Management's Discussion and Analysis

For the Three Months Ended March 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 three month periods ended March 31, 2010 and 2009, as well as its financial position and future plans. It should be read in conjunction with the audited financial statements for the years ended December 31, 2009 and 2008. 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 May 13, 2010.

OVERVIEW OF BUSINESS

TVI is a profitable, low cost copper producer focused on the production, development, exploration and acquisition of precious and base metal mining projects in the Philippines. TVI owns 40% of TVI Resource Development (Phils.), Inc. ("TVIRD"), which is the main operating affiliate. As TVIRD is considered a variable interest entity, TVI fully consolidates its interest in TVIRD.

TVI is currently focusing on two key areas of its growth strategy:

- Maximizing profits through process optimization at the producing Canatuan copper mine and monetizing the zinc component of the deposit for an added revenue stream. Commercial operations of the Canatuan Sulphide Project began March 1, 2009 and as of the date of this document, fourteen shipments of copper concentrates have been completed. Construction of the Zinc Circuit began on October 28, 2009. Commissioning of the zinc circuit began on April 30, 2010. Off-take arrangements are currently being negotiated.
- Capitalizing on our near-term gold and copper development properties and expediting exploration at our potentially high-impact large deposit opportunities. TVI plans to fast-track extension/expansion of near-mine opportunities at Canatuan, to accelerate development at the Balabag gold property, and to expedite exploration at Tamarok. In addition, TVIRD plans to continue exploration activities on its 1,240 km^2 tenement package on the Zamboanga Peninsula that has the potential to host significant porphyry copper-gold, massive sulphide, and epithermal gold deposits.

TVI plans to explore additional value enhancing joint venture or acquisition opportunities as well as consider raising additional capital to finance the exploration and development of its diverse portfolio of mining properties and land positions.

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.

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

Reserves and Resources

In April 2008, TVI received a National Instrument 43-101 "Standards of Disclosure for Mineral Projects" ("NI 43-101") technical report on the Canatuan sulphide deposit prepared 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.

The Company's current mineral reserve and resource estimates, as reported in the MD&A for the years ended December 31, 2009 and 2008, continue to be valid given the Company's anticipated production schedule.

Operations

Metal prices are a key driver to management's strategy in operations and production. During the first quarter of 2010, the Company continued to produce copper concentrates and reduced the unit production cash cost. At the same time, the Company is benefitting from higher than average metal prices. Copper prices ranged between US$2.83/lb to US$3.55/lb and averaged US$3.28/lb.

The average daily throughput was 2,261 dry metric tonnes per day during the first quarter of 2010. TVI is currently targeting an average daily throughput of 1,900 dry metric tonnes per day going forward, which produces a remaining life of mine of approximately 3.3 years as at March 31, 2010.

In March 2010, the Company received an amendment to its Environmental Compliance Certificate which increases the daily maximum allowable production rate to 2,500 tonnes per day and a 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 the Canatuan Near-Mine Tenements.

As of March 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	6,932,265	787,759	1,237,238	8,957,262
13	March 20, 2010	5,214	6,931,765	882,179	1,161,632	8,975,576
		15,514	**20,763,864**	**2,307,929**	**3,141,286**	**26,213,079**

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

Shipment Number	Shipment Completion Date	Shipped (dry metric tonnes)	Gross Revenue (in US$)			
			Copper	Gold	Silver	Total
14	May 5, 2010	5,285	7,524,266	831,493	754,471	9,110,230

The fourteenth shipment is still subject to price adjustments from final concentrate testing relating to the final weight, assays, and market metal prices.

Mining has progressed into the portion of the ore body containing increased amounts of zinc. In advance of the availability and commissioning of the zinc circuit, the mill encountered difficulties in increasing the copper grade in the copper concentrate being produced, without increasing the zinc content of the concentrate. Accordingly, the Company elected to maintain the previous mill plan of producing larger quantities of copper concentrate at a grade of around 19-20%, achieving roughly equivalent quantities of payable metal.

The newly installed zinc floatation circuit was powered up on April 30, 2010 and is undergoing plant debugging as the first step in commissioning. Additional elements of the zinc separation and concentrate production process will be added in the coming weeks as the Company continues with the zinc circuit commissioning. The Company anticipates that the commissioning process could take up to three months as is typical in such operations and similar to the Company's experience with the copper circuit.

In the meantime, the Company's objective is to produce copper concentrate such that payable metal quantities will be constant. Grade and shipment scheduling will be adjusted in accordance with zinc separation performance. The Company's plan is to achieve an increase in copper concentrate grade to the 25% level as soon as practicable.

Selected operational highlights:

	Quarter ended March 31, 2010	Quarter ended March 31, 2009
Copper pound equivalent produced	8,841,433	4,358,340
Copper produced (lbs)	6,930,404	3,018,355
Gold produced (oz)	2,321	866
Silver produced (oz)	220,400	119,178

	Quarter ended March 31, 2010	Quarter ended March 31, 2009
Total tonnes processed	203,480	89,884
Average tonnes processed per day	2,261	999
Ore copper grade (%)	1.75	2.46
Copper recovery (%)	88.14	61.80
Concentrates produced (dry weight - t)	15,826	6,460
Average daily concentrates produced (dry weight - t)	176	72
Concentrate copper grade (%)	19.86	21.20
Concentrate gold grade (g/t)	4.56	4.17
Concentrate silver grade (g/t)	433.15	573.86
Production cash cost per Cu lb eq (US$)[(1) (2)]	0.56	0.76
Total cash cost per Cu lb eq (US$)[(2)]	0.94	1.09
Total cash cost per Cu lb eq, net of by-products (US$)[(2)]	0.32	0.56
Offtake		
Copper concentrates shipped (dry weight - t)	15,514	5,351
Average copper price received (US$/lb)	3.28	1.77

(1) Excludes selling expenses.

(2) Production cash cost per copper pound equivalent; Total cash cost per copper pound equivalent; and, Total cash cost per copper pound equivalent, net of by-products are non-GAAP measures. Please see definitions in the "Non-GAAP Measures" section.

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% Net Smelter Royalty ("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.

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 to 2012. The Company filed an Appeal to have royalty claims prior to 2012 recognized and expects a decision from the Court of Appeals in Q4 2010.

DRILLING OPERATIONS

TVI's drilling operations are owned and operated by Exploration Drilling Corporation ("EDCO"), a wholly-owned subsidiary located in the Philippines. In 2008, the Company made the decision to focus on its core business activities and, therefore, sold various portions of its drilling operations.

EDCO currently owns seven drill rigs, which are either being used or are scheduled for use on the Company's development and exploration projects.

EXPLORATION

Canatuan Near-Mine Tenements

TVIRD controls an extensive 352 km^2 land package surrounding the Canatuan Mine that the Company refers to as the Canatuan Tenements. The Canatuan orebody is a volcanogenic massive sulphide orebody and deposits of this type rarely occur in isolation. As such, TVI believes "mining camp" potential exists within the Canatuan Tenements. Initial exploration on the properties suggests that the land package includes a 40+ kilometre strike length of the schist-formation stratigraphic horizon that hosts the Canatuan orebody. Management of TVI believes it is likely that similar Canatuan-style deposits exist within the area of the Canatuan Tenements. Any mineable ore located in the area could potentially 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 ("DMCI"), a subsidiary of DACON Corporation (www.dmciholdings.com) which is a substantial Philippine conglomerate reputed for its extensive holdings in general construction, coal mining, power generation, infrastructure, real estate, development and manufacturing. TVI has added substantial operational strength by involving a major player in the Philippines. DMCI already has long standing forestry and agribusiness operations in the area. They currently maintain the roads and provide security services through their established camps. By partnering with DMCI, the costs on the exploration project going forward are expected to be significantly reduced.

Balabag

In addition to the near-mine exploration at Canatuan, the development-stage Balabag gold project is another high priority project. The Balabag property covers an area of approximately 52 km^2 and is situated approximately 75 kilometres 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. 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. This current 26 hole, 2,500 meter drill program is focused on the Tinago vein, the largest of three spatially related vein systems. The target is a minimum of 50,000 AuEq Oz in the indicated category, allowing for an internal scoping study to define an economical start-up mine development program. Initially, a 500 tonne per day plant would be constructed using infrastructure from the Company's previous gold project at Canatuan, and then incrementally ramping up production as additional resources are defined through continued drilling. Constructing the Balabag plant in stages would allow the Company to advance activities with minimum financing from an external source. The project is expected to generate surplus cash flows and income, in addition to funding capital investment for the phased expansion at Balabag.

Tamarok - Tapisa

The Tamarok copper-gold project and the Tapisa exploration project are located 60 kilometres north-northeast of TVIRD's Balabag project and are within the Company's 1,240 km^2 North Zamboanga tenement package.

In December 2009, the 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 TVIRD has a contract to acquire full rights to the MPSA at TVIRD's election.

The approval of the 507 hectare MPSA at Tamarok will allow TVIRD to advance exploration activities including geophysical surveys, systematic detailed geological investigations, and the delineation of drill targets. A scout drilling program will test subsurface continuity of outcropping porphyry copper-gold mineralization at Malachite Hill; where in an initial exploration program a 38 metre continuous channel sample produced an average of 0.71% copper and 0.35 grams per tonne gold.

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 long by 2 kilometre wide area currently being worked in places by illegal small-scale miners. 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 km^2 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.

