, South America, Japan and Africa;
- a completed and operating commercial facility which re-refines co-mingled road fuels back into saleable diesel and petrol at Berkeley Vale, NSW, Australia. This facility is capable of converting waste plastics to fuel at a rate of 50 feedstock tonnes per day;



**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE NINE MONTHS ENDED  
SEPTEMBER 30, 2017 AND 2016**

- plans to design and construct a plant capable of processing 1,500 feedstock tonnes per day in the continental United States for GEP Fuel & Energy LLC. For this purpose, IGES announced on November 29, 2016, the formation of a new US company, Integrated Green Partners, LLC (“IGP”);
- the transfer to IGES of executed contracts for waste feedstock supply; and,
- the transfer to IGES of an experienced management team capable of operating a waste plastics-to-fuel commercial facility.

On March 24, 2017, IGES announced it has finalized a long-form liability company agreement, governing the operations of IGP and to agree that IGP will construct and operate a plastic-to-fuel conversion facility in Indiana, USA. Under the terms of this Agreement, GEP will provide the plastic feed-stock from their recycling facility, while IGES will provide to IGP the technology, systems and support to operate the Indiana plastics-to-fuel conversion facility. The plastic-to-fuel conversion facility to be constructed is expected to result in 529.8 million liters of fuel being produced per annum. IGES and GEP have also reported that they have agreed to roll-out 10 plastics-to-fuel conversion facilities over 5 years, typically at volumes of 1,500 tonnes of plastic-per-day, which results in 529.8 million liters per site per annum.

On April 28, 2017, IGES announced that it has resolved to enter into a US \$90 million funding commitment to construct and establish 4 commercial sites in the United Kingdom (“UK”). Each site is expected to process 200 tonnes per day of end-of-life waste plastic per day to produce approximately 70 million liters of road ready fuel per annum per site at an anticipated margin of A\$0.30 per liter. In May 2017, members of the IGES team traveled to the UK to undertake site tours and inspection of sites, as well as to meet with local planners, environmental regulators and plastics suppliers, with a view to purchase four UK sites in the near term.

On May 5, 2017, IGES announced that the expert panel established by the Environment, Planning and Sustainable Development Directorate to assess IGES' proposed waste plastics-to-fuel facility in the ACT, had released its report on May 4, 2017. IGES reported that the panel acknowledges that the IGES proposal is compliant with the Australian Capital Territory (“ACT”) waste policy and has the promising objective of transforming mixed waste plastic to transportation fuels thereby reducing waste to landfill. The report also provides recommendations on aspects of the Environmental Impact Statement that required further work and suggested a pilot plant to assist in confirming the research results lodged by IGES during the approval process.

IGES must yet meet the requirements of certain ASX Listing Rules prior to relisting. The ASX has advised IGES that the IGE transaction constitutes a significant change to the nature and scale of the company's activities to which ASX Listing Rule 11.1 applies whereby:

- IGES must provide the ASX information regarding the change and its effects on future potential earnings as well as any other information that may be requested;
- IGES must obtain shareholder approval for the IGE transaction; and
- IGES must meet the requirements in ASX Listing Rules Chapters 1 and 2 as if IGES were applying for admission to the official list of ASX.

More specifically, Chapter 1 of the ASX Listing Rules sets out the requirements that must be satisfied for an entity to gain admission to the official list, which includes a requirement that the main class of securities is quoted. In addition:

- The entity's structure and operations must be appropriate for a listed entity and the entity must have a constitution that is consistent with the listing rules;
- A prospectus must be issued;



**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE NINE MONTHS ENDED  
SEPTEMBER 30, 2017 AND 2016**

- The entity must have a free float at the time of its admission to the official list of not less than 20%;
- The entity must be a going concern and satisfy certain profit and assets tests;
- Options on issue by the entity must have an exercise price for each underlying security of at least A\$0.20; and,
- The entity's main business activity at the date it is admitted must be the same as it was during the last 3 full financial years and the entity must provide audited accounts for the each of these past full financial years.

Chapter 2 of the ASX Listing Rules states that the issue price or sale of all the securities for which the entity seeks quotation must be at least A\$0.20.

As noted, shareholder approval of the IGE transaction was received at an EGM held on November 15, 2016, and on September 12, 2017, IGES released its Replacement Prospectus to raise up to A\$15 million to assist with its international rollout of plastic-to-fuel facilities in the US, UK and the Netherlands. Further to an announcement by IGES on October 25, 2017, the expected ASX re-listing date is now December 8, 2017.

**Note receivable**

***(a) A\$400,000 note issued in 2014***

Pursuant to the HOA signed with IGES in 2012, TVI had an outstanding note receivable from IGES in the amount of A\$400,000 as at December 31, 2014. The carrying amount of the receivable using the effective interest method, plus accrued interest was \$299,787 at December 31, 2014. In October 2014, TVI and IGES agreed to extend the due date of the loan to March 31, 2015, and to be provided the option to convert the loan to equity at any time prior to that date. Effective October 15, 2014, the total principal of the loan outstanding was agreed to be subject to 8% per annum interest, until converted or repaid.

Further to IGES shareholder approval on March 31, 2015, A\$211,528 of the loan was converted to IGES shares on April 22, 2015 at A\$0.0025 per share, resulting in a further 84,611,264 shares provided to the Company. In addition, 84,611,264 unlisted options were received at time of conversion, which may be exercised at a conversion price of A\$0.008 at any time through to their expiry on December 31, 2019.

Following an EGM held by IGES on July 30, 2015, the balance of the loan was fully converted to IGES shares at A\$0.0025 per share, resulting in a further 75,388,736 shares provided to the Company. As a result also, 75,388,736 unlisted options were received at time of conversion, which may be exercised at a conversion price of A\$0.008 at any time through to their expiry on December 31, 2019.

The number of options and the conversion price reported in the above is prior to share consolidation, completed by IGES on August 17, 2015.

***(b) A\$100,000 note issued in February 2015***

The Company entered into a Capital Promissory Note Agreement on February 18, 2015, with IGES through which it provided a further A\$100,000 with an agreement to accrue interest at 12% per annum until the earlier of conversion date or maturity date. Following the EGM on July 30, 2015, the Note was converted at a conversion price of A\$0.0029 to IGES shares, resulting in an additional 34,482,759 shares received by the Company and 34,482,759 unlisted options that may be exercised at a conversion price of A\$0.008 at any time through to their expiry on December 31, 2019.



