



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

**For the nine months ended September 30, 2019 and 2018**



## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

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, 2019 and 2018, as well as of its financial position and future plans. It should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2018 and 2017, 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 14, 2019.

### 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 prepared 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 this MD&A and in the Company's Annual Information Form, each 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

Michael 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 interests in 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 100% owned Philippine operating subsidiary, TVI Resource Development (Phils.) Inc. ("TVIRD"), of which it has divested control in December 2013 but maintains a 30.66% interest.



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TVI management's track record of success has continued with the Agata nickel laterite project, Agata Mining Ventures Inc. ("AMVI"), which commenced operations in October 2014 and has since shipped a total of 12.71 million wet metric tonnes through 235 shipments as at the end of September 2019. AMVI is a joint venture company between TVIRD (60%), Mindoro Resources Ltd. ("Mindoro") (15%) and Minimax (25%), in which TVIRD 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. 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 while producing also high iron limonite ore when market conditions are favorable.

Environmental awards received by TVI through its exceptional performance thus far at Canatuan and Agata include:

TVIRD	Record of Awards							
Award	2010	2011	2012	2013	2015*	2016*	2017*	2018*
<b>Presidential Mineral Industry Environment Awards ("PMIEA"):</b>								
<b>PMIEA</b>								Agata
<b>Platinum</b>	Canatuan		Canatuan				Agata	
<b>Titanium</b>		Canatuan		Canatuan	Agata	Agata		
<b>Safest Mining Operation / Surface Operation</b>								
<b>Winner</b>		Canatuan	Canatuan					
<b>Safest Mineral Processing (Concentrator Category)</b>								
<b>Winner</b>	Canatuan	Canatuan	Canatuan	Canatuan				
<b>Best Mining Forest Award</b>								
<b>2nd Runner Up</b>				Canatuan				
<b>3rd Runner Up</b>	Canatuan		Canatuan					

\* TVIRD received awards up through 2013 as operator of the Canatuan Mine and commencing 2015 has received awards as operator of the Agata Mining Ventures Inc. DSO operations since start-up of operations in October 2014. The Presidential Industry Environmental Award (PMIEA) is the highest award given by the PMIEA Selection Committee (PMIEA-SC). Mining companies which fall short of the PMIEA requirements but exhibited excellent performance in environment, safety, health, and social development are awarded with the PMIEA-SC Achievement Awards, namely the Platinum and Titanium awards.

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 as an investment in joint venture and is accounted for using the equity method in the consolidated financial statements. As such, revenue earned and related expenses incurred at the level of TVIRD and its subsidiaries 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 does not flow through directly to TVI. Cash flows generated by TVIRD are 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.



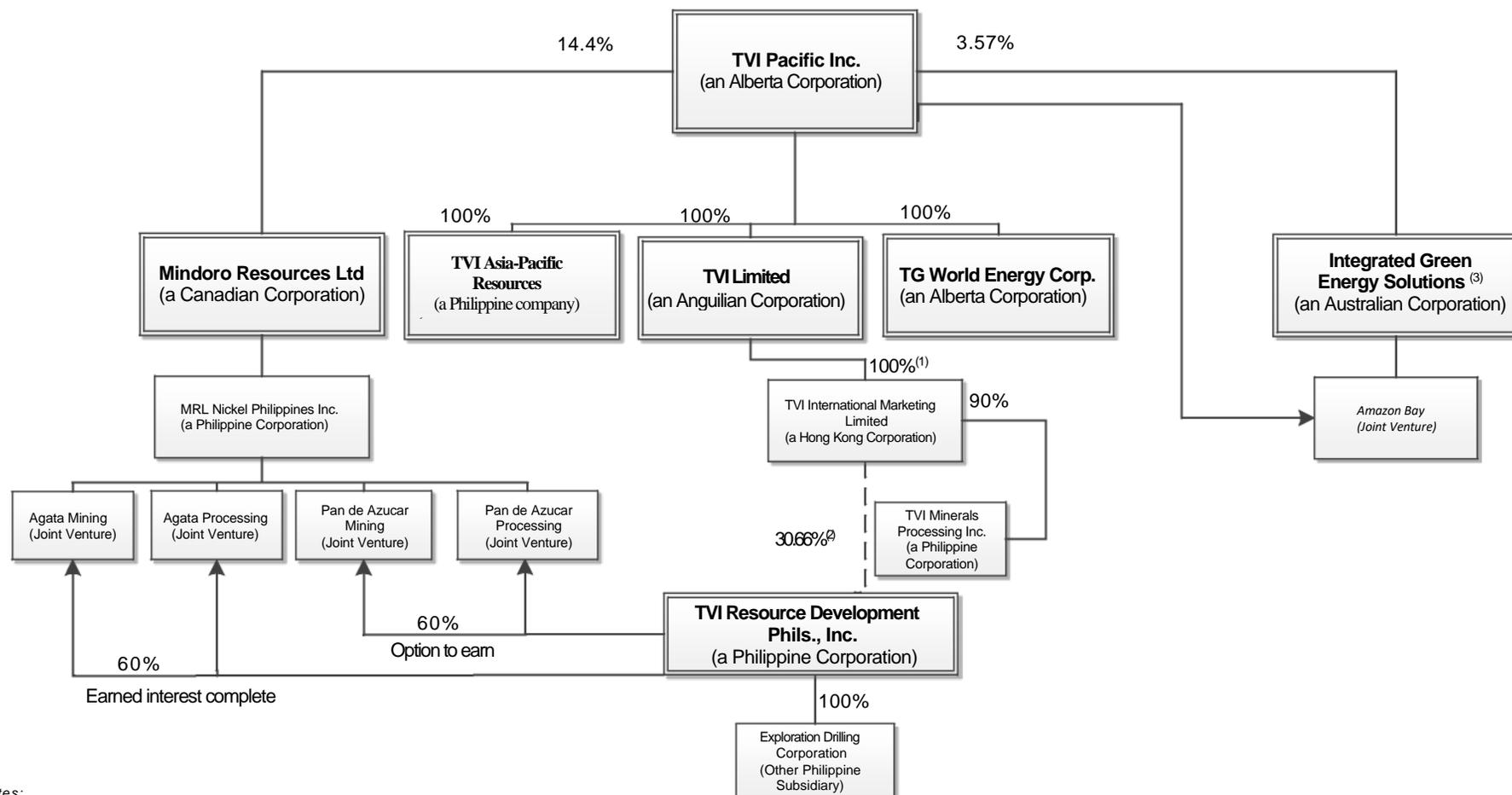
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As part of PRHI's agreement to invest in TVI and TVIRD, the parties agreed that TVIRD would seek a listing on the Philippine Stock Exchange ("**PSE**") following PRHI's investment in TVIRD. In October 2015, TVIRD filed a preliminary prospectus with the Philippine Securities and Exchange Commission ("**SEC**") and a listing application with the PSE relating to its proposed initial public offering ("**IPO**"). As at September 30, 2019, 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 are expected to 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 held at September 30, 2019 (i) a 3.57% equity interest in Integrated Green Energy Solutions Ltd ("**IGES**"); (ii) a 14.4% equity interest in Mindoro; and (iii) a 100% investment in shares of TG World Energy Corp. ("**TG World**").