QUARTERLY FINANCIAL INFORMATION

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

	Net Revenue	Net Income (Loss)	Net Income (Loss) per Share Basic	Net Income (Loss) per Share Diluted
March 31, 2010	$ 26,184	$ 8,390	$ 0.018	$ 0.015
December 31, 2009	22,956	9,743	0.020	0.018
September 30, 2009	25,707	9,917	0.021	0.019
June 30, 2009	11,376	676	0.001	0.001
March 31, 2009	7,064	(2,014)	(0.005)	(0.005)
December 31, 2008	111	(5,220)	(0.013)	(0.013)
September 30, 2008	96	(3,610)	(0.009)	(0.009)
June 30, 2008	757	(3,238)	(0.008)	(0.008)

Revenue

The gossan mining and milling operations ceased in April 2008. Revenues in Q2 through to Q4 2008 relate to miscellaneous asset sales and interest 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. Even greater 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 successfully completed for a total of 15,514 dry metric tonnes. The Company received an average copper price of US$3.28/lb for these shipments which is higher than the average price in the previous quarters.

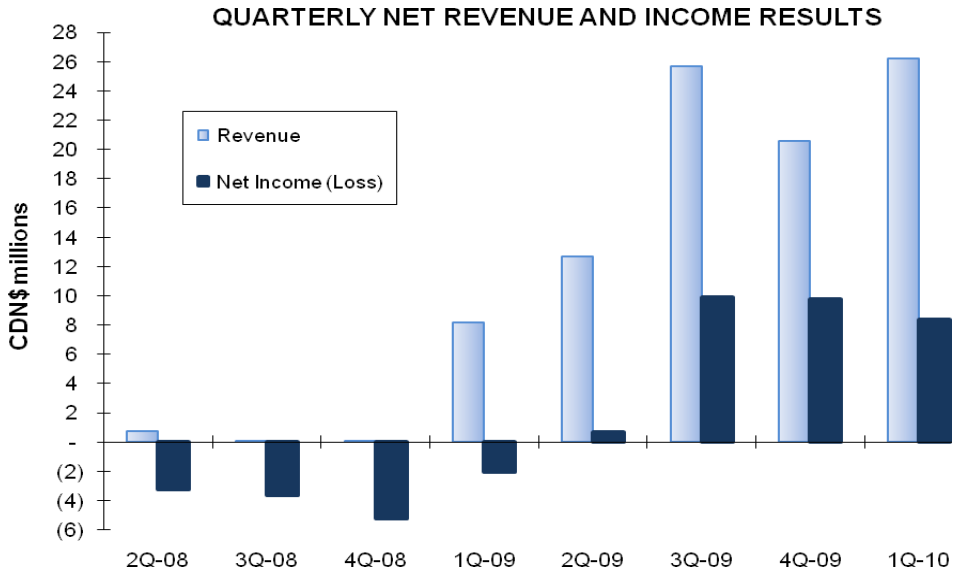
Net Income (Loss)

Throughout 2008, the Company attempted to minimize its general and administrative costs while constructing the Canatuan Sulphide Project. In Q4 2008, the Company incurred additional costs required to commission the sulphide plant, which started up mid-November 2008.

The Company declared commercial operations on the Canatuan Sulphide Project on March 1, 2009 and completed its first shipment in the same month. Since Q3 2009, the Company has been improving its operating throughput and concentrate production. The Company decreased its unit production cash costs, while benefiting from increasing metal prices. In Q1 2010, the Company experienced a decrease in net income in comparison to the previous two quarters because of financing costs incurred in the retirement of a portion of its term facility.

	Average copper price received (US$/lb)	Production cash cost[(1)] (US$/Cu lb eq)
Q1 2010	3.28	0.56
Q4 2009	3.05	0.63
Q3 2009	2.67	0.55
Q2 2009	2.11	0.58
Q1 2009	1.77	0.76

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



CONSOLIDATED RESULTS OF OPERATIONS

During the three months ended March 31, 2010, TVI had a consolidated net income of $8.4 million compared to a net loss of $2.0 million in the same period of 2009. During the period ended March 31, 2010, the Mining segment produced net income of $16.2 million. Adding back the non-cash amortization and accretion expense of $2.7 million, the mine segment produced net income before amortization and accretion expense of $18.9 million.

During the three months ended March 31, 2010, the Canatuan Mine generated net revenues of $26.2 million from the Canatuan Sulphide Project compared with $7.1 million generated in the first quarter of 2009. Revenues during the current period represent three completed shipments of copper concentrates to TVI's metal offtake partner, with whom the Company has a five-year agreement. Net revenues are based upon gross revenues net of treatment, refining, and deductions from the buyer.

Mining, milling, drilling, and selling expenses for the three months ended March 31, 2010 were about $6.9 million. These expenses do not include treatment, refining, and deductions from the buyer as these costs are netted against revenues. Expenses during the current period are not comparable to those incurred during the same period in 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.

In Q1 2009, the exploration program was on hold as the Company focused on the completion of the Canatuan Sulphide Project. In Q1 2010, exploration expenses totalled $1.7 million due to a more intensive exploration program as highlighted in the above "Exploration" section.

Amortization is based on a unit-of-production basis. Amortization and accretion expense is approximately $2.7 million during the quarter representing the amortization of the sulphide plant. In Q1 2009, amortization expense was not incurred until commercial operations began on March 1, 2009.

The Company recognized about $3.8 million in interest expense during the period ended March 31, 2010, which is approximately $2.3 million greater than the same period in 2009. The interest expense includes the write-off of unamortized deferred financing costs and the prepayment premium as a result of the voluntary prepayment of loan made in January 2010. The voluntary prepayment created a substantial modification of the terms of the original debt resulting in an extinguishment of the financial liability. The carrying value of the original obligation was derecognized and a new obligation was recognized by the Company for the remaining principal balance.

CONSOLIDATED FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

Cash Position

	Three months ended March 31	
	2010	2009
Operating cash flow	$ 14,810,571	$ (7,881,089)
Change in non-cash working capital	(94,946)	5,987,969
Operating cash flow before change in non-cash working capital	14,715,625	(1,893,120)
Expenditures on property and equipment	(2,508,058)	(1,540,277)
Free cash flow	$ 12,207,567	$ (3,433,397)
Common shares outstanding	479,196,181	466,657,555
Free cash flow per share	$ 0.025	$ (0.007)

The surplus of funds from operations for the three months ended March 31, 2010 was attributable to revenue from the copper concentrate shipments coupled with declining production costs at the Canatuan Sulphide Project. The Company has a surplus of free cash flows from which it can reinvest into further growth in the Company.

Term Facility

On January 20, 2009, the Company signed a US$30.1 million five-year term loan facility agreement ("Term Facility") with the LIM Asia Arbitrage Fund Inc. and LIM Asia Special Situations Master Fund Limited (the "Lenders" or "LIM"). The Term Facility is secured by a charge on all of the present and after acquired assets of TVIRD.

The funds borrowed under the Term Facility bear interest at the rate of 10% per annum calculated based on the original principal balance of US$30.1 million, irrespective of the actual outstanding principal balance. However, voluntary prepayments may decrease the principal balance on which interest is calculated. The Company recognizes the related interest expense over the life of the loan and initially calculated the effective annual rate of interest on the loan to be approximately 23.4%.

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

The Company has remained current on all scheduled principal, interest, and advisory payments. In addition, the Company made a US$3.1 million voluntary prepayment on principal on September 28, 2009, and a second voluntary prepayment on principal of US$6.0 million on January 12, 2010. Each voluntary prepayment is subject to a 25% prepayment premium. Both payments reduce future financing costs as interest, advisory fees, and profit participation percentages have been decreased.

The January 2010 voluntary prepayment created a substantial modification of the terms of the original debt resulting in an extinguishment of the financial liability. The carrying value of the original obligation was derecognized and a new obligation was recognized by the Company for the remaining principal balance. The extinguishment created an expense of US$4.2 million, due to the write-off of unamortized deferred financing costs and the prepayment premium. The Company recalculated the effective annual interest rate on the loan to be approximately 24.07%, which is being used to recognize related interest expense beginning January 2010.

Another scheduled principal payment was made on January 20, 2010 bringing the loan outstanding at March 31, 2010 to US$16.3 million.

Subsequent to the period, the Company made three additional voluntary prepayments of principal:

April 6, 2010	US$6,000,000
April 28, 2010	US$3,300,000
May 7, 2010	US$3,000,000

The current loan outstanding after the last payment to the Lenders is US$4.0 million, which the Company intends to completely repay in Q2 2010.

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

Loan Date	Loan Amount (US$)	Interest Rate (% per annum)	Term	Security
January 8, 2010	6,000,000	3.00	Repaid January 29, 2010	Term deposit
March 31, 2010	6,000,000	3.75	Repaid April 30, 2010	Term deposit
April 20, 2010	3,300,000	4.30	180 days	Offtake agreement
April 29, 2010	3,000,000	4.33	1 year	Offtake agreement

Other Debt Facilities

- The Company has letter of credit facilities with the Bank of the Philippine Islands which accrue interest at 8.75% 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 March 31, 2010 was $1,076,674.
- As at March 31, 2010, the Company had demand promissory notes of $465,269 (December 31, 2009 - $465,269) and US$431,631 (December 31, 2009 - US$431,631) to corporations owned by the President of the Company. The demand promissory notes bear interest at 12% and 14.12% per annum, respectively, and have no fixed terms of repayment. During 2009, the Company retired $666,276 and US$361,680 ($425,275) through private placements of common shares. Including accrued interest, the total amount in promissory notes outstanding at March 31, 2010 was $956,231 (December 31, 2009 - $943,276). Subsequent to March 31, 2010, the remaining balance of the promissory notes was retired through an additional private placement of common shares in April 2010.