**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE NINE MONTHS ENDED  
SEPTEMBER 30, 2017 AND 2016**

The number of options and the conversion price reported in the above is prior to share consolidation, completed by IGES on August 17, 2015.

***(c) A\$100,000 note receivable issued in April 2015***

The Company entered into a second Capital Promissory Note Agreement on April 27, 2015, with IGES, through which it provided a further A\$100,000 with an agreement to accrue interest at 12% per annum until the earlier of conversion date or maturity date. Following the EGM on July 30, 2015, the Note was converted at a conversion price of A\$0.0029 to IGES shares, resulting in additional 34,482,759 shares received by the Company and 34,482,759 unlisted options that may be exercised at a conversion price of A\$0.008 at any time through to their expiry on December 31, 2019.

The number of options and the conversion price reported in the above is prior to share consolidation, completed by IGES on August 17, 2015.

The conversion options are accounted for as a derivative instrument and are separately accounted for at fair value in the consolidated financial statements. As at September 30, 2017, the Company recognized a loss on the fair value of the derivative financial instrument amounting to \$65,979 and gain on foreign currency translation of \$6,253 both recorded in other gains (losses) in the statement of comprehensive income (loss).

Prior to IGES completing a 25:1 share consolidation on August 17, 2015, TVI held 439,822,659 shares of IGES' issued capital, as well as 228,965,512 conversion options. As a result of the consolidation, the new capital shareholding held by TVI was 17,592,908 shares and 9,158,621 options as at September 30, 2017, representing a 22.79% share interest in IGES. As a result of the share consolidation, the conversion price of the unlisted options was also adjusted to A\$0.20 with the expiry date continuing to be December 31, 2019.

At September 30, 2017, the fair value of the conversion option was \$738,979 (December 31, 2016 - \$798,705) presented as a derivative financial instrument in the consolidated financial statements.

**Interest in Amazon Bay Iron Sands Project**

On August 28, 2012, TVI signed agreements with IGES relating to the Amazon Bay Iron Sands Project ("AB"), a joint venture project contemplated by the HOA whereby: (i) TVI committed to a minimum expenditure of A\$2 million in the 12 months following the later of the date on which all applicable joint venture conditions are satisfied and the date of the Tranche 1 Closing; (ii) TVI agreed to refund IGES for any expenditures incurred on AB since July 1, 2012, to a maximum of A\$200,000 creditable against TVI's spending commitments; (iii) TVI would earn a 10% interest in AB as a result of initial expenditure; (iv) TVI would have the right to earn a further 20% in AB by spending an additional A\$5.5 million within 12 months following the expiration of the initial earning period; (v) during the two earning periods and up to the end of the second earning period, TVI and IGES 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 A\$10 million to IGES to acquire the remaining 50% in AB held by Titan Mines.

Of the amount of the total spending commitment in relation to the joint venture arrangements with IGES, TVI has expended a total of \$1,985,834 (equivalent to A\$2 million) for the Amazon Bay project and was advised on July 25, 2014, that its 10% earned interest in the AB tenement was formally registered with the Papua New Guinea Mineral Resource Authority ("PNG MRA"). On that same date TVI provided notice to IGES of its intent not to proceed with the Stage 2 farm-in of AB but renewed its commitment to assist IGES in finding a cash flow positive project with synergies for its PNG operations.



**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE NINE MONTHS ENDED  
SEPTEMBER 30, 2017 AND 2016**

On March 16, 2015, IGES announced it had executed a binding agreement to acquire the remaining 50% of the shares in Titan Mines Limited, upon completion of which Titan would become a wholly owned subsidiary of IGES. Titan Mines Limited holds the exploration licenses for the Amazon Bay Project, and this agreement terminated the Amazon Bay Option Agreement and removed the obligation of IGES to pay the former shareholders of Titan Mines Limited the outstanding Option Fee of A\$300,000 or the Option Exercise consideration of A\$10 million. As a result of this transaction, IGES now holds the remaining 90% in the AB project, and IGES and TVI entered into a Royalty Agreement of the same date whereby IGES and TVI shall be responsible to pay their proportionate share of a royalty on all minerals extracted and concentrate produced from AB and sold. The royalty is set at 0.5% of gross revenue less all costs incurred in connection with shipping or transporting the respective minerals or concentrate from the port of loading to the point of delivery to the purchaser.

During the year ended December 31, 2015, the total Company spending of \$1,985,834 related to AB, previously presented as exploration and evaluation assets in the consolidated financial statements, was written-down by TVI and recorded as exploration costs, as substantial expenditures on further exploration and evaluation of the project are not currently planned by TVI. TVI nonetheless continues to hold its 10% earned interest in the AB tenement.

IGES has continued to progress their strategy for PNG through continued active dialogue with the PNG MRA and the community and has been successful in extending the date of the AB EL1396 together with Amazon North (EL2149) and Maruta (EL2281). IGES has announced also that the MRA and PNG Government continue to show great interest in the Biomass technology, both as part of the AB project and as a key plank of the Government's commitment to deliver power to 70% of the PNG population by 2030.

**Carrying value of investments in Mindoro and IGES**

The carrying value of the IGES investments as of September 30, 2017 was nil. The carrying value reflects the requirement to record TVI's proportionate share of net losses recognized directly within the accounting records of both IGES and Mindoro. In addition, TVI is required to assess its investments for impairment, which is measured as the current fair value of each investment.

IGES recorded an impairment related to its Mineral Rights during the period ended June 30, 2017, of which TVI's share relating to its net remaining allocation to the Mineral Rights is \$1.9 million and has resulted in the Company's investment in IGES being fully written-down during the nine months ended September 30, 2017. The June 30, 2017 financial statements of IGES were finalized and released after the release of the Company's June 30, 2017 financial statements on August 11, 2017.

The carrying value of investments is summarized as follows:

	<b>IGES</b>	
December 31, 2016	\$	636,801
Share of net loss		(636,801)
September 30, 2017	\$	-

The carrying 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.