TVI is currently focused on securing funding in order to pursue interests in 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.

**As at September 30, 2019:  
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) Formerly FOY Group Ltd.

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

TVIRD is a private Philippine resource company that developed and operated 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:

- Developing, operating and expanding Nickel laterite DSO operations and increasing resources at the Agata Nickel Laterite Mine.
- Advancing the Balabag Gold-Silver Project towards construction and production.
- Advancing the Agata Limestone Projects toward development and production.
- Evaluation of other exploration and development projects in the Philippines with potential for early cash flow generation.

TVIRD efforts to complete its PSE listing and IPO 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.

TVIRD declared two (2) cash dividends through the nine months ended September 30, 2019. One cash dividend has been received by TVI International Marketing Limited (“**TVI Marketing**”) as at September 30, 2019, as the direct shareholder of TVIRD, while the second dividend was received subsequent to September 30, 2019, as reflected in the table below (and reported in Subsequent Events):

Date Received	Total TVIRD Dividend Declared		Total TVI International Marketing Share			
	PHP (millions)	\$CAD (thousands)	Prior to Philippine Dividend Tax		Net of Philippine Dividend Tax	
			PHP (millions)	\$CAD (thousands)	PHP (millions)	\$CAD (thousands)
Total 2017 Dividends	185.0	\$ 4,747.6	56.7	\$ 1,454.2	48.2	\$ 1,236.1
Total 2018 Dividends	60.0	\$ 1,475.1	18.4	\$ 452.3	15.6	\$ 384.4
March 28, 2019	30.0	\$ 764.8	9.2	\$ 234.5	7.8	\$ 199.3
October 18, 2019	30.0	\$ 769.1	9.2	\$ 235.8	7.8	\$ 200.4
Total 2019 Dividends	60.0	\$ 1,533.9	18.4	\$ 470.3	15.6	\$ 399.7
<b>Total Dividends</b>	<b>305.0</b>	<b>\$ 7,756.6</b>	<b>93.5</b>	<b>\$ 2,376.7</b>	<b>79.5</b>	<b>\$ 2,020.3</b>

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

### Balabag Gold and Silver Project

The Balabag gold/silver project is owned 100% by TVIRD and is fully permitted to proceed. 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

On October 23, 2019, TVIRD completed its first drawdown of US \$6 million under a 5-year term loan facility (the "**Facility**") entered into on October 21, 2019. The Facility, an Omnibus Loan and Surety Agreement ("**OLSA**") with China Banking Corporation, provides for a US \$28.5 million principal amount loan to TVIRD to finance construction of infrastructure at the Balabag project.



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The total capital expenditure requirement for the Balabag project is estimated (by TVIRD) to be US \$48.85 million. TVIRD's current business plan anticipates that the difference between the current capital expenditure estimate and the amount that may be drawn under the Facility will be funded by internally generated TVIRD cash and cash generated specifically by the Balabag project.