Capital Requirements

The majority of fixed assets are new and the remaining useful life will be over 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 2010, the Company's capital expenditure program will be tightly controlled and is currently expected to range between $8 million and $10 million. The Company expects the capital expenditure program to be funded by cash provided by operating activities.

As of the date of this document, the Company does not anticipate that the current economic environment would prevent TVI from funding current and future operating and liquidity needs. However, if cash from operating activities is not sufficient to fund the capital expenditures, or to make scheduled debt repayments, the Company would anticipate covering any cash shortfall by reducing budgeted capital expenditures or disposing of certain non-core assets.

OUTLOOK

From the beginning of commercial operations, the Company has been able to increase efficiencies and throughput at the Canatuan Sulphide Project, realizing declining unit production cash costs. For the three months ended March 31, 2010, the Company realized free cash flows of $12.2 million.

Highlights:

- The Company began construction of the Zinc Circuit in October 2009 and began commissioning the circuit on April 30, 2010. The Zinc Circuit is expected to monetize the zinc component of the deposit for an added revenue stream.
- TVIRD recommenced its drilling program in February 2010 on the Balabag gold and silver project. The current 26 hole, 2,500 meter, four-month program is expected to confirm the initial target of 50,000 AuEqOz. Assuming the target is reached, by the end of 2010, the Company intends to complete an optimization plan to use a "bootstrap" development strategy. Social and environmental baseline studies are currently underway along with additional metallurgical testing.
- With the finalization of the Joint Venture Agreement with DMCI in February 2010, exploration activities are expected to ramp up in the Canatuan Near-Mine Tenements. There are various tenements owned by the Company which are within a 15 km trucking distance to the Canatuan plant. These present immediate growth opportunities to extend the current Canatuan mine life.
- In December 2009, the Company obtained the MPSA for the Tamarok-Tapisa porphyry copper-gold prospect. A scout drilling program will commence in 2010.

The Company continues to seek out new opportunities, and in this regard, is holding discussions with a number of entities. However, there can be no assurance that any of the current discussions will result in further investments in the Company or its assets or that the consideration of strategic alliances and joint ventures will lead to the establishment of relationships with third-party mining organizations.

NON-GAAP MEASURES

Funds from operations is a non-GAAP measure that represents cash generated from operating activities before changes in non-cash 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 non-GAAP measure that represents cash generated from operating activities before changes in non-cash 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 non-GAAP measure that 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 non-GAAP measures that represents the cash cost to produce a copper pound equivalent. These measures should not be

considered alternatives to, or more meaningful than the Mining, milling, drilling and selling 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 March 31, 2010	Quarter ended March 31, 2009
Copper pound equivalent		8,841,433	4,358,340
Average quarterly rate (CDN$/US$)		1.04	1.25
Mining, milling, drilling, and selling expenses	$	6,938,513	4,363,218
Adjustment for change in inventory		142,895	231,327
Indirect administrative costs		372,380	250,565
Selling expenses		(2,308,457)	(721,336)
Drilling expenses		3,884	-
Production cash cost	$	5,149,215	4,123,774
Treatment, refining, and other charges		1,206,232	1,097,981
Selling expenses		2,308,457	721,336
Total cash cost		8,663,904	5,943,091
Gross revenue - gold		(2,367,269)	(1,005,217)
Gross revenue - silver		(3,344,655)	(1,887,769)
Total cash cost net of by-products	$	2,951,980	3,050,105
(US$/lb):			
Production cash cost		0.56	0.76
Total cash cost		0.94	1.09
Total cash cost, net of by-products		0.32	0.56

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

	Q1 2009	3/31/09	Q1 2010	3/31/10
Copper (US$/lb)	1.77	1.83	3.28	3.55
Gold (US$/oz)	932.95	917.50	1,117.79	1,112.50
Silver (US$/oz)	13.45	13.11	16.78	17.50

RECENTLY ISSUED ACCOUNTING STANDARDS UNDER CANADIAN GAAP

The following standards will be effective for the Company's year beginning on January 1, 2011:

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

Section 1582 – "Business Combinations", 1601 – "Consolidated Financial Statements", and 1602 – "Non-Controlling Interests" replace Section 1581 – "Business Combinations", and 1600 – "Consolidated Financial Statements". Section 1582 is effective for business combinations for acquisition dates on or after January 1, 2011. Earlier adoption is permitted, provided all three new standards are adopted simultaneously. The new standards are the Canadian equivalent of IFRS 3 "Business Combinations" and IAS 27 "Consolidated and Separate Financial Statements". Section 1582 requires equity instruments issued as part of the purchase consideration to be measured at fair value at the acquisition date, rather than the date when the acquisition was agreed to and announced. In addition, most acquisition costs are expensed as incurred, instead of being included in the purchase consideration. The new standard also requires non-controlling interests to be measured at fair value instead of carrying amounts. Section 1602 provides guidance on the treatment of non-controlling interests after acquisition. Section 1601 carries

forward existing guidance on the preparation of consolidated financial statements, other than non-controlling interests. The Company is currently assessing the impact the adoption of these standards will have on financial results.

CONVERGENCE WITH INTERNATIONAL REPORTING STANDARDS

The Canadian Accounting Standards Board has confirmed January 1, 2011 as the date that International Financial Reporting Standards (''IFRS'') will replace Canadian GAAP for publicly accountable enterprises. As a result, the Company will report under IFRS for interim and annual periods beginning January 1, 2011, with comparative information for 2010 restated under IFRS. Adoption of IFRS as Canadian GAAP will require the Company to make certain accounting policy choices and could materially impact the reported financial results. The Company's goal is to make policy changes that are compliant with IFRS but also provide the most meaningful information to shareholders. The Company's Philippine affiliates have already implemented convergence with International Reporting Standards as required under local statutory reporting purposes.

The Company has developed a changeover plan which includes the following three phases and sets out activities to be performed in each phase over the life of the project.

- Assessment phase: In this phase, the Company identified high level differences between Canadian GAAP and IFRS that may impact the Company. This phase has been completed.
- Design phase: This phase involves the completion of analyses of the differences between TVI accounting policies and IFRS to provide a basis for accounting policy recommendations, the development of a strategy for dual Canadian GAAP and IFRS reporting during 2010 and changeover to IFRS in 2011, and IFRS training for key finance personnel.
- Implementation phase: Significant implementation phase milestones will include the implementation of our 2010 dual reporting systems strategy, the amendment and testing of internal controls over financial reporting and disclosure controls and procedures impacted by accounting policy changes, the implementation of our internal and external communication plans, and the preparation of a January 1, 2010 opening balance sheet and 2010 comparative data under IFRS, with reconciliations from Canadian GAAP.

The Company has identified the areas noted below as those expected to have the most significant impact on the financial statements. These areas do not represent a complete list of expected changes. As we progress further into the implementation phase, and as changes to Canadian GAAP and IFRS standards may occur prior to the changeover date, the differences and impacts described below may be subject to change. The Company will continue to disclose additional impacts on financial reporting, including expected quantitative impacts, systems and processes and other areas of the business in future MD&A's as they are determined.

Differences between IFRS and Canadian GAAP

Basis of Consolidation

TVI currently consolidates its Philippine affiliates in accordance with Canadian GAAP (Accounting Guideline 15 – Consolidation of Variable Interest Entities). Under IFRS, the consolidation will follow the guidance under International Accounting Standard ("IAS") 27, *Consolidated and Separate Financial Statements* as to whether control is presumed to exist even if the parent owns half or less of the voting power of the entity. The power to govern the financial and operating policies of the entity and power to appoint or remove a majority of the members of the board are some of the indications of control. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by another entity, are considered when assessing whether an entity has the power to govern the financial and operating policies of another entity, similar to Canadian GAAP.

Therefore, the Company expects that there will be no change in the method of consolidating its Philippine affiliates.

Non-controlling Interests

Canadian GAAP requires losses applicable to the non-controlling interest in subsidiaries exceed the non-controlling interest's carrying value in subsidiaries, the excess and any further losses will be fully absorbed by the Company. The non-controlling interest arising on consolidation will not be recognized until such time as previously absorbed losses of these companies are recovered. Upon adoption of IFRS in 2011, total other comprehensive income attributable to non-controlling interest to be presented as an allocation of comprehensive income for the period. Losses applicable to the non-controlling interest in a subsidiary are allocated to the non-controlling interest even if this causes the non-controlling interest to be in a deficit position.

Functional Currency

Under Canadian GAAP, there are two types of foreign operations: integrated and self-sustaining. The Company's Philippine affiliates are currently considered self-sustaining foreign operations in the consolidated financial statements. Upon adoption of IFRS in 2011, there will no longer be a distinction between integrated or self-sustaining affiliates. The translation will follow the guidance in IAS 21*, The Effects of Changes in Foreign Exchange Rates*, particularly on the use of presentation currency other than the functional currency, which requires translation of assets and liabilities at the rate on the balance sheet date, and income and expenses at rates on transaction dates. This is similar to the current method for translation of self-sustaining foreign operations under Canadian GAAP, which the consolidated financial statements currently follow. Therefore, there will be no expected change in the method of translating balances for consolidation purposes.

