



Management's Discussion and Analysis

For the Years Ended December 31, 2010 and 2009



MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

The discussion and analysis that follows is intended to provide a summary of TVI Pacific Inc. ("TVI" or the "Company") results over the years ended December 31, 2010 and 2009, as well as its financial position and future plans. It should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2010 and 2009. All numbers in this discussion and analysis are expressed in Canadian dollars unless otherwise indicated. Additional information is available on TVI's website at www.tvipacific.com or on SEDAR's website at www.sedar.com. Information in this MD&A is as of March 17, 2011.

OVERVIEW OF BUSINESS

TVI Pacific Inc. is a publicly-traded resource company focused on the production, development, exploration and acquisition of resource projects in the Philippines. TVI produces copper concentrate from its Canatuan mine, is preparing for the development of a gold property for anticipated production in the second half of 2012 and is initiating an aggressive exploration program at its high-impact Tamarok property. TVI also has oil interests in various stages of discovery, drilling and exploration located in Alaska, Niger and off-shore Philippines.

TVI is focused on four key areas of growth:

- Maximize profits through process optimization at the producing Canatuan mine.
- Capitalize on near-term development and exploration properties and expedite exploration on other potentially high-impact North Zamboanga Tenements.
 - Fast-track exploration drilling on identified prospects in the Greater Canatuan Tenement Area ("GCTA") and other near-mine prospects to expand its current mine life; conduct additional drilling and complete an internal feasibility study at the Balabag gold property; and expedite exploration and drilling at the Tamarok copper-gold project.
 - TVI also plans to continue other exploration activities on its 1,240 square kilometres (479 square miles) tenement package on the Zamboanga Peninsula that has the potential to host significant porphyry copper-gold, massive sulphide and epithermal gold deposits.
- Through its newly acquired subsidiary, TG World Energy Inc, TVI will also engage in the development of oil assets in Alaska, Niger and offshore Philippines. This could provide TVI with access to a second cash flow stream that would help to offset its exposure to base and precious metals commodity pricing risk. These oil assets, combined with TVI's extensive land package of mining prospects in the Philippines, gives the company a strong foundation moving forward.
- Consider raising additional capital to finance the exploration and development of its diverse portfolio of properties and land positions and possibly to finance a value-enhancing joint venture or acquisition.

PRODUCING PROPERTIES – CANATUAN MINE

The Canatuan mine is a polymetallic mine located in the Province of Zamboanga del Norte on the island of Mindanao in the Philippines. The Canatuan mine initially produced gold and silver doré from gossan ore, the oxidized cap of a volcanogenic massive sulphide deposit. The gossan ore was mined using open-pit methods and processed through conventional carbon-in-leach and Merrill Crowe circuits. The underlying primary sulphide portion of the deposit, hosting copper and zinc, was largely exposed during the mining of the gossan deposit.

TVI commenced construction and development of the Canatuan Sulphide Project in early 2007. The Sulphide Project included the construction of a new processing plant and the staged construction of a separate tailings dam. The plant construction was completed on time and under budget and the project began commissioning in mid-November 2008. Commercial production was declared on March 1, 2009, when copper concentrate inventory levels surpassed the 5,000-tonne shipping threshold.

Yulo Perez, Vice President for Philippine Operations of TVIRD, is acting as the Qualified Person in compliance with National Instrument 43-101 "Standards of Disclosure for Mineral Projects" ("NI 43-101") reporting requirements with respect to the Canatuan mine. He has prepared and/or supervised the preparation of the scientific or technical information in this document, including the current reserve and resource estimates, and confirms compliance with NI 43-101 requirements.

Reserves and Resources

In April 2008, TVI received a NI 43-101 technical report on the Canatuan sulphide deposit prepared by P.J. Lafleur Geo-Conseil Inc., an independent consulting group. This report was filed with certain securities regulatory authorities in Canada on April 7, 2008, and is available on the SEDAR website at www.sedar.com. The NI 43-101 technical report includes the initial reserves and resources at the beginning of the Canatuan Sulphide Project.

Initial Reserves – Proven and Probable

Ore Type	Tonnes	Grade					
		Au (g/t)	Cu (%)	Ag (g/t)	Zn (%)	Cu:Zn Ratio	As (ppm)
High Cu	271,405	1.06	2.05	70	0.19	10.98	510
Cu-Zn	1,850,216	0.76	1.42	36	0.91	1.56	303
High Zn	912,763	0.65	1	27	1.58	0.64	261
TOTAL	3,034,383	0.75	1.35	36	1.05	1.29	309

Table 19-3 "Reserves by Ore Type in the Sulphides", NI 43-101 prepared by P.J. Lafleur Geo-Conseil Inc.

Initial Resources – Measured

(The resources include the above reserves)

GRADE GROUP	Tonnage (T)	CU PCT (Grade)	ZN PCT (Grade)	AU GT (Grade)	AG GT (Grade)
> 2.00 % Cu	606,644	3.28	1.59	1.48	68.70
1.00 – 2.00	826,251	1.42	1.43	0.86	41.10
0.50 – 1.00	930,114	0.72	0.72	0.50	20.82
0.40 – 0.50	257,017	0.45	0.45	0.33	15.54
0.30 – 0.40	276,920	0.35	0.37	0.29	21.83
0.20 – 0.30	244,637	0.25	0.33	0.23	14.25
0.10 – 0.20	346,165	0.14	0.28	0.13	12.40
0.05 – 0.10	273,809	0.08	0.29	0.09	5.26
0.00 – 0.05	26,412	0.01	0.03	0.01	0.33
Total	3,787,969	1.10	0.87	0.62	30.17

Table 19-1 "Mineral Resources by TVI in 2007 for the Sulphides", NI 43-101 prepared by P.J. Lafleur Geo-Conseil Inc.



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Current Reserves and Resources

The remaining ore reserves and resources at December 31, 2010, are estimated based on mine and mill production statistics for the year, additions and depletions due to ore extraction, grade control, geological assessments, and monthly reconciliation.

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

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

Reserves – Proven and Probable (December 31, 2010):

	Ore Tonnes	Cu (%)	Zn (%)	Au (g/t)	Ag (g/t)
Initial reserve, December 31, 2009	2,517,305	1.23	1.19	0.78	30.17
Total ore milled to December 31, 2010	(804,435)	1.31	0.54	0.40	28.12
Stockpile, December 31, 2010	24,762	2.20	0.73	0.70	8.06
New found ore mined during 2010	206,175	0.64	0.23	0.29	19.12
Projected additional ore for 2011:					
PAG blocks reclassified	133,779	0.23	0.14	0.27	7.99
Outside pit limit	19,652	1.11	0.38	0.41	22.02
Remaining reserve, December 31, 2010	2,097,238	1.09	1.26	0.84	28.12

Resources – Measured (December 31, 2010):

(The resources include the above reserves)

	Ore Tonnes	Cu (%)	Zn (%)	Au (g/t)	Ag (g/t)
Initial resource, NI 43-101	2,965,287	1.01	1.03	0.64	25
Total ore milled to December 31, 2010	(804,435)	1.31	0.54	0.40	28.12
Stockpile, December 31, 2010	24,762	2.20	0.73	0.70	8.06
Projected additional ore for 2011:					
PAG blocks reclassified	133,779	0.23	0.14	0.27	7.99
Remaining resource, December 31, 2010	2,319,393	0.87	1.14	0.70	22.75

Operations

The average daily throughput for the year ended December 31, 2010, was 2,204 dry metric tonnes per day. TVI is currently targeting an average daily throughput of 2,300 dry metric tonnes per day, which results in a remaining life of mine of approximately 2.5 years as at December 31, 2010, based on the remaining reserves and resources as of December 31, 2010.

In March 2010, the Company received an amendment to its Environmental Compliance Certificate that increased the daily maximum allowable production rate to 2,500 tonnes per day and the maximum annual extraction rate of 2,500,000 tonnes per year. This allows the Company the capacity to process additional ore from other sources, including ore surrounding the current Canatuan mine that was previously uneconomic or undrilled, and potential prospects within the GCTA.



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For the year ended December 31, 2010, the Company completed the following shipments:

Shipment Number	Shipment Completion Date	Shipped (dry metric tonnes)	Gross Revenue (in US\$)			
			Copper	Gold	Silver	Total
11	January 27, 2010	5,076	6,899,834	637,991	742,416	8,280,241
12	March 4, 2010	5,224	7,015,147	778,392	1,444,089	9,237,628
13	March 20, 2010	5,214	6,941,327	911,393	1,274,188	9,126,908
14	May 5, 2010	5,285	7,433,147	922,340	783,279	9,138,766
15	June 22, 2010	5,248	6,056,820	587,985	479,034	7,123,839
16	August 7, 2010	5,238	6,505,018	684,431	748,710	7,938,159
17	September 24, 2010	5,290	6,757,390	844,956	855,358	8,457,704
18	November 6, 2010	5,375	7,232,874	787,629	1,089,143	9,109,646
19	December 21, 2010	4,806	7,240,001	831,844	1,612,923	9,684,768
		46,756	62,081,558	6,986,961	9,029,140	78,097,659

The total gross revenue for the year ended December 31, 2010, including the US\$109,347 price adjustment for the 10th shipment in 2009 based on the final concentrate testing relating to the final weight, assays and market prices, was US\$78,207,006 (CDN\$80,276,176).