**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE NINE MONTHS ENDED  
SEPTEMBER 30, 2017 AND 2016**

The TSX-Venture Exchange announced on July 6, 2016, that Mindoro has been halted from trading for failure to pay their annual sustaining listing fees, while the trading of IGES shares will resume upon relisting on the ASX. IGES has announced on October 25, 2017, that it now expects its shares to commence trading on the ASX on December 8, 2017.

The estimated fair value of investment in Mindoro is calculated as follows:

	<b>Mindoro</b>
Number of shares	42,779,353
Share price	0.005
Fair value in foreign currency	213,897
Exchange rate	1.000
Fair value in \$CAD	\$ 213,897

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

#### **FIJI – CIRIANIU GOLD PROJECT**

In November 2014, TVI entered into a Heads of Terms Agreement (“**Cirianiu Agreement**”) with Kalo Exploration Ltd. (“**Kalo**”), 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. Under the terms of the Cirianiu Agreement, TVI was granted the right to conduct an extensive due diligence review of the property which would include surveying, resampling of drill core, assaying, geological and mine modelling, and possibly confirmatory drilling.

On April 27, 2015, the Company announced that, based on encouraging results from data verification work carried out to date, management has determined that an additional exploration program including auger soil geochemical surveying and confirmation drilling would be essential in allowing an investment decision to be made on the project. Auger soil geochemical surveying commenced in July 2015 and a small-scale confirmation drilling program was completed in August 2015.

As of September 30, 2017, TVI continues to carry out a due diligence work program at the Cirianiu gold project for the purpose of making an investment decision on the project once it can secure additional funding to carry out resource acquisition and development activities.

#### **PETROLEUM AND NATURAL GAS PROPERTIES**

On March 10, 2011, TVI acquired control of TG World, an international petroleum exploration and development company. At the time of acquisition, its major areas of focus were offshore Philippines, Alaska and Niger, but TG World has subsequently sold its Alaskan interests in November 2011 and withdrew from its project in Niger in January 2012, retaining only its project in the Philippines.

##### **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.



**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE NINE MONTHS ENDED  
SEPTEMBER 30, 2017 AND 2016**

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.

On August 6, 2017, a three-year moratorium that had included SC 54A and was granted by the Philippine Department of Energy ("DOE") expired and has been replaced by a three-year suspension that was granted through Force Majeure. The suspension runs through to August 5, 2020, unless the West Philippines Sea dispute is lifted prior to that time. The suspension continues to provide the joint venture sufficient time to study the development of the discovered marginal resources in the block. Once the suspension is lifted, the joint venture has the option to either enter sub-phase 7 with a commitment to drill one well or to relinquish SC 54A in good standing.

The suspension was granted after the DOE had previously approved the moratorium and three additional applications by the joint venture partners for 12-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. 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.

While Nido had previously announced in 2013 a plan to divest of its 42.4% interest, in light of a strategic review at that time that refocused its intentions in other blocks and other countries and resulted in SC 54A becoming a non-core assets within its portfolio, Nido has continued as Operator. In 2014 Trafigura concluded the sale of its 15% interest to Hague and London Oil B.V. (which in turn has been acquired by Wessex Exploration PLC of the UK) and in November 2015 IMC Oil & Gas Investments Ltd. ("IMC") acquired the 30.1% interest in SC54A formerly held by Kairiki Energy's subsidiary, Yilgarn Petroleum Philippines Pty Ltd. IMC is a privately owned family enterprise headquartered in Singapore with an oilfield services company operating also out of Thailand to support the offshore oil and gas sector with shipping, logistics, shipyard and offshore engineering operations.

In 2015, the exploration and evaluation assets with a carrying value of \$877,315 were fully written-down and recorded as exploration costs in the consolidated financial statements. The partners have not agreed to any further technical or commercial activities in SC 54A considering the current oil price environment.

**QUARTERLY FINANCIAL INFORMATION**

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

	Revenue	Net Income (Loss)	Net Income (Loss) per Share <sup>(1)</sup>	
			Basic	Diluted
September 30, 2017	\$ -	\$ (505)	\$ (0.001)	\$ (0.001)
June 30, 2017	-	(143)	(0.000)	(0.000)
March 31, 2017	-	(499)	(0.001)	(0.001)
December 31, 2016	-	(1,533)	(0.002)	(0.002)
September 30, 2016	-	(132)	(0.000)	(0.000)
June 30, 2016	-	(388)	(0.001)	(0.001)
March 31, 2016	-	(791)	(0.001)	(0.001)
December 31, 2015	-	(2,257)	(0.003)	(0.003)

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



**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE NINE MONTHS ENDED  
SEPTEMBER 30, 2017 AND 2016**

**QUARTERLY CONSOLIDATED RESULTS OF OPERATIONS**

During Q1 2016, the Company incurred a net loss of \$0.8 million, consisting primarily of \$0.8 million in general and administrative expenses and a further \$0.1 million in foreign exchange loss due to translation of US Dollar-denominated short-term deposits, offset by \$0.2 million in proportionate share of net income of TVIRD.

During Q2 2016, net loss was \$0.4 million, which included general and administrative expenses of \$0.6 million offset by \$0.2 million in proportionate share of net income of TVIRD.

During Q3 2016, net loss was \$0.1 million, which included general and administrative expenses of \$0.4 million offset by \$0.3 million in proportionate share of net income of TVIRD.

During Q4 2016, net loss was \$1.5 million, comprised of \$0.4 million in general and administrative expenses and a net loss of \$0.5 million on the write down of option to purchase TVIRD shares and a loss on the fair value of the derivative financial instrument as well as a further \$0.9 million proportionate share of losses on associates and joint venture, offset by \$0.3 million deferred tax recovery of a subsidiary, TVI Minerals Processing, Inc. ("**TVI Minerals**").

In Q1 2017, the Company incurred a net loss of \$0.5 million, generated by \$0.4 million in continuing general and administrative expenses and the Company's \$0.1 million proportionate share of losses associated with TVIRD and IGES.

In Q2 2017, the Company incurred a net loss of \$0.1 million, the result of \$0.5 million in continuing general and administrative expenses and the Company's \$0.5 million proportionate share of gains associated with TVIRD and IGES.

In Q3 2017, the Company incurred a net loss of \$0.5 million, the result of \$0.3 million in continuing general and administrative expenses, \$0.6 million share of net loss of IGES and \$0.1 million withholding tax on dividend income received from TVIRD, offset by a \$0.1 million foreign exchange gain and the Company's \$0.4 million proportionate share of gains associated with TVIRD.