Impairment of property, plant and equipment

Under Canadian GAAP, whenever the estimated future cash flows on an undiscounted basis of a property is less than the carrying amount of the property, an impairment loss is measured and recorded based on fair values. Under IFRS, IAS 36 *Impairment of Assets* requires an impairment charge to be recognized if the recoverable amount, determined as the higher of the estimated fair value less costs to sell or value in use, is less than carrying amount. The impairment charge under IFRS is equal to the amount by which the carrying amount exceeds the recoverable amount. The difference in testing and determining an impairment may result in more frequent impairment charges, where carrying values of assets may have been supported under Canadian GAAP on an undiscounted cash flow basis, but cannot be supported on a discounted cash flow basis. IAS 36 also requires the reversal of any previous impairment losses where circumstances requiring the impairment charge have changed and reversed. Canadian GAAP does not permit the reversal of impairment losses in any circumstance.

Financial Instruments

IFRS 7 generally has more comprehensive disclosure requirements than Section 3861. IFRS 7: (i) requires entities to disclose information that enables users of their financial statements to evaluate the significance of financial instruments, rather than specific contractual terms and conditions of financial instruments; (ii) requires disclosures about financial instruments classified into (as well as out of) a fair value classification; (iii) requires specific disclosures about collateral; (iv) requires disclosure of the existence of multiple embedded derivatives whose values are interdependent, when these are contained in an instrument having both a liability and an equity component; (v) does not encourage (or require) disclosures about average aggregate carrying amounts during the year, average aggregate principal during the year, or average aggregate fair value during the year; (vi) requires disclosure of the disposition of any inception profit that might result from the use of a valuation technique used to measure a financial instrument that has no active market price; (vii) requires extensive disclosures about exposures to liquidity, currency and other price risks; and (viii) requires an analysis of the sensitivity of net income to

possible changes in market risk factors. The Company expects to disclose these specific items in accordance with IFRS beginning January 1, 2011.

Employee benefits

Under Canadian GAAP, liabilities and expenses for vested past service costs under a defined benefit plan generally are recognized over the expected average remaining service period. Liabilities and expenses for unvested past service costs under a defined benefit plan generally are recognized over the expected average remaining service period. Under IFRS, liabilities and expenses for vested past service costs under a defined benefit plan are recognized immediately. Liabilities and expenses for unvested past service costs under a defined benefit plan are recognized over the vesting period. The Company expects to adjust any recorded past service cost upon transition to IFRS.

First time adoption of IFRS

The Company's adoption of IFRS will require the application of IFRS 1 First-time Adoption of International Financial Reporting Standards (''IFRS 1'') which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires that an entity apply all IFRS effective at the end of its first IFRS reporting period retrospectively, with specific mandatory exemptions and a limited number of optional exemptions.

The following is the mandatory IFRS 1 exemption relevant to the Company and is also expected to be applied by the Company in its first IFRS financial statements:

Non-controlling interests

The exception stipulates that a first-time adopter should apply the following requirements of IAS 27, prospectively from the date of transition to IFRS: (a) 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; (b) the requirements regarding accounting for changes in the parent's ownership interest in a subsidiary that do not result in a loss of control; and (c) the requirements regarding the accounting for a loss of control over a subsidiary, and the related requirements in IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. The Company expects to adopt the exemption and follow the IAS 27 requirements prospectively starting January 1, 2011.

The following paragraphs outline the significant optional IFRS 1 exemptions the Company expects to apply in its first IFRS financial statements:

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, being January 1, 2010 for the Company. As a result of applying this election, the Company will be required to restate any business combinations effected during the 2010 year which were originally reported under Canadian GAAP, for comparative reporting in 2011. The alternative, retrospective application of IFRS 3, would require the restatement of all business combinations occurring prior to the date of transition to IFRS in addition to those occurring on or after January 1, 2010. The Company expects to elect the business combinations exemption and adopt IFRS 3 prospectively beginning on January 1, 2010. The election of this exemption, however, does not preclude the Company from assessing its assets that were acquired and liabilities assumed through business combinations occurring prior to the Company's transition date to comply with IFRS requirements in establishing the Company's opening balance sheet at January 1, 2010.

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 of January 1, 2010. The Company expects to elect the borrowing costs exemption, and apply IAS 23 prospectively from January 1, 2010. In effecting this

election, we will reverse the carrying value of previously capitalized borrowing costs as determined under the Company's previous Canadian GAAP accounting policy for such costs on January 1, 2010 with an adjustment to the Company's opening retained earnings.

Fair value of revaluation as deemed cost

IFRS 1 allows an entity to initially measure an item of property, plant and equipment upon transition to IFRS at fair value or under certain circumstances using a previous GAAP revaluation, as opposed to recreating depreciated cost under IFRS. Most of the assets are with the Philippine operating entity which is already presenting its separate financial statements in accordance with IFRS. Therefore, the Company expects to continue using the carrying value of assets in its consolidated financial statements.

Foreign exchange

IFRS allows cumulative translation differences for all foreign operations to be deemed zero at the date of transition to IFRS, with the balance being transferred to opening retained earnings. Future gains or losses on subsequent disposal of any foreign operations shall exclude translation differences arising from periods prior to the date of transition to IFRS. The Company expects to elect this exemption.

Other accounting policies

The Company continues to evaluate the impact of IFRS adoption on other areas, such as the accounting for income taxes and decommissioning liabilities (asset retirement obligations), which may result in significant differences from currently adopted accounting policies.

IFRS recent pronouncements – Joint Arrangements

The International Accounting Standards Board (''IASB'') has issued Exposure Draft 9, Joint Arrangements (''ED 9'') which proposes to require that all jointly controlled entities be accounted for using the equity method of accounting. ED 9 would replace the current IFRS standard which allows for a policy choice to account for jointly controlled entities using either proportionate consolidation, which is consistent with Canadian GAAP, or the equity method of accounting. ED 9 is expected to result in the issue of a final IFRS standard in 2010, which the Company will be required to adopt during a period subsequent to its transition to IFRS. The Company is currently evaluating the impact that ED 9 is expected to have on its consolidated financial statements.

Other

The Company has done a preliminary assessment that the adoption of IFRS will have on internal controls over financial reporting, disclosure controls and procedures, business activities, and IT systems. TVI does not expect any material changes to these areas since the main operations and majority of material transactions occur at the TVIRD level. TVIRD is a Philippine affiliate that implemented conversion to Philippines Accounting Standards ("PAS") in 2005 as required under local statutory reporting purposes. PAS is essentially converged with IFRS; therefore, the Company expects that all controls, procedures, activities, and systems have already been designed to ensure the Company is in accordance with IFRS. The Company continues to perform more detailed assessments to determine whether there will be any changes to these areas once IFRS has been adopted.

COMPARATIVE AMOUNTS

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 ore body. This data could change over time as a result of numerous factors, including new information gained from development activities, evolving production history and a reassessment of the viability of production under different economic conditions.
- The carrying values of mining assets are based on whether or not the value is greater than the future undiscounted cash flows to be generated from the assets. If it is determined that carrying values of assets cannot be recovered, the unrecoverable amounts are written off against current earnings. Estimates must be made in establishing the depletion and depreciation of property, plant and equipment as well as assessing the fair value of the liability for asset retirement obligations relating to the Canatuan Mine.
- 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, 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

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.

The Company has promissory notes owing to two companies owned by the President of the Company (as discussed under "Other Debt Facilities" above).

During the first quarter of 2010, Seajay charged the Company $141,182 for management fees for services of the President and support staff. At the end of the period, the amount payable to Seajay was $46,997.

CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

On January 20, 2009, the Company entered into an Advisory Agreement with an unrelated third party. The Advisory Agreement requires that the Advisor provide services to TVI in relation to TVI's mining development projects, including Canatuan and Balabag. Such services include brainstorming different financing and funding structures, assisting in the preparation of financial models, preparing write-ups and

overseeing the implementation and monitoring of the financing of projects, and advising in connection with fund outsourcing and hedging. See above discussion on fees paid to the Advisor under the "Term Facility" section.

In February 2010, TVIRD signed a Joint Venture Agreement ("JVA") with DMCI to conduct exploration, development and production of mineral deposits in the area known as The Greater Canatuan Tenement. This area is within a 15 km radius trucking distance to the current Canatuan sulphide plant. Under the JVA, TVIRD will hold a 70% interest, while DMCI will hold 30% interest. TVIRD will act as the operator. 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 $123,840 for the period 2010 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.

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 design of ICOFR as of March 31, 2010 and plans to update the evaluation of operating effectiveness of internal controls over financial reporting throughout the year.

During 2009, the Company completed a comprehensive review of its consolidation procedures and redesigned its ICOFR related to the translation of foreign currencies; therefore, the Company has removed the previously identified material weakness disclosed in prior periods. 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 March 31, 2010 and May 13, 2010 were 479,196,181 and 487,297,736 respectively. The basic weighted average number of common shares issued and outstanding for the three months ended March 31, 2010 was 478,946,181 (March 31, 2009 - 433,092,602). The diluted weighted average number of common shares issued and outstanding for the three months ended March 31, 2010 was 563,551,574. No adjustments were required to the weighted average number of common shares in computing diluted per share amounts for the three months ended March 31, 2009 because the Company was in a loss position.