Subsequent to the period, and up to the date of this document, the Company completed the following additional shipment:

Shipment Number	Shipment Completion Date	Shipped (dry metric tonnes)	Gross Revenue (in US\$)			
			Copper	Gold	Silver	Total
20	February 7, 2011	4,997	7,993,222	792,421	1,945,352	10,730,995

As of December 31, 2010 the 18th and 19th shipments were still subject to price adjustment. As of the date of this report, shipments 19th and 20th are subject to price adjustment.

Selected operational highlights:	Quarter ended				Year to date Dec 31, 2010	Year to date Dec 31, 2009
	March 31, 2010	June 30, 2010	Sept. 30, 2010	Dec. 31, 2010		
Copper pound equivalent ("Cu lb eq") produced	8,841,433	5,035,688	6,249,498	5,185,333	25,311,952	26,823,952
Copper produced (lbs)	6,930,404	4,111,496	5,140,344	3,740,813	19,923,057	20,726,043
Gold produced (oz)	2,321	1,184	1,379	1,432	6,316	6,970
Silver produced (oz)	220,400	76,571	97,676	119,652	514,299	532,108



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	Quarter ended				Year to date Dec 31, 2010	Year to date Dec 31, 2009
	March 31, 2010	June 30, 2010	Sept. 30, 2010	Dec. 31, 2010		
Total tonnes processed	203,480	187,845	218,525	194,585	804,435	525,385
Average tonnes processed per day	2,261	2,064	2,375	2,115	2,204	1,439
Ore copper grade (%)	1.75	1.22	1.21	1.04	1.31	2.15
Copper recovery (%)	88.14	81.41	88.43	83.91	85.93	83.07
Concentrates produced (dry weight - t)	15,826	10,110	12,680	9,684	48,300	50,403
Average daily concentrates produced (dry weight - t)	176	111	138	105	133	138
Concentrate copper grade (%)	19.86	18.45	18.39	17.52	18.71	18.65
Concentrate gold grade (g/t)	4.56	3.64	3.38	4.60	4.07	4.30
Concentrate silver grade (g/t)	433.15	235.57	239.60	384.29	331.19	328.36
Production cash cost per Cu lb eq (US\$) ^{(1) (2)}	0.56	1.13	1.02	1.57	0.99	0.61
Total cash cost per Cu lb eq (US\$) ⁽²⁾	0.94	1.58	1.36	2.02	1.39	1.05
Total cash cost per Cu lb eq, net of by-products (US\$) ⁽²⁾	0.32	0.95	0.91	1.14	0.76	0.51
Offtake						
Copper concentrates shipped (dry weight - t)	15,514	10,533	10,528	10,181	46,756	50,085
Cu lb eq shipped	8,546,480	5,458,367	5,180,122	5,258,531	24,443,500	26,993,086
Average copper price received (US\$/lb)	3.28	3.22	3.30	3.89	3.40	2.56

(1) Excludes selling expenses.

(2) Production cash cost per Cu lb eq, Total cash cost per Cu lb eq and Total cash cost per Cu lb eq, net of by-products, are non-IFRS measures. Please see definitions in the "Non-IFRS Measures" section.

Zinc Circuit

Increased levels of zinc were expected to appear as the orebody continued to be mined. In preparation, the construction of a Zinc Circuit was completed in April 2010. In the early stages of the Zinc Circuit commissioning in May-June 2010, it was found that acceptable copper/zinc separation was not being achieved at the Canatuan plant using the flow sheet ('recipe') initially determined through testing at a pilot plant. As a result, the Zinc Circuit was temporarily suspended on August 13, 2010, and additional metallurgical testing was carried out to determine a better 'recipe' for metal separation and recovery.

During November and December 2010, progress was made on the Zinc Circuit commissioning at Canatuan. Copper-zinc separation was achieved using a revised reagent regime and reconfigured process flow sheet.

The objective of the commissioning process for the Zinc Circuit is to continuously make adjustments until the largest volume of concentrate (both copper and zinc) is produced with the highest grade and with the best metal recovery, taking into consideration the full extent of input factors. The commissioning process is ongoing.

During commissioning, the continuous production of copper concentrates has been achieved to meet shipping requirements.



EXPLORATION

Cesar Medina, Exploration Manager of TVIRD, is acting as the Qualified Person in compliance with NI 43-101 reporting requirements with respect to the Company's exploration projects. He has prepared and/or supervised the preparation of the scientific or technical information and confirms compliance with NI 43-101 requirements.

Greater Canatuan Tenement Area

TVI has an extensive 352 square kilometres (136 square miles) land package surrounding the Canatuan mine that makes up the GCTA. The Canatuan orebody is a volcanogenic massive sulphide orebody and deposits of this type rarely occur in isolation. Accordingly, TVI believes the potential exists for continuing extension developments, creating a "mining camp", within the GCTA. Initial exploration on the properties suggests that the land package includes a 40+ kilometre (25+ mile) strike length of the type of lithology that hosts the Canatuan orebody. Management of TVI believes it is likely that similar Canatuan-style deposits exist within the GCTA. Any mineable ore located in the area could economically be transported to the existing Canatuan plant for processing, which would extend the life-of-mine beyond the current estimate.

In January 2010, the Company established a partnership and strategic alliance with DMCI-CERI, a subsidiary of DACON Corporation (the "Partners"). In February 2010, the Partners signed a Joint Venture Agreement ("JVA") to conduct exploration, development and production of mineral deposits in EXPA 61 within the GCTA. Potential prospects identified within EXPA 61 lie within a 15 kilometre (9.3 mile) radius trucking distance of the current Canatuan sulphide plant. Under the JVA, TVIRD holds a 70% interest and acts as the operator, while DMCI holds the remaining 30% interest.

In June 2010, the Partners finalized the initial work program for EXPA 61 and initiated three main activities: (a) obtain Free Prior Informed Consent ("FPIC") from the affected indigenous communities in the area; (b) complete an airborne geophysical survey; and (c) complete the application for the Exploration Permit. TVI has successfully secured the endorsement of the local council and municipal authorities for the program. As of the writing of this report, discussions with the indigenous people and the National Commission on Indigenous People are ongoing, leading to a Memorandum of Agreement and FPIC. Once the FPIC process is completed, all requirements will have been fulfilled for the issuance of the Exploration Permit. Although the tribal communities are supportive, the process was slowed down by the national elections in May 2010, the local government elections of October 2010 and a change of relevant (monitoring and supervisory) government officials. Efforts are continuing in this regard.

Siennalynn

On October 7, 2010, the Company announced the acquisition of rights to explore a copper-zinc-gold property referred to as Siennalynn. TVIRD acquired the exploration rights over the property for an initial consideration of US\$1.2 million in cash, with the right to acquire a 100% interest in the property if a decision is made to proceed with mine development.

A reinterpretation of previous exploration data on the property from programs conducted by major international mining companies, together with recent field work conducted by TVI, identified two types of exploration targets: smaller, near-surface showings that could provide material for immediate trucking to the Canatuan mill site and potentially larger hydrothermal deposits.

Drilling at Siennalynn commenced on October 19, 2010. TVI allocated four diamond drills to the property completing 1,765 metres (5,791 feet) to December 2010. Assay results for all the prospects are being compiled and analyzed and will be reported at a future date.



Balabag

The development-stage Balabag gold project is a high priority project. The Balabag property covers an area of approximately 52 square kilometres (20 square miles) and is situated approximately 75 kilometres (47 miles) east-northeast of the Canatuan mine.

In 2008, TVI commissioned Genivar Limited Partnership, an independent mining engineering consulting company, to conduct a scoping study on the Balabag property. Genivar presented TVI with the comprehensive scoping study titled "Scoping Study of the Balabag Project", which was prepared in accordance with NI 43-101 and based on the NI 43-101 Technical Report for the Mineral Resources at the Balabag Project of TVI Pacific Inc." filed August 9, 2007, and prepared by P.J. Lafleur Geo-Conseil Inc. The purpose of the scoping study was to assess the mining potential of a stand-alone commercial scale mining operation centred on the currently delineated Balabag deposit and to provide an order of magnitude of its economic potential. This report was filed with certain securities regulatory authorities in Canada on August 20, 2008, and is available on the SEDAR website at www.sedar.com.

In February 2010, drilling resumed at the Balabag epithermal gold project focusing on the Tinago vein, the largest of three spatially related vein systems. This Phase 1 drill program was completed on June 17, 2010, with 30 holes drilled for a total of 3,196 metres (10,486 feet). The goal was to define a minimum of 50,000 gold equivalent ounces in the indicated category, allowing for an internal scoping study to define an economical start-up "Bootstrap" mine development program. Under the "Bootstrap", or phased development concept, an initial "starter" plant would be constructed, drawing ore feed from the core area, with the plant and mine being expanded in stages from internal cash flow to the extent that the resource supports. Assay results from the Phase 1 drill program supported additional drilling at Balabag to further define the resources.

