

**TVI PACIFIC INC.**  
**2000, 736 - 6th Avenue SW**  
**Calgary, Alberta T2P 3T7**

**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

**Thursday, May 27, 2010**

TAKE NOTICE that the Annual and Special Meeting (the "**Meeting**") of the shareholders of TVI Pacific Inc. (the "**Corporation**" or "**TVI**") will be held at The Calgary Petroleum Club, 319 - 5<sup>th</sup> Avenue SW, Viking Room, Calgary, Alberta, on Thursday, May 27, 2010 at 3:00 p.m. for the following purposes:

- (a) to receive the consolidated financial statements of the Corporation as at and for the year ended December 31, 2009 and the report of the auditors thereon;
- (b) to elect directors for the ensuing year;
- (c) to re-appoint auditors for the ensuing year and to authorize the directors to fix the auditor's remuneration;
- (d) to consider and, if thought fit, pass an ordinary resolution ratifying and confirming the existing stock option plan of the Corporation as described in the accompanying management proxy circular (the "Information Circular");
- (e) to consider and, if thought fit, pass an ordinary resolution ratifying and confirming the existing shareholders rights plan of the Corporation as described in the accompanying Information Circular; and
- (f) to transact such other business as may properly come before the Meeting or any adjournment thereof.

Information relating to items (b) through (e) above is set out in the accompanying Information Circular.

A Shareholder may attend the Meeting in person or may be represented at the Meeting by a proxyholder. Shareholders who are unable to attend the Meeting in person are requested to date, sign and return the accompanying Instrument of Proxy, or other appropriate form of proxy, in accordance with the instructions set out in the accompanying Information Circular. **An Instrument of Proxy will not be valid unless it is deposited at the offices of Computershare Trust Company of Canada (Attention: Proxy Department, 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1) not less than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting, or any adjournment thereof. A person appointed as proxyholder need not be a shareholder of the Corporation.**

In order to be valid and acted upon at the Meeting, forms of proxy must be deposited at the offices of Computershare Trust Company of Canada noted above prior to 3:00 pm (Calgary time) (5:00 pm Toronto time) on May 25, 2010 or, in the case of any adjournment of the Meeting, not less than forty-eight (48) hours (excluding Saturdays, Sundays, and holidays) before the time of the adjourned meeting.

Only persons registered as holders of Common Shares of the Corporation as of the close of business on April 9, 2010 are entitled to receive notice of the Meeting.

DATED at Calgary, Alberta, this 12<sup>th</sup> day of April, 2010.



Clifford M. James  
President and Chief Executive Officer



## TVI PACIFIC INC.

**Annual and Special Meeting of Shareholders to be held on Thursday, May 27, 2010**

### MANAGEMENT INFORMATION CIRCULAR

#### SOLICITATION OF PROXIES

This Management Proxy Circular (the "**Information Circular**") is furnished in connection with the solicitation by the management of TVI Pacific Inc. ("**TVI**" or the "**Corporation**") of proxies to be used at the Annual and Special Meeting (the "**Meeting**") of the shareholders of the Corporation (the "**Shareholders**"), which is to be held at the time and place and for the purposes set out in the accompanying Notice of Meeting and in this Information Circular. Solicitation of proxies will be primarily by mail, but may also be undertaken by way of telephone, e-mail or oral communication by the directors, officers and employees of the Corporation, at no additional compensation. The cost of the solicitation of proxies will be borne by the Corporation.

Unless otherwise indicated, information set out in this Information Circular is provided as of April 12, 2010.

#### **Appointment of Proxyholders and Revocation of Proxies**

Clifford M. James and Robert C. Armstrong (the management designees named in the accompanying Instrument of Proxy) are both directors of TVI. Mr. James is also a senior officer of the Corporation. **A Shareholder has the right to appoint a person (who need not be a Shareholder) other than Clifford M. James or Robert C. Armstrong to represent such Shareholder at the Meeting.** To exercise this right, a Shareholder should cross out the names of Mr. James and Mr. Armstrong in the opening paragraph of the accompanying Instrument of Proxy and insert the name and municipality of residence of the other person in the blank space provided on the Instrument of Proxy. Alternatively, a Shareholder may complete another appropriate form of proxy. **An Instrument of Proxy will not be valid unless it is deposited at the offices of Computershare Trust Company of Canada (Attention: Proxy Department, 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1) not less than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting, or any adjournment thereof. A person appointed as proxyholder need not be a shareholder of the Corporation.**

A *registered* Shareholder who has submitted a proxy may revoke it by depositing a written instrument of revocation (signed by the Shareholder or by an authorized attorney or, if the Shareholder is a corporation or other entity, by a duly authorized officer) either: (i) at the offices of Computershare Trust Company of Canada, Attention: Proxy Department at 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1, at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof; or (ii) with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof. In addition, a proxy may be revoked: (i) by the Shareholder personally attending the Meeting and voting the securities represented thereby or, if the Shareholder is a corporation or other entity, by a representative of the corporation or other entity attending the Meeting and voting such securities; or (ii) in any other manner permitted by-law.

The foregoing information respecting appointment of proxyholders and revocation of proxies is generally applicable only to *registered* Shareholders, being persons who are named as holders of Common Shares of TVI ("**Common Shares**") on the register of shareholders maintained by the Corporation's registrar and transfer agent (the "**Register of Shareholders**"). A significant

number of persons, who beneficially own Common Shares of TVI, hold those shares in a brokerage account or through some other intermediary. In almost all cases, a person whose shares are held by a broker (or other intermediary) will not appear as the *registered holder* of such shares on the Register of Shareholders. Non-registered shareholders (i.e., persons whose shares are not held in their own name) do not, under applicable corporate legislation, have the same rights as *registered* Shareholders in respect of shareholder meetings (including the rights described above to appoint a proxyholder and revoke a deposited proxy), and non-registered shareholders are required to act indirectly through their broker (or other intermediary) in order to vote their shares. **Non-registered shareholders should refer to the information set out under the heading "Voting of Common Shares - Advice to Non-Registered Holders of Common Shares" in this Information Circular for further information concerning the voting of their shares at the Meeting.**

### **Exercise of Discretion by Proxyholders**

On any ballot that may be called for at the Meeting, the management designees named in the accompanying Instrument of Proxy will vote or withhold from voting the shares in respect of which they are appointed as proxyholder in accordance with the direction of the Shareholder appointing them and if the Shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly. **In the absence of such direction, the relevant shares will be voted for: (i) the election of directors; and (ii) the appointment of auditors at such remuneration as may be determined by the directors of the Corporation; (iii) the ordinary resolution re-approving the existing stock option plan of the Corporation; and (iv) the ordinary resolution re-approving the existing shareholders' rights plan of the Corporation.** The accompanying Instrument of Proxy confers discretionary authority upon the persons named therein with respect to amendments to or variations of the matters identified in the Notice of Meeting and with respect to other matters that may properly be brought before the Meeting. As of the date hereof, management of the Corporation knows of no such amendments, variations or other matters to be brought before the Meeting.

### **Signing of Proxy**

A proxy must be signed by the Shareholder or a duly appointed attorney authorized in writing or, if the Shareholder is a corporation or other entity, by a duly authorized officer. A proxy signed by a person acting as attorney or in some other representative capacity (including a representative of a corporate shareholder) should indicate that person's capacity and should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has previously been filed with the Corporation).

## **VOTING SHARES AND PRINCIPAL HOLDERS OF COMMON SHARES**

### **Voting of Common Shares - General**

As at the close of business on April 9, 2010, there were 479,266,847 Common Shares of the Corporation issued and outstanding, each of which carries the right to one vote at meetings of the Shareholders.

The directors have established the close of business on April 9, 2010 as the record date for determining Shareholders entitled to receive notice of the Meeting. In accordance with the *Business Corporations Act* (Alberta), the Corporation will prepare a list of the *registered* holders of Common Shares as of the close of business on the record date. Each holder of Common Shares named in that list will be entitled, at the Meeting, to vote the shares shown opposite the holder's name on the list, except to the extent that: (a) the Shareholder has transferred any of

his Common Shares after the record date; and (b) the transferee of those Common Shares produces properly endorsed share certificates or otherwise establishes ownership of such shares and demands, not later than 10 days before the Meeting, that the transferee's name be included on the Shareholder's list, in which case the transferee will be entitled to vote such shares at the Meeting.