Exploration work has continued at Balabag following preparation of the TVIRD resource model in 2014. Activities have included mapping and sampling of underground tunnels, particularly in the Lalab and Miswi areas, and has extended into Mossad (north of Balabag hill). Additional drilling was initiated in 2018 and has continued into 2019 with 28 drill holes (for a total of 2,356 meters drilled). Data from the recent drilling campaign continues to be analyzed.

#### 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 12.71 million wet metric tonnes have been shipped through 235 shipments as at the end of September 2019. 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.

AMVI has engaged the services of a third party Qualified Person to review the remaining resource and reserves of the project. AMVI expects to release a revised NI 43-101 through the second half of 2020.

#### 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.

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.

As of September 30, 2019, 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.

Further evaluation of the three other potential limestone sites is currently underway. An exploration permit (EP 27) covering both San Vicente and San Jose has been renewed thereby allowing drilling in San Vicente to proceed. Drilling in San Vicente was completed in June 2018 with 10 holes with a meterage of 1,109 meters. The evaluation of other limestone potential sites located south of the Payong-payong in Tinigbasan, Tagpangahoy, and Binuangan are also ongoing. AMVI expects to release a NI 43-101 compliant report on the limestone project through the second half of 2020.



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**Carrying value of investment in TVIRD**

The carrying value of the investment in joint venture is \$13,011,269 as at September 30, 2019, adjusted from the balance reported at December 31, 2018 to account for TVI's proportionate share of net income realized by the Philippine entities during the nine months ended September 30, 2019, as well as TVI's proportionate share of other comprehensive income (loss) arising from the foreign exchange revaluation of TVIRD's stockholder's equity. The carrying value of investment in TVIRD has been reduced by \$399,339 in cash dividends declared and received in part by TVI Marketing during the nine months ended September 30, 2019.

	<b>September 30, 2019</b>	
Investment in joint venture at January 1, 2017	\$	11,835,177
Share of net income		915,385
Share of other comprehensive income (loss) <sup>(1)</sup>		(26,058)
Foreign exchange revaluation of other comprehensive income (loss)		503,608
Cash dividend received, net of Philippine taxes		(386,090)
Investment in joint venture at December 31, 2018		12,842,022
Share of net income		872,380
Share of other comprehensive income (loss) <sup>(1)</sup>		(303,794)
Cash dividend received, net of Philippine taxes		(399,339)
Investment in joint venture at September 30, 2019	\$	13,011,269

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

**INVESTMENT IN MINDORO**

Mindoro is a publicly listed company incorporated in Canada and with shares listed on the NEX. The annual reporting period of Mindoro ends as at December 31.

As at September 30, 2019, TVI owns 42,779,353 shares of Mindoro, representing a 14.4% holding in the capital of Mindoro.

**INVESTMENT IN INTEGRATED GREEN ENERGY SOLUTIONS LTD**

On August 17, 2012, TVI entered a Heads of Terms agreement ("HOA") with IGES, a publicly listed company incorporated in Australia with shares listed on the Australian Stock Exchange ("ASX") and operating, at that time, in the resource industry in Papua New Guinea. The HOA set out the terms of various proposed transactions consisting of a loan to IGES and acquisition of equity interests by way of private placement undertaken in two tranches with IGES (or affiliates).



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As at September 30, 2019, TVI had a 3.57% direct equity interest in IGES that has been derived by the following:

Date		IGES Investment Held by TVI Pacific				
		Notes	Cash Outlay	Share Price	Shares	Options
Aug.28.2012	Tranche 1 Share Subscription	(1)	AUD 884,000	AUD 0.3250	2,720,000	
May 03.2013	Tranche 2 Share Subscription	(1)	100,000	AUD 0.1750	571,429	
Dec.09.2013	Tranche 2 Share Subscription	(1)	315,000	AUD 0.1750	1,800,000	
Mar.26.2014	Tranche 2 Share Subscription	(1)	585,000	AUD 0.1750	3,342,857	
Mar.31.2015	Loan Conversion	(1),(2),(3),(5)	211,528	AUD 0.0625	3,384,451	3,384,451
Jul.31.2015	Loan Conversion	(1),(2),(4),(5)	188,472	AUD 0.0625	3,015,549	3,015,549
Jul.31.2015	Capital Promissory Note #1 - conversion	(1),(2),(5)	100,000	AUD 0.0725	1,379,311	1,379,310
Jul.31.2015	Capital Promissory Note #2 - conversion	(1),(2),(5)	100,000	AUD 0.0725	1,379,311	1,379,310
Jan-Dec. 2018	Sale of IGES shares	(6)			(1,981,014)	
Jan-Sep. 2019	Sale of IGES shares	(7)			(1,538,153)	
			<b>AUD 2,484,000</b>		<b>14,073,741</b>	<b>9,158,621</b>

IGES Share price at September 30, 2019	AUD 0.10	AUD 0.10
Fair Market Value of Investment in Equity Securities	AUD 1,407,374	AUD 915,862
AUD / CAD Exchange rate at September 30, 2019	0.8941	0.8941
Canadian equivalent prior to consideration of Option Conversion Price	CAD 1,258,333	CAD 818,872
Option Conversion Price		CAD 1,637,745
Calculated volatility in share price per Black Scholes model as at September 30, 2019		CAD 818,872
Fair Market Value of Investment in Equity Securities	CAD 1,258,333	CAD 0

