Management's Discussion and Analysis

For the Nine Months Ended September 30, 2011 and 2010

The discussion and analysis that follows is intended to provide a summary of TVI Pacific Inc. (TVI or the Company) results over the three and nine months ended September 30, 2011 and 2010, as well as its financial position and future plans. It should be read in conjunction with the unaudited interim consolidated financial statements for the three and nine month periods ended September 30, 2011 and 2010, in addition to the audited consolidated financial statements for the years ended December 31, 2010, 2009 and 2008, prepared in accordance with International Financial Reporting Standards (IFRS). 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 November 11, 2011.

Yulo Perez, Chief Operations Officer of TVI Resource Development (Phils.), Inc. (TVIRD), is acting as the Qualified Person in compliance with National Instrument 43-101 Standards of Disclosure for Mineral Projects (NI 43-101) reporting requirements with respect to all TVI projects by virtue of his fellowship in the Australasian Institute of Mining and Metallurgy and the reciprocity rules covered under Recognised Overseas Professional Organisations. He has prepared and/or supervised the preparation of the scientific or technical information in this document, including the current reserve and resource estimates, and confirms compliance with NI 43-101 requirements.

OVERVIEW OF BUSINESS

TVI Pacific Inc. is a publicly-traded Canadian company that, through its Philippine affiliate TVIRD, is focused on the production, development, exploration and acquisition of resource projects in the Philippines. TVI produces copper and zinc concentrates from its Canatuan mine, is in pre-development at its Balabag gold and silver project and is carrying out an exploration program at its Tamarok copper and gold property. TVI also has an interest in an offshore Philippine oil property.

TVI is focused on three areas of growth:

- Maximize profits through process optimization and mine life extension at the producing Canatuan mine.
- Capitalize on near-term development and exploration properties and expedite exploration on other North Zamboanga tenements:
  - Continue pre-development of the Balabag gold project.
  - Prioritize exploration activities on identified prospects in the Greater Canatuan Tenement Area (GCTA) and other near-mine prospects to expand current mine life.
  - Pursue other exploration opportunities on its 1,240 square kilometre (479 square mile) tenement package on the Zamboanga Peninsula.
  - Evaluate value-enhancing joint venture or acquisition opportunities.
- Engage in the exploration and development of the offshore Philippine oil property and Niger exploration block.

PRODUCING PROPERTIES – CANATUAN COPPER AND ZINC MINE

Background

The Canatuan mine is a volcanogenic massive sulphide (VMS) deposit located in the Province of Zamboanga del Norte on the island of Mindanao in the Philippines. From 2004 to mid-2008 TVI produced gold and silver doré from an overlying gossan (oxidized) portion of the deposit. As this upper portion of the orebody was mined out, the underlying primary sulphide portion of the deposit, containing copper and zinc, was exposed.

By March 2009, TVI had finished the construction of a new sulphide production plant and commenced commercial production of copper concentrate.

In April 2010, TVI completed construction of a Zinc Circuit that allowed for the production of zinc concentrate. Since that time, continuous adjustments have been made to produce the largest volume of concentrates (copper and zinc) with the highest grade and metal recovery.

On July 7, 2011, the Company completed its first zinc concentrate shipment of approximately 1,381 dry metric tonnes.

Zinc production is lower than copper production due to the higher grade of the zinc concentrate. Approximate 5,000 dry metric tonne zinc concentrate shipments are expected to occur every four to six months. The second zinc concentrate shipment is scheduled for December 2011. To date, 24 copper concentrate shipments of approximately 5,000 dry metric tonnes each have been completed.

During the third quarter of 2011, TVI initiated the fourth and final stage of construction for the sulphide tailings dam. This construction will raise the height of the dam to a maximum of 85 metres (279 feet) from the current height of 70 metres (230 feet). After the raise is completed, the dam will have a storage capacity of 4.6 million cubic metres (162 million cubic feet). Construction is expected to be finished in early 2012.

Current Canatuan Operations

Increasing levels of zinc in the mill feed have affected copper concentrate production this year. In order to produce saleable copper concentrate, chemical consumption had to be increased to lower the levels of zinc (and cadmium and arsenic) in the copper concentrate. This resulted in higher initial processing costs at the plant.