**CONSOLIDATED RESULTS OF OPERATIONS – NINE MONTHS ENDED SEPTEMBER 30, 2017**

For the nine months ended September 30, 2017, TVI had a consolidated net loss of \$1.1 million compared to a \$1.3 million net loss during the same period in 2016.

Total general and administrative expense amounted to \$ 1.1 million in Q3 2017 and \$1.8 million in Q3 2016, which is mainly composed of salaries & wages, consultants and professional fees, and other corporate expenses. Year-over-year, Q3 2016 general and administrative expense included accrued severance payments for terminated staff and a lesser amount of recoveries from TVIRD and AMVI for services provided by TVI Pacific personnel during the period. In Q3 2017, TVI also had a foreign exchange loss of \$0.02 million as compared to a \$0.1 million loss in Q3 2016, which is primarily attributable to the translation of US Dollar denominated short-term deposits.

IGES recorded an impairment related to its Mineral Rights during the period ended June 30, 2017, of which TVI's share relating to its net remaining allocation to the Mineral Rights is \$1.9 million and has resulted in the Company's investment in IGES being fully written-down during the nine months ended September 30, 2017, in the amount of \$0.6 million. The June 30, 2017 financial statements of IGES were finalized and released after the release of the Company's June 30, 2017 financial statements on August 11, 2017. This compares to \$0.2 million in proportionate share of IGES losses recorded by TVI in Q3 2016. IGES has



**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE NINE MONTHS ENDED  
SEPTEMBER 30, 2017 AND 2016**

nonetheless reported that they continue to be committed to realizing value from its AB tenements, adding that the write-down is consistent with the transition of IGES from a junior explorer to a technology company that will seek to construct and operate end-of-life plastics to fuel facilities. TVI is not currently recognizing its proportionate share of any further losses in Mindoro as its investment has previously been fully impaired; these losses will continue to accumulate and offset any future proportionate share of possible net income reported by Mindoro.

TVI also recorded its proportionate share of net gain of the consolidated Philippine entities in an amount equal to \$0.8 million in Q3 2017 as compared to \$0.9 million in Q3 2016. TVI's investment in Philippine entities primarily includes TVIRD and is accounted for as an investment in joint venture.

**SEGMENTED INFORMATION**

TVI's segmented information is reported in the same way as internal reporting provided to TVI's executive management to make decisions about resource allocation and performance assessment of the operating segments, 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 the following reporting segments: (1) mining exploration in Fiji, and investments in associates and joint venture with mining activities in the Philippines and Papua New Guinea; and (2) petroleum exploration in the Philippines.

*Mining Segment*

The mining segment of TVI produced a net gain of \$0.2 million during the nine months ended September 30, 2017 compared to a \$0.7 million net income in 2016. Q3 2017 consists of the \$0.6 million impairment loss of IGES offset by \$0.8 million share of gain in TVIRD ((Q3 2016: \$0.2 million share of loss of IGES and \$0.9 million share of gain in TVIRD). TVI is not currently recognizing its proportionate share of any further losses in Mindoro as its investment has been fully impaired since March 2014; these losses will continue to accumulate and offset any future proportionate share of possible net income reported by Mindoro.

For the share of losses of IGES and Mindoro, see Carrying value of investments in Mindoro and IGES.



**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE NINE MONTHS ENDED  
SEPTEMBER 30, 2017 AND 2016**

	Three months ended September 30, 2017				Three months ended September 30, 2016			
	Mining	Petroleum Exploration	Corporate	Total	Mining	Petroleum Exploration	Corporate	Total
Administrative and general costs	\$ -	\$ (9,295)	\$ (256,339)	\$ (265,634)	\$ -	\$ (14,771)	\$ (394,663)	\$ (409,435)
Exploration costs	(4,074)	-	-	(4,074)	-	-	-	-
Depreciation expense	-	(40)	(2,657)	(2,697)	-	(58)	(3,184)	(3,242)
Interest income	(4,074)	(9,335)	(258,996)	(272,405)	-	(14,829)	(397,847)	(412,676)
Foreign exchange gains (loss)	-	57	421	478	-	61	682	743
Other loss	-	-	1,248	(635,553)	-	56	43,497	43,553
Share of gains of associates and joint venture	(636,801)	-	-	386,418	-	-	(33,997)	(33,997)
Net income (loss) before tax	386,418	(9,335)	-	(272,405)	269,919	-	-	269,919
Income tax	(254,457)	154,164	(284,273)	(384,566)	-	-	-	-
Net income (loss)	\$ (254,457)	\$ 154,164	\$ (404,382)	\$ (504,675)	269,919	\$ (14,712)	\$ (387,666)	\$ (132,459)
Assets	\$ 12,064,252	\$ 145,832	\$ 1,530,391	\$ 13,740,475	\$ 15,823,525	\$ 189,072	\$ 1,373,775	\$ 17,386,372
Liabilities	-	-	1,420,837	1,420,837	-	-	1,781,257	1,781,257
Capital expenditures	-	-	-	-	-	-	-	-

	Nine months ended September 30, 2017				Nine months ended September 30, 2016			
	Mining	Petroleum Exploration	Corporate	Total	Mining	Petroleum Exploration	Corporate	Total
Administrative and general costs	\$ -	\$ (33,479)	\$ (1,045,863)	\$ (1,079,342)	\$ -	\$ (73,560)	\$ (1,734,712)	\$ (1,808,273)
Exploration costs	(4,074)	-	-	(4,074)	(27,887)	-	-	(27,887)
Depreciation expense	-	(120)	(8,250)	(8,370)	-	(172)	(10,452)	10,624
Interest income	(4,074)	(33,599)	(1,054,113)	(1,091,786)	(27,887)	(73,732)	(1,745,164)	(1,846,783)
Foreign exchange gains (loss)	-	108	969	1,077	-	104	2,215	2,319
Other loss	-	(6,841)	(1,054,113)	(1,091,786)	-	(7,461)	(78,349)	(85,810)
Share of gains of associates and joint venture	(636,801)	-	(65,979)	(702,780)	-	(1)	(89,411)	(89,412)
Net income (loss) before tax	386,418	-	-	789,376	708,082	-	-	708,082
Income tax	148,501	(40,322)	(1,134,482)	(1,026,313)	-	-	-	-
Net income (loss)	\$ 148,501	\$ (40,322)	\$ (1,254,591)	\$ (1,146,42)	\$ 680,195	\$ (81,090)	\$ (1,910,710)	\$ (1,311,605)
Assets	\$ 12,064,252	\$ 145,832	\$ 1,530,391	\$ 13,740,475	\$ 15,823,525	\$ 189,071	\$ 1,373,775	\$ 17,386,372
Liabilities	-	-	1,420,837	1,420,837	-	-	1,781,257	1,781,257
Capital expenditures	-	-	-	-	-	-	-	-

(1) Mining segment's operating results in the table above shows the share in the results of the associates and the 30.66% interest in the Philippine joint venture after the application of equity method.