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. **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.**

Examples of forward-looking information in this MD&A:

- future operating information for the sulphide (copper/zinc) operation at Canatuan
- completion date for the zinc circuit at Canatuan and its impact on revenue streams
- the use of cash generated from the sulphide operation at Canatuan to support exploration and development of other TVI projects
- the nature and timing of exploration activities surrounding the Canatuan Mine and the potential for mine life extension
- potential reduction of exploration costs through the partnership with DMCI
- the nature and timing of exploration activities for Balabag, Tamarok, Tapisa, EXPA 61, Bonbon and the Company's other tenements
- the nature and timing of development activities at Balabag, as well as the potential production and cash flows to be generated by the project
- the Company's efforts to have its claims recognized by the Rehabilitation Court for the Rapu Rapu royalty
- the evaluation of joint venture and acquisition opportunities
- funds expected to be received from the fourteenth shipment of copper concentrates
- timing for future shipments of copper concentrates
- the impact of planned cost reduction initiatives
- the Company's ability to raise capital and to continually add to mineral reserves through acquisitions, exploration and development
- timing for repayment of the LIM loan
- estimates regarding the Company's capital requirements and potential financing initiatives

Material risks

- 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
- 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

- availability of equipment and personnel

Material factors

- current mining and processing activities at Canatuan
- current throughput of the sulphide plant and planned expansions in throughput
- anticipated throughput capacity of the zinc circuit
- management's prior experiences with mining and processing at Canatuan
- management's experience during the construction of the gossan and sulphide plants at Canatuan
- the estimated copper and zinc mineralization of the sulphide zone at Canatuan
- current development and operating plan for Canatuan
- anticipated production and sales of concentrates at Canatuan
- funds received from previously completed shipments of copper concentrates
- the Company's evaluation of the content of the concentrate shipments and initial estimates received from MRI regarding the content of the concentrate shipments
- discussions held to date with MRI
- experience gained during the first fourteen concentrate shipments with MRI
- discussions held to date with the Rehabilitation Court
- management's cost targets and the reductions implemented to date
- the results of prior and current exploration activities
- timing of regulatory approvals from government authorities in the Philippines
- the Company's experience in the Philippines
- discussions held to date with LIM and the timing of previous scheduled payments and prepayments
- discussions held to date with third parties on potential joint venture or acquisition projects and the due diligence carried out to date
- 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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Toronto Stock Exchange Symbol: TVI

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Interim Consolidated Financial Statements

For the Three Months Ended
March 31, 2010 and 2009
(Unaudited)

TVI Pacific Inc.
Unaudited Interim Consolidated Balance Sheets
March 31, 2010
(in Canadian dollars)

		March 31, 2010		December 31, 2009
Assets				
Current assets:				
Cash	$	16,818,391	$	13,978,620
Term deposit (note 6a)		6,117,604		-
Accounts receivable (note 3)		2,697,691		5,108,372
Advances to suppliers		1,338,813		639,448
Inventories (note 4)		3,417,007		2,578,954
Prepaid expenses		302,181		425,961
		30,691,687		22,731,355
Restricted cash (note 5)		118,913		118,582
Investment (note 6b)		225,476		-
Property and equipment (note 7)		27,333,288		27,378,127
	$	58,369,364	$	50,228,064
Liabilities and Shareholders' Equity				
Current liabilities:				
Accounts payable and accrued liabilities	$	5,544,531	$	5,494,263
Letter of credit facilities (note 8a)		1,076,674		323,751
Revolving loan (note 8b)		6,117,604		-
Current loan payable (note 8c)		4,577,536		7,477,095
Current portion of asset retirement obligation (note 9)		586,143		506,979
Due to related parties (note 10)		1,065,071		1,229,820
		18,967,559		15,031,908
Loan payable (note 8c)		12,439,125		16,846,305
Pension obligation (note 11)		785,103		725,573
Asset retirement obligation (note 9)		2,073,833		2,087,686
		34,265,620		34,691,472
Shareholders' equity:				
Share capital (note 12b)		22,013,536		22,004,269
Warrants (note 12d)		2,403,496		2,403,496
Contributed surplus (note 12e)		4,854,111		4,708,982
Deficit		(4,272,026)		(12,661,637)
Accumulated other comprehensive loss		(895,373)		(918,518)
		24,103,744		15,536,592
	$	58,369,364	$	50,228,064

Commitments (note 16)
Subsequent events (notes 3, 8, 10, 12, 14 and 16)

The accompanying notes are an integral part of these interim consolidated financial statements.

On behalf of the Board:

"Clifford M. James"
Clifford M. James, Director

"C. Brian Cramm"
C. Brian Cramm, Director

TVI Pacific Inc.
Unaudited Interim Consolidated Statements of Operations and Comprehensive Income (Loss)
March 31, 2010 and 2009
(in Canadian dollars)

	Three months ended March 31 2010	2009
Revenues:		
Net concentrate sales (note 14)	$ 26,150,092	$ 7,031,457
Other revenues	19,851	28,660
Interest revenue	14,256	2,615
	26,184,199	7,062,732
Expenses:		
Mining, milling, drilling, and selling expenses	6,938,513	4,363,218
Exploration costs	1,687,218	108,406
Administrative and general costs	2,025,065	1,785,684
Amortization, accretion, and impairment	2,726,014	609,166
Interest expense	3,810,293	1,528,478
Foreign exchange loss	607,485	714,472
Gain on sale of assets	-	(32,984)
	17,794,588	9,076,440
Net income (loss)	8,389,611	(2,013,708)
Other comprehensive income (loss):		
Foreign currency translation adjustment	23,145	(111,306)
	23,145	(111,306)
Comprehensive income (loss)	$ 8,412,756	$ (2,125,014)
Net income (loss) per share:		
Basic	$ 0.018	$ (0.005)
Diluted	0.015	(0.005)
Weighted average number of common shares:		
Basic (note 13)	478,946,181	433,092,602
Diluted (note 13)	563,551,574	433,092,602

The accompanying notes are an integral part of these interim consolidated financial statements.

TVI Pacific Inc.
Unaudited Interim Consolidated Statements of Deficit and Accumulated Other Comprehensive Loss
March 31, 2010 and 2009
(in Canadian dollars)

	Three months ended March 31 2010	Three months ended March 31 2009
Deficit, beginning of period	$ (12,661,637)	$ (30,983,982)
Net income (loss)	8,389,611	(2,013,708)
Deficit, end of period	$ (4,272,026)	$ (32,997,690)
Accumulated other comprehensive loss, beginning of period	$ (918,518)	$ (96,838)
Other comprehensive income (loss)	23,145	(111,306)
Accumulated other comprehensive loss, end of period	$ (895,373)	$ (208,144)

The accompanying notes are an integral part of these interim consolidated financial statements.

TVI Pacific Inc.
Unaudited Interim Consolidated Statements of Cash Flows
March 31, 2010 and 2009
(in Canadian dollars)

	Three months ended March 31 2010	2009
Cash provided by (used in):		
Operating:		
Net income (loss)	$ 8,389,611	$ (2,013,708)
Items not involving cash:		
Amortization, accretion, and impairment	2,726,014	609,166
Loss on debt extinguishment	2,803,650	-
Stock based compensation	149,396	224,493
Unrealized foreign exchange loss (gain)	587,424	(726,806)
Gain on sale of property and equipment	-	(32,984)
Pension obligation	59,530	46,719
	14,715,625	(1,893,120)
Change in non-cash working capital	94,946	(5,987,969)
	14,810,571	(7,881,089)
Financing:		
Letter of credit facilities utilized (repaid)	754,435	(467,154)
Loan (repaid) issued	(8,521,397)	4,553,939
Share issue cost	-	(10,580)
Due from related parties	(51,135)	190,098
	(7,818,097)	4,266,303
Change in non-cash working capital	(1,568,302)	2,247,984
	(9,386,399)	6,514,287
Investing:		
Expenditure on investment	(225,476)	-
Expenditures on property and equipment	(2,508,058)	(1,540,277)
Proceeds on disposal of property and equipment	1,332	34,896
Realized foreign exchange in net investment	118	65,499
	(2,732,084)	(1,439,882)
Change in non-cash working capital	137,196	535,254
	(2,594,888)	(904,628)
Effect of foreign exchange rates on cash	10,487	49,100
Increase (decrease) in cash	2,839,771	(2,222,330)
Cash, beginning of period	13,978,620	2,754,102
Cash, end of period	$ 16,818,391	$ 531,772
Supplemental cash flow information:		
Interest paid	$ 2,351,787	$ 31,752
Interest received	14,248	32

The accompanying notes are an integral part of these interim consolidated financial statements.

1. Nature of operations:

TVI Pacific Inc. ("TVI" or the "Company") is a mining company focused on the acquisition, exploration, and development of polymetallic mineral deposits in the Philippines. The Company's interests in its Philippine assets are held through its affiliate, TVI Resource Development Phils., Inc. ("TVIRD"). In March 2009, the Company declared commercial production of its current Canatuan sulphide project, which produces copper.

Exploration Drilling Corporation ("EDCO"), a wholly-owned subsidiary based in the Philippines, holds the Company's drilling assets.

2. Significant accounting policies:

These unaudited interim consolidated financial statements follow the same accounting policies and methods of application as the audited consolidated financial statements for the year ended December 31, 2009, except as disclosed below. The unaudited interim consolidated financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") for interim financial statements and do not contain all the explanatory notes, descriptions of accounting policies or other disclosures required by Canadian GAAP for annual financial statements. Accordingly, these consolidated financial statements should be read in conjunction with those audited consolidated financial statements for the year ended December 31, 2009.

(a) Principles of consolidation

CICA Handbook Sections 1601, "Consolidations" and Section 1602, "Non-Controlling Interests" replace Section 1600, "Consolidated Financial Statements". The standards apply to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company is currently evaluating the impact of the adoption of these standards.