### **Voting of Common Shares - Advice to Non-Registered Holders of Common Shares**

The information set out in this section is important to many shareholders of the Corporation, as a substantial number of shareholders do not hold shares in their own name. Shareholders who do not hold their TVI shares in their own name (referred to in this Information Circular as "**Non-registered Shareholders**") should note that only proxies deposited by shareholders whose names appear on the records of the Corporation (i.e. the Register of Shareholders) as the registered holders of Common Shares will be recognized and acted upon at the Meeting. If shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those shares will not be registered in the shareholder's name on the records of the Corporation. Such shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered in the name of CDS & Co. (the registration name for The Canadian Depository for Securities, which acts as nominee for many Canadian brokerage firms). Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) at the direction of the Non-registered Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the brokers' clients. Therefore, Non-registered Shareholders should ensure that instructions respecting the voting of their shares are communicated to the appropriate person well in advance of the Meeting.

Under securities laws in force in Canada, brokers and intermediaries (such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSP's, RRIFs, RESPs and similar plans) are required to seek voting instructions from Non-registered Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Non-registered Shareholders in order to ensure that their shares are voted at the Meeting. The majority of Canadian brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically prepares a machine-readable voting instruction form, mails that form to Non-registered Shareholders and asks them to return the instruction forms to Broadridge. Alternatively, Non-registered Shareholders can either call Broadridge's toll-free telephone line or access Broadridge's dedicated voting website at [www.proxyvotecanada.com](http://www.proxyvotecanada.com) to deliver their voting instructions. Broadridge then tabulates the results of all instructions received and provides instructions respecting the voting of Common Shares to be represented at the Meeting. **A Non-registered Shareholder receiving a voting instruction form from Broadridge cannot use that form to vote Common Shares directly at the Meeting – voting instructions must be provided to Broadridge (in accordance with the instructions set forth on the Broadridge form) well in advance of the Meeting in order to have the Common Shares voted.** In accordance with National Instrument 54-101 (*Communication with Beneficial Owners of Securities of a Reporting Issuer*), the Corporation has distributed copies of this Information Circular and the Corporation's 2009 Letter to the Shareholders and the consolidated financial statements for the fiscal year ended December 31, 2009 and related MD&A (collectively, the "**meeting materials**") to depositories and intermediaries for onward distribution to Non-registered Shareholders. Non-registered Shareholders who have not waived the right to receive meeting materials will receive either a voting instruction form or, less frequently, a form of proxy with the meeting materials forwarded to them. The purpose of those forms is to permit Non-registered Shareholders to direct the voting of the shares they

beneficially own (but which are not registered in their name). Non-registered Shareholders should follow the procedures set out below, depending on which type of form they receive.

- (a) **Voting Instruction Form.** In most cases, a Non-registered Shareholder will receive, as part of the meeting materials, a voting instruction form. If the Non-registered Shareholder does not wish to attend and vote at the Meeting in person (or have someone other than the management designees referred to above attend and vote on his or her behalf), the voting instruction form must be completed, signed and returned in accordance with the directions on the form, in order to ensure the Non-registered Shareholder's shares are voted at the Meeting. Voting instruction forms in some cases permit the communication of voting instructions by telephone or through the Internet. If a Non-registered Shareholder wishes to attend and vote at the Meeting in person (or have someone other than the management designees referred to above attend and vote on his or her behalf), the Non-registered Shareholder must complete, sign and return the voting instruction form in accordance with the directions provided on or with the voting instruction form; or
- (b) **Form of Proxy.** Less frequently, a Non-registered Shareholder will receive, as part of the meeting materials, a form of proxy that has already been signed by an intermediary (typically by a facsimile, stamped signature), which is restricted to the number of shares beneficially owned by the Non-registered Shareholder, but which is otherwise incomplete. If the Non-registered Shareholder does not wish to attend and vote at the Meeting in person (or have someone other than the management designees referred to above attend and vote on his or her behalf), the Non-registered Shareholder must complete the form of proxy and deposit it with Computershare Trust Company of Canada, Attention: Proxy Department at 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1 in order to ensure that the Non-registered Shareholder's shares are voted at the Meeting. If a Non-registered Shareholder wishes to attend and vote at the Meeting in person (or have someone other than the management designees referred to above attend and vote on his or her behalf), the Non-registered Shareholder must strike out the names of the persons named in the proxy and insert the Non-registered Shareholder's (or such other person's) name in the blank space provided and deposit the completed proxy with Computershare Trust Company of Canada, by mail, Attention: Proxy Department at 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1.

Non-registered Shareholders should follow the instructions on the forms they receive and contact their Intermediaries promptly if they need assistance.

### **Principal Holders of Common Shares**

To the knowledge of the directors and senior officers of the Corporation, as at April 9, 2010, Clifford M. James, President, Chief Executive Officer, and a director of the Corporation, beneficially owned, directly or indirectly, or exercised control or direction over 59,366,075 Common Shares of the Corporation, representing approximately 12.4% of the issued and outstanding Common Shares of the Corporation. The directors and officers of the Corporation are aware that Mr. James and his group of companies whose behalf such shares are held beneficially owns or exercises control or direction over more than 10% of the outstanding Common Shares.

As at April 9, 2010, CDS & Co. was the *registered* owner of 354,926,958 Common Shares, which represents approximately 74.1% of the issued and outstanding Common Shares of the Corporation. The directors and officers of the Corporation understand that CDS & Co. is a nominee and is not a beneficial owner of Common Shares.

The Corporation has been advised by its directors that to their knowledge, no agreement exists amongst the directors and officers to act in concert when exercising their respective voting rights at the Meeting.

### ELECTION OF DIRECTORS

The Articles of Incorporation of TVI provide that there shall be not less than three and not more than 15 directors, who are elected annually to hold office from the date of the annual meeting at which they are elected until the next annual meeting, or until their successors are elected or appointed or a director vacates office in accordance with the by-laws of the Corporation. It is proposed that five directors will be elected to office at the Meeting. Management proposes to nominate, and the management designees named in the accompanying Instrument of Proxy intend (in the absence of direction to the contrary) to vote for the election of the nominees identified in the table set out below.

The following table sets out the name and municipality of residence of each person proposed to be nominated for election as a director, all other positions and offices with the Corporation now held by them, their principal occupation or employment, the date on which they were first elected as directors of the Corporation and the number of voting shares of the Corporation beneficially owned by them, directly or indirectly, or over which they exercise control or direction, as of April 9, 2010.

Name and Municipality of Residence	Principal Occupation or Employment	Became a Director	Common Shares Owned or Controlled <sup>(1)</sup>
Robert C. Armstrong Castle Rock, Colorado United States of America	Director, Pitchstone Exploration Ltd. (since 2003). President, Armstrong Associates International, LLC. (since 1998), a private company involved in the mining industry.  Lead Director of TVI Pacific Inc.	June 23, 1998	9,333,164
C. Brian Cramm Castle Rock, Colorado United States of America	President, Ladies Only Sports LLC (since June 1999) and Poms 4 Less LLC (since Feb 2007), both private online retail corporations.	June 25, 1997	290,698
Jan R. Horesji Calgary, Alberta Canada	President, CEO, and a director of Shooting Star Petroleum Ltd. (since July 1983), a private oil and gas and investment company. Director, CEO, and former President, Jadex International Ltd (since Jan 2001), an independent oil and gas exploration company.	December 31, 1991	1,150,000

Name and Municipality of Residence	Principal Occupation or Employment	Became a Director	Common Shares Owned or Controlled <sup>(1)</sup>
Clifford M. James Calgary, Alberta Canada	Chairman, President and CEO, TVI Pacific Inc.; President and CEO, Seajay Management Enterprises Ltd. (" <b>Seajay</b> ") and Regent Parkway 3202 Management Inc. (" <b>Regent</b> ") (both private management and investment companies); President and CEO, and director, TG World Energy Corp. (a public oil and gas exploration corporation, the shares of which are listed on the TSX Venture Exchange).	January 30, 1987	59,366,075  (6,533,217 held by Mr. James; 32,088,747 held by Seajay; 20,744,111 held by Regent)
Peter C.G. Richards West Vancouver, British Columbia Canada	Retired Partner, Richards, Buell, Sutton (a law firm in Vancouver, British Columbia).	July 25, 2001	1,568,390

**Notes:**

- (1) The information relating to the Common Shares beneficially owned or controlled, not being within the knowledge of management or the Corporation, has, at the request of management, been furnished by each of the above named nominees respectively.