To increase capacity, construction of additional zinc flotation was initiated in Q2 this year and was completed on schedule in Q3. As expected, this additional capacity is increasing zinc recovery. Continuous adjustments will be made to produce the largest volume of concentrates (copper and zinc) with the highest possible saleable grade and metal recovery.

Production costs have decreased 19% quarter over quarter due to the stabilization of the mill process resulting in a lower consumption of chemicals and an increase in gold and silver production.

Because of the higher cadmium and arsenic levels in the copper concentrate as a result of the zinc separation process, the Company's off-take partner had to secure an alternate destination to a smelter that could refine the copper concentrate. It is anticipated that the lower trending production costs will assist in offsetting the increase in shipping and refining charges realized in Q2 and Q3 2011. While efforts continue to reduce production costs, it is likely that shipping and refining costs will remain at current levels for the foreseeable future.

Canatuan Reserves and Resources

In April 2008, TVI received a technical report on the Canatuan sulphide deposit prepared in accordance with *NI 43-101*. This report is available on the SEDAR website at www.sedar.com. The report details the initial reserves and resources at the beginning of the Canatuan Sulphide Project.

During the third quarter, while mill throughput averaged 2,535 dry metric tonnes per day totalling 233,201 tonnes, only 120,000 tonnes of ore reserves were consumed. The balance was a mineralized schist used as a blending material to optimize mill recoveries. This blend material was not included in the original ore reserves and was located both inside and outside the pit shell.

For the quarter, ore mined from the reserves accounted for approximately one-half of the mill throughput, while for year to date (Q1 through Q3), ore reserves mined accounted for only about one-third of the mill throughput. This reduction in reserve consumption rate has a positive effect on mine life extension. Detailed metallurgical and ore reserve studies are currently underway to determine future processing scenarios and their impacts on the ore reserves and mine life.

Based on average daily throughput going forward of 2,600 tonnes per day, mine life, based on the original resources alone, is around 1.7 years compared to 1.8 years at the end of Q2 2011 (subject to change in throughput to meet shipping commitments).

Canatuan Operations and Production

For the nine-month period ended September 30, 2011, the Company completed the following shipments:

Shipment Number	Shipment Completion Date	Shipped (dry metric tonnes)	Gross Revenue (in US$)			
			Copper	Gold	Silver	Total
20	February 7, 2011	4,997	7,870,379	790,746	2,501,752	11,162,877
21	April 25, 2011	5,143	8,384,243	643,430	2,313,503	11,341,176
22	May 30, 2011	5,146	10,869,750	1,114,939	1,726,633	13,711,322
23*	August 8, 2011	5,982	11,820,906	1,528,478	2,362,225	15,711,609
24*	September 26, 2011	5,369	9,965,918	1,664,282	2,355,053	13,985,253
		26,637	48,911,196	5,741,875	11,259,166	65,912,237

* *As of September 30, 2011, the 23rd and 24th shipment was still subject to price adjustment.*

On July 7, 2011, the Company completed the first zinc concentrate shipment of approximately 1,381 dry metric tonnes.

Shipment Number (Zinc)	Shipment Completion Date	Shipped (dry metric tonnes)	Gross Revenue (in US$)
1	July 7, 2011	1,381	1,388,114

Canatuan Operational Highlights

In Q3 2011, average throughput increased from 2,450 to 2,535 dry metric tonnes per day, with almost the same copper ore grade, but significantly higher gold and silver grades compared to the previous quarter. The increase in throughput and gold and silver ore grade resulted in a 20% increase in copper pound equivalent quarter over quarter.