**Notes:**

- (1) Post 25:1 share consolidation of August 17, 2015. Cash Outlay and Share Price is reflected in actual A\$.
- (2) Loan was initially provided in August 2012 to Foyson Resources and changed to a convertible note on October 1, 2014, prior to
- (3) Part conversion of loan as previously agreed with Foyson Resources on October 1, 2014, and approved by shareholders on March 31, 2015.
- (4) Conversion of remaining balance of loan previously agreed with Foyson Resources on October 1, 2014, and further approved by shareholders at EGM of July 30, 2015.
- (5) Options may be exercised at a conversion price of A\$0.20 at anytime through to their expiry on December 31, 2019.
- (6) Shares sold at average share price of A\$0.45 for net proceeds of \$840,285.
- (7) Shares sold at average share price of A\$0.24 for net proceeds of \$341,060.

The conversion options are accounted for as a derivative instrument and are separately accounted for at fair value in the consolidated financial statements.

Integrated Green Energy Pty Ltd ("IGE") entered a private placement with IGES on October 23, 2014, in the amount of A\$337,500 following an announcement on July 4, 2014, that Foyson Resources Limited, as IGES had been formally known, had commenced exclusive negotiations for a strategic relationship with IGE to acquire and fund the commercialization of its plastics-to-diesel technology.

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 was intended to change the focus of the company from resource extraction to resource recovery by exploiting the opportunities from three key technologies acquired from IGE, which include:



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

Shareholder approval of the IGE transaction was received at an Extraordinary General Meeting 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.

On September 27, 2017, TVI resigned from its one director position that it held on the Board of IGES from December 27, 2014 (and previously from August 2012 to July 2013) in recognition of the substantial change in business and direction of IGES and that it no longer reflects the investment mandate of TVI, which is to invest in resource projects.

TVI's interest in IGES was diluted to 5.22% at the time of IGES' relisting on the ASX in January 2018 as a result of a capital raise and issue of shares completed by IGES, together with the part divestment of an equity interest previously held by TVI, which has diluted TVI's interest further to 3.57% at September 30, 2019. The ASX has advised that all shares and unlisted options held by TVI are not subject to any ASX restrictions.

IGES, winner of the International Association of Ports and Harbors World Ports Sustainability Award in May 2019, announced earlier that their IGES patented core module representing 50 tonnes per day ("TPD") of capacity arrived in Amsterdam in March 2019 and that cold and hot testing commenced in June. A second 50 TPD module arrived in Amsterdam in July and installation is proceeding in parallel with the first module to increase processing capacity to 100 TPD of plastic to produce 35 million liters EN 590 standard fuel per annum commencing in November 2019. The first offtake sale is expected to be reported in December 2019.

Structured Growth Capital Inc. ("**SGC**") confirmed in September 2019 that SGC is pleased with the progress of the IGES Amsterdam project and that funding through a US \$90 million loan facility for which the first drawdown was initiated in April 2019 shall commence. This facility is currently expected to be used to construct facilities in Amsterdam, the United Kingdom and Thailand. A second loan facility was announced by IGES on August 2, 2019 with Rabobank in the amount of €18 million and IGES has said this is to be specific to the operations of the Amsterdam plant.

IGES announced further in its Annual Report issued October 31, 2019 that it is continuing with its global strategy to establish sites in key locations, most recently in Thailand, the UK and the Philippines, but in addition also to more than 19 sites in the coming years.

Further to the IGES public disclosure documents, the patented plastic to fuels process of IGES results in a range of fuels and products, including EN590 (Road Ready Diesel), EN228 (Road Ready Petrol), Naphtha, Marine fuel and Marine Diesel Oil (MDO). The specific products IGES provides are determined by the territory requirements for each individual site location.

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

The carrying value of TVI's investment in Mindoro was reduced to nil in March 2014 as a result of recording TVI's proportionate share of net losses since having acquired the investment. As at September 30, 2019, a further proportionate share of net losses has been incurred by Mindoro and will offset any future proportionate share of net income that Mindoro may realize.



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TVI adopted IFRS 9 'Financial Instruments' on January 1, 2018, that introduces a single approach to determine whether a financial asset is measured at amortized cost or fair value and replaces the multiple rules in IAS 39 (see Changes in Accounting Policies). This has had the effect of reporting TVI's investment in IGES, reclassified in 2018 from Investment in Associate to Investment in Equity Securities, through application of Fair Value Through Profit & Loss ("FVTPL").