The Phase 2 drilling program, consisting of 55 new holes, is on schedule with 36 holes completed to date and three presently drilling.

On October 25, 2010, TVI launched an internal feasibility study with the intention of coming to a decision regarding a "Bootstrap" mine development plan during the first half of 2011. The intent of the internal feasibility study is to evaluate the engineering, the environmental and social requirements, the financial viability and the overall feasibility of the starter operation.

The scoping study that was previously completed on the Balabag gold project in 2007 was based on a full-scale development concept. The new internal feasibility study currently underway at Balabag is based on a "Bootstrap" development concept.

TVI intends to complete an updated NI 43-101 report in 2011, after receiving drill results from the Phase 2 program (which will allow for an updated resource estimation) and after receiving the internal feasibility study results.

Tamarok - Tapisa

The Tamarok copper-gold exploration project and the Tapisa exploration project are located 60 kilometres (37 miles) north-northeast of TVI's Balabag project and are within the Company's 1,240 square kilometres (479 square miles) North Zamboanga tenement package.

In December 2009, the 507 hectare (1,253 acre) Mineral Production Sharing Agreement ("MPSA") encompassing the Tamarok copper-gold project was formally approved by the Secretary of the Department of Energy and Natural Resources of the Philippines. The MPSA was granted to the original claimholder with whom TVI has a contract to acquire full rights to the MPSA at TVI's election.

The approval of the MPSA at Tamarok allowed TVI to advance exploration activities including geophysical surveys, systematic detailed geological investigations and drilling. A scout drilling program is planned to test subsurface continuity of outcropping porphyry copper-gold mineralization at Malachite Hill.



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This package of landholdings was assembled with reference to the anticipated geological potential associated with the Sindangan-Cotabato fault system that hosts the world-scale Tampakan porphyry copper discovery currently being developed by Sagittarius Mines, Inc., a subsidiary of Xstrata.

To identify additional areas of concentrated mineralization for future exploration, the Company has conducted an airborne geophysical program over these tenements.

It is anticipated that drilling will begin on identified targets in the Tamarok area in Q2, 2011.

Zamboanga Tenement Airborne Geophysical Surveys

A helicopter-supported geophysical survey covering all of TVI's tenements in the Philippines is nearing completion.

As of December 31, 2010, over 6,546 line-kilometres (4,067 line-miles) have been flown acquiring magnetic/radiometric data covering 119,017 hectares (294,096 acres) of the North Zamboanga tenements. Processing and interpretation of the data is expected to be completed by early 2011. This high quality data will assist the Company in identifying specific exploration targets for future program planning.

A second helicopter survey over the GCTA and a portion of the North Zamboanga tenements is a combination of Versatile Time-Domain Electromagnetic ("VTEM") and magnetic data. This survey was delayed due to the appropriate equipment being unavailable until late 2010. At the time of writing the VTEM acquisition is nearing completion. This data will assist in the location of mineralization in the vicinity of the Canatuan operations with the goal of providing additional mill feed and mine life.

Other

Other potential exploration projects include the Bonbon epithermal gold prospect and the broader North Zamboanga tenements.

Bonbon is made up of a series of north-northwest trending quartz veinlets/stockworks spread over a 10 kilometre (6 mile) long by 2 kilometre (1 mile) wide area currently being worked in places by small-scale miners operating illegally. After completing the required permitting, the Company plans to prepare geological mapping and sampling, as well as geophysical surveys, in order to locate prospective drill targets.

The Company is also considering the opportunity to engage in joint venture relationships across the entire 1,240 square kilometres (479 square miles) North Zamboanga tenements. A number of prospects of interest have been identified on these properties under the exploration program carried out by the former property owner. The Company continues to welcome, seek out and advance opportunities that may present beneficial relationships to advance exploration across its Philippine land package.

DRILLING COMPANY

TVI's drilling operations are owned and operated by Exploration Drilling Corporation ("EDCO"), a wholly-owned subsidiary located in the Philippines. EDCO currently has eight drill rigs that are being used on the Company's development and exploration projects.

A sale agreement of drilling assets of EDCO in Kyrgyzstan to an arm's-length third party was rescinded in September 2010 due to the non-fulfilment of the contract conditions on the part of the third party. As a result, seven drill rigs are being returned to TVI. These drilling assets left the yard of the third party in December 2010 and are currently on board a vessel in Lianyungang port in China. The vessel departed China last March 4 and is expected to arrive to the Philippines in late March 2011. The drill rigs will need some maintenance and refurbishment. Some of the rigs will be ready for deployment after one month, while others will be ready after three months from the time the rigs arrive in the Philippines.



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TRANSACTION WITH TG WORLD ENERGY CORP.

On December 23, 2010, TVI entered into a plan of arrangement with TG World Energy Inc. ("TG World") under which the Company agreed to acquire all of the outstanding common shares of TG World not owned by it as of the effective date of the acquisition.

On December 30, 2010, the Company acquired beneficial ownership of 29,650,000 common shares of TG World and a \$1,317,500 principal amount convertible promissory note in connection with the completion of a private placement previously announced on December 23, 2010.

On December 31, 2010, TVI acquired a \$1,317,500 principal amount promissory note in connection with the acquisition of an investment. The note is payable on demand and bearing interest of 12% per annum in excess of the prime lending rate for Canadian dollar loans. The note may be converted at the option of the Company into common shares of TG World at a conversion price of \$0.05 per Share, in certain circumstances as indicated in the loan agreement, on or prior to December 31, 2015. Under the terms of the note, the conversion price of the note will be increased to \$0.10 per share if conversion is undertaken in certain circumstances as indicated in the loan agreement. Under the terms of the note, accrued interest and certain other amounts that may become owing to TVI are also convertible into common shares of the Issuer.

On March 1, 2011, the Company entered into an unsecured loan arrangement with TG World for US\$500,000. The full amount of the Loan was advanced immediately to TG World and used to fund obligations in the Philippines.

A special meeting of TG World security holders was held on March 4, 2011. Security-holders voted 99.79% in favour of the Arrangement and the Arrangement also received the required majority of the minority approval.

The Arrangement was approved by the Court of Queen's Bench of Alberta on March 9, 2011. On March 10, 2011, the Arrangement was completed pursuant to which TVI acquired all of the outstanding TG World common shares. Pursuant to the Arrangement, TVI Pacific issued approximately 61.5 million shares to acquire ownership and control of the 134,335,870 TG World common shares not owned by TVI Pacific immediately prior to the Arrangement. TG World is now a wholly owned subsidiary of TVI Pacific.

QUARTERLY FINANCIAL INFORMATION

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

	Net Revenue	Net Income (Loss)	Net Income (Loss) per Share ⁽¹⁾	
			Basic	Diluted
December 31, 2010	\$ 18,457	\$ 1,227	\$ 0.001	\$ 0.001
September 30, 2010	15,661	3,000	0.013	0.011
June 30, 2010	16,445	(1,292)	(0.002)	(0.002)
March 31, 2010	26,170	8,345	0.009	0.008
December 31, 2009	22,917	9,739	0.011	0.010
September 30, 2009	25,675	9,917	0.011	0.010
June 30, 2009	11,312	676	0.001	0.001
March 31, 2009	7,060	(2,014)	(0.004)	(0.004)

(1) Net of non-controlling interests. Please see the "Non-controlling interests" section below. Due to the Company's conversion to IFRS, the net income (loss) per share prior to December 31, 2010 have been adjusted. Please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2010.



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Revenue

In Q1, 2009, the Company completed its first shipment of copper concentrates from its Canatuan Sulphide Project and recognized the revenue from the sale in the same quarter. This was followed by the second and third shipments, and a portion of the fourth shipment in Q2, 2009, resulting in higher revenue for the second quarter. Higher revenues were realized in Q3, 2009, representing the remainder of the fourth shipment plus the fifth to seventh shipments of copper concentrates. Revenue in Q4, 2009 was slightly lower since it consists of only three shipments as compared to the previous quarter.

In Q1, 2010, three shipments were completed for a total of 15,514 dry metric tonnes at an average copper price of US\$3.28/lb for total gross revenue of US\$26.64 million. These were followed by two additional shipments in Q2, 2010 for 10,533 dry metric tonnes at an average copper price of US\$3.22/lb for total gross revenue of US\$16.26 million.

Two shipments were also completed in Q3, 2010, for a total of 10,528 dry metric tonnes at an average copper price of US\$3.30 for total gross revenue of US\$16.40 million (after final assay and price adjustment), which is relatively comparable with the previous quarter.

The two shipments in the last quarter of 2010 also approximate that of the previous quarter but with a higher average copper price of US\$3.89 resulting in a gross revenue of US\$18.79 which is 15% higher compared to the previous quarter.