	Quarter ended Sept. 30, 2011	**Quarter ended June 30, 2011**	**Quarter ended March 31, 2011**	**Year to date Sept. 30, 2011**
Copper pound equivalent ("Cu lb eq") produced	7,521,596	6,270,759	4,448,021	18,240,376
Copper produced (lbs)	4,497,398	4,397,136	3,330,593	12,225,127
Gold produced (oz)	1,886	1,378	1,035	4,299
Silver produced (oz)	139,820	90,653	101,380	331,853
Zinc produced (lbs)	2,486,913	1,552,986	-	4,039,899
	Quarter ended Sept. 30, 2011	**Quarter ended June 30, 2011**	**Quarter ended March 31, 2011**	**Year to date Sept. 30, 2011**
Total tonnes processed	233,201	222,987	167,780	623,968
Average tonnes processed per day	2,535	2,450	1,864	2,286
Ore copper grade (%)	1.21	1.24	1.15	1.20
Copper recovery (%)	72.31	72.28	78.18	73.81
Concentrates produced (dry weight - t)	8,595	8,703	7,830	25,128
Average daily concentrates produced (dry weight - t)	93	96	87	92
Concentrate copper grade (%)	23.74	22.92	19.29	22.07
Concentrate gold grade (g/t)	6.83	4.92	4.11	5.32
Concentrate silver grade (g/t)	466.85	323.99	402.71	397.38
Total cost per Cu lb eq (US$)(1) (4)	2.75	3.13	2.91	2.92
Production cash cost per Cu lb eq (US$)(2) (4)	1.33	1.65	2.01	1.61
Total cash cost per Cu lb eq (US$)(3) (4)	2.28	2.59	2.33	2.40
Total cash cost per Cu lb eq, net of by-products (US$) (4)	1.04	1.70	1.55	1.39
Off-take				
Copper concentrates shipped (dry weight - t)	11,351	10,289	4,997	26,637
Cu lb eq shipped	8,738,382	6,546,041	2,620,215	17,904,638
Average copper price received (US$/lb)	3.90	4.19	4.38	4.08

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

DEVELOPMENT PROPERTIES

Balabag Gold and Silver Project

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

In 2008, TVI filed a NI 43-101 compliant scoping study titled *Scoping Study of the Balabag Project*. This study was based on a previous resource report filed in 2007 titled *NI 43-101 Technical Report for the Mineral Resources at the Balabag Project of TVI Pacific Inc.* Both studies are available on SEDAR at www.sedar.com.

During the quarter ended September 30, 2011, TVI completed 22 infill or extension drill holes for 3,304 metres (10,849 feet), 7 sterilization holes for 568 metres (1,864 feet), and 7 short geotechnical holes for 117 metres (384 feet) to test the tailings storage facility area and its proposed dam foundations. Drilling continues at Balabag with five drilling rigs on site.

To date, including pre-2010 and post-2010 drill programs, a total of 245 holes have been drilled for a total of 25,606 metres (84,009 feet) at Balabag.

While drilling continues at Balabag, other activities include:

- ground preparation;
- environmental impact assessment;
- securing of resolutions of support from the host communities; and
- in-house plant design has been submitted for peer review to an external consultant.

Balabag Outlook

Preparation of an independent NI 43-101 technical report is underway and will include assay results from the current drill program. Since the Company would prefer to include as many assays as possible, a date when the NI 43-101 report will be published is uncertain at this time. Additional drilling and mine pre-development activities are ongoing simultaneously. A separate internal feasibility study will be released as soon as all optimizations are final. It is expected that the results of the peer review of the in-house plant design will be completed by the end of this year.

EXPLORATION PROPERTIES

Greater Canatuan Tenement Area (GCTA)

TVI has an extensive 352 square kilometre (136 square mile) package of tenement applications that surround the Canatuan mine and make up the GCTA. VMS deposits, like Canatuan, rarely occur in isolation. Exploration on the properties suggests 40+ kilometres (25+ miles) of the same type of geology that hosts the Canatuan orebody. Management believes that similar Canatuan-style deposits exist within the GCTA and that there is a potential for discovering extension developments. Any mineable ore located in this area could be economically transported to the existing Canatuan plant for processing, which would extend the life-of-mine.

Exploration Permit Application (EXPA) 61

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

In June 2010, the partners finalized an initial work program for EXPA 61 and initiated three main activities: (a) obtain free prior informed consent from the affected indigenous communities in the area; (b) complete an airborne geophysical survey; and (c) complete the application for the Exploration Permit. TVI has successfully secured the endorsement of the local council and municipal authorities for the program and completed the airborne geophysical survey.