The fair value of TVI's investment in IGES is calculated as follows, taking into account also further sales of IGES shares by TVI through to November 13, 2019:

	<b>IGES</b>
Number of shares held at September 30, 2019	14,073,741
Share price (\$A at September 30, 2019)	0.10
Fair value in foreign currency	1,407,374
Exchange rate	0.8941
Fair value in CAD, September 30, 2019	\$ 1,258,333
Number of shares held at September 30, 2019	14,073,741
Shares sold by TVI October 1, 2019 to November 13, 2019	890,000
Number of shares held at November 14, 2019	13,183,741
Share price (\$A at November 13, 2019)	0.10
Fair value in foreign currency	1,318,374
Exchange rate	0.9023
Fair value in CAD	\$ 1,189,569

### **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.

As of September 30, 2019, TVI continues to consider a possible investment decision with respect to the Cirianiu gold project following an earlier due diligence work program and subject to the ability to 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. 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% equity interest in SC 54A in the Philippines. SC 54A is situated offshore, northwest of the Palawan islands, and contains several development-ready discoveries and mutually exclusive exploration targets. Project partners in SC 54A include project operator Nido at 42.4% working interest, IMC Oil and Gas Investments Ltd at 30.1% and Hague and London Oil B.V. at



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15%. 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.

TVI has fully written-down its investment in SC 54A in 2015, and the partners have not thus far 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, 2019	\$ -	\$ (1,284)	\$ (0.002)	\$ (0.002)
June 30, 2019	-	(1,604)	(0.002)	(0.002)
March 31, 2019	-	(1,817)	(0.003)	(0.003)
December 31, 2018	-	(1,820)	(0.003)	(0.003)
September 30, 2018	-	(2,217)	(0.003)	(0.003)
June 30, 2018	-	2,203	0.003	0.003
March 31, 2018	-	6,897	0.011	0.011
December 31, 2017	-	507	0.001	0.001
September 30, 2017	-	(505)	(0.001)	(0.001)

(1) Net of non-controlling interests.

**QUARTERLY CONSOLIDATED RESULTS OF OPERATIONS**

In Q1 2018, the Company incurred a net income of \$6.9 million, which consists primarily of a \$6.6 million gain generated by the initial recognition of TVI's investment held in IGES (investment in equity securities) at fair value and \$1.3 million arising from the revaluation of IGES options (derivative financial instrument), offset by \$0.3 million of general and administrative expenses and the Company's \$0.2 million proportionate share of losses associated with TVIRD and further expenses of \$0.5 million deferred income tax on the fair value recognition of investment in equity securities.

In Q2 2018, the Company incurred a net income of \$2.2 million, which consists primarily of a \$1.4 million adjustment in the fair value recognition of TVI's investment held in IGES (investment in equity securities), \$0.8 million arising from the revaluation of IGES options (derivative financial instrument), \$0.5 million proportionate share of income associated with TVIRD, and a \$0.2 million gain on sale of shares held in IGES (investment in equity securities), offset by \$0.4 million of general and administrative expenses and \$0.3 million in deferred income tax on the fair value recognition of investment in equity securities.



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In Q3 2018, the Company incurred a net loss of \$2.2 million, which consists primarily of recognition of a \$1.6 million decrease in the fair value of TVI's investment in IGES (investment in equity securities), recognition of a \$0.7 million decrease in the fair value of IGES options (derivative financial instrument) and \$0.4 million in continuing general and administrative expenses offset by a \$0.2 million gain on sale of shares held in IGES (investment in equity securities) and a \$0.3 million adjustment in deferred income tax arising from the fair value recognition of investment in equity securities.

In Q4 2018, the Company incurred a net loss of \$1.8 million, which consists primarily of recognition of a \$1.6 million decrease in the fair value of TVI's investment in IGES (investment in equity securities), recognition of a \$0.8 million decrease in the fair value of IGES options (derivative financial instrument), \$0.3 million in continuing general and administrative expenses and \$0.1 million of deferred income tax arising from the fair value recognition of investment in equity securities, offset by a \$0.6 million proportionate share of income associated with TVIRD and a \$0.4 million gain on sale of IGES shares (investment in equity securities).

In Q1 2019, the Company incurred a net loss of \$1.8 million, which consists primarily of recognition of a \$1.2 million decrease in the fair value of TVI's investment in IGES (investment in equity securities), recognition of a \$0.6 million decrease in the fair value of IGES options (derivative financial instrument) and \$0.3 million in continuing general and administrative expenses, offset by a \$0.2 million gain on sale of IGES shares (investment in equity securities) and \$0.1 proportionate share of net income from investment in joint venture.

In Q2 2019, the Company incurred a net loss of \$1.6 million, which consists primarily of recognition of a \$1.2 million decrease in the fair value of TVI's investment in IGES (investment in equity securities), recognition of a \$0.7 million decrease in the fair value of IGES options (derivative financial instrument) and \$0.5 million in continuing general and administrative expenses, offset by a \$0.2 million gain on sale of IGES shares (investment in equity securities) and \$0.6 million proportionate share of net income from investment in joint venture.

In Q3 2019, the Company incurred a net loss of \$1.3 million, which consists primarily of recognition of a \$1.1 million decrease in the fair value of TVI's investment in IGES (investment in equity securities), recognition of a \$0.2 million decrease in the fair value of IGES options (derivative financial instrument) and \$0.3 million in continuing general and administrative expenses, offset by a \$0.1 million gain on sale of IGES shares (investment in equity securities) and \$0.2 million proportionate share of net income from investment in joint venture.

**CONSOLIDATED RESULTS OF OPERATIONS – NINE MONTHS ENDED SEPTEMBER 30, 2019**

For the nine months ended September 30, 2019, TVI had a consolidated net loss of \$4.7 million compared to a \$6.9 million net income during the same period in 2018.