Net Revenue for the last three quarters of 2010 was lower than previous quarters for two reasons:

- A change in the shipment schedule, from every 4 weeks to approximately every 6 weeks, was implemented to allow for the planned interruptions in production that were a result of the commissioning process of the zinc circuit; and
- In order to not exceed the maximum zinc content limits specified by our off-take agreement for the copper concentrates that were shipped, ore with lesser amounts of zinc has been processed starting in April. This ore also has lower amounts of copper which, in part, accounts for the lower revenue for the last three quarters. It is expected that with the successful commissioning of the zinc circuit, ore with higher copper grades will again be processed.

Net Income (Loss)

The Company declared commercial operations on the Canatuan Sulphide Project on March 1, 2009, and completed its first shipment in the same month. The Company has continued to improve its operating throughput and concentrate production, with the exception of when the Zinc Circuit began initial commissioning in Q2, 2010; continuing improvements resumed in Q4, 2010. Plant availability in Q2 and Q4, 2010 was lower since scheduled shutdowns relating to the zinc circuit commissioning were implemented.

The average throughput in Q1 and Q3, 2010, were higher due to the higher plant availability achieved and the continuous process optimization program of the Company. Recoveries for all the metals were also higher during these quarters. The combined effects of the improved throughput and recoveries led to higher copper pound equivalent metals produced during these quarters.

With its continuous improvement programs, TVI will continue to optimize its throughput in an effort to offset the declining feed grades.

	Average copper price received (US\$/lb)	Production cash cost ⁽¹⁾ (US\$/Cu lb eq)
Year 2010	3.40	0.99
Q4 2010	3.89	1.57
Q3 2010	3.30	1.02
Q2 2010	3.22	1.13
Q1 2010	3.28	0.56

(1) Excludes selling expenses. Production cash cost per copper pound equivalent is a non-IFRS measure. Please see definitions in the "Non-IFRS Measures" section.



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In June 2010, the Company completed the repayment of the US\$30.1 million five-year term loan facility agreement ("Term Facility"), entered into on January 20, 2009 with the LIM Asia Arbitrage Fund Inc. and LIM Asia Special Situations Master Fund Limited ("LIM"). In connection with the Term Facility, the Company entered into an Advisory Agreement with a third party (the "Advisor").

During the first half of 2010, the Company made five voluntary principal payments totalling US\$22.3 million and a scheduled payment of US\$2.0 million. The Company also paid US\$1.1 million in interest, US\$7.2 million in prepayment premiums, each of which was grossed up to include Philippine withholding tax, and a further US\$1.3 million in advisory fees. The Term Facility was paid in full in June 2010, which also terminated the Advisory Agreement.

In Q3, 2010, the Company posted a net income of \$3.0 million compared to a net loss of \$1.3 million in Q2, 2010, an increase of \$4.3 million quarter-over-quarter. This increase results from the savings of \$5.2 million in one-time finance charges, mainly relating to the early pay-out of the Term Facility, partially offset by modestly lower revenue due to lower metals shipped during the quarter (5.2 million Cu lbs eq in Q3 compared to 5.5 million Cu lbs eq in Q2). Total production for Q3 was 6.2 million Cu lb eq.

During the last quarter of 2010, net income decreased by \$1.8 million from \$3.0 million in Q3, 2010 to \$1.2 million in Q4, 2010. The higher revenue in Q4, 2010 as compared to Q3, 2010 was offset by the increase in exploration costs with respect to the developments as discussed in the "Exploration" section above, and increase in mining and milling expenses causing higher unit production cost, due to higher consumption of materials and other costs required to produce acceptable copper concentrates from the ore feed with increasing zinc content.

SELECTED ANNUAL INFORMATION

	2010	2009	2008
Net Revenues			
Mining	\$ 76,496,555	\$ 66,700,244	\$ 5,821,484
Other revenues	236,237	264,573	133,005
	\$ 76,732,792	\$ 66,964,817	\$ 5,954,489
Net income (loss)			
Mining	\$ 24,426,238	\$ 26,411,406	\$ (3,834,781)
Exploration	(5,712,877)	(429,311)	(1,634,224)
Corporate	(7,433,732)	(7,664,253)	(7,293,788)
	\$ 11,279,629	\$ 18,317,842	\$ (12,762,793)
Net income (loss) per share – basic ⁽¹⁾	0.022	0.019	(0.020)
Net income (loss) per share – diluted ⁽¹⁾	0.021	0.017	(0.020)
Total Assets	\$ 51,982,974	\$ 50,207,355	\$ 41,774,019

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

Non-controlling interests

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries TVI Limited, TVI International Marketing Limited ("TVI Marketing"), EDCO and TVI Mineral Processing Inc., including its interest in TVIRD and nineteen inactive Philippine subsidiaries, which are controlled by the Company, as it has the power to govern the financial and operating policies of the subsidiaries and obtain benefits from their activities. Of the issued and outstanding shares of each of the inactive nineteen Philippine subsidiaries, 40% are owned by TVI Marketing and 60% are owned by TVIRD. TVIRD shares are owned 40% by TVI Marketing with the remaining 60% owned by Philippine residents or companies. Non-controlling interests in less than wholly-owned subsidiaries of the Company



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comprise the interest held by the Philippine residents or companies and is presented separately in the consolidated statement of comprehensive income and consolidated statement of financial position, separately from the Company's equity. Losses applicable to the non-controlling interest are allocated against the non-controlling interest even if that results in a deficit balance.

In July 2010, the Securities and Exchange Commission of the Philippines approved the application of TVIRD to restructure its share of stock from one class to two classes of common shares – Class A and Class B. The restructuring retained the percentage of ownership and voting interests and did not affect the factors requiring the consolidation of the entity. The Class A shares, held by the Philippine residents or companies, are entitled to a cumulative preferred dividend equal to 20% of their investment per annum and retain their ownership and voting rights.

As a result of this restructuring, the undistributed share of the non-controlling interests in the net income of TVIRD amounted to \$819,020 as at December 31, 2010. Class B shares, largely owned by TVI Marketing, which in turn is indirectly wholly owned by TVI Pacific Inc., are entitled to any remaining profits after allocating the share of non-controlling interests.

CONSOLIDATED RESULTS OF OPERATIONS

The 2008 results of operations were from the previous production during the gossan operations. The Company depleted the gossan resource and ceased the gossan operations during the second quarter of 2008.

During the year ended December 31, 2010, TVI had a consolidated net income of \$11.3 million compared to a net income of \$18.3 million as of 2009. During the year ended December 31, 2010, the mining segment produced net income of \$24.4 million. Adding back the non-cash amortization and accretion expense of \$12.6 million, the mine segment produced net income before amortization and accretion expense of \$37.0 million.

During the year ended December 31, 2010, the Canatuan mine generated net revenues of \$76.5 million from the Canatuan Sulphide Project consisting of nine completed shipments of copper concentrates to TVI's metal off-take partner, with whom the Company has an off-take agreement covering all copper concentrate production of the existing Canatuan mine. The Company generated \$66.7 million during 2009 representing ten completed shipments, which started when the sulphide operations commenced in March 2009. Net revenues are based upon gross revenues net of treatment, refining and penalties from the buyer.

Mining, milling and other expenses for the year ended December 31, 2010, were \$27.8 million. These expenses do not include treatment, refining and penalties from the buyer as these costs are netted against revenues. Expenses during the year are not comparable to those incurred during 2009 since the expenses from January 1, 2009, to February 28, 2009, were deferred until the start of the commercial operations on March 1, 2009.

During the year ended December 31, 2010, exploration expenses were \$5.7 million as compared to \$0.4 million in 2009, due to developments in the exploration program in the Balabag project, Siennalynn project and the Zamboanga tenement airborne geophysical surveys as highlighted in the above "Exploration" section.

During the year ended December 31, 2010, administrative and general costs amounted to \$8.9 million as compared to \$9.4 million incurred during 2009 because of the decrease in advisory fee that was eliminated upon full settlement of the Term Facility in June 2010.

Amortization and accretion expense for the amortization of the sulphide plant was approximately \$12.6 million during the year, which was higher compared to the \$7.3 million recognized during 2009. This is calculated on the basis of unit-of-production and increased year-over-year as a result of higher throughput. The higher expense in 2010 also resulted as the years are not fully comparable given commercial operations did not begin until March 1, 2009.



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During the year, the Company recognized approximately \$9.7 million in interest expense and loss on debt extinguishment, which is higher than the \$7.4 million incurred in 2009. This is mainly due to the prepayment premiums paid in relation to the voluntary prepayments, which included the final repayment of the term loan facility during Q2, 2010.

CONSOLIDATED FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

Cash Position

	2010	2009	2008
Operating cash flow	\$ 28,459,281	\$ 28,087,630	\$ (12,499,089)
Change in working capital	5,455,189	3,875,938	6,706,884
Operating cash flow before change in working capital	33,914,470	31,963,568	(5,792,205)
Expenditures on property and equipment	(7,677,639)	(6,385,917)	(14,082,656)
Free cash flow	\$ 26,236,831	\$ 25,577,651	\$ (19,874,861)
Common share outstanding	559,623,395	478,946,181	406,240,640
Free cash flow per share	\$ 0.047	\$ 0.053	\$ (0.049)

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

The surplus of funds from operations for the year ended December 31, 2010, was attributable to revenue from the copper concentrate shipments during the year. A portion of the cash flow surplus and proceeds from the short term loans were used in the final voluntary prepayment of the Term Facility in June 2010 (as discussed below).