(b) International financial reporting standards

In January 2006, the Canadian Accounting Standards Board adopted a strategic plan for the direction of accounting standards in Canada. As part of the plan, accounting standards in Canada for public companies will converge with the International Financial Reporting Standards ("IFRS") on January 1, 2011. The Company continues to monitor and assess the impact of the convergence of Canadian GAAP and IFRS.

(c) Comparative figures

Certain of the prior year comparative figures have been reclassified to conform to the presentation adopted for the current year.

3. Accounts receivable:

	March 31, 2010	December 31, 2009
Receivable from concentrate sales	$ 1,751,185	$ 4,146,280
Receivable from sale of assets	609,360	627,960
Other receivables	337,146	334,132
	$ 2,697,691	$ 5,108,372

Subsequent to the period, the Company received all of the receivables related to concentrate sales.

4. Inventories:

	March 31, 2010	December 31, 2009
Consumable drilling parts and supplies	$ 343,343	$ 333,735
Mineral processing supplies	2,136,550	1,490,834
Metal inventory:		
Work in progress and finished goods	877,513	733,026
Stockpiled ore	59,601	21,359
	$ 3,417,007	$ 2,578,954

During the three months ended March 31, 2010, the Company recognized $2,272,429 (March 31, 2009 - $2,432,577) of inventory as expense under Mining, milling, drilling, and selling expenses. These expenses include materials and supplies and direct finished good costs. The Company did not recognize a provision for inventory obsolescence during the periods ended March 31, 2010 and 2009.

5. Restricted cash:

The Company holds $118,913 (December 31, 2009 - $118,582) in restricted cash related to deposits in environmental trust funds at March 31, 2010.

6. Investments:

(a) As at March 31, 2010, the Company has a term deposit account of US$6 million ($6,117,604) held as collateral and payment for a US$6 million revolving loan from a Philippine bank acquired in March 2010 (note 8b).

(b) In February 2010, the Company invested in a fixed income fund that invests in money market instruments. Such investment is being carried at market value and classified as an available for sale financial asset. The total amount of investment at March 31, 2010 is $225,476, which will be used to fund the Company's pension obligation.

7. Property and equipment:

	March 31, 2010			December 31, 2009
	Cost	Accumulated amortization	Net book value	Net book value
Canatuan sulphide plant:				
Property and equipment	$ 24,156,861	$ 8,275,308	$ 15,881,553	$ 17,310,772
Construction in progress:				
Sulphide dam	11,835,894	3,750,867	8,085,027	8,345,293
Zinc circuit	1,793,464	-	1,793,464	501,213
Others	1,106,379	-	1,106,379	746,354
Drilling and other operations	2,365,738	1,898,873	466,865	474,495
	$ 41,258,336	$ 13,925,048	$ 27,333,288	$ 27,378,127

The sulphide dam is classified under construction in progress because it is being built progressively in stages. Portions of the dam currently in use are being amortized using the unit-of-production depreciation method.

During the fourth quarter of 2009, the Company started the construction of the zinc circuit. The circuit is expected to be operational by mid-Q2 2010 which will monetize the zinc component of the ore deposit for an added revenue stream.

During the period, the Company did not capitalize any interest (December 31, 2009 - $400,194) related to financing.

8. Loan instruments:

(a) The Company has letter of credit facilities with the Bank of the Philippine Islands which accrue interest of 8.75% per annum and are payable over four equal monthly installments starting 90 days from the withdrawal dates. The total amount payable to the bank at March 31, 2010 was $1,076,674 (December 31, 2009 - $323,751).

(b) In March 2010, the Company obtained a US$6 million ($6,117,604) revolving loan from a Philippine bank payable in 30 days, bearing interest of 3.75% per annum. On April 6, 2010, the proceeds of the revolving loan was used to fund the voluntary principal prepayment on the Term Facility (note 8c), which has a higher effective annual interest rate. The revolving loan is secured against the term deposit held with the Philippine bank (note 6a), which was used to repay the loan on April 30, 2010.

Subsequent to the period on April 20, 2010, the Company obtained an additional US$3.3 million loan due in 180 days bearing interest at 4.3% per annum. On April 29, 2010, the Company obtained a US$3.0 million loan due in one year bearing interest at 4.33% per annum. Both loans are secured against the metal offtake agreement and the funds were used to repay the Term Facility (note 8c).

(c) On January 20, 2009, the Company signed a US$30.1 million five-year term loan facility agreement ("Term Facility") with LIM Asia Arbitrage Fund Inc. and LIM Asia Special Situations Master Fund Limited (the "Lenders"). In connection with the execution of the Term Facility, the Company issued to the Lenders share purchase warrants in the capital of TVI (note 12d) and paid a fixed arrangement fee in the amount of US$195,000. The Term Facility is secured by a charge on all of the present and after acquired assets of TVIRD. The funds borrowed under the Term Facility bear interest at the rate of 10% per annum calculated based on the original principal balance of US$30.1 million, irrespective of the actual outstanding principal balance. However, voluntary prepayments may decrease the principal balance on which interest is calculated. The Company initially calculated the effective annual rate of interest on the loan to be approximately 23.4% and recognizes the related interest expense over the life of the loan.

During 2009, the Company made one scheduled payment and one voluntary principal prepayment, reducing the Term Facility to US$24.3 million. As a result of the voluntary principal prepayment, the Company re-calculated the effective annual interest rate on the loan to be approximately 25.96%.

In January 2010, the Company made a second voluntary principal prepayment of US$6.0 million and a scheduled payment of US$2.0 million. The voluntary prepayment created a substantial modification of the terms of the original debt resulting in an extinguishment of the financial liability. The carrying value of the original obligation was derecognized and a new obligation was recognized by the Company for the remaining principal balance of US$18.3 million. The extinguishment created an expense of US$4.2 million ($4,404,662) due to the write-off of unamortized deferred financing costs ($2,803,650), the prepayment premium ($2,222,754), and foreign exchange gain ($621,742), which was recorded as a part of expenses. The Company recalculated the effective annual interest rate on the loan to be approximately 24.07%.

At March 31, 2010, the total principal outstanding under the Term Facility was US$16.3 million ($16,585,500):

		March 31, 2010
Current loan payable:		
Principal	$	4,146,375
Accrued interest		431,161
	$	4,577,536
Non-current loan payable:		
April 1, 2011 – March 31, 2012	$	4,146,375
April 1, 2012 – March 31, 2013		4,146,375
April 1, 2013 – March 31, 2014		4,146,375
	$	12,439,125

Subsequent to the period, the Company made three more voluntary principal prepayments of US$6.0 million on April 6, 2010, US$3.3 million on April 28, 2010, and US$3.0 million on May 7, 2010 bringing the remaining principal outstanding to US$4.0 million.

9. Asset retirement obligation:

At March 31, 2010, the estimated total undiscounted inflation adjusted amount required to settle the asset retirement obligations was $4.5 million. These obligations will be settled based on the useful lives of the underlying assets between the years of 2010 to 2018. This amount has been discounted using the credit-adjusted risk free rate of 12%.

Changes to the asset retirement obligations were as follows:

	Three months ended March 31, 2010	Year ended December 31, 2009
Canatuan property:		
Beginning balance	$ 2,594,665	$ 2,803,219
Accretion expense – capitalized	-	26,274
Accretion expense	98,215	289,171
Liability paid	(39,972)	(173,480)
Foreign currency translation	7,068	(350,519)
Ending balance	$ 2,659,976	$ 2,594,665
Current portion	586,143	506,979
Non-current portion	2,073,833	2,087,686

10. Related party transactions:

Transactions with related parties are entered into at the exchange amounts which approximate fair value:

- During the three month period ended March 31, 2010, the Company paid or accrued management fees of $141,182 (March 31, 2009 - $165,353). Management fees are paid to a corporation owned by the President of the Company for the services of the President and support staff. At March 31, 2010, the amount payable to the corporation was $46,997 (December 31, 2009 - $63,534).
- As at March 31, 2010, the Company had demand promissory notes totaling $465,269 (December 31, 2009 - $465,269) and US$431,631 (December 31, 2009 - US$431,631) to corporations owned by the President of the Company. The demand promissory notes bear interest at 12% and 14.12% per annum, respectively, and have no fixed terms of repayment. During 2009, the Company retired $666,276 and US$361,680 ($425,275) through private placements of common shares (note 12b). The remaining balance of the promissory notes was retired through an additional private placement of common shares in April 2010. Including accrued interest, the total amount in promissory notes outstanding at March 31, 2010 was $956,231 (December 31, 2009 - $943,276).
- In March 2009, an officer of TVIRD loaned the Company demand loans totaling US$150,000 ($174,375) bearing interest at 20% per annum. The amount was fully repaid in early April 2009.
- During the three month period ended March 31, 2010, the Company incurred director fees of $45,250 (March 31, 2009 - $38,125). During the period, the Company paid $133,764 for unpaid 2009 fees. At March 31, 2010, the fees payable to directors was $45,250 (December 31, 2009 - $166,022), which were paid in April 2010.
- During the three month period ended March 31, 2010, the Company paid $51,800 (March 31, 2009 - $31,043) to corporations controlled by a director and officer of TVIRD for administrative expenses. The Company owed the corporations $16,593 at March 31, 2010 (December 31, 2009 - $24,430).

11. Pension obligation:

During the three month period ended March 31, 2010, the Company recognized $59,530 (March 31, 2009 - $46,719) pension costs in the Consolidated Statement of Operations.

12. Share capital:

(a) Authorized

Unlimited common voting shares without nominal or par value.