The Corporation does not have an executive committee of its board of directors (the "**Board of Directors**"). Messrs. Cramm, Horejsi and Richards are the members of the Audit Committee; Messrs. Armstrong, Horejsi and Richards are the members of the Corporate Governance and Nominating Committee and Compensation Committee; Messrs. Armstrong, James, and Horejsi are the members of the Safety, Health and Environment Committee; and, Messrs. Cramm, Armstrong, Horejsi and Richards are the members of a special committee of the Board of Directors of the Corporation (the "**Special Committee**").

**Corporate Cease Trade Orders and Corporate Bankruptcies**

Except as described below, to the Corporation's knowledge no proposed director is as at the date hereof or was, within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company that: (i) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Except as described below, to the Corporation's knowledge no proposed director is as of the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

In August 2007, the directors of the Corporation determined that restated financial statements as at and for the years ended December 31, 2006 and 2005 and for the quarter ended March 31, 2007 should be prepared and filed and that the need to correct certain accounting issues associated with those restatements would delay the filing of the interim financial statements of

the Corporation as at and for the three and six month periods ended June 30, 2007. In light of the need to restate prior financial statements and the anticipated late filing of the June 30, 2007 interim financial statements, in August 2007 the Corporation requested an order from the Alberta Securities Commission that certain named insiders (including all members of the Board of Directors) cease trading the Corporation's securities pending the filing of such unfiled statements (the "**August Order**"). Each of the directors of the Corporation was subject to the August Order. On October 16, 2007, as a result of the Corporation remaining in default of its obligations to file the unfiled statements, the Alberta Securities Commission revoked the August Order and ordered that trading cease in respect of all securities of the Corporation, not just securities held by insiders of the Corporation (the "**October Order**"). The October Order was revoked on January 4, 2008 and trading in the Corporation's securities resumed on January 11, 2008.

On July 6, 2001, the Alberta Securities Commission issued a cease trade order and on July 31, 2001 the Ontario Securities Commission issued a cease trade order in respect of trading in securities of Rift Resources Ltd. ("**Rift**"). Mr. James and Mr. Horejsi were, at all relevant times, directors of Rift. These cease trade orders were issued because of the failure of Rift to file certain financial statements in accordance with the requirements of the Securities Act (Alberta) and Securities Act (Ontario). These orders are still in effect.

Mr. James and Mr. Horejsi were each subject to a cease trade order issued by Ontario Securities Commission on June 16, 2000 in respect of trading in securities of Rift. Messrs. James and Horejsi were, at all relevant times, directors of Rift. The cease trade order was issued because of the failure of Rift to file certain financial statements in accordance with the requirements of the Securities Act (Ontario). This order was rescinded July 25, 2000.

On March 15, 2002 the Alberta Securities Commission issued a cease trade order in respect of trading in securities on DMR Resources Ltd. ("**DMR**"). Mr. James was, at all relevant times, a director of DMR. The cease trade order was issued because of the failure of DMR to file certain financial statements in accordance with the requirements of the Securities Act (Alberta). DMR was dissolved in 2008.

On February 20, 2002 the Toronto Stock Exchange suspended trading in respect of securities of Aris Canada Ltd. ("**Aris**") (formerly Gimbel Vision International Inc.). Mr. James was, at all relevant times, Chairman and director of Aris. The trading suspension was issued because of a failure to meet certain continued listing requirements on the Toronto Stock Exchange. On February 21, 2002, Aris shares began trading on the TSX Venture Exchange. Mr. James resigned as director and Chairman in September 2002. On June 10, 2003, Aris was placed into voluntary receivership.

### **Personal Bankruptcies**

To the Corporation's knowledge no director, or proposed director has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold such person's assets.

### **Penalties and Sanctions**

To the Corporation's knowledge no director, or proposed director has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory

authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

## CORPORATE GOVERNANCE

On June 30, 2005, National Policy 58-201 Corporate Governance Guidelines (the "Guidelines") and National Instrument 58-101 Disclosure of Corporate Governance Practices ("NI 58-101") came into force. The Guidelines set out a number of corporate governance 'best practices' while NI 58-101 requires reporting issuers to describe certain aspects of their corporate governance practices in relation to the Guidelines in their information circulars.

The Board of Directors and senior management of the Corporation consider good corporate governance to be an integral part of the effective and efficient operation of Canadian corporations. Disclosure respecting the Corporation's general approach to corporate governance and with reference to the Guidelines is set out below.

### Responsibility of the Board of Directors

Under the *Business Corporations Act (Alberta)*, the Board of Directors is responsible for the management of the business and affairs of the Corporation. In addition to statutorily imposed responsibilities (e.g. approving published financial statements), the Board of Directors retains specific responsibility for: (i) the strategic direction of the Corporation; (ii) the identification of the principal risks to which the Corporation is exposed, and the implementation of systems to manage those risks; (iii) succession planning at the senior management level (including the Board of Director's own composition); (iv) the Corporation's communications policy; and (v) the integrity of the Corporation's internal controls and management information systems. The Board of Directors does not have a written mandate, however, the Board of Directors is aware that it is responsible for the stewardship of the Corporation and engages with management of the Corporation in overseeing the Corporation's affairs. Certain board responsibilities are delegated to various committees of the Board of Directors, as disclosed herein under the heading "Committees of the Board of Directors".

### Composition of the Board of Directors

The Guidelines require the Corporation to disclose the identity of those directors who are independent and those who are not independent. An independent director is one who has no direct or indirect material relationship with the Corporation. For purposes of determining independence, a 'material relationship' means a relationship which could, in the view of the Board of Directors, reasonably interfere with the exercise of a Board members' independent judgment. The five directors who have held office since the last annual meeting of the Corporation, and who are to be nominated for election as directors at the Meeting, are:

<b>Clifford M. James</b> , Director, Chairman, President and Chief Executive Officer	Not independent
<b>Robert C. Armstrong</b> , Lead Director	Independent
<b>C. Brian Cramm</b> , Director	Independent
<b>Jan R. Horejsi</b> , Director	Independent
<b>Peter C.G. Richards</b> , Director	Independent

Mr. James is not independent as he is an executive officer of the Corporation.

Attendance at each meeting of the Board of Directors and of its various committees held during the fiscal year ended December 31, 2009 was as follows:

Board of Directors Meetings:

<b>Members</b>	<b>Attendance</b>
Mr. James (Chairman)	11/11
Mr. Armstrong	11/11
Mr. Cramm	11/11
Mr. Horejsi	11/11
Mr. Richards	11/11

Audit Committee Meetings:

<b>Members</b>	<b>Attendance</b>
Mr. Cramm (Chairman)	4/4
Mr. Horejsi	4/4
Mr. Richards	4/4

All members of the Audit Committee are considered to be independent and financially literate by the Board of Directors.

The Audit Committee Charter along with additional information relating to the Audit Committee is included in the Corporation's Annual Information Form dated March 25, 2010, a copy of which has been filed with various securities regulatory authorities in Canada and which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

Compensation Committee Meetings:

<b>Members</b>	<b>Attendance</b>
Mr. Horejsi (Chairman)	3/3
Mr. Armstrong	3/3
Mr. Richards	3/3

Corporate Governance and Nominating Committee Meetings:

<b>Members</b>	<b>Attendance</b>
Mr. Horejsi (Chairman)	2/2
Mr. Armstrong	2/2
Mr. Richards	2/2

Environmental, Health and Safety Committee Meetings:

<b>Members</b>	<b>Attendance</b>
Mr. Armstrong (Chairman)	1/1
Mr. James	1/1
Mr. Horejsi	1/1

Special Committee <sup>1</sup>:

<b>Members</b>	<b>Attendance</b>
Mr. Richards (Chairman)	2/2
Mr. Armstrong	2/2
Mr. Cramm	2/2
Mr. Horejsi	1/2

**Notes:**

- (1) The Special Committee dissolved in 2009

## Independent Functioning of the Board of Directors, Other Directorships and Position Descriptions

The President and Chief Executive Officer of the Corporation, Mr. James, is also Chairman of the Board of Directors. The Chairman does not have a casting vote in the event of a tie vote on a matter arising at a directors' meeting. The Board of Directors has appointed Mr. Armstrong as Lead Director to address governance issues arising as a result of the offices of the Chairman and Chief Executive Officer being vested in the same person. The Board of Directors believes that its independence from management is maintained by having a majority of independent directors and a Lead Director. As disclosed below, certain of the Corporation's directors are also directors or officers of other public corporations, some of which are competitors to the Corporation.