Total general and administrative expense was \$1.1 million in Q3 2019 and \$1.0 million in Q3 2018, which primarily consisted of salaries and wages, professional and consultancy fees and other corporate expenses.

In Q3 2019, TVI also had other losses of \$0.8 million as compared to a \$1.8 million gain in Q3 2018, which is primarily attributable to fluctuations in the fair value of investment in equity securities and IGES options (derivative financial instrument) and gain on sale of IGES shares.

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 net income reported by Mindoro.



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TVI also recorded its proportionate share of income from its investment in joint venture in an amount equal to \$0.9 million in Q3 2019 as compared to \$0.3 million in Q3 2018.

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

**Cash Position**

	Three months ended September 30		Nine months ended September 30	
	2019	2018	2019	2018
Operating cash flow used in operations	\$ (167,481)	\$ (28,200)	\$ (387,657)	\$ (86,922)
Change in working capital	38,122	(128,027)	(344,445)	(544,170)
Funds used in operations	(129,359)	(156,227)	(732,102)	(631,092)
Expenditure on property & equipment	-	-	(1,239)	(1,854)
Free cash outflow <sup>(1)</sup>	\$ (129,359)	\$ (156,227)	\$ (733,341)	\$ (632,946)
Common shares outstanding	655,537,039	655,537,039	655,537,039	655,537,039
Free cash flow per share	\$ (0.000)	\$ (0.000)	\$ (0.001)	\$ (0.001)

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

At September 30, 2019, TVI's consolidated financial statements reflect a total cash and cash equivalents balance of \$0.3 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 \$0.7 million at December 31, 2018.

Of note is that total cash held by all Philippine entities at September 30, 2019 is \$4.8 million, of which \$3.7 million is held in joint venture accounts and \$1.1 million is held directly by TVIRD, all of which is available to the Philippine entities to fund activities and investments at that level and may thereby 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 and declarations of the shareholders, as evidenced by the cash dividends paid to date. Through the nine months ended September 30, 2019, TVIRD declared total dividends of 60 million Philippine pesos (\$1,533,879), of which 30 million Philippine pesos (\$768,425) was paid out in total as at September 30, 2019 (see Subsequent Events) and TVI Marketing, as the direct shareholder of TVIRD, received a cash dividend of 9.2 million Philippine pesos (\$235,635) prior to Philippine dividend tax withholding in the amount of 1.4 million Philippine pesos (\$35,345). TVI and its management do not control the actions of the Philippine entities and therefore does not control the actual usage or distribution of funds held by each.

**Capital Requirements**

TVI's capital expenditures through nine months ended September 30, 2019 have been negligible as the Company is actively working to conserve cash and the primary focus has been at the level of TVIRD, where capital expenditure programs have been funded by operations at that level.



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**Equity**

Total capital was \$32,974,070 at September 30, 2019 and December 31, 2018. The Company's outstanding common shares as at September 30, 2019 and at December 31, 2018, were 655,537,039. The basic weighted average number of common shares issued and outstanding for the nine months ended September 30, 2019 and at December 31, 2018 were 655,537,039.

**Per Share Data**

	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Net income (loss)	\$ (4,705,034)	\$ 6,883,822
Weighted average number of shares, basic and diluted	655,537,039	655,537,039
Basic income (loss) per share	(0.007)	0.011
Diluted income (loss) per share	(0.007)	0.011

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

**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, 2019 and December 31, 2018. At September 30, 2019, TVI had 41.35 million options outstanding, of which 41.35 million share options were vested and exercisable. In accordance with the Company's Stock Option Plan, unless otherwise determined by the Board, options scheduled to expire at a time when the holder of the options is subject to restrictions on trading of securities of the Company under a trading blackout established by the Company, or within five (5) business days after the termination of a blackout period, will, notwithstanding the scheduled expiry date of such options, expire as of the date that is ten (10) business days following the end of the applicable blackout period. At September 30, 2019, 26.35 million of the currently outstanding 41.35 million share options have been extended beyond their scheduled expiry date in accordance with this Policy.

The Stock Option Plan was last ratified by the Company shareholders at the 2019 Annual General Meeting and accepted also for filing by the TSX Venture Exchange in July 2019.

During the period ended September 30, 2019, \$nil of stock-based compensation was charged to the statement of comprehensive income (loss) in the consolidated financial statements.



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## **RISK FACTORS**

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

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

### **Risk Management**

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

#### *(a) Currency risk*

TVI faces currency risks mainly due to the substantial cross-border element of its investment activities. TVI is headquartered in Canada (with Canadian Dollar and US Dollar bank accounts and expenses payable in each currency) while its joint venture entities are located in the Republic of the Philippines (Peso). 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 relates to interest rates on cash and cash equivalents as well as to the risk of change in the borrowing rates of the Company. The Company has no outstanding loans payable, nor does it currently have any annual expenditure obligations as at September 30, 2019 and therefore the Company has no current exposure to changes in interest rates except for interest rates on cash and cash equivalents.