Unlimited preferred non-voting shares without nominal or par value, issuable in series, none of which have been issued.

(b) Issued

	Three months ended March 31, 2010		Year ended December 31, 2009	
Common shares	**Number of shares**	**Amount**	**Number of shares**	**Amount**
Balance, beginning of period	478,946,181	$ 22,004,269	406,240,640	$ 21,017,205
Shares issued:				
Private placement	-	-	290,698	12,500
In exchange for debt obligation	-	-	71,964,253	1,463,206
Share issue cost	-	-	-	(505,345)
On exercise of options	250,000	9,267	450,590	16,703
Balance, end of period	479,196,181	$ 22,013,536	478,946,181	$ 22,004,269

During 2009, the Company issued 48,735,809 common shares to related parties to settle $666,276 and US$361,680 ($425,275) of indebtedness owing to them by the Company (note 10). There were 37,188,471 shares priced at $0.016 per share issued on February 19, 2009 and 11,547,338 shares priced at $0.043 per share issued on September 30, 2009. Subsequent to the period, the Company issued 7,980,889 common shares priced at $0.12 per share to related parties of the Company for final settlement of promissory notes payable to them.

On February 19, 2009, the Company issued 23,228,444 common shares to Zamboanga Minerals Corporation to retire US$300,000 ($371,655) payable for the acquisition of the rights and obligations of the Balabag property. The shares were issued at a price of $0.016.

(c) Share options

The Company has a share option plan pursuant to which options may be granted to directors, officers, and employees of the Company. The options generally vest over periods of up to three years and expire no more than 5 years from the date of grant.

In January, May, and September 2009, the Company granted stock options to directors and employees of the Company. On June 1, 2009, several of the directors and employees voluntarily cancelled their options because their exercise prices were significantly in excess of the current trading price of the Company's common shares.

	Three months ended March 31, 2010		Year ended December 31, 2009	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
Options outstanding, beginning of period	43,579,074	$ 0.047	20,101,670	$ 0.145
Granted	-	-	43,780,831	0.046
Exercised	(250,000)	0.020	(450,590)	0.020
Forfeited	(452,500)	0.059	(446,442)	0.067
Expired	-	-	(694,724)	0.192
Cancelled	-	-	(18,711,671)	0.145
Options outstanding, end of period	42,876,574	$ 0.047	43,579,074	$ 0.047
Options exercisable, end of period	20,301,784	$ 0.041	16,757,740	$ 0.045

12. Share capital (continued):

Price range	Number outstanding	Weighted average remaining contractual life (years)	Exercisable
$ 0.020 – 0.029	19,081,575	3.82	11,926,787
0.030 – 0.044	750,000	4.12	-
0.045 – 0.067	500,000	2.96	333,333
0.068 – 0.100	22,482,500	4.47	8,000,000
0.101 – 0.151	-	-	-
0.152 – 0.190	62,499	2.13	41,664
$ 0.020 – 0.190	42,876,574	4.15	20,301,784

(d) Warrants

	Number of warrants	Weighted average exercise price	Fair value
Warrants outstanding, January 1, 2009	-	$ -	$ -
Granted – January 20, 2009	71,689,734	0.016	1,916,462
Granted – September 30, 2009	8,399,683	0.043	487,034
Warrants outstanding, December 31, 2009	80,089,417	0.019	2,403,496
Warrants outstanding, March 31, 2010	80,089,417	$ 0.019	$ 2,403,496

In conjunction with the Term Facility signed on January 20, 2009 (note 8c), the Company issued to the Lenders 71,689,734 warrants to purchase common shares of the Company at a purchase price of $0.016 per share. The warrants have a five-year term and expire on January 20, 2014. The recorded fair value of the warrants issued was $1,916,462 and was recorded as a part of deferred transaction costs in 2009.

In conjunction with the common shares issued on September 30, 2009 (note 10), the Company issued 8,399,683 warrants to purchase common shares of the Company at a purchase price of $0.043 per share. The warrants have a three-year term and expire on September 30, 2012. The recorded fair value of the warrants issued was $487,034 and was recorded to share issue costs in 2009.

	Three months ended March 31, 2010	Year ended December 31, 2009
Risk free interest rate – average	-	1.6%
Expected life (in years)	-	5
Expected volatility	-	127.5%
Average fair value per warrant	-	0.030

(e) Stock-based compensation and contributed surplus

There were no stock options granted during the period. The weighted average fair value of stock options granted for the three months ended March 31, 2009 was $0.017. The following table sets out the assumptions used in applying the Black-Scholes model:

	Three months ended March 31, 2010	Year ended December 31, 2009
Risk free interest rate – average	-	2.1%
Expected life (in years)	-	5
Expected volatility	-	133.0%

During the three months ended March 31, 2010, a net of $149,396 (March 31, 2009 - $224,493) of stock-based compensation was charged to the Consolidated Statement of Operations.

12. Share capital (continued):

Contributed surplus

	Three months ended March 31, 2010	Year ended December 31, 2009
Balance beginning of period	$ 4,708,982	$ 3,666,827
Stock-based compensation	154,561	1,058,572
Options forfeited	(5,165)	(8,725)
Options exercised	(4,267)	(7,692)
Balance end of period	$ 4,854,111	$ 4,708,982

13. Per share data:

The basic weighted average number of common shares issued and outstanding for the three months ended March 31, 2010 was 478,946,181 (March 31, 2009 - 433,092,602). The diluted weighted average number of common shares issued and outstanding for the three months ended March 31, 2010 was 563,551,574. No adjustments were required to the weighted average number of common shares in computing diluted per share amounts for the three months ended March 31, 2009 because the Company was in a loss position.

14. Revenues from concentrate sales:

	Three months ended March 31	
	2010	2009
Revenues from:		
Copper	$ 21,644,400	$ 5,236,452
Gold	2,367,269	1,005,217
Silver	3,344,655	1,887,769
Gross revenues	27,356,324	8,129,438
Treatment, refining, and other charges	(1,206,232)	(1,097,981)
Net revenues	$ 26,150,092	$ 7,031,457

Sales are recognized when risk and title pass to the customer and the price is reasonably determinable. Metal concentrates are sold under pricing arrangements where 90% of the initial estimated value of the shipment is receivable immediately, based upon market prices. The final payment for the remaining 10% is due once the final testing details relating to the weight, assays and prices are determined in a period subsequent to the date of sale. Revenues are recorded at the time of sale based on forward prices for the expected date of the final settlement. Variations from the initial estimate to the final testing are recorded as price adjustments in the period the variations are finalized. As a result, the value of concentrate receivables may change as the underlying commodity market prices vary. This component of the contract is an embedded derivative, which is recorded at fair value with changes in fair value recorded in revenues.

Subsequent to the period, the Company completed another shipment for gross revenues of US$9.1 million.

15. Segmented information:

The Company has three operating units: mining activities in the Philippines, exploration in the Philippines, and corporate offices in Canada and in the Philippines.

Three months ended March 31, 2010	Mining	Exploration	Corporate	Total
Net concentrate sales	$ 26,150,092	$ -	$ -	$ 26,150,092
Other revenues	19,851	-	-	19,851
Interest revenue	14,249	-	7	14,256
	26,184,192	-	7	26,184,199
Operating expenses	(7,313,000)	-	(1,650,578)	(8,963,578)
Exploration costs	-	(1,687,218)	-	(1,687,218)
	18,871,192	(1,687,218)	(1,650,571)	15,533,403
Amortization, accretion, and impairment	(2,719,443)	-	(6,571)	(2,726,014)
	16,151,749	(1,687,218)	(1,657,142)	12,807,389
Gain on sale of assets				
Interest expense	-	-	(3,810,293)	(3,810,293)
Foreign exchange loss	-	-	(607,485)	(607,485)
Net income (loss)	$ 16,151,749	$ (1,687,218)	$ (6,074,920)	$ 8,389,611
Assets	$ 57,762,929	$ -	$ 606,435	$ 58,369,364
Capital expenditures	2,508,058	-	-	2,508,058

Three months ended March 31, 2009	Mining	Exploration	Corporate	Total
Net concentrate sales	$ 7,031,457	$ -	$ -	$ 7,031,457
Other revenues	28,660	-	-	28,660
Interest revenue	2,568	32	15	2,615
	7,062,685	32	15	7,062,732
Operating expenses	(4,656,947)	-	(1,491,955)	(6,148,902)
Exploration costs	-	(108,406)	-	(108,406)
	2,405,738	(108,374)	(1,491,940)	805,424
Amortization, accretion, and impairment	(600,632)	-	(8,534)	(609,166)
	1,805,106	(108,374)	(1,500,474)	196,258
Gain on sale of assets	32,984	-	-	32,984
Interest expense	-	-	(1,528,478)	(1,528,478)
Foreign exchange loss	-	-	(714,472)	(714,472)
Net income (loss)	$ 1,838,090	$ (108,374)	$ (3,743,424)	$ (2,013,708)
Assets	$ 46,017,685	$ -	$ 846,641	$ 46,864,326
Capital expenditures	1,533,330	-	6,947	1,540,277

16. Commitments:

(a) Advisory agreement - Philippines

On January 20, 2009, the Company entered into an Advisory Agreement with a third party (the "Advisor"). The Advisor will be entitled to a fee equal to 10% per annum of the original Term Facility principal of US$30.1 million (note 8c). However, the voluntary principal prepayments decreased the principal on which advisory fees are calculated. During the three month period ended March 31, 2010, the Company paid US$0.7 million in advisory fees and accrued US$402,740 up to March 31, 2010.