<b>Name of Director</b>	<b>Name of Additional Reporting Issuer and Relationship with TVI Director</b>
Clifford M. James	TG World Energy Corp. (TGE – TSX:V) – President, Chief Executive Officer and Director  Sustainable Energy Technologies Ltd. (STG – TSX:V) – Director (Ceased to be a Director as of July 30, 2009)
Robert C. Armstrong	Pitchstone Exploration Ltd. (PXP – TSX:V) – Director

The Board of Directors engages in frank and open discussions concerning the Corporation and management in the presence of management. In addition, the Board of Directors, through the Audit Committee, meets every quarter in the absence of management.

The Board of Directors has a formal documented position description for the Chairman, President and Chief Executive Officer ("**CEO**") setting out the specific corporate objectives which the CEO is responsible for meeting. It is understood that the objectives of the CEO (aside from the overall objective of enhancing shareholder value) are the advancement, growth, management and financing of the Corporation and its exploration, mining projects, and other related matters as well as other responsibilities that may be assigned by the Board of Directors. The CEO is also responsible for promoting the Corporation's contributions to the well-being and improvement of the communities in which the Corporation and its affiliates operate, providing leadership and supporting the Corporation's commitment to environmental responsibilities, corporate social responsibility and ethical conduct. In addition, as Chairman the CEO is also responsible for effective leadership and governance of the Corporation.

### Committees of the Board of Directors

The Corporation's Audit Committee is responsible for reviewing the quarterly and annual financial statements and recommending their approval by the Board of Directors, and fulfills a similar function with respect to public offering documents, such as prospectuses. It also meets with the Corporation's independent auditors to, among other things, review with the auditors the effectiveness of the Corporation's internal controls and any other matters the auditors wish to bring to the Committee's attention. In addition, the Committee is responsible for the maintenance and control of the Corporation's "Whistle Blowing Policy". The members of the Audit Committee are Mr. Cramm, (Chairman), Mr. Horejsi and Mr. Richards, who are all independent directors. TVI has in place a written position description for the chair of the Audit Committee.

The Corporation's Corporate Governance and Nominating Committee, which is composed of Mr. Horejsi, (Chairman), Mr. Armstrong and Mr. Richards (all independent directors), is responsible for reviewing the corporate governance practices of TVI and evaluating the same with reference to the Guidelines, recommendations of the Toronto Stock Exchange and others, along with responsibility for the review of the corporate governance practices of other peer group corporations and for identifying and recommending to the Board nominees suitable for election to the Board. TVI has in place a written position description for the chair of the Corporate Governance and Nominating Committee.

The Corporation's Compensation Committee, which is composed of Mr. Horejsi, (Chairman), Mr. Armstrong and Mr. Richards (all independent directors), is responsible for reviewing and recommending the annual compensation of the senior officers of the Corporation, and for oversight of the Corporation's compensation policies and practices. It also recommends all stock option grants under the Option Plan. TVI has in place a written position description for the chair of the Compensation Committee.

The Corporation's Environmental, Health, and Safety Committee, which is composed of Mr. Armstrong, (Chairman), Mr. Horejsi and Mr. James, is responsible for reviewing the Corporation's practices with regard to the health and safety of all of its employees, as well as the care of the environment.

The Special Committee, which is composed of Mr. Richards, (Chairman), Mr. Horejsi, Mr. Cramm, and Mr. Armstrong (all independent directors) was formed to undertake an analysis of certain prior option grants by the Corporation and to assess whether the Corporation's procedures and practices relating to the granting of options were in accordance with applicable law, stock exchange rules, and the Corporation's stock option plan. That analysis and assessment was initiated in response to statements of a claim filed in Ontario and Québec against the Corporation and others, alleging impropriety in relation to the Corporation's historical stock option granting practices, among other things. Upon settlement of the claims filed, the Special Committee was dissolved in 2009.

### **Decisions Requiring Prior Approval of the Board of Directors**

Prior approval of the Board of Directors is required for all acquisitions of other companies, the sale of securities of the Corporation, grants under the Option Plan, the incurring of debt, hedging or forward sales of commodities, compensation of the President, and compensation of the directors. As of October 2006 directors are paid cash compensation in their capacity as directors. Directors are entitled to, and do, participate in the Option Plan (see "Stock Option Plan" and "Executive Compensation").

### **Shareholder Feedback**

The Corporation maintains and carries out investor relations functions in Calgary. The Corporation welcomes shareholder feedback via telephone, email, or the following mediums:

[www.tvipacific.com](http://www.tvipacific.com)

[www.twitter.com/tvipacific](http://www.twitter.com/tvipacific)

[www.facebook.com/tvipacific](http://www.facebook.com/tvipacific)

### **The Board of Directors' Expectations of Management**

The Board of Directors expects management to manage the business of the Corporation in accordance with the strategic plans adopted by the Board of Directors and, in particular, to pursue the acquisition/exploration of potentially economic metal deposits with a view to bringing

them into production and providing the Corporation with profitable operations and sustainable cash flow. Management is also expected to engage experienced and competent staff, and to arrange for the funding necessary to accomplish the Corporation's objectives, after any decision is made by the Board of Directors to seek financing for the Corporation.

### **Assessments**

Five individuals have been nominated for election at the Meeting, including four independent directors. The size of the Board of Directors allows assessments of individual directors to be undertaken in an informal manner. As the Corporation grows and the composition of the Board of Directors changes, the Board of Directors will consider adding formal procedures to assess board composition and the contributions of individual directors.

The Board of Directors considers the existing skill sets of its individual directors in determining the committee members as well as the competencies and skills of the Board of Directors as a whole. There is no formal procedure to review the performance of the individual directors; however, the Board of Directors monitors individual director involvement in decision making, involvement in committees and the provision of feedback and recommendations to management. Members of the Board of Directors are satisfied that a more informal approach to the review of director performance is appropriate, having regard to the limited number of directors of the Corporation.

### **Orientation and Continuing Education**

By practice, if not by formal arrangement, the Corporation addresses the continuing education and orientation of both incumbent and new directors by management presentations on the business and affairs of the Corporation as well as on legislative changes and requirements pertaining to securities laws and public company obligations. The current directors are well versed in the business of the Corporation. While the Board of Directors does not provide its members with formal continuing education, the Board of Directors encourages its members to maintain the skills and knowledge necessary to meet their obligations as directors communicating with management, the Corporation's external auditors and technical consultants; to keep themselves current with industry trends and developments and changes in legislation with management's assistance; and to attend related industry seminars and visit the Corporation's operations. Board members have full access to the Corporation's records.

### **Ethical Business Conduct**

The Board of Directors reviews the status of the directors on an annual basis. Board members are required to identify any potential business conflicts and Board members subject to any such material conflict are required to abstain from voting with respect to any related matters or issues.

The Board of Directors has adopted a written Code of Conduct for directors, officers and employees, which can be accessed on the Corporation's website at [www.tvipacific.com](http://www.tvipacific.com). All directors and officers are required to report all related party transactions to the Audit Committee and the Board of Directors has also implemented a Whistleblower Policy to encourage and promote a culture of ethical business conduct. The Whistleblower Policy can also be found on the Corporation's website at [www.tvipacific.com](http://www.tvipacific.com). All new employees are required to read and sign the Code of Conduct and Whistleblower Policy as a part of the orientation process. All employees annually review and sign off on a number of policies, including the Code of Conduct and Whistleblower Policy.

## **Nomination of Directors**

In order to identify new candidates for nomination to the Board of Directors, the Board of Directors considers the advice and input of the Corporate Governance and Nominating Committee regarding:

1. the appropriate size of the Board of Directors, the necessary competencies and skills of the Board of Directors as a whole and the competencies and skills of each existing director; and
2. the identification and recommendation of new individuals qualified to become new Board members. New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Corporation, the ability to devote the time required and a willingness to serve.

The Board has a Corporate Governance and Nominating Committee composed entirely of independent directors.

The Corporate Governance and Nominating Committee is responsible for identifying individuals qualified to become new Board members and recommending to the Board of Directors the new director nominees. The Corporate Governance and Nominating Committee has the power to engage outside advisors and determine its own procedures.

## **Compensation**

The Compensation Committee recommends to the Board of Directors the compensation for the Corporation's directors and officers by comparing the levels of such compensation with publicly available information on other reporting issuers that the Corporation deems to be similarly placed within the market.

The Board of Directors has a Compensation Committee composed entirely of independent directors.