#### *(c) Price risk*

Price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign currency risk) whether those changes are caused by factors specific to the individual financial instrument, its issuer or factors affecting all similar financial instruments in the market or a market segment. Exposure to other price risk is primarily in investment in equity securities of IGES and derivative financial instruments where changes in quoted prices on investments in equity securities impact the underlying value of the investment and derivatives.

#### *(d) Liquidity risk*

Liquidity risk is the risk the Company will encounter difficulty in meeting obligations and commitments and repaying liabilities 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.



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At September 30, 2019 the Company had accumulated losses of \$23.7 million since inception (December 31, 2018 - \$19.0 million), a working capital deficiency of \$0.3 million (December 31, 2018 - surplus of \$1.6 million) and reported a net loss for the nine months ended September 30, 2019 of \$4.7 million (September 30, 2018 - \$6.9 million net income). These conditions indicate a material uncertainty which lends significant doubt about the Company's ability to continue as a going concern.

The Company's ability to meet obligations and repay liabilities as they come due and to continue as a going concern is presently dependent on the sale of portions of its interest in IGES shares and possible distributions from its joint venture investment in TVIRD, which the Company does not control. These undertakings, while significant, are not sufficient in and of themselves to enable the Company to fund all aspects of its operations and, accordingly, management is pursuing other financing alternatives to fund the Company's operations and to pursue interests in resource projects in the Asia Pacific region that can be rapidly developed and put into production to generate revenue and cash flows. There is no assurance that these initiatives will be successful.

To manage capital and operating spending, budgets are prepared, monitored regularly and updated as required.

*(e) 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, short-term deposits, 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, 2019 and December 31, 2018 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 and movements in the share price of the equity investments in IGES and Mindoro as well as TVI's ability to sell all or a part of shares held in each of these companies. 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 the value of these investments.

As at March 31, 2014, the carrying value of TVI's investment in Mindoro has already been fully written-down as a result of recognizing TVI's share in the losses of Mindoro. As for the value of investment in TVIRD, this continues to be adjusted at each reporting period by TVI's share in the income or loss of the joint venture. The carrying value of investment in TVIRD is further reduced by cash dividends issued by TVIRD and received by TVI Marketing. TVI's interest in IGES is 3.57% at September 30, 2019, the result of further capital raise activities by IGES and the sale of a portion of IGES shares held by TVI. The ASX has advised that all shares and unlisted options held by TVI are not subject to any ASX restrictions.



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**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 (“**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 the 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 the Environmental Compliance Certificate (“**ECC**”) (as well as an extension of expiry date in the ECC), the Declaration of Mining Project Feasibility (“**DMPF**”) and the tree-cutting permit for the Balabag project, as well as the DMPF for the Agata project.

***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 is to increase the level of taxation for all new mining projects in the Philippines in its new fiscal regime. Existing mining projects in the Philippines are expected to be subject to any new fiscal regime which continues to be discussed at the time of reporting. Several house bills have been proposed to the Congressional Ways and Means Committee of the 19th Congress with the objective to rationalize and institute a single fiscal regime applicable to all mineral agreements and to all existing and prospective large metallic, non-metallic and small-scale mines. The government has stated that the intent is to enhance the equitable share of the government in the utilization of natural resources without compromising the mining sector's need for a reasonable return on investment.
- 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 (“**AFTA**”), 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 through Bill HB00235 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). Bill HB00235 was referred to the Committee on Ecology on July 26, 2016 and the Committee has taken no action as of yet.



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- Several draft independent members' bills, referred to as "Alternative Mining Acts" have been presented for discussion in the Philippine House of Representatives. While these bills do not currently have the support of the Administration, in the event that they were to be passed into law by Congress, or have significant elements of them adopted as law, they would further impair the fiscal regime and regulatory framework under which the mining industry operates in the country.
- The 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 regards 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 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 audit in calendar years 2016 and 2017, which included representatives of non-government organizations ("**NGO**") who are vocal critics of the mining industry.
- Further to the recommended cancelation by the Philippine DENR of 75 MPSAs on February 14, 2017, said to be operating within critical watershed areas, 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.
- A ban on the open-pit method of mining for copper, gold, silver and complex ores throughout the Philippines was initiated by the late DENR Secretary, Ms Gina Lopez. 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 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**"). There has been no resolution on the ongoing ban on open pit mining and as such this may have an adverse effect on the future of mining in the Philippines.



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**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 appointment of the current DENR Secretary in 2017.

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.



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### **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, the sale of investments 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, 2019, 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 against these hazards. This may result in destruction of mines and other facilities, damage to life and



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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 (used in) operations and free cash flow per share are measures that do not have any standardized meaning as prescribed by IFRS. Free cash flow from (used in) operations represents cash generated from (used in) 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 (used in) operating activities. Free cash flow per share is calculated as free cash flow from (used in) 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.

### CHANGES IN ACCOUNTING POLICIES

#### a) Adoption of IFRS 16, "Leases"

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.

Under IFRS 16 lessees may elect not to recognise assets and liabilities for leases with a lease term of 12 months or less. In such cases a lessee recognises the lease payments in profit or loss on a straight-line basis over the lease term. The exemption is required to be applied by class of underlying assets.

The Company's current lease is for only a twelve-month period and does not contain a purchase option and therefore has continued to be recognized as an operating lease.