In addition, commencing December 31, 2010, the Advisor will be entitled to 40% of any cash earned by TVIRD in excess of cash required for operating, financing, and investing activities. Voluntary principal prepayments will reduce the percentage of the profit participation proportionately. As at March 31, 2010, the Company's voluntary prepayments reduced the Advisor's entitlement to 28% (May 7, 2010 – 12%). The Advisory Agreement expires with the repayment of the Term Facility.

(b) Joint venture agreement - Philippines

In February 2010, TVIRD signed a Joint Venture Agreement ("JVA") with DMCI-CERI, an unrelated party and a subsidiary of DACON Corporation, to conduct exploration, development and production of mineral deposits in the area known as The Greater Canatuan Tenement. This area is within a 15 km radius trucking distance to the current Canatuan sulphide plant. Under the JVA, TVIRD will hold a 70% interest, while DMCI-CERI will hold 30% interest. TVIRD will act as the operator. 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.

(c) Corporate - Canada

The Company rents its office premises on a five-year term lease. Total rent payments amount to $123,840 for the period 2010 to 2015, net of short-term sub-leasing arrangements.

17. Financial instruments:

(a) Analysis of financial assets and financial liabilities

The tables below set out the Company's classification for each of its financial assets and liabilities at March 31, 2010.

	Financial assets held for trading	Available for sale	Loans and receivables	Other financial liabilities	Total carrying value
Cash	$ 16,818,391	$ -	$ -	$ -	$ 16,818,391
Term deposit	6,117,604	-	-	-	6,117,604
Restricted cash	118,913	-	-	-	118,913
Accounts receivable	-	-	2,697,691	-	2,697,691
Investment	-	225,476	-	-	225,476
Advances to suppliers	-	-	1,338,813	-	1,338,813
Accounts payable and accrued liabilities	-	-	-	(5,544,531)	(5,544,531)
Letter of credit facilities	-	-	-	(1,076,674)	(1,076,674)
Revolving loan	-	-	-	(6,117,604)	(6,117,604)
Loan payable	-	-	-	(17,016,661)	(17,016,661)
Due to related parties	-	-	-	(1,065,071)	(1,065,071)
	$ 23,054,908	$ 225,476	$ 4,036,504	$ (30,820,541)	$ (3,503,653)

(b) Fair values of financial assets and financial liabilities

The carrying value of the Company's financial assets and liabilities consisting of cash, term deposit, restricted cash, accounts receivable, advances to suppliers, accounts payable and accrued liabilities, letter of credit facilities, revolving loan, current loan payable, and due to related parties approximate their fair values at March 31, 2010 due to their short term nature. The Company's investment and non-current loan payable also approximates its fair value at March 31, 2010 as interest rates are at market values.

17. Financial instruments:

(c) Financial risk management

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

(i) Currency risk

The Company faces currency risks mainly due to the substantial cross-border element of its operations. The Company has offices in Canada (Canadian dollar) and in the Republic of the Philippines (Peso). The Company sells its mineral deposits at prevailing market prices in the US dollar currency. In addition, the company borrows money and settles loan in the US dollar currency. Upon receipt, the Company converts these funds into the functional currencies of individual entities to finance operational and administrative expenses. There are no forward sales, and the Company does not engage in currency hedging activities. The Company minimizes risks by carefully planning the timing of settlement of foreign currency denominated balances and closely monitoring changes in foreign exchange rates.

For the three month period ended March 31, 2010, the pro forma impact on net income if the Philippine peso moved by 2% against the US dollar currency, with all other variables held constant, would be $110,206 mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated cash, trade receivables and loans.

The Company publishes its consolidated financial statements in the Canadian dollar and as a result, it is subject to foreign currency exchange translation risk in respect of the results and underlying net assets of its foreign operations. At March 31, 2010, the pro forma impact on other comprehensive income from a 1% movement in the Canadian dollar exchange with the Philippine peso would be $91,056.

The following significant exchange rates applied during the current and prior periods:

	Average rate		Spot rate	
	Three months ended March 31, 2010	Year ended December 31, 2009	March 31, 2010	December 31, 2009
US Dollar	1.0401	1.1420	1.0156	1.0466
Philippine Peso	0.0226	0.0240	0.0225	0.0225

(ii) Price risk

The Company is exposed to commodity price risk from the production and sale of mineral deposits, which are sold at prevailing market prices. There are no forward sales contracts and the Company does not engage in price hedging activities.

At March 31, 2010, if the market copper price per pound moved by US$0.20 per pound with all variables held constant, the pro forma impact on net income would be $1.5 million.

(iii) Interest rate risk

As the Company has no significant interest-bearing assets, the Company's income and operating cash flows are independent of changes in market interest rates. The Company has exposure to fair value interest rate risk since its Term Facility has fixed interest terms, regardless of changes in market conditions.

17. Financial instruments (continued):

(iv) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach is to ensure that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed circumstances. Due to the dynamic nature of the underlying business, the Company maintains flexibility in funding by keeping committed credit lines with major vendors. The Company expects to be able to meet its future financial obligations with its current source of funds.

As at March 31, 2010, the Company has an $11.7 million working capital surplus.

The following are the contractual maturities of financial obligations as at March 31, 2010. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. Included under the 12-month category are demand loans, as the timing of repayment is uncertain.

	Due within 12 months	Due between 13 to 60 months
Accounts payable and accrued liabilities	$ 5,544,531	$ -
Letter of credit facilities	1,076,674	-
Revolving loan	6,117,604	-
Loan payable	4,577,536	12,439,125
Due to related parties	1,065,071	-
	$ 18,381,416	$ 12,439,125

For the three months ended and as at March 31, 2010, the Company has a loan payable and loans from related parties at fixed interest rates.

	Principal outstanding	Effective annual interest rate	Interest expense	Maturity date
Loan payable	16,585,500	24.07%	1,153,364	January 20, 2014
Letter of credit facilities	1,076,674	8.75%	11,960	April to September 2010
Revolving loan	6,117,604	3.75%	11,085	April 30, 2010
Related party loan A	465,269	12%	13,767	Demand
Related party loan B	438,364	14.12%	15,691	Demand

(v) Credit risk

Credit risk arises from the potential that counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash and accounts receivable. The Company manages credit risk associated with cash by maintaining its cash, term deposit, restricted cash, and investments in accounts from highly reputable banks, which were approved by the Board of Directors.

As at March 31, 2010, 65% of total receivables relate to concentrate sales, 23% represents receivable from sale of assets and only 12% pertain to other miscellaneous receivables. The receivable from concentrate sales are concentrated on one customer and any material failure of the customer to fulfill its obligation under the off-take agreement would impair the ability of the Company to meet its existing and future obligations. Such receivable is on the terms operating in the commodity industry, which usually require settlement not exceeding three months of the shipment date. The customer has no history of default and the Company did not provide allowance for impairment as these receivables are considered highly collectible.

17. Financial instruments (continued):

The carrying amount of cash, term deposit, restricted cash, investments, and accounts receivable at March 31, 2010 represents the Company's maximum credit exposure. Management believes that the credit risk with respect to these financial instruments is remote. The Company currently does not have a policy to mitigate credit risk.

(d) Sales and purchase contracts

Metal concentrates are sold under pricing arrangements where final prices are determined by quoted market prices in a period subsequent to the date of sale. Revenues are recorded at the time of sale based on forward prices for the expected date of the final settlement. Adjustments to the balance of concentrate receivables from changes in underlying market prices affect revenue or operating costs as appropriate.

18. Capital disclosures:

The Company defines its capital as shareholders' equity and loans payable. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns and benefits to shareholders. In order to provide return to shareholders, the Company must profitably mine mineral deposits, while reducing its operating costs of the Canatuan plant. In addition, the Company must explore, develop, and invest in other viable properties in order to sustain future operations of the Company.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the issuance of new shares, issuance of new debt, or issuance of new debt to replace existing debt with different characteristics.

The Company does not have externally imposed capital requirements. Consistently with other capital intensive companies, the Company monitors capital on the basis of the debt-to-equity ratio and the debt-to-assets ratio. Debt is calculated as the sum of accounts payable and accrued liabilities, letter of credit facilities, revolving loan, current and non-current loan payable, and due to related parties. Equity comprises all components of equity other than amounts in accumulated other comprehensive income. Assets are defined as cash, term deposit, accounts receivable, advances to suppliers, inventories, restricted cash, investment, and property and equipment.

	March 31, 2010	December 31, 2009
Debt	$ 30,820,541	$ 31,371,234
Equity	24,999,117	16,455,110
Assets	$ 58,067,183	$ 49,802,103
Debt-to-equity	1.23	1.91
Debt-to-assets	0.53	0.63

18. Capital disclosures (continued):

The Company also measures financial performance on the basis of free cash flow calculated as operating cash flow before working capital less cash spent on capital expenditures. It represents cash flow available after laying out all the expenditures necessary to maintain or expand its asset base. Free cash flow per share is computed by dividing free cash flow by the total number of shares outstanding.

	Three months ended March 31	
	2010	**2009**
Operating cash flow	$ 14,810,571	$ (7,881,089)
Change in non-cash working capital	(94,946)	5,987,969
Operating cash flow before change in non-cash working capital	14,715,625	(1,893,120)
Expenditures on property and equipment	(2,508,058)	(1,540,277)
Free cash flow	$ 12,207,567	$ (3,433,397)
Common shares outstanding	479,196,181	466,657,555
Free cash flow per share	$ 0.025	$ (0.007)

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