At December 31, 2010, the Company held \$8.9 million in cash and cash equivalent that it can reinvest into further growth in the Company.

Term Facility and Short-term Loans

In June 2010, the Company completed repayment of the US\$30.1 million five-year Term Facility entered into on January 20, 2009 with LIM.

The funds borrowed under the Term Facility bore interest at the rate of 10% per annum calculated on the original principal balance of US\$30.1 million, irrespective of the actual outstanding principal balance. However, voluntary prepayments, meeting certain conditions set forth in the Term Facility, allowed to decrease the principal balance on which interest was calculated. Voluntary prepayments were subject to a 25% prepayment premium.

In connection with the Term Facility, the Company entered into an Advisory Agreement with the Advisor. The Advisor was entitled to a fee equal to 10% per year of the original Facility amount of US\$30.1 million. However, voluntary prepayments allowed to decrease the principal balance on which the advisory fee was calculated. In addition, the Agreement allowed for profit participation of 40% of any cash surplus in TVIRD commencing December 31, 2010. Voluntary prepayments of principal allowed to decrease the percentage of profit participation proportionately.

During the first half of 2010, the Company made five voluntary principal payments totalling US\$22.3 million, a scheduled payment of US\$2.0 million, a US\$1.1 million payment of interest, and a US\$7.2 million prepayment premiums, each of which was grossed up to include Philippine withholding tax, and a further US\$1.3 million payment in advisory fees. The Term Facility was paid in full in June 2010, which also terminated the Advisory Agreement.

In order to facilitate timely repayment of the Term Facility, the Company acquired short-term loans from a major Philippine bank. These loans have annual interest rates much lower than the Term Facility.



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Short Term Debt Facilities

The Company acquired short-term loans from a major Philippine bank. As at December 31, 2010, total outstanding short-term loans were US\$10.5 million (CDN\$10.5 million).

Loan Date	Principal loan outstanding	Interest Rate	Term	Security
April 29, 2010	1,500,000	2.30%	1 year (four equal quarterly payments)	Off-take agreement
June 21, 2010	2,000,000	2.30%	1 year	Off-take agreement
October 15, 2010	3,300,000	2.30%	180 days	Off-take agreement
November 26, 2010	2,200,000	2.30%	180 days	Off-take agreement
December 29, 2010	1,500,000	1.38%	1 year	Off-take agreement

- The Company obtained a US\$3.0 million and US\$2.0 million loan on April 29, 2010 and June 21, 2010, respectively. Two scheduled quarterly payments in the amount of US\$750,000 each were made in July and October 2010. The proceeds of these loans were all used to fund the voluntary principal prepayment on the Term Facility, which had a higher effective interest rate. The amount owing from these loans as of December 31, 2010, was US\$3.5 million.
- In April 2010, the Company obtained a US\$3.3 million revolving loan from a major Philippine bank, payable in 180 days, bearing interest at 4.3% per annum. This facility is secured by the off-take agreement. This facility was paid on October 15, 2010 and, on the same day, the same facility was renewed by the same Philippine bank and was immediately utilized by the Company. The renewed facility is payable in 180 days (from October 15, 2010), bearing a lower interest rate of 2.3% per annum subject to quarterly re-pricing.
- The Company also obtained a US\$2.2 million and US\$1.5 million loan in November and December 2010, bearing interest rates of 2.30% and 1.38% per annum, respectively.

Letter of Credit Facilities

- The Company has letter of credit facilities with a major Philippine bank which accrue interest at a combined interest rate of 4.00% to 8.25% per annum and are payable over four equal monthly instalments starting 90 days from the withdrawal dates. The funds are used in the normal course of business operations. The total amount payable to the bank at December 31, 2010, was US\$927,500 (CDN \$922,491) (2009 - \$323,751 and 2008 - \$1,069,393).

Capital Requirements

The majority of fixed assets have remaining useful life equivalent to the life of the Sulphide Project. Over time, the Company expects to incur annual maintenance capital expenditures in an amount that approximates our amortization of this equipment for each period adjusted for inflation.

For 2011, the Company's capital expenditure program has been tightly controlled and is expected to range between \$12 million and \$14 million. The Company expects the capital expenditure program to be funded by cash provided through operating activities.

RAPU RAPU

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

However, on February 6, 2008, the Lafayette Group filed a petition for corporate rehabilitation. As a result, the Pasig City Regional Trial Court issued a stay order on all claims against the Lafayette Group. On March 19, 2008, TVIRD filed a notice of claim against the Lafayette Group for unpaid NSR.



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On September 17, 2009, the Pasig City Regional Trial Court approved the final rehabilitation plan of the Lafayette Group, which recognizes the royalty claims of TVIRD beginning in 2012; however, the plan does not recognize TVIRD's royalty claims prior 2012. The Company has filed an appeal to have royalty claims prior to 2012 recognized and expects a decision from the Court of Appeals.

On February 16, 2011, the Court of Appeals requested the parties to mediate in an effort to come up with an extra-judicial settlement on the issues, but Rapu Rapu and its creditors refused to mediate and decided to wait for the decision of the Court of Appeals.

RISK FACTORS

There are certain risks involved in the Company'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 impact to the Company's business, financial condition and operating results.

Statements made in this MD&A regarding risk factors are based upon the opinions of management of the Company as at the effective date of such statements and, in certain cases, information received from or disseminated by third parties. Although the Company 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.

Open Pit Mining Ban

The Environment Committee of the Provincial Board (equivalent to Legislature) of the Province of Zamboanga del Norte has proposed for consideration by the Board, an Ordinance to Protect and Conserve the Integrity of the Land and Water Resources in the Province. A first hearing has been held on the proposed Ordinance and a second it schedule soon.

The Ordinance proposes a number of measures to improve environmental management in the province, but, while it expressly permits the environmentally destructive practices of small-scale mining, it proposes a ban on open pit mining.

The Secretary of the Environment and Natural Resources has advised the mining industry that the National Government will be prepared to seek declaratory relief from the Supreme Court in the event that such Ordinances are not properly amended to be consistent with the Mining Act (which permits and regulates open pit mining).

In addition, in the event that the Ordinance were to be passed without amendment of this clause, TVIRD's Canatuan investment would not be affected because of the principle of non-retroactivity of laws; there is ample jurisprudence to provide comfort on this point.

Other Risk Factors

There are several risk factors for TVI and TVIRD that are currently under consideration by the Philippine Government as part of an ongoing review of the existing fiscal regime. They include but are not limited to:

- An increase in the current royalty tax to 5%;
- A moratorium of new mining applications while existing applications are reviewed; and
- In view of the Philippine government's move to rationalize (granting of) fiscal incentives, it is possible that the new projects of the Company may no longer be entitled to income tax holidays.



OUTLOOK

Balabag

A second, Phase 2 drilling program of 55 new holes began at Balabag on July 26, 2010, and includes further infill drilling in the core area of the Tinago vein and step out drilling in the downdip mineralized zones identified in Phase 1. Phase 2 also includes infill drilling at the Miswi vein and infill and extension drilling at the Lalab vein. The Phase 2 drilling program is on schedule with 36 holes completed to date and three presently drilling. An internal feasibility study has been launched and TVI expects to come to a decision regarding a "Bootstrap" mine development plan in the first half of 2011. Social and environmental baseline studies are currently underway along with additional metallurgical testing.

Siennalynn

The Stage 1 drilling program underway was designed to assess the extent and quality of the near-surface mineralization and to begin drilling a number of prospects that had potential for new copper resources.

It is anticipated that this drilling, along with assays and evaluations will be completed in Q2, 2011.

North Zamboanga Tenement Area

In December 2009, the Tamarok MPSA was granted to the original claimholder with whom TVIRD has a contract to acquire full rights to the MPSA at TVIRD's election. Drilling is expected to begin on identified targets in the Tamarok area in Q2, 2011.

Review of regional data surveys previously conducted over the Tamarok-Tapisa tenements show several interesting clusters of combined geochemical and structural anomalies. TVIRD has initiated with the National Commission on Indigenous Peoples the FPIC process for these tenements in order to secure Exploration Permits to drill such anomalies.

Zamboanga Tenement Airborne Geophysical Surveys

As of December 31, 2010, over 6,546 line-kilometres (4,067 line-miles) have been flown acquiring magnetic/radiometric data covering 119,017 hectares (294,096 acres) of the North Zamboanga tenements. Processing and interpretation of the data is expected to be completed by early 2011. This high quality data will assist the Company in identifying specific exploration targets for future program planning.