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 and judgements:



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- The Company uses the Black-Scholes option pricing model to assess under the fair value method the value of stock options granted to employees and directors under the share option plan. Management must estimate the volatility, forfeiture rate, expected life and risk-free interest rates in using the model to assess the fair value of stock options. The option to acquire IGES shares is accounted for as a derivative financial instrument and its fair value considers the current share price and actual calculated volatility experienced to date.
- The Company reviews and tests the carrying amounts of investments in associates and joint ventures as well as 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 has determined that it has significant influence, though TVI's 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 Board of Directors of TVI has considered the Company's current activities, funding position and projected funding requirements for the period of at least twelve months from the date of approval of the consolidated financial statements, in determining the ability of the Company to adopt the going concern basis in preparing the consolidated financial statements for the nine months ended September 30, 2019. The assessment of the Company's ability to execute its strategy to meet its future funding requirements involves judgement.

**OFF BALANCE SHEET ARRANGEMENTS**

TVI does not have any off-balance sheet arrangements.



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**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.

**(a) Due from related parties**

	September 30, 2019	December 31, 2018
TVIRD	\$ 6,706	\$ 19,664

The Company's receivable from TVIRD relates to reimbursable expenses and services provided by TVI Pacific to TVIRD.

**(b) Due to related parties**

	September 30, 2019	December 31, 2018
Seajay Management	\$ 382,011	\$ 266,350
Director's fee	375,625	279,250
EDCO	3,475	3,527
Regent Parkway	2,165	772
	\$ 763,276	\$ 549,899

Commencing February 1, 2016, payment of management fees related to services of the President, and as charged by Seajay Management, were deferred as the Company is actively working to conserve cash. Management fees for 2017, 2018 and the current year continue to be deferred.

Commencing January 1, 2016, also, payment of directors' fees has been deferred as the Company is actively working to conserve cash. Deferred directors' fees include \$26,125 and \$96,375 incurred during the three and nine months ended September 30, 2019 (September 30, 2018 - \$26,125 and \$95,375), respectively. Directors' fees for 2017, 2018 and the current year continue to be deferred.

The payment of deferred management and directors' fees will be determined by the Board as conditions permit and will continue to be deferred, together with ongoing charges, until the Board decides otherwise.

During the three and nine months ended September 30, 2019, the Company also incurred expenses of \$50,592 and \$147,416 (September 30, 2018 - \$49,121 and \$137,397), respectively, for administrative services provided by Regent Parkway, a corporation controlled by a director and officer of TVIRD.

**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 initial lease was for a three-year term through to March 31, 2018 but has been extended under the same terms to December 31, 2019. The remaining total rent payments up to the end of the lease contract in December 2019 amounts to \$15,104 inclusive of base rent, estimated operating expenses and taxes. The Company has sublet a portion of its corporate office premises through



## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

to the date of expiration of its extended lease contract of December 31, 2019 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, 2019 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 June 30, 2019.

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

TVI divested of a further 890,000 shares of IGES through November 13, 2019 at an average share price of A\$0.117 to generate net proceeds of approximately \$91,127, reducing TVI's equity interest in IGES to 3.35%.

Further to a declaration by the TVIRD Board of Directors on September 5, 2019 to issue a dividend of 30 million Philippine pesos (\$0.76 million) among all shareholders of record as of June 30, 2019, TVI Marketing received on October 18, 2019 a dividend of 9.2 million Philippine pesos (\$0.23 million), prior to Philippine dividend tax in the amount of 1.4 million Philippine pesos (\$0.03 million), and the net amount of 7.8 million Philippine pesos (\$0.20 million) was then transferred through to TVI as repayment of intercompany advances.

On October 24, 2019, TVIRD completed its first drawdown of US \$6 million under a US \$28.5 million 5-year term loan facility provided by China Banking Corporation to partially finance its Balabag gold/silver mining project.



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## **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 management of the Company as at the effective date of such statements and, in certain cases, information supplied by third parties. Although the Company believes the expectations reflected in such forward-looking statements are based upon reasonable assumptions and that information received from 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 that could cause actual events or outcomes to differ materially from those anticipated or implied by such forward-looking statements. These factors include, but are not limited to, such things as changes in general economic conditions in Canada, the Philippines, Fiji and elsewhere; the volatility of prices for certain base and precious metals, oil & gas and other commodities; 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; an inability to procure third party approvals in a timely manner or on satisfactory terms; new laws and regulations (domestic and foreign); inherent risks associated with the exploration and development of mining properties; ultimate recoverability of reserves; production, timing, results and costs of exploration and development activities; availability of financial resources or third-party financing; changes in administrative practices; changes in exploration plans or budgets; availability of personnel and equipment (including mechanical problems); political or civil unrest; and extreme weather conditions and forces of nature (i.e. typhoons, heavy rains, earthquakes, and the like) that may disrupt operations and exploration.*

**Accordingly, readers should not place undue reliance upon the forward-looking statements contained in this material change report 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, 2018, which was filed on SEDAR on April 29, 2019, 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.*



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***Share Listing:***

TSX-Venture Exchange Symbol: TVI

***Auditors:***

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