The Compensation Committee is responsible for:

1. Reviewing the compensation philosophy and guidelines for senior management and making recommendations to the Board of Directors for its consideration and approval;
2. Reviewing and recommending the compensation of each member of senior management and reporting its conclusions to the Board of Directors for its consideration and approval;
3. With respect to stock options:
  - (a) Reviewing the President and CEO's recommendations for and, subject to confirmation by the Board of Directors, approving the granting of stock options to senior management and other key employees and consultants of the Corporation;
  - (b) Suggesting and reviewing any amendments which the Compensation Committee considers necessary to the employee stock option plan and making recommendations to the Board of Directors with respect thereto;

4. Considering incentive awards, perquisites and remuneration, including severance arrangements, with respect to senior management and making recommendations to the Board of Directors for the approval thereof; and
5. Such other duties as delegated to it by the Board of Directors.

## **STOCK OPTION PLAN**

### **Approval of Stock Option Plan**

At the Meeting, the Shareholders will be asked to consider and, if thought fit, pass an ordinary resolution ratifying and confirming the existing stock option plan (the "**Option Plan**"). To pass, the ordinary resolution must be approved by a simple majority of votes cast in respect of the resolution by the Shareholders at the Meeting.

At the 2007 Annual Meeting of Shareholders, the Corporation's current Option Plan was approved as a "rolling" option plan under which the number of Common Shares reserved for issuance is set at a fixed percentage of the number of Common Shares outstanding from time to time. The Option Plan requires the Corporation to seek shareholder approval when such arrangement is instituted and every three years thereafter.

If approved by the Shareholders at the Meeting, the Option Plan will extend until the 2013 Annual Meeting of Shareholders.

### **General**

The Corporation has an Option Plan pursuant to which options may be granted to officers, directors, employees and consultants of the Corporation or its affiliates. The maximum number of shares that may be issued upon the exercise of options granted under the Option Plan is equal to 10% of the number of issued and outstanding Common Shares of the Corporation from time to time (calculated on a non-diluted basis). Under the Option Plan, no Options will be granted if such grant together with grants pursuant to all other share compensation arrangements of the Corporation, could result, at any time, in:

- (a) a number of Shares reserved for issuance pursuant to Options granted to insiders exceeding 10% of the outstanding issue; or
- (b) the issuance to insiders within a one year period, of a number of Shares exceeding 10% of the outstanding issue; or
- (c) the issuance to any one insider and such insider's associates, within a one year period, of a number of Shares exceeding 5% of the outstanding issue.

The individuals to whom options are granted, number of options granted, vesting, exercise price (which may be no less than the closing market price the day before grant date) and exercise period (which may not exceed five years), are at the discretion of the Board of Directors, subject to compliance with any applicable regulatory requirements. Options granted under the Option Plan are not transferable.

Under the Option Plan, the options will expire if not exercised by the later of: (i) the end of the option period; or (ii) if the expiry date occurs during a black-out period established under the Corporation's Disclosure Policy, or within five business days thereafter, the date that is ten business days following the end of such black-out period, provided however that options will

expire 60 days after the participant ceases to be a director, officer, employee or consultant of the Corporation or any of its subsidiaries by virtue of resignation and immediately if the participant is terminated for cause.

In the event of the death, permanent disability or normal retirement of the participant, any option previously granted remain exercisable until the end of the option period or until the expiration of 180 days after the date of death, permanent disability or normal retirement of such participant, whichever is earlier.

The Board of Directors may at any time amend or revise the terms of the Option Plan, subject to regulatory approval and certain required shareholder approvals, provided that no such amendment or revision shall alter the terms of any option previously granted under the Option Plan. Shareholder approval is not required for amendments to the Option Plan, except for any amendment or modification that:

- (a) increases the number of shares reserved for issuance under the Option Plan;
- (b) reduces the exercise price of an option, except for the purpose of maintaining option value in connection with a conversion, change, reclassification, redivision, redesignation, subdivision or consolidation of shares or a reorganization, amalgamation, consolidation, merger, takeover bid or similar transaction involving the Corporation (for this purpose, cancellation or termination of an option prior to its expiry date for the purpose of reissuing options to the same option-holder with a lower exercise price will be considered an amendment to reduce the exercise price of an option);
- (c) extends the term of an option beyond the maximum expiry date set out in the Option Plan (except where an expiry date would have fallen within a blackout period established under the Corporation's Disclosure Policy);
- (d) extends eligibility to participate in the Option Plan to persons other than officers, directors, and employees of the Corporation and its subsidiaries and consultants to the Corporation and its subsidiaries;
- (e) permits options to be transferred, other than for normal estate settlement purposes or to an RRSP or similar plan; or
- (f) permits awards other than options to be made under the Option Plan.

With the exception of the foregoing amendments, the Option Plan provides that all other amendments to the Option Plan may be made by the Board of Directors.

Options granted to new employees are proposed by Management and are subject to the approval of the Board of Directors. Annual stock option grants to directors, officers, employees, and consultants are generally granted once a year. Management recommends to the Compensation Committee the number of options to be granted to each director, officer, employee, and consultant, subject to the final approval of the Board of Directors. Prior option grants are taken into consideration in granting new options, particularly with regard to the maximum grant limits specified in the Corporation's Option Plan.

The purpose of the Option Plan is to advance the interests of the Corporation by encouraging the directors, officers, employees, and consultants of the Corporation and its subsidiaries to acquire shares, thereby increasing their proprietary interests in the Corporation, aligning their interests with the interests of the Corporation's shareholders generally, encouraging them to

remain associated with the Corporation, and furnishing them with an additional incentive in their efforts on behalf of the Corporation.

As of the end of the Corporation's most recently completed financial year, there were 43,579,074 options outstanding under the Option Plan (representing approximately 9.1% of the total number of outstanding Common Shares) and a total of 4,315,544 additional shares reserved for issuance under the Option Plan (representing approximately 0.9% of the total number of outstanding Common Shares).

### Equity Compensation Option Plan Information

As of the end of the Corporation's most recently completed financial year, information concerning the aggregate number of securities issuable upon the exercise of outstanding options, the weighted average exercise price of outstanding options granted under the Option Plan and the number of securities remaining available for future issuance under the Corporation's equity compensation plans is set out in the following table:

Option Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-Average exercise price of outstanding options warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a) (c) )
Equity compensation plans approved by security holders	43,579,074	\$0.047	4,315,544
Equity compensation plans not approved by security holders	-	-	-
<b>Total</b>	<b>43,579,074</b>	<b>\$0.047</b>	<b>4,315,544</b>

### Approval Requirements

Under the policies of the TSX, because the Option Plan allows the Corporation to issue a number of Options up to 10% of the total number of issued and outstanding Common Shares, the Corporation is required to seek Shareholder approval of the Option Plan every three years. **Unless otherwise directed, the management designees named in the accompanying instrument of proxy intend to vote in favor of the ratification and confirmation of the Option Plan.**

At the Meeting, the following ordinary resolution will be presented for consideration:

"BE IT RESOLVED, as an ordinary resolution of the shareholders of TVI Pacific Inc. (the "**Corporation**"), that:

that the existing stock option plan of the Corporation, as approved by the Board of Directors on April 6, 2006 and described in the management proxy circular of the Corporation, dated April 12, 2010, be and the same are hereby approved, ratified and confirmed, without amendment."

In order to be passed, the resolution respecting the Option Plan must be approved by a simple majority of votes cast by Shareholders who vote in person or by proxy at the Meeting in respect of the resolution.

## **SHAREHOLDER RIGHTS PLAN**

### **Approval of Shareholder Rights Plan**

At the Meeting, the Shareholders will be asked to consider and, if thought fit, pass an ordinary resolution ratifying and confirming the existing shareholder rights plan (the "**Rights Plan**"). To pass, the ordinary resolution must be approved by a simple majority of votes cast in respect of the resolution by the Shareholders at the Meeting.

If approved by the Shareholders, the Rights Plan will extend until the 2013 Annual Meeting of Shareholders. The Rights Plan was implemented at the 2007 Annual Meeting of Shareholders.

### **Purpose of the Rights Plan**

The objectives of the Rights Plan are to ensure, to the extent possible, that all Shareholders are treated equally and fairly in connection with any take-over bid or similar proposal to acquire common shares.

Take-over bids may be structured in such a way as to be coercive or discriminatory in effect, or may be initiated at a time when it will be difficult for the Board of Directors to prepare an adequate response. Such offers may result in Shareholders receiving unequal or unfair treatment, or not realizing the full or maximum value of their investment in the Corporation.

The Rights Plan discourages the making of any such offers by creating the potential of significant dilution to any offeror who does so. This potential is created through the issuance to all Shareholders of contingent rights to acquire additional common shares at a significant discount to then prevailing market prices, which could, in certain circumstances, become exercisable by all Shareholders other than an offeror and its associates, affiliates and joint actors.