A second helicopter survey over the GCTA and a portion of the North Zamboanga tenements is a combination of Versatile Time-Domain Electromagnetic ("VTEM") and magnetic data. This survey was delayed due to the appropriate equipment being unavailable until late 2010. At the time of writing the VTEM acquisition is nearing completion. This data will assist in the location of mineralization in the vicinity of the Canatuan operations with the goal of providing additional mill feed and mine life.

Drilling Company

The current fleet of eight drill rigs will increase to fifteen drill rigs upon the arrival of seven more rigs from Kyrgyzstan in early Q2, 2011. Many of the returned rigs will be subject to maintenance and refurbishment prior to augmenting TVI's exploration activities.



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NON-IFRS MEASURES

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

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

Net income before amortization and accretion expense is a measure that is not in accordance with IFRS. It represents income before non-cash expenses in amortization and accretion expense. This measure should not be considered an alternative to, or more meaningful than, net income. Management believes that net income before amortization and accretion expense is a useful supplemental measure to analyze the Company's ability to generate cash income. This measure may not be comparable to similar measures used by other companies.

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

The following table shows a reconciliation of the calculation of production cash cost, total cash cost, and total cash cost net of by-products:

	Quarter ended				Year to date
	March 31, 2010	June 30, 2010	Sept. 30, 2010	Dec. 31, 2010	Dec. 31, 2010
Copper pound equivalent	8,841,433	5,035,688	6,249,498	5,185,333	25,311,952
Average quarterly rate (CDN\$/US\$)	1.04	1.03	1.03	1.01	1.03
Mining, milling, and other expenses	\$ 6,938,513	\$ 6,641,258	\$ 6,210,882	\$ 7,971,375	\$ 27,762,028
Adjustment for change in inventory	142,895	258,602	1,118,921	1,197,433	2,717,851
Indirect administrative costs	376,264	474,798	597,846	607,082	2,055,990
Selling expenses	(2,308,457)	(1,513,007)	(1,366,346)	(1,550,587)	(6,738,397)
Production cash cost	5,149,215	5,861,651	6,561,303	8,225,303	25,797,472
Treatment, refining, and other charges	1,206,232	861,996	855,362	856,031	3,779,621
Selling expenses	2,308,457	1,513,007	1,366,346	1,550,587	6,738,397
Total cash cost	8,663,904	8,236,654	8,783,011	10,631,921	36,315,490
Gross revenue - gold	(2,367,269)	(1,632,133)	(1,316,504)	(1,821,243)	(7,137,149)
Gross revenue - silver	(3,344,655)	(1,655,505)	(1,565,725)	(2,775,354)	(9,341,239)
Total cash cost net of by-products	\$ 2,951,980	\$ 4,949,016	\$ 5,900,782	\$ 6,035,324	\$ 19,837,102
(US\$/Cu lb eq):					
Production cash cost	0.56	1.13	1.02	1.57	0.99
Total cash cost	0.94	1.58	1.36	2.02	1.39
Total cash cost, net of by-products	0.32	0.95	0.91	1.14	0.76



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The following are the commodity prices used in the calculation of the copper pound equivalent:

	Q1 2010 Average	3/31/10 Closing	Q2 2010 Average	6/30/10 Closing	Q3 2010 Average	9/30/10 Closing	Q4 2010 Average	12/31/10 Closing	Year to date Average 12/31/10
Copper (US\$/lb)	3.28	3.55	3.22	2.96	3.30	3.65	3.89	4.42	3.40
Gold (US\$/oz)	1,117.79	1,112.50	1,276.48	1,242.25	1,257.85	1,309.00	1,405.14	1,410.25	1,244.76
Silver (US\$/oz)	16.78	17.50	20.76	18.74	20.55	22.07	30.38	30.63	20.97

INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

Transition to IFRS from GAAP

As previously disclosed, the Company is currently planning to list in Hong Kong Stocks Exchange through 2011. As part of the application process for the main board listing, the Company is required to provide consolidated financial statements under IFRS with three years of comparative data. In order to produce the required IFRS financial statements, the Company has produced IFRS financial statements with an IFRS transition date of January 1, 2008. On January 19, 2011, the Company was granted exemptive relief by Canadian securities regulatory authorities under Staff Notice 52-321 and has been permitted to adopt IFRS for Canadian reporting purposes for reporting periods beginning on or after January 1, 2010. The Company has adopted IFRS with an adoption date of January 1, 2010, and a transition date of January 1, 2008. The Company's Philippine subsidiaries have previously implemented convergence with IFRS in 2005 as Philippine Financial Reporting Standards ("PFRS") and as required under local statutory reporting purposes.

IFRS Conversion

The Company's IFRS conversion plan was comprehensive and addressed matters including changes in accounting policies, restatements of comparative periods, organizational and internal controls and any required changes in the business processes. To facilitate this process and to ensure the full impact of the conversion was understood and managed reasonably, the Company retained an external third party accounting firm to advise the Company upon the impact of the IFRS conversion. Accounting personnel involved in the conversion are familiar with IFRS due to the earlier local adoption of IFRS by the operating units of the Company or convergence of local standards to IFRS in those jurisdictions.

In conjunction with the adoption of IFRS, the Company reviewed its current internal and disclosure processes and believes these do not need significant modifications as a result of the Company's conversion to IFRS.

The Company's consolidated financial statements for the year ended December 31, 2010 are the first annual financial statements that comply with IFRS and were prepared as described in Note 4 of the annual consolidated financial statements, including the application of IFRS 1. IFRS 1 requires an entity to adopt IFRS in its first annual financial statements prepared under IFRS by making an explicit and unreserved statement of compliance with IFRS in those financial statements.

Impact of IFRS

IFRS employs a conceptual framework that is similar to Canadian GAAP, however significant differences exist in certain matters of recognition, measurement and disclosure. The adoption resulted in changes to the reported financial position and results of operations of the Group, which have resulted in reclassifications of various amounts on the consolidated cash flows. In order to allow the users of the financial statements to better understand these changes, the Company has provided the reconciliations between Canadian GAAP and IFRS for the assets, liabilities and shareholder's equity, total comprehensive loss and statement of cash flows in the annual consolidated financial statements for the year ended December 31, 2010.



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In preparing the reconciliations, the Company applied the principles and elections of IFRS 1, with a transition date of January 1, 2008. Under IFRS 1, the IFRS are applied retrospectively at the transition date with all adjustments to assets and liabilities stated under GAAP taken to retained earnings unless certain mandatory exceptions and optional exemptions are applied. The Company has also applied IFRS standards in effect at December 31, 2010, as required by IFRS 1.

Initial elections upon adoption

The Company has applied the following mandatory exceptions in accordance with IFRS 1:

(i) Non-controlling Interests

The exception stipulates that a first-time adopter should prospectively apply from the date of transition to IFRS, the requirement of IAS 27 that total comprehensive income is attributed to the owners of the parent and to the non-controlling interest even if this results in the non-controlling interest having a deficit balance. The Company adopted the exception and follows the IAS 27 requirements prospectively.

(ii) Estimates

Hindsight is not used to create or revise estimates. The estimates previously made by the Company under Canadian GAAP were not revised for application of IFRS except where necessary to reflect any difference in accounting policies.

The Company has applied the following exemption options in accordance with IFRS 1:

(i) Business combinations

IFRS 1 permits companies to apply IFRS 3 Business Combinations ("IFRS 3") prospectively to business combinations occurring on or after the transition date. The Company elected to use the business combinations exemption and adopted IFRS 3 prospectively beginning on the transition date.

(ii) Borrowing costs

IFRS 1 permits entities to apply IAS 23 Borrowing Costs ("IAS 23") prospectively from the transition date. The alternative to this election would be to retrospectively restate borrowing costs previously capitalized to comply with IFRS requirements in addition to capitalizing borrowing costs in accordance with IFRS prospectively from the Company's transition date. The Company elected to apply the standard prospectively.

(iii) Share-based payment transactions

A first-time adopter can utilize the exemption from retrospective application of IFRS 2 for equity instruments that were granted after November 7, 2002, and that vested before the later of (a) the date of transition and (b) January 1, 2005. The Company has elected the exemption and has applied IFRS 2 prospectively from the transition date, for stock options granted after November 7, 2002 and unvested at the date of transition.

(iv) Employee future benefits

IFRS 1 allows that a first-time adopter may disclose certain employee benefit amounts as they are determined for each accounting period prospectively from the transition date, instead of presenting for the current annual period and the previous four annual periods. The Company has used this exemption.



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(v) Decommissioning liabilities

IFRS 1 requires specified changes in a decommissioning, restoration or similar liability to be added to or deducted from the cost of the asset to which it relates; the adjusted depreciable amount of the asset is then depreciated prospectively over its remaining useful life. A first-time adopter need not comply with these requirements for changes in such liabilities that occurred before the date of transition to IFRS.

(vi) Compound financial instruments

A first-time adopter need not retrospectively apply the requirement of IAS 32 that involves separating a compound financial instrument at inception into separate liability and equity components if the liability component is no longer outstanding at the date of transition to IFRS. The Company has elected this exemption.