**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE NINE MONTHS ENDED  
SEPTEMBER 30, 2017 AND 2016**

**CONSOLIDATED CASH POSITION, LIQUIDITY AND CAPITAL RESOURCES**

**Cash Position**

	Three months ended September 30		Nine months ended June 30	
	2017	2016	2017	2016
Operating cash flow used in operations	\$ (44,495)	\$ (265,410)	\$ (204,214)	\$ (1,148,494)
Settlement of restricted cash	-	-	(350,000)	-
Change in working capital	111,365	(121,212)	178,352	(617,831)
Funds used in operations	66,870	(386,622)	(375,862)	(1,766,325)
Proceeds from sale of equipment	-	-	(1,992)	1,788
Net expenditures on property and equipment and other assets	-	(1,198)	-	(1,198)
Free cash outflow <sup>(1)</sup>	\$ 66,870	\$ (387,820)	\$ (377,854)	\$ (1,765,735)
Common shares outstanding	655,537,039	655,537,039	655,537,039	655,537,039
Free cash flow per share	\$ (0.001)	\$ (0.001)	\$ (0.001)	\$ (0.003)

(1) Free cash flow per share and funds used in operations are non-IFRS measure. Please see definitions in the "Non-IFRS Measures" section.

At September 30, 2017, TVI's consolidated financial statements reflect a total cash and short-term deposits balance of \$0.5 million held by TVI, which includes TVI Pacific, TVI Marketing, TVI Asia-Pacific Resources Corporation ("**TVI Asia-Pacific**"), TVI Minerals and TG World, as compared to a consolidated cash balance of \$1.1 million at December 31, 2016. The total cash and short-term deposits balance of TVI at September 30, 2017 has been supplemented by cash dividends paid by TVIRD on February 22, 2017, May 15, 2017, August 15, 2017 and October 5, 2017. The year-to-date total cash dividend issued by TVIRD has been 135 million Philippine pesos (\$3,449,900) and was issued to all shareholders of record as at the quarter-end prior to each date of issue. TVI Marketing, as the direct shareholder of TVIRD, has received as its share in the current year a dividend of 41.4 million Philippine pesos (\$1,060,900), prior to Philippine dividend tax in the amount of 6.2 million Philippine pesos (\$158,600). TVI Marketing in turn has transferred a net 35.2 million Philippine pesos (\$902,300) through to TVI in the current year as a repayment of intercompany advances.

Of note is that total cash held by all Philippine entities at September 30, 2017 is \$11.2 million, of which \$8.5 million is held in joint venture accounts and \$2.7 million is held directly by TVIRD, all of which is available to the Philippine entities to fund activities and investments at that level that may contribute to the value of the *investments in joint ventures* within the accounts of TVI Pacific. Cash held at the level of TVIRD may also be available for distribution to its shareholders depending upon performance of the company, as evidenced by the cash dividends paid to date.

**Capital Requirements**

TVI's capital expenditures through 2017 have been negligible as the primary focus has been at the level of TVIRD, where capital expenditure programs have been funded by operations.

**Equity**

Total capital was \$32,974,070 at September 30, 2017 and December 31, 2016. The Company's outstanding common shares as at September 30, 2017 and at December 31, 2016, were 655,537,039. The basic weighted average number of common shares issued and outstanding for the nine months ended September 30, 2017, were 655,537,039 and at December 31, 2016, were 655,498,317. No adjustments were required



## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016

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. Each share option converts into one ordinary share of TVI on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options generally vest over a period of up to three years, may be exercised at any time from the date of vesting to the date of their expiry and expire no more than 5 years from the date of grant.

There were no share options granted during the period ended September 30, 2017 and December 31, 2016. At September 30, 2017, TVI had 51,750,000 options outstanding, of which 46,499,997 were vested and exercisable. During the period ended September 30, 2017, \$54,337 of stock-based compensation was charged to the statement of comprehensive income (loss) in the consolidated financial statements.

### 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 and 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 cross-border element of its investment activities. TVI is headquartered in Canada (with Canadian Dollar and US Dollar bank accounts and expenses payable in each currency) while its associates and joint venture entities are located in the Republic of the Philippines (Peso) and Australia (Australian Dollar). 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 the Company has no significant interest-bearing assets, the Company's income and operating cash flows are independent of changes in market interest rates. As at September 30, 2017, TVI has no term deposits with fixed interest terms and therefore does not have



**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE NINE MONTHS ENDED  
SEPTEMBER 30, 2017 AND 2016**

exposure to interest rate risk that may result from changes in market conditions. TVI reviews its exposure to interest rate risk through regular monitoring of actual interest rates with market interest rates.

*(c) Liquidity risk*

Liquidity risk is the risk that 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 through its joint ventures by keeping committed credit lines at that level with major vendors.

As at September 30, 2017, TVI has a \$ 0.0 million working capital surplus, as compared to a working capital surplus of \$0.4 million as at December 31, 2016. As at September 30, 2017, TVI and its subsidiaries do not have any outstanding loans payable.

The Company remains focused upon conserving cash through reducing expenditures and is presently dependent on possible distributions from its investment in joint venture and the sale of portions of its interest in various equity holdings to help settle liabilities and continue as a going concern, as well as to be a source of funding to help the Company pursue resource projects that can be rapidly developed and put into production to generate revenue and cash flows. There can be no assurances that these funding activities will be successful; and uncertainty exists in relation to events or conditions that may cast significant doubt as to whether TVI will be able to continue as a going concern.