An offeror can avoid that potential by making an offer that either: (i) qualifies as a "permitted bid" under the Rights Plan, and therefore meets certain specified conditions (including a minimum deposit period of 60 days) which aim to ensure that all Shareholders are treated fairly and equally; or (ii) does not qualify as a "permitted bid" but is negotiated with the Corporation and has been exempted by the Board of Directors from the application of the Rights Plan in light of the opportunity to bargain for agreed terms and conditions to the offer that are believed to be in the best interests of Shareholders.

Under current Canadian securities laws, any party wishing to make a formal take-over bid for the common shares will be required to leave the offer open for acceptance for at least 35 days. To qualify as a "permitted bid" under the Rights Plan, however, a take-over bid must remain open for acceptance for not less than 60 days. The Board of Directors believes that the statutory minimum period of 35 days may be insufficient for the directors to: (i) evaluate a take-over bid (particularly if the consideration consists, wholly or in part, of shares of another issuer); (ii) explore, develop and pursue alternative transactions that could better maximize shareholder value; and (iii) make reasoned recommendations to the Shareholders. The additional time afforded under a "permitted bid" is intended to address these concerns by providing the Board of Directors with a greater opportunity to assess the merits of the offer and identify other possible suitors or alternative transactions, and by providing other bidders or

proponents of alternative transactions with time to come forward with competing, and potentially superior, proposals.

The Rights Plan is not being proposed in response to, or in anticipation of, any pending, threatened or proposed acquisition or take-over bid that is known to the management of the Corporation. The adoption of the Rights Plan is also not intended as a means to prevent a take-over of the Corporation, to secure the continuance of management or the directors in their respective offices, or to deter fair offers for the common shares.

### **Approval Requirements**

Shareholder approval of the Rights Plan is required under the rules and policies of the Toronto Stock Exchange ("**TSX**"). The Corporation is not currently aware of any Shareholder whose votes will be ineligible to be counted towards the ordinary resolution to approve the Rights Plan.

Following is the text of the ordinary resolution to be considered by the Shareholders at the Meeting:

"BE IT RESOLVED, as an ordinary resolution of the holders of common shares of TVI Pacific Inc. (the "**Corporation**"), that:

1. The Corporation is extending the existing Shareholder Rights Plan (the "**Rights Plan**") substantially as described in the Management Proxy Circular of the Corporation dated April 12, 2010 is hereby approved, and the Corporation is hereby authorized to extend the agreement with Computershare Trust Corporation of Canada (or such other person as may be appropriate in the circumstances), as rights agent, to implement the Rights Plan and to issue rights thereunder.
2. The directors of the Corporation may revoke this resolution before it is acted upon, without further approval of the shareholders.
3. Any one or more directors or officers of the Corporation are hereby authorized, for and on behalf of the Corporation, to execute and deliver, whether under corporate seal or otherwise, the agreement referred to above and any other agreements, instruments, notices, consents, acknowledgements, certificates and other documents (including any documents required under applicable laws or regulatory policies), and to perform and do all such other acts and things, as any such director or officer in his or her discretion may consider to be necessary or advisable from time to time in order to give effect to this resolution."

Unless otherwise directed, the management designees named in the accompanying instrument of proxy intend to vote in favor of the ratification and confirmation of the Rights Plan.

## **STATEMENT OF EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

The Compensation Committee reviews and approves the Corporation's compensation program for executive officers. In order to meet the challenges of continuing to grow and expand the Corporation, the executive compensation program has been designed with the objective of attracting and retaining a highly qualified executive team. The level of compensation paid to an executive is based on the executive's overall experience, responsibility, and performance.

The Corporation had two Named Executive Officers ("**NEO's**"), as defined in Form 51-102F6 to National Instrument 51-102, as at the end of its most recently completed financial year (Clifford M. James, Chief Executive Officer; and Queenie G. Lung, Chief Financial Officer). Mr. James and Ms. Lung are referred to collectively in this Information Circular as the NEO's. Compensation to NEO's during 2009 was comprised of three elements – base salary, bonuses, and stock option awards.

### *Base Salary*

Due to the fact that the Corporation is a junior exploration company with limited cash flow that is primarily devoted to exploration and capital projects, the Corporation compensates executives with low base salaries and large incentive based stock options. In 2007, the Compensation Committee engaged a third party to perform a market study on executive compensation for mining companies with comparable market capitalization and metals reserves. Comparable companies used in the 2007 third party market study included:

- SouthGobi Energy Resources Ltd. (formerly Asia Gold Corp.)
- SRMT Holdings Limited (formerly Asia Pacific Resources Ltd.)
- Constellation Copper Corp
- Crew Gold Corp.
- Mindoro Resources Ltd.
- Mundoro Capital Inc. (formerly Mundoro Mining Inc.)
- Jinshan Gold Mines Inc.
- Mongolia Holdings Corp. (formerly QGX Ltd)
- Cadan Resources Corp (formerly Sur American Gold Corp.)
- Southwestern Resources Corp.
- Vista Gold Corp.

Reviews of executive compensation revealed that the Corporation's base salary compensation was below comparable industry levels, in some cases. Following receipt of the compensation survey, the Board of Directors was determined to bring total compensation levels up to the market levels in the industry within one to three years depending upon market conditions (for example, metal prices, labor costs, political stability, etc.) and the Corporation's business direction.

Due to uncertain market conditions during the first half of 2009, base salaries for NEO's remained static. Commercial production at the Canatuan Sulphide plant began on March 1, 2009 and the Corporation successfully completed a shipment of copper concentrates of about 5,000 dry metric tonnes every four to six weeks. For the latter half of 2009, the Compensation Committee and Board of Directors approved slight increases in the base salary for the NEO's as a result of the Corporation's strong financial performance and the NEO's contributions to the Corporation. The Committee has not yet determined its recommendation for 2010 NEO base salaries.

### *Bonuses*

In 2007, the Compensation Committee engaged a third party to design an annual incentive bonus program for senior management and executives that is:

- (a) aligned with TVI's pay philosophy

- (b) supportive of a pay for performance environment; and
- (c) accountable to the needs of shareholders

The Compensation Committee has not recommended adopting the bonus program for NEO's due to the market uncertainty, particularly in 2008 and into 2009. The Compensation Committee and Board of Directors awarded discretionary bonuses to the NEO's for their performance in 2009, as stated in the Summary Compensation Table below. The Committee has not yet determined its recommendation for 2010 NEO bonuses, if any.

#### *Stock Options*

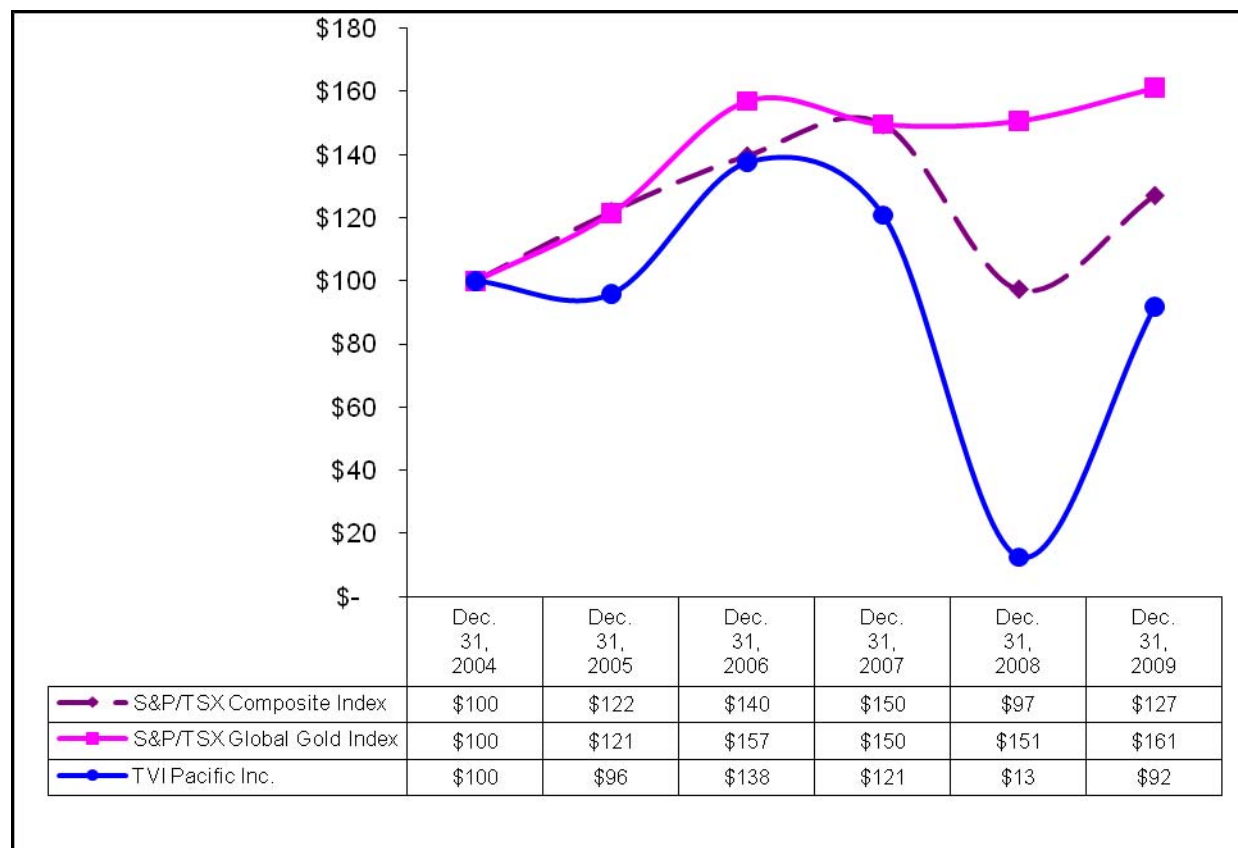
Stock options have historically been granted as a long term incentive to senior employees. They are also intended to encourage retention of executive and senior employees through a three-year term vesting period. The Compensation Committee recommends the granting of options from time to time (usually annually). The Compensation Committee's recommendation is based upon the long term strategic goals and targets of the Corporation, its current stage of development, the need to retain or attract key personnel, the number of options already outstanding, and overall market conditions.