(vii) Investments in subsidiaries, jointly controlled entities and associates

A first-time adopter that measures an investment at cost is permitted to measure the investment either at cost determined in accordance with IAS 27 or at deemed cost. The deemed cost of an investment for this purpose is either its fair value at the date of transition in the entity's separate financial statements, or the previous GAAP carrying amount at the date of transition in the entity's separate financial statements. The Company has elected this exemption and measures investment at the carrying amount at the date of transition.

Reconciliations

IFRS employs a conceptual framework that is similar to Canadian GAAP; however, significant differences exist in certain matters of recognition, measurement and disclosure. The adoption resulted in changes to the reported financial position and results of operations of the Group, which have resulted in reclassifications of various amounts on the consolidated cash flows. In order to allow the users of the financial statements to better understand these changes, the Company has provided the reconciliations between Canadian GAAP and IFRS for the assets, liabilities and shareholder's equity, total comprehensive loss and statement of cash flows.

	Previous GAAP	Effect of IFRS Adoption	IFRS
As at January 1, 2008:			
Total assets	\$ 23,390,643	\$ -	\$ 23,390,643
Total liabilities	\$ 20,059,813	\$ -	\$ 20,059,813
Equity attributable to shareholders of the Company			
Share capital	21,017,205	-	21,017,205
Contributed surplus (ii)	3,592,382	(85,186)	3,507,196
Deficit (ii)	(18,269,703)	85,186	(18,184,517)
Accumulated other comprehensive loss	(3,009,054)	-	(3,009,054)
Total liabilities and equity	\$ 23,390,643	\$ -	\$ 23,390,643
For the year ended December 31, 2007:			
Revenue	\$ 34,356,699	\$ -	\$ 34,356,699
Expenses (ii)	(43,658,742)	85,186	(43,573,556)
Loss from discontinued operations	(1,737,099)	-	(1,737,099)
Net income	(11,039,142)	85,186	(10,953,956)
Other comprehensive income (loss)			
Change in fair value of investments	(57)	57	-
Foreign exchange gain	93,043	-	93,043
Comprehensive loss	\$ (10,946,156)	\$ 85,243	\$ (10,860,913)



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	Previous GAAP	Effect of IFRS Adoption	IFRS
As at December 31, 2008:			
Cash and cash equivalents	\$ 2,754,102	\$ -	\$ 2,754,102
Accounts receivables (iii)	931,328	2,100,000	3,031,328
Advances to suppliers	100,271	-	100,271
Inventories	2,373,803	-	2,373,803
Prepaid expenses	267,260	-	267,260
Non-current assets	33,247,255	-	33,247,255
Total assets	\$ 39,674,019	\$ 2,100,000	\$ 41,774,019

	Previous GAAP	Effect of IFRS Adoption	IFRS
Accounts payable and accrued liabilities (iii)	\$ 7,322,685	\$ 2,100,000	\$ 9,422,685
Other current liabilities (iv)	8,029,063	27,623,417	35,652,480
Non-current liabilities (iv)	30,719,059	(27,623,417)	3,095,642
Equity attributable to shareholders of the Company:			
Share capital	21,017,205	-	21,017,205
Contributed surplus (ii)	3,666,827	(36,672)	3,630,155
Deficit	(30,983,982)	4,454,961	(26,529,021)
Accumulated other comprehensive loss	(96,838)	-	(96,838)
Non-controlling interest (i)	-	(4,418,289)	(4,418,289)
Total liabilities and equity	\$ 39,674,019	\$ 2,100,000	\$ 41,774,019

For the year ended December 31, 2008:			
Revenue	\$ 5,954,489	\$ -	\$ 5,954,489
Expenses (ii)	(12,279,459)	(48,514)	(12,327,973)
Other expenses	(6,292,160)	-	(6,292,160)
Loss from discontinued operations	(97,149)	-	(97,149)
Net loss	(12,714,279)	(48,514)	(12,762,793)
Other comprehensive income (loss)			
Deemed realization of cumulative foreign currency translation	3,256,770	(707,147)	2,549,623
Foreign exchange loss	(344,554)	707,147	362,593
Comprehensive loss	\$ (9,802,063)	\$ (48,514)	\$ (9,850,577)
Cash flow from operating activities	(13,605,971)	1,106,882	(12,499,089)
Cash flow from financing activities	27,919,196	(2,661,612)	25,257,584
Cash flow from investing activities	(12,742,041)	1,554,730	(11,187,311)
Effect of foreign exchange rates on cash	154,085	-	154,085
Net increase (decrease) in cash	1,725,269	-	1,725,269



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	Previous GAAP	Effect of Adoption of		IFRS
		IFRS		
As at December 31, 2009:				
Total assets	\$ 50,207,355	\$ -		\$ 50,207,355
Total liabilities	\$ 34,670,763	\$ -		\$ 34,670,763
Equity attributable to shareholders of the Company:				
Share capital	22,004,269	-		22,004,269
Warrants	2,403,496	-		2,403,496
Contributed surplus (ii)	4,708,982	(32,169)		4,676,813
Deficit	(12,661,637)	(5,025,486)		(17,687,123)
Accumulated other comprehensive loss (i)	(918,518)	(597,673)		(1,516,191)
Non-controlling interest (i)	-	5,655,328		5,655,328
Total liabilities and equity	\$ 50,207,355	\$ -		\$ 50,207,355

	Previous GAAP	Effect of Adoption of		IFRS
		IFRS		
For the year ended December 31, 2009:				
Revenue	\$ 66,964,817	\$ -		\$ 66,964,817
Expenses (ii)	(41,326,300)	(4,503)		(41,330,803)
Other expenses	(7,316,172)	-		(7,316,172)
Net income	18,322,345	(4,503)		18,317,842
Other comprehensive income (loss)				
Deemed realization of cumulative foreign currency translation	96,838	-		96,838
Foreign exchange loss	(918,518)	-		(918,518)
Comprehensive income	\$ 17,500,665	\$ (4,503)		\$ 17,496,162
Cash flow from operating activities	21,661,992	6,425,638		28,087,630
Cash flow from financing activities	(2,651,363)	(7,230,126)		(9,881,489)
Cash flow from investing activities	(6,702,837)	804,488		(5,898,349)
Effect of foreign exchange rates on cash	(1,083,274)	-		(1,083,274)
Net increase (decrease) in cash	11,224,518	-		11,224,518

(i) Reclassification of non-controlling interests:

Under Canadian GAAP – Where losses applicable to the non-controlling interest in a subsidiary exceed the non-controlling interest in the common shares of the subsidiary, the excess and any further losses applicable to the non-controlling interest should be allocated only to the parent's interest. Subsequent earnings should be allocated entirely to the parent's interest until such previously absorbed losses are recovered.

Under IFRS - total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Starting from the transition date of January 1, 2008, the total comprehensive income or loss shall be attributed to the shareholders of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.



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(ii) Share based compensation:

Under Canadian GAAP – an entity can elect to treat the equity instruments as a pool and determine fair value using an average life of the instruments. An entity can also choose to accrue compensation cost as if all instruments granted were expected to vest and recognize the effect of actual forfeitures as they occur.

Under IFRS - when a share-based payment award vests in installments over the vesting period (graded vesting), each installment is accounted for as a separate arrangement. In addition, estimates of the number of equity-settled instruments that are expected to vest are adjusted to the actual number that vest unless forfeitures are due to market-based conditions.

(iii) Provision and receivable from legal claim:

Under Canadian GAAP – A provision is recognized if it is likely that a future event will confirm that a liability has been incurred and a reasonable estimate can be made of the amounts involved, like IFRSs. However, unlike IFRSs, the term “likely” in this context is a higher recognition threshold than “more likely than not”.

Under IFRS - A provision is recognized when: (a) the Company has a present legal or constructive obligation as a result of past events; (b) it is probable that an outflow of resources will be required to settle the obligation; and (c) the amount has been reliably estimated. “Probable” in this context means “more likely than not”. Based on the settlement subsequently made, the liability for the claim and the corresponding receivable from insurance company amounting to \$2,100,000 were recorded in the December 31, 2008 financial statements (Please refer to note 18 of the consolidated financial statements for the year ended December 31, 2010).

(iv) Post-reporting date refinancing:

Under Canadian GAAP – A short-term obligation should be excluded from current liabilities only if the debtor intends to refinance the obligation on a long-term basis and such intent is supported by an ability to consummate the refinancing demonstrated. The short-term loan facility which was converted to term loan in 2009 was presented under non-current liabilities in the December 31, 2008 statement of financial position, except for the portion of principal expected to be repaid within the next twelve months.

Under IFRS - A financial liability is classified as current when they are due to be settled within twelve months after the reporting date, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting date and before the financial statements are authorized for issue. Therefore, the short-term loan facility was classified under current liabilities in the December 31, 2008 statement of financial position.

(v) Reclassification to the statement of cash flows:

The adoption of IFRS has had no impact on the net cash flows of the Company. The adjustments from Canadian GAAP to IFRS resulted from adjustments to share based compensation, provision and receivable from legal claim. There were also reclassifications within the statement of cash flows. Under Canadian GAAP, interests received and paid were only presented as supplemental cash flow information. Under IFRS, cash flows relating to interest income and expense are presented in the statement of cash flows.