The Exploration Permit application for EXPA 61 has been submitted to the government to authorize exploration and drilling on the anomalies and prospects identified to date. However, the application process was halted by the moratorium on new permit applications imposed by the Secretary of the Department of the Environment and Natural Resources in 2011; and may be further slowed by the Department's backlog of applications once the President of the Philippines provides the authority to the Secretary to renew the permit granting process.

Malusok

While free prior informed consent has been approved by the National Commission on Indigenous Peoples the mandatory final certification document has not yet been released due to internal issues within the Regional Office of the National Commission on Indigenous Peoples, unrelated to TVI. All other documents have been, or are being finalized within the Mines and Geosciences Bureau for presentation to the Department of Environment and Natural Resources Secretary for review and subsequent signature.

Initial interpretation of the airborne geophysical data completed earlier in 2011 has revealed an anomaly related to a known volcanogenic massive sulphide prospect at Malusok, as well as several other anomalies requiring detailed follow-up.

SE Malusok

For the other near-mine tenement application relevant to SE Malusok, the Memorandum of Agreement with the indigenous community has been signed and has been presented to the Regional Office of the National Commission on Indigenous Peoples. This process has also been delayed by the internal issues at the Regional Office, unrelated to TVI.

Tamarok Copper and Gold Prospect

The Tamarok copper and gold exploration prospect is located 60 kilometres (37 miles) north-northeast of TVI's Balabag project and within the Company's North Zamboanga tenement package.

In December 2009, TVI commenced exploration activities at Tamarok that included geophysical surveys and geological investigations. On April 11, 2011, TVI initiated a drill program to test an outcropping zone of porphyry copper-gold mineralization. Results from the initial four holes revealed faulting and dismemberment of the mineralization and it was decided to temporarily suspend further drilling until additional surveys could be undertaken to better define the structural setting.

Since that time, two new zones of porphyry style mineralization have been discovered in outcrop and have been subjected to systematic soil geochemical sampling, geological mapping and magnetic surveying studies. Drill testing is expected to resume in Q1, 2012.

Other Philippine Property Update

The Company continues to pursue and analyze acquisition and joint venture opportunities across its North Zamboanga tenements. A number of prospects of interest were previously identified on these properties by an exploration program carried out by a major international mining company.

DRILLING COMPANY

TVI’s drilling operations are owned and operated by Exploration Drilling Corp. (EDCO), a wholly-owned subsidiary located in the Philippines.

As of September 30, 2011, EDCO had fifteen rigs in total. Nine rigs were deployed, four rigs were being repaired and/or reconditioned and two rigs were awaiting deployment.

In October, EDCO commissioned in-house fabrication of two man-portable rigs. These rigs were fabricated in order to reach critical drill locations at Balabag that would otherwise have been inaccessible using traditional drill rigs. The rigs were completed by the end of October and have been deployed to Balabag as part of the commissioning process.

In addition to the above, EDCO has placed an order for two additional rigs from China. These new rigs are expected to arrive by the end of November 2011.

PETROLEUM AND NATURAL GAS PROPERTIES

On March 10, 2011, TVI acquired control of an international petroleum exploration and development company TG World Energy Corp. (TG World). Its major areas of focus were Alaska, Niger and the Philippines.

Alaska

TG World had a joint venture agreement with Alaska Venture Capital Group (AVCG) and Brooks Range Petroleum Corporation (BRPC), a wholly-owned subsidiary of AVCG, to explore joint venture oil and gas properties held on the Alaskan North Slope. TG World's working interests varied from 20% to 35% in four distinct areas. The carrying value of the asset represents unproved properties.

TG World received US$1.9 million in June 2011 and US$0.56 million in July 2011 representing the first and second instalments of the insurance proceeds from BRPC to recover certain costs incurred in the well control operations during the drilling of North Tarn well in Alaska. TG World received the final instalment of US$0.5 million in October 2011.

TG World explored for hydrocarbons in Alaska in areas that qualified TG World to apply for Petroleum Production Tax Credits (PPTC) from the State of Alaska. PPTC are cash credits funded by the State for previous exploration and seismic expenditures. These are credited against capital expenditures when it is probable that Government Tax Credit Certificates shall be received. TG World received cash credits amounting US$699,617 during the nine months ended September 30, 2011. As at September 30, 2011, TG World has accrued US$2,328,135 relating to these tax credits.