The Directors and NEO's were subject to a trading blackout for most of 2008 due to the existence of material information concerning the Canatuan Sulphide Project at various times during the year and regular trading blackouts established following the end of fiscal quarters. The Compensation Committee could not recommend annual option grants to senior employees during 2008; with the exception of 500,000 options granted to Ms. Lung in March 2008 in fulfillment of a commitment under her employment contract. In January 2009 the Corporation ended its trading blackout period and the Compensation Committee granted options to senior employees for performance in 2008. Options granted in September 2009 were awarded for performance in 2009. Both option grants have been included as 2009 compensation in the Summary Compensation Table below.

In order to align NEO performance objectives with shareholder objectives, the Compensation Committee and Board of Directors prefer to reward and compensate NEO's with incentive stock options, as opposed to bonus and base salary.

## Performance Graph

The following graph compares the cumulative return for a holder of Common Shares with the cumulative performance of the S&P/TSX Composite and the S&P/TSX Global Gold total return indices for the periods noted, assuming reinvestment of dividends. The graph assumes an investment of \$100 in Common Shares beginning on the first day of a five-year period ending December 31, 2009.



The compensation of the NEO's is aligned with the trend of the Corporation's total shareholder return shown in the above graph. The value from NEO stock options are directly aligned with the TVI total shareholder return graph above as their value per unit moved in the direct proportion to the shareholder return line provided above. NEO base salaries were static in 2008 due to market uncertainty, as evidenced in the drop in the shareholder return line for the Corporation, as well as the S&P/TSX Composite Index. However, the increase in the TVI stock performance in 2009 exceeded the recovery in performance from the TSX indexes, and was the foundation for the slight increase in NEO base compensation.

## Summary Compensation Table

The following table and notes thereto set out information concerning the compensation paid to the NEO's during each of the years in the three-year period ended December 31, 2009, as applicable.

Name and principal position	Year	Salary (\$)	Securities Under Options Granted (#)	Option Based Awards (\$) <sup>(5)</sup>	All Other Compensation (\$)	Total Compensation (\$)
Clifford M. James <sup>(1)</sup> President and Chief Executive Officer	2009	300,000	14,500,000	607,195	216,900 <sup>(6)</sup>	1,124,095
	2008	250,000	-	-	-	250,000
	2007	250,000	2,000,000	185,200	-	435,200
Queenie G. Lung <sup>(2)</sup> Chief Financial Officer	2009	144,200	1,500,000	70,565	20,000 <sup>(6)</sup>	234,765
	2008	132,500	500,000	16,341	31,250	180,091
Luis Jovito A. Santos, Jr. <sup>(2)</sup> Former Acting Chief Financial Officer	2008	96,930	-	-	11,210	108,140
	2007	86,252	150,000	14,208	-	100,460
Carl Caumartin <sup>(3)</sup> Former Vice President Exploration	2008	166,667	-	-	33,333	200,000
	2007	200,000	500,000	47,360	-	247,360
Andrew Bradfield <sup>(4)</sup> Former Vice President Operations	2008	33,333	-	-	-	33,333
	2007	200,000	900,000	85,248	-	285,248

### Notes:

- (1) Mr. James, Director, Chairman of the Board of Directors, President and CEO is employed by Seajay, a company controlled by Mr. James. During fiscal 2009, TVI paid or accrued management fees of \$900,609 (2008 - \$574,093; 2007 - \$511,338) to Seajay for the services of the President, CFO, Investor Relations and support staff services.
- (2) Mr. Santos served as acting Chief Financial Officer during the period December 18, 2007 to August 10, 2008. Ms. Lung commenced employment in December 2007 and was appointed to CFO on August 11, 2008, replacing Mr. Santos. Ms. Lung was employed and paid by Seajay in 2009. Effective February 1, 2010 her employment contract was transferred to TVI.
- (3) Mr. Caumartin commenced employment on March 31, 2006, as Vice President Exploration. Mr. Caumartin resigned as an officer of the Corporation on October 31, 2008.
- (4) Mr. Bradfield commenced employment on April 10, 2006 as Vice President Operations. Mr. Bradfield resigned from TVI on February 29, 2008.
- (5) The Board of Directors use the Black-Scholes model for the valuation of the fair value of options granted to NEO's. The assumptions used in the calculations are the same as those used for the basis of accounting:

	2009	2008	2007
Risk free interest rate – average	2%	3%	4%
Expected life (in years)	5	5	5
Expected volatility – average	133%	80%	62%

- (6) The Board of Directors granted discretionary bonuses to the NEO's based on 2009 performance. Mr. James was awarded \$216,900 (US\$200,000) and Ms. Lung was awarded \$20,000.

## Options Granted to Named Executive Officers

The following table sets out information concerning options granted to NEO's, which remained outstanding as at the end of the most recently completed financial year of the Corporation.

Name and Principal Position	Number of Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-Money Options (\$)
Clifford M. James Chief Executive Officer	8,000,000	0.070	September 16, 2014	720,000
	6,500,000	0.020	January 23, 2014	260,000
Queenie G. Lung Chief Financial Officer	1,000,000	0.070	September 16, 2014	90,000
	500,000	0.020	January 23, 2014	20,000
	500,000	0.050	March 17, 2013	30,000

The following table sets out information concerning the number of unexercised options held by NEO's as at December 31, 2009, and the value of options that vested during the 2009 financial year.

Name and Principal Position	Number of Unexercised Options (#)	Value Vested During the Year (\$)
Clifford M. James Chief Executive Officer	8,000,000	None vested
	6,500,000	None vested
Queenie G. Lung Chief Financial Officer	1,000,000	None vested
	500,000	None vested
	500,000	10,000

## Pension Plan Benefits

The Corporation does not offer pension plan benefits to its NEO's or Directors.

## Termination Benefits

Mr. James is employed by the Corporation through the Seajay Management Services contract ("**Seajay Contract**"). Either party, Seajay or TVI, may terminate the Seajay Contract upon ninety (90) days written notice. The Date of Termination shall mean ninety (90) calendar days from the date of delivery of a notice of termination.

Upon termination of the Seajay Contract by TVI, at any time, TVI will, as soon as reasonably practical, following the Date of Termination, pay compensation to Seajay in an amount that would have otherwise been payable by Seajay to Mr. James had the Date of Termination not occurred for a further twenty-one (21) months. At the rate in effect at the end of 2009, the most recently completed financial year, this payment would equate to \$525,000.

Upon employment termination of Ms. Lung by TVI, due to a change in control, TVI will provide for severance of nine months plus an amount equivalent to the last bonus paid for the twelve months immediately preceding the change in control. Upon the third anniversary of employment with the Corporation (December 17, 2010) the termination benefit due to a change in control will increase to twelve months equivalent salary plus the bonus paid for the twelve months immediately preceding the change in control. Furthermore, payment will be made on a "double trigger" basis where a change in control occurs and either Ms. Lung is offered a position which

is deemed not to be equivalent to the position as TVI's Chief Financial Officer, or Ms. Lung is dismissed within six months of the change in control.