*(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 equivalents, any short-term deposits it may hold, derivative financial instrument, accounts receivable, due from related parties and other assets. TVI manages credit risk associated with cash, cash equivalents and short-term deposits by maintaining its cash and investments in accounts with creditworthy banks, which were approved by the Board of Directors.

The carrying amounts of cash and cash equivalents, derivative financial instrument, accounts receivable, due from related parties and other assets at September 30, 2017 and December 31, 2016 represent TVI's maximum credit risk exposure.

**Risk on Investments**

In its joint venture investments in TVIRD, and equity investments in IGES and Mindoro, TVI is exposed to the risk that it may not realize the expected returns from these investments. TVI and its management do not control the actions of these companies and 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 derivatives and further losses may be incurred by TVIRD that would require a write-down in this value of these investments.

As at March 31, 2014 and September 30, 2017, the fair value of investment in Mindoro and IGES, respectively, has already been fully written-down as a result of an earlier share in the loss of this associate. Similarly, the value of investment in TVIRD is adjusted at each reporting period by TVI's share in the income or loss of this joint venture.

IGES has announced on September 25, 2017, that it now expects its shares to commence trading on the ASX on November 6, 2017, but uncertainty exists as to whether this date will be met.



**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE NINE MONTHS ENDED  
SEPTEMBER 30, 2017 AND 2016**

## **Regulatory Risk**

### ***Political and Regulatory Environment in the Philippines related to investment in TVIRD***

On July 9, 2012, the Philippine Government 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 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 since approved both the ECC and DMPF for the Balabag project, as well as the DMPF for the Agata project. But of note is that with the speed by which the permitting process is proceeding and the requirement as yet for TVIRD to obtain a tree-cutting permit for the Balabag project, there is a risk that illegal miners who were previously evicted from Balabag could make efforts to return or to obstruct development operations in some way, despite TVIRD maintaining control of the premises, and that the government may not act in a sufficiently timely manner to prevent an impact on the project's timeline. While TVIRD continues to wait approval of the tree-cutting permit for Balabag to allow it to proceed into development, the project now also requires resolution of the issue related to the recommended cancelation by the Philippine DENR of 75 MPSAs on February 14, 2017, which includes the Balabag MPSA and is described further in the section “*Political and Regulatory Risks in the Philippines related to investment in TVIRD*”.

### ***Political and Regulatory Risks in the Philippines related to investment in TVIRD***

Emerging from the above policy environment are certain risks faced by TVI through its investment in TVIRD, including, but not limited to:

- The government's intention to increase the level of taxation for all new mining projects in the Philippines in its new fiscal regime. However, the new regime is expected to be applied only prospectively; i.e. new projects and existing projects will be given the option of adopting the new fiscal regime. The Balabag Project is an existing project in advanced stages of approval, and management believes it should be governed by the existing fiscal regime. However, there is a risk that the new fiscal regime may be applied to the Balabag Project. In early 2015, three bills proposing a variety of taxation levels on mining projects were proposed in the Congressional Ways and Means Committee for deliberation. As at the date of this report, the bills remain pending for Congressional hearings. If certain bills are passed, specifically House Bill No. 5367 which proposes a 10% baseline revenue sharing agreement with the government or a 55% share of adjusted net mining revenues (whichever is higher), it would have a significantly negative impact on the mining industry and the economics of most new mining projects. In an announcement by the newly appointed DENR Secretary, Mr. Roy Cimatu (first appointed May 9, 2017 and confirmed by the Commission on Appointments on October 4, 2017, and as discussed further in this section), he said an inter-agency mining council would review how mining companies in the Philippines were taxed. This follows an announcement



**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE NINE MONTHS ENDED  
SEPTEMBER 30, 2017 AND 2016**

by President Duterte the week of July 24, 2017, that he wants to stop exporting unprocessed mineral resources and warned miners that they may impose more taxes on the industry to raise money to help communities hurt by their operations, which may include an increase in the excise tax on mining from 2 percent to 10 percent.

- While the government has stated that Motions for Reconsideration will be processed for Application for Mineral Production Sharing Agreements (“**APSA**”) 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). Said bill, HB00235, was referred to the Committee on Ecology on July 26, 2016 and the Committee has taken no action yet.
- 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. A relatively recent draft bill was introduced by Risa Hontiveros on August 26, 2016 – Alternative Minerals Management Act of 2016, as Senate Bill No. 1069 and is still pending in the committee.
- 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. Initially, TVIRD was not named as a respondent to the aforesaid petition, but when the Supreme Court has remanded the case to the Court of Appeals in Cagayan de Oro, TVIRD was included as additional respondent in the case. On April 8, 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 Court already dismissed this Petition and such dismissal became final and executory on March 1, 2017.
- 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). On March 5, 2015, TVIRD filed a manifestation with the Supreme Court that House Bill No. 5367 is filed in Congress which proposes the new fiscal regime and revenue sharing arrangement between the Government and the mining contractor for large scale metallic



**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE NINE MONTHS ENDED  
SEPTEMBER 30, 2017 AND 2016**

mineral mining operations. TVIRD is of the position that the determination of the government's share in mining is a policy matter and Congress is acting on said authority by deliberating on House Bill No. 5367. This case is still pending decision.

- In August 2016, the DENR conducted a mining audit of all metallic mines operating in the country which included AMVI, a subsidiary of TVIRD, engaged in a DSO Project in Agusan del Norte. While it was later announced in February 2017 that AMVI had passed the audit, a risk continues to exist that similar audits may be performed in the future and their result may not be predicted if to consider the composition of the team that performed the 2016 audit, which included representatives of non-government organizations (“**NGO**”) who are vocal critics of the mining industry. The risk is further noted by the announcement of February 14, 2017, by the DENR and subsequent issue of a Show Cause letter with respect to the recommended cancelation of 75 MPSAs said to be operating within critical watershed areas, which included the Balabag MPSA. While TVIRD has responded to the Show Cause letter, there has not, as at the date of this report, been a decision rendered by the DENR.

Further to the recommended cancelation by the Philippine DENR of 75 MPSAs on February 14, 2017, said to be operating within critical watershed areas and which includes the Balabag MPSA, this, together with the DENR Mining Moratorium, may affect the ability of TVIRD to expand the ECC area related to the Balabag project beyond the currently approved 180 hectares defined within the existing ECC.