COMPARATIVE AMOUNTS

The Company has adjusted all prior period figures in accordance with IFRS. Certain comparative amounts have been reclassified to conform to the presentation in the current period.

CRITICAL ACCOUNTING ESTIMATES

Management is responsible for applying judgment 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 judgments. The following are significant accounting estimates:

- The recorded amortization expense is based on the estimated useful lives of long-lived assets. The estimate that most significantly affects the measurement of amortization is quantities of measured and probable mineral reserves, which is used in the computation of amortization expense based on the unit-of-production method. The estimation of quantities of mineral reserves is complex, requiring significant subjective assumptions that arise from the evaluation of geological, geophysical, engineering and economic data for a given orebody. This data could change over time as a result of numerous factors, including new information gained from development activities, evolving production history and a reassessment of the viability of production under different economic conditions.
- The carrying values of property and equipment and mining assets are assessed for impairment when events or changes in circumstances indicate, in management's judgement that the carrying value of such assets may not be recoverable. In assessing whether there is any indication that an asset may be impaired, the company considers factors such as significant decline in market value, significant changes in market, economic or legal environment, evidence of obsolescence or physical damage, significant changes in the manner the assets are used, among others. An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). Value in use requires entities to make estimates of future cash flows to be derived from the particular asset and to discount them using a pre-tax market rate that reflects current assessments of the time value of money and the risks specific to the asset.
- The Company applies the fair value method, using the Black-Scholes option pricing model, when stock options are granted to employees and directors under the share option plan. 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.
- Asset retirement obligations arise from the acquisition, development, construction and normal operation of mining property and equipment due to government controls and regulations that protect the environment and public safety on the closure and reclamation of mining properties. Management must estimate the timing and expected cash flows when retirement obligations are incurred, which are updated to reflect changes in facts and circumstances.
- The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include among others, discount rates, expected returns on plan assets and salary increase rates. Any changes in these assumptions will impact the carrying amount of pension obligations.

CHANGE IN ACCOUNTING FRAMEWORK

On January 1, 2010, the Company has adopted IFRS. Note 4 to the annual consolidated financial statements for the year ended December 31, 2010 provides the details of the changes to the reported financial position and results of operations from Canadian GAAP to IFRS. The Company has applied the relevant accounting standards effective at December 31, 2010. A summary of new, future and revised



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standards and interpretations are outlined in Notes 2 and 3 of the annual consolidated financial statements.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

All related party transactions are approved by the independent directors of the Board. Transactions with related parties are recorded at the exchange amounts, which approximate fair value.

During the year ended December 31, 2010, Seajay Management Enterprises Ltd. ("Seajay") charged the Company \$756,564 for management fees for services of the President and support staff. At the end of the period, the amount payable to Seajay was \$71,735.

During the year ended December 31, 2010, the Company charged \$127,536 to a corporation for its share in rent and office maintenance costs. The President and Director of the corporation is also the President of the Company. The corporation owed the Company \$11,385 at December 31, 2010.

During the year ended December 31, 2010, the Company paid \$229,323 to corporations controlled by a director and president of TVIRD for administrative expenses. The Company owed the corporations \$21,227 at December 31, 2010.

In April 2010, the Company completely repaid the demand promissory notes to corporations owned by the President of the Company. The Company issued 7,980,889 common shares priced at \$0.12 per share for final settlement of the notes in the amount of \$493,109 and US\$457,462 (CDN\$464,598). During 2009, the Company retired \$666,276 and US\$361,680 (CDN\$425,275) through private placements of common shares.

CONTRACTUAL OBLIGATIONS

In January 2010, the Company established a partnership and strategic alliance with DMCI-CERI. In February 2010, the Partners signed a Joint Venture Agreement ("JVA") to conduct exploration, development and production of mineral deposits within EXPA 61 in the GCTA. EXPA 61 is within a 15 kilometre radius trucking distance of the current Canatuan sulphide plant. Under the JVA, TVIRD holds a 70% interest and acts as the operator, while the remaining 30% interest is held by DMCI. The Partners will fund an exploration program for a period of two years amounting to a maximum of US\$2 million, to be shared in accordance with their interests in the joint venture.

The Company rents its office premises on a five-year term lease. Total rent payments amount to \$105,834 for the period 2011 to 2015, net of short-term sub-leasing arrangements.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

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



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Internal Controls over Financial Reporting

The Company'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 the Company's ICOFR as at December 31, 2010, and has concluded that the Company's ICOFR were designed and operating effectively as at December 31, 2010 with no material weaknesses related to operations existing as at December 31, 2010.

It should be noted that while the Company'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.

ADDITIONAL INFORMATION

The Company's outstanding common shares as at December 31, 2010 and March 17, 2011 were 559,623,395 and 621,269,706, respectively. The basic weighted average number of common shares issued and outstanding for the year ended December 31, 2010 was 485,303,502 (2009 - 461,631,750 and 2008 - 406,240,640). The diluted weighted average number of common shares issued and outstanding for the year ended December 31, 2010 was 510,091,365 (2009 - 518,315,527 and 2008 - 406,240,640).

IMPORTANT INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

*Certain information set out in this MD&A constitutes 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 received from or disseminated by third parties. Although the Company 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 by such forward-looking statements. These factors include, but are not limited to, the volatility of prices for precious metals and base metals; commodity supply and demand; fluctuations in currency and interest rates; inherent risks associated with the exploration and development of mining properties; ultimate recoverability of mineral reserves; accuracy of production and cost estimates; timing, results and costs of exploration and development activities; availability of financial resources or third-party financing; new laws (domestic or foreign); changes in administrative practices; changes in exploration plans or budgets; fluctuations in the global financial condition; environmental and social hazards; the political, social and economic environment; and availability of equipment and personnel. **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.***

Forward-looking statements regarding the commissioning of the Zinc Circuit at Canatuan are based upon current mining and processing activities, prior experiences of management with mining and processing, the estimated copper and zinc mineralization of the sulphide zone, the current development and operating plan, and the Company's current budget and overall strategy for Canatuan, which plans, budget and strategy are all subject to change. Forward-looking statements regarding the nature and timing of exploration in the GCTA (including Siennalynn and EXPA 61), Bonbon, Tamarok and the Company's other tenements in the Philippines are based upon current and previous exploration activities, management's experiences with other exploration programs undertaken in the Philippines and elsewhere, and the Company's overall plans, budget and strategy, which are all subject to change. In certain cases, the timing of exploration activities in the Philippines is dependent upon the receipt of FPIC from indigenous communities and regulatory approvals from the government of the Philippines. Forward-looking statements regarding



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expectations that the Company will be able to find additional ore in the GCTA (including Siennalynn and EXPA 61) and that this ore can be economically transported to the existing Canatuan mill are based upon current and previous exploration activities, management's experience with other exploration programs undertaken in the Philippines and elsewhere, management's experience with current and previous mining and processing activities at Canatuan, and the Company's overall plans, budget and strategy, which are all subject to change. Forward-looking statements regarding the timing for an updated NI 43-101 report and a development decision for Balabag are based upon current and previous exploration activities, management's experiences with feasibility and construction programs undertaken in the Philippines and elsewhere, advice received from third-party advisors, and the Company's current budget and overall strategy for Balabag, which plans, budget and strategy are all subject to change. Forward-looking statements regarding the exploration activities at Siennalynn (including Stage 1 & 2 drilling, assays and evaluations) are based upon current and previous exploration activities, management's experiences with other exploration work programs undertaken in the Philippines and elsewhere, and the Company's current budget and overall strategy for Siennalynn, which plans, budget and strategy are all subject to change. Forward-looking statements regarding the timing for completion of airborne geophysical surveys over the Company's tenements are based upon discussions held to date with the international service provider, the timing of mobilization of equipment, and the Company's overall plans, budget and strategy, which are all subject to change. Forward-looking statements regarding the timing of the arrival of the EDCO drilling rigs in the Philippines and the allocation the rigs to exploration programs at Siennalynn, Balabag, and Tamarok are based upon discussions held to date with third parties, results of current and previous exploration activities, management's experiences with other exploration work programs undertaken in the Philippines and elsewhere, and the Company's overall plans, budget and strategy, which are all subject to change. Forward-looking statements regarding the Company's expected capital expenditures for 2011 and its ability to continue to optimize throughput to offset declining feed grades is based on current mining and processing activities at Canatuan, current throughput of the sulphide plant and planned expansions in throughput, anticipated recoveries, efficiency and effectiveness of the sulphide plant, management's prior experiences with mining and processing at Canatuan, the estimated copper and zinc mineralization of the sulphide zone at Canatuan, current and previous exploration, and the Company's overall plans, budget and strategy, which are all subject to change.

The forward-looking statements of the Company contained in this MD&A are expressly qualified, in their entirety, by this cautionary statement. Subject to applicable securities laws, the Company 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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