The effect of termination on stock options outstanding would be subject to the rules of the Stock Option Plan.

### Compensation of Directors

The Board of Directors receive fees for serving as directors and attending meetings of the Board of Directors or any committee thereof. Compensation to directors are as follows:

Annual director retainer	\$15,000/year
Meeting fee	\$1,000/meeting
Lead director retainer	\$8,500/year
Annual chair retainer – Audit Committee	\$6,000/year
Annual chair retainer – Compensation Committee	\$3,750/year
Annual chair retainer – Corporate Governance and Nominating Committee	\$3,750/year
Annual chair retainer – Environmental, Health and Safety Committee	\$3,750/year

During 2009, the Corporation incurred director fees of \$166,022 (2008 - \$142,750; 2007 - \$111,750). In 2009, the Corporation paid \$223,750 for unpaid 2007 and 2008 fees (2008 paid - \$24,750; 2007 paid - \$36,000). Unpaid director fees accrue interest at a rate of 12% per annum beginning on the 15<sup>th</sup> of the month following the end of the fiscal quarter in which the fees are earned. Director fees and interest earned on unpaid fees during 2009 are presented in the following table.

Name	Fees Earned (\$) <sup>1</sup>	Interest Earned on Unpaid	
		Fees (\$)	Total (\$)
Robert C. Armstrong	48,319	9,650	57,969
C. Brian Cramm	37,297	3,981	41,278
Jan R. Horejsi	44,880	6,932	51,812
Peter C.G. Richards	41,527	6,541	48,068

**Note:**

(1) Includes adjustments from previous year fees

In 2009 directors exercised options for proceeds of \$9,011 (2008 - no options were exercised; 2007 – exercised options for proceeds of \$124,827 and converted debentures of \$150,000 into common shares). Options granted to directors vest immediately; therefore, the value of unexercised in-the-money options is the same as the value of vested options during the year. As of the most recently completed financial year, the directors hold the following options:

Name	Number of Unexercised	Option Exercise	Option Expiration Date	Value of Unexercised
	Options (#)	Price (\$)		In-the-Money Options (\$)
Robert C. Armstrong	2,000,000	0.070	September 16, 2014	80,000
	1,799,410	0.020	January 23, 2014	161,947
C. Brian Cramm	2,000,000	0.070	September 16, 2014	80,000
	2,250,000	0.020	January 23, 2014	202,500
Jan R. Horejsi	2,000,000	0.070	September 16, 2014	80,000
	2,250,000	0.020	January 23, 2014	202,500
Peter C. Richards	2,000,000	0.070	September 16, 2014	80,000
	2,250,000	0.020	January 23, 2014	202,500

### Directors' and Officers' Insurance

The Corporation has purchased, at its expense, insurance for the benefit of directors and officers of the Corporation in respect of liabilities incurred as a result of their serving in those capacities, except in the case of failure to act honestly and in good faith. The policy also covers reasonable defense costs.

The Corporation is also required to indemnify directors and officers from and against liability and costs in respect of any action or suit against them in connection with the execution of their duties of office, subject to certain limitations.

### Indebtedness of Directors and Officers

None of the directors or officers was indebted to the Corporation as at December 31, 2009 or at any time during 2009.

### INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as set out below or elsewhere in this Information Circular, management of the Corporation is not aware of any material interest, direct or indirect, of any informed person of the Corporation, any proposed nominee for election as a director of the Corporation or any associate or affiliate of any such person in any transaction since January 1, 2009, or in any proposed transaction that would materially affect the Corporation. As defined in National Instrument 51-102, "informed person" means (a) the directors and executive officers of the Corporation; (b) a director or executive officer of any person or company that is, itself, an informed person or subsidiary of the Corporation; (c) any person or company that beneficially owns, directly or indirectly, voting securities of the Corporation or that exercises control or direction over voting securities of the Corporation, or a combination of both, carrying more than 10% of the voting rights attached to all outstanding voting securities of the Corporation (other than voting securities held by a person or company as underwriter in the course of a distribution); and (d) the Corporation, to the extent it has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of such securities.

As at December 31, 2009, the Corporation had demand promissory notes totaling \$465,269 (2008 - \$1,069,778; 2007 - \$1,699,000) and US\$431,631 (2008 - US\$750,000; 2007 - US\$700,000) to corporations owned by the President of the Corporation. The demand promissory notes bear interest at 12% and 14.12% per annum, respectively, and have no fixed terms of repayment.

On February 19, 2009 and September 30, 2009, the Corporation completed private placements of Common Shares to two corporations controlled by Mr. James, Seajay and Regent (the "**Private Placements**"), pursuant to a debt conversion agreement entered into in satisfaction of a condition imposed by the lenders under an omnibus loan and security agreement, entered into on January 20, 2009, among TVI (as guarantor), certain of its affiliates, and others (the "**Debt Conversion Agreement**"). A total of 37,188,471 common shares were issued on February 19, 2009, at a price of \$0.016 per share and 11,547,338 Common Shares were issued on September 30, 2009, at a sale price of \$0.043 per share to Seajay and Regent in connection with the Private Placements.

As of April 9, 2010, Mr. James beneficially owns, or is deemed to beneficially own, approximately 12.4% of the total number of issued and outstanding Common Shares. Furthermore, in connection with the private placement dated September 30, 2009, the Corporation granted a total of 8,049,943 Warrants at an exercise price of \$0.043 per warrant to Seajay and Regent. Assuming exercise in full of his options and warrants to acquire TVI Common Shares, Mr. James would beneficially own, or would be deemed to beneficially own, approximately 17.1% of the total number of issued and outstanding Common Shares, as of April 9, 2009.

The Debt Conversion Agreement contemplates that all indebtedness of the Corporation to Seajay and Regent will be converted over time, in a manner intended to ensure that the ownership of TVI Common Shares by Mr. James, his associates, and affiliates does not exceed 18% of the total number of issued and outstanding Common Shares. Additional issuances of Common Shares to Seajay and Regent are anticipated under the Debt Conversion Agreement, although the timing of any additional distributions is uncertain.

Additional information concerning the Debt Conversion Agreement and related agreements is set out in the Amended Material Change Report, dated March 18, 2009, filed by TVI with certain securities regulatory authorities in Canada, a copy of which is available under the Corporation's profile, on the SEDAR website at [www.sedar.com](http://www.sedar.com) and which is incorporated into this Information Circular by reference.

## **APPOINTMENT OF AUDITORS**

The management designees named in the accompanying Instrument of Proxy intend to vote for the appointment of PricewaterhouseCoopers LLP, Chartered Accountants ("**PwC LLP**"), as auditors of the Corporation to hold office until the next annual meeting and to authorize the directors to fix their remuneration, unless a Shareholder has specified in the Instrument of Proxy that his shares are to be withheld from voting with respect to the appointment of auditors. PwC LLP was first appointed auditors of the Corporation by the Shareholders on June 17, 2005.

## **MANAGEMENT AND EMPLOYMENT CONTRACTS**

Since January 1997, management services are provided to the Corporation by Seajay Management Enterprises Ltd., all of the issued and outstanding shares of which are owned by Mr. James, President, Chief Executive Officer and a director of the Corporation.

The Corporation has several employment contracts with key personnel, who are not considered a NEO. None of these contracts entitle the employee to an amount greater than \$100,000 on such employee's resignation or the change of control of the Corporation.

## **OTHER MATTERS TO BE ACTED UPON**

As at the date hereof, management of the Corporation does not know of any business, other than that referred to above, that will be presented at the Meeting. However, if any other matters properly come before the Meeting it is the intention of the management designees named in the accompanying Instrument of Proxy to vote such proxies in accordance with their judgment upon any such matters.

## **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available in documents filed by the Corporation on SEDAR ([www.sedar.com](http://www.sedar.com)). Financial information for the Corporation, as at and for the year ended December 31, 2009, is provided in the Corporation's audited annual financial statements and related MD&A, which are available on SEDAR at [www.sedar.com](http://www.sedar.com) and the Corporation's website ([www.tvipacific.com](http://www.tvipacific.com)). Copies of such annual financial statements and MD&A may also be obtained by making a written request to the Secretary of the Corporation at 2000, 736 – 6th Avenue SW, Calgary, Alberta T2P 3T7.

This Information Circular is dated the 12<sup>th</sup> day of April, 2010.