- On May 9 2017, a new secretary of the DENR was appointed to replace the previously appointed Ms. Gina Lopez. The replacement, Mr. Roy Cimatu, confirmed by the Commission on Appointments on October 4, 2017, has proceeded to overturn some of the Administrative Orders issued previously by Ms Lopez, one of which has returned to the director and regional directors of the Environmental Management Bureau (“**EMB**”) the authority to approve ECC applications.
- Despite the appointment of Mr. Cimatu as a replacement to Ms. Lopez as DENR Secretary, Ms. Lopez, known for her personal stance against large-scale mining activities in the province of Palawan as well as a scion of the Lopez-controlled media network, ABS-CBN, continues to be active as a well-known anti-mining advocate. She has objected coal mining and the use of fossil fuels as sources of energy while her family remains heavily-invested in the country's energy sector. Uncertainty continues with respect to the ongoing potential influence Ms. Lopez may have to discourage investment and growth in the mining sector, and mining projects, whether compliant or non-compliant with national regulations, may continue to be subject to unnecessary scrutiny in terms of their environmental and social development programs.
- Prior to the rejection of Ms. Lopez as DENR Secretary by the Commission on Appointments, Ms. Lopez initiated a ban on the open-pit method of mining for copper, gold, silver and complex ores throughout the Philippines. The order was issued despite open pit mining being allowed under the Philippine Mining Act and that the Constitution also supports the exploration, development and utilization of the country's mineral resources. On August 1, 2017, Mr. Cimatu has announced that the order banning all prospective open-pit mines in the country will remain in effect and will be taken up at the interagency Mining Industry Coordinating Council (“**MICC**”), despite failure by the MICC to yet release the results of its review on the mining sites that had been ordered closed or suspended by Ms. Lopez in February 2017. An ongoing ban on open pit mining may have an adverse effect upon current and future projects of TVIRD.



**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE NINE MONTHS ENDED  
SEPTEMBER 30, 2017 AND 2016**

**Social and Economic Environment**

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.

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 up to this time. Accordingly, management believes the risk of the withdrawal of community and local political support is low but will continue to monitor developments further to the uncertainty associated with the recent appointment of a new DENR Secretary.

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 may generally affect any mine elsewhere.

**Future Project Acquisition, Exploration and Development Activities may not be Successful**

TVI may incur substantial expenses on evaluating projects that are subsequently abandoned due to conditions that do not meet TVI's project acquisition criteria. 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 may incur such substantial expenses on exploration programs 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.



## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016

### **Funding and Liquidity**

Future development and exploration depends on the ability of TVI and its investments 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, associates or joint ventures may cause TVI or its affiliates, 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, 2017, TVI and its subsidiaries do not have any outstanding loans payable nor are there any material contracts (other than contracts entered into in the ordinary course of business, that are material to TVI and that are required to be filed under Section 12.2 of NI 51-102) that were entered into within the most recently completed quarter or financial year, or entered into before the most recently completed financial year, that are still in effect.

Current financial markets remain volatile due to uncertainties in the global economy. Commodity markets have seen substantial 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. TVI remains focused upon conserving cash through reducing expenditures and expects also possible distributions from its investment in joint venture and the sale of portions of its interest in various equity holdings to help settle liabilities and be a source of funding to help the Company pursue resource projects that can be rapidly developed and put into production to generate revenue and cash flows. Risk nonetheless exists that the Company may not be successful in its various cash raising efforts.

### **Subsidiaries and Joint Ventures**

The consolidated financial statements include the accounts of TVI and its subsidiaries TG World, TVI Limited, TVI Marketing, TVI Asia-Pacific and TVI Minerals, and its interest in TVIRD, IGES and Mindoro.

TVI has significant investment in some entities over which it does not have control. In some cases, TVI has board representation but does not control day-to-day operations of any of those entities. Similarly, TVI does not control the financial reporting and internal controls of any of those entities. Therefore, TVI relies on the internal controls and financial reporting controls of those entities and their failure to maintain effectiveness or comply with applicable standards may adversely affect TVI.

### **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



## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016

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 does not have any standardized meaning as prescribed by IFRS. It represents cash generated from (used in) 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 and free cash flow per share are measures that do not have any standardized meaning as prescribed by IFRS. Free cash flow from operations represents cash generated from operations, before changes in working capital, less cash expenditures on property and equipment and cash expenditures on other assets. Free cash flow should not be considered an alternative to, or more meaningful than, cash flow from operating activities. Free cash flow per share is calculated as free cash flow from operations over the number of common shares outstanding. Management believes that free cash flow and free cash flow per share are useful measures that represents cash available for reinvestment or growth after considering all the expenditures necessary to maintain TVI's asset base.

Net loss before impairment loss, interest, depreciation, income tax expense and share of net losses of associates and joint venture, is a measure that does not have any standardized meaning as prescribed by IFRS. It represents income before non-cash expenses in impairment, depreciation expense, share of loss of associates and joint venture. This measure should not be considered an alternative to, or more meaningful than, net income/(loss). Management believes that net loss before interest, depreciation, impairment and share of net losses of associates and joint venture is a useful supplemental measure to analyze TVI's results prior to taking into consideration non-cash expenses or income. This measure may not be comparable to similar measures used by other companies.

### COMPARATIVE AMOUNTS

There has been no reclassification of December 31, 2016 comparative amounts in the consolidated financial statements.

### 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, 2016. There are no new IFRSs or IFRIC interpretations that are effective for the period beginning January 1, 2017 that had any material impact to the Company.



## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016

### **New standards not yet effective at January 1, 2017**

IFRS 9, "Financial Instruments" replaces existing requirements included in IAS 39, "Financial Instruments - Recognition and Measurement". The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit and loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit loss model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. The standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted. The Company expects no significant impact from the new classification, measurement and derecognition rules on the group's financial assets and financial liabilities. The Company currently has no financial assets classified as available-for-sale nor any hedging activities. There will also be no impact on the accounting for financial liabilities, as the Company does not have financial liabilities that are designated at fair value through profit or loss. The Company continues to assess the impact of the new impairment model on the Company's financial assets.

IFRS 15, "Revenue from contracts with customers" deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 "Revenue" and IAS 11 "Construction contracts" and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2018 and earlier application is permitted. The Company does not anticipate IFRS 15 to have any impact upon its current reporting.

IFRS 16, "Leases" replaces IAS 17 and related interpretations. It introduces a new approach to lease accounting that requires a lessee to recognize assets and liabilities for the rights and obligations created by leases. It brings most leases on-balance sheet for lessees, eliminating the distinction between operating and finance leases. However, lessor accounting remains similar to previous guidance and the distinction between operating and finance leases is retained. The standard is effective for annual periods beginning on or after January 1, 2019. The Company does not currently anticipate IFRS 16 to have any impact upon its reporting.

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 Company uses the Black-Scholes option pricing model to assess through the fair value method the value of stock options granted to employees and directors under the share option plan.



## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016

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. The option to purchase TVIRD shares and the option to acquire IGES shares are accounted for as derivative financial instruments. The fair value of the option to purchase TVIRD shares is assessed taking into account the effects of ongoing mining at Agata, the probability of TVIRD's PSE listing and estimated future value of other projects, while the option to acquire IGES shares considers the estimated share price and expected volatility.

- The Company reviews and tests the carrying amounts of investments in associates and joint ventures and property and equipment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, the amount by which the carrying value of assets exceeds their estimated recoverable value is charged to the statement of comprehensive income (loss).
- 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 any 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 Mindoro and determined that it has significant influence though the shareholding is below 20% because of the right to board representation and contractual terms. Consequently, this investment has been classified as an associate.
- The Board of Directors of TVIRD considers the Philippine Peso as the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions related to and affecting TVIRD. The Philippine Peso is the currency of the primary economic environment in which TVIRD operates. It is the currency in which TVIRD and its related group of Philippine entities measures its performance and reports its results.
- The functional currency of IGES is Australian dollars as IGES has determined it to be the currency of the primary economic environment in which it operates. It is the currency in which IGES measures its performance and reports its results.

### OFF BALANCE SHEET ARRANGEMENTS

TVI does not have any off balance sheet arrangements.

### TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are recorded at the exchange amounts which are the amounts established and agreed to by the parties.

- At September 30, 2017, the Company's remaining receivable from TVIRD and Mindoro was \$108,209 (December 31, 2016 - \$102,293), presented as part of due from related parties in the statement of financial position and relating to reimbursable expenses and services provided by TVI Pacific to TVIRD and Mindoro.
- The outstanding interest receivable from IGES was \$31,310 (December 31, 2016 - \$32,235) which formed part of the due from related parties at September 30, 2017.



## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016

- During the three and nine months ended September 30, 2017, the Company incurred management fees of \$60,485 and \$175,551 (September 30, 2016- \$55,732 and \$186,081). Management fees are paid to a corporation owned by the President of the Company for the services of the President, travel costs and support staff. At September 30, 2017, the amount payable to the corporation was \$267,500 which formed part of the due to related parties in the statement of financial position (December 31, 2016 – \$147,125). The Company also had a remaining advance payment of \$4,858 which formed part of the due from related parties in the statement of financial position as at September 30, 2017 (December 31, 2016 – \$15,145). Effective February 1, 2016, payment of management fees related to services of the President have been deferred as the Company is actively working to conserve cash.
- During the three and nine months ended September 30, 2017, the Company incurred directors' fees of \$26,125 and \$120,625 (September 30, 2016 - \$43,750 and \$150,250). At September 30, 2017, the fees payable to directors were \$318,625 which formed part of the due to related parties in the statement of financial position (December 31, 2016 – \$198,000). Effective January 1, 2016, payment of directors' fees has been deferred as the Company is actively working to conserve cash.
- During the three and nine months ended September 30, 2017, the Company incurred \$44,357 and \$140,626 (September 30, 2016 - \$37,761 and \$113,997), to a corporation controlled by a director and officer of TVIRD for administrative expenses. At September 30, 2017, the amount payable to the corporation was \$501, which formed part of the due to related parties in the statement of financial position. At December 31, 2016 the Company has a net receivable of \$8,275, which formed part of due from related parties in the statement of financial position.
- At September 30, 2017, the Company's remaining payable to the joint ventures in the Philippines was \$4,240 (December 31, 2016 - \$19,433), presented as part of due to related parties in the consolidated financial statements.

### CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

The Company has entered into a lease contract with respect to its corporate office premises that has commenced on April 1, 2015. The lease is for a three-year term through to March 31, 2018, and the total remaining rent payments up to the end of the lease contract in March 2018 amounts to \$28,769 inclusive of base rent, estimated operating expense and taxes. The Company has sublet a portion of its corporate office premises through to the date of expiration of its current three-year lease term as it continues its focus to reduce expenditures and to conserve cash.

### Legal Actions

The Company has no known current or pending claims filed against it.

### CONTROLS AND PROCEDURES

#### Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant material 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 design and effectiveness of TVI's disclosure controls and procedures (as defined by the Canadian Securities Administrators). Based on that evaluation, the certifying officers have concluded that for the period ending September 30, 2017



## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016

such disclosure controls and procedures are effective and designed to ensure they are aware of all material information relating to the Company.

### 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 and has concluded that TVI's ICOFR were designed and operating effectively, with no material weaknesses related to operations existing as at September 30, 2017.

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

On November 3, 2017, IGES issued a market update on its prospectus and re-listing and announced plans to release a supplementary prospectus. IGES has indicated this to be relevant in the context of the sale of the land in the ACT and its implications for reduced cash outflows in the short-term, adding that the sale of this land and its cashflow impact also has implications for the acceleration of their international expansion plans. This will necessitate an extension of capital raising offer period of approximately 4 weeks.

### 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, Fiji, 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 timing and nature of exploration and drilling activities in TVIRD's 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 TVIRD's overall plans, budget and strategy (which are all subject to change). In certain cases, the timing of exploration activities in the Philippines, Fiji 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, Fiji and Papua New Guinea.*



**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE NINE MONTHS ENDED  
SEPTEMBER 30, 2017 AND 2016**

***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 year ended December 31, 2016, which was filed on SEDAR on April 18, 2017, and is available at [www.SEDAR.com](http://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.*



**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE NINE MONTHS ENDED  
SEPTEMBER 30, 2017 AND 2016**

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