On November 7, 2011, the Company sold the Alaska assets. Please see "Subsequent Event".

Niger

TG World was party to an agreement with Chinese National Petroleum Company International Ténéré Ltd. (CNPCIT) to explore oil and gas properties in the Ténéré Block of Niger, Africa. CNPCIT was the operator and funded 100% of TG World's 20% share of costs.

On August 8, 2011, CNPCIT finished drilling the Facai-1 exploration well in the Ténéré Block. The well encountered two small gas shows during drilling, but wireline logs indicated there were no zones worth testing. This well was the third and final well of the carried program for TG World in the Ténéré Block. The two previous wells were also unsuccessful. TVI will analyze those reports prior to making any final conclusions and will provide an update at that time.

Philippine Offshore

TG World holds a 12.5% equity interest in Service Contract 54A (SC 54A) in the Philippines. SC 54A is situated offshore west of the Palawan islands. The partners operate under a farmout agreement under which TG World will receive 85% of its share of future revenue generated from crude oil production until it has paid US$2,689,844 to two of its partners. Subsequent to funding this amount from oil production it will retain 100% of its share of revenue generation.

In July 2011, the Philippine Department of Energy approved an application by the joint venture partners for a twelve month extension to allow the joint venture partners additional time to fully integrate the results of the 3D reprocessing project being undertaken over the block. Integration of this work will provide the basis for developing and implementing the forward strategy for the block including high-grading potential drilling targets to meet the well commitment in the succeeding sub-phase, Sub-Phase 7, should the SC 54A joint venture decide to enter into this sub-phase.

QUARTERLY FINANCIAL INFORMATION

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

	Net Revenue	Net Income (Loss)	Net Income (Loss) per Share[1] Basic	Diluted
September 30, 2011	$ 26,940	$ 2,961	$ 0.004	$ 0.004
June 30, 2011	21,272	(2,068)	(0.003)	(0.003)
March 31, 2011	10,789	268	0.000	0.000
December 31, 2010	18,457	1,607	0.001	0.001
September 30, 2010	15,661	3,014	0.013	0.011
June 30, 2010	16,445	(1,268)	(0.002)	(0.002)
March 31, 2010	26,170	7,927	0.009	0.008
December 31, 2009	22,917	9,739	0.011	0.010

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

Revenue

During the first half of 2009, the Company completed its first three shipments with a portion of the fourth shipment of copper concentrate from its Canatuan Sulphide Project. Higher revenues were realized in Q3 2009, representing the remainder of the fourth shipment plus the fifth to seventh shipments of copper concentrate. Revenue in Q4 2009 was slightly lower since it consisted of only three shipments as compared to the previous quarter.

In Q1 2010, three shipments were completed for a total of 15,514 dry metric tonnes at an average copper price of US$3.28/lb for total gross revenue of US$26.64 million. These were followed by two additional shipments in Q2 2010, for 10,533 dry metric tonnes at an average copper price of US$3.22/lb for total gross revenue of US$16.26 million. Two shipments were also completed in Q3 2010, for a total of 10,528 dry metric tonnes at an average copper price of US$3.30 for total gross revenue of US$16.40 million (after final assay and price adjustment), which is relatively comparable with the previous quarter.

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

In Q1 2011, the Company was able to complete one shipment for a total of 4,997 dry metric tons at an average copper price of US$4.38 resulting in gross revenue of US$11.16 million based on final concentrate weight, assays and market prices. The second shipment for the first quarter was delayed due to late arrival of the vessel, though a partial advance payment of US$8.5 million was received also in the first quarter. As a result, Q1 2011 gross revenue was 39% less than that recognized in Q4 2010, with the volumes shipped being 51% less, but offset by a 13% increase in unit price for copper quarter-over-quarter.

In Q2 2011, two shipments were completed for a total of 10,289 dry metric tons equivalent to US$25.05 million revenue at an average copper price of US$4.19. In Q2 2011, gross revenue was 124% greater than that recognized in Q1 2011, with the volumes shipped being 106% higher, slightly offset by a 4% decrease in unit price for copper quarter-over-quarter.

Two shipments of copper concentrate were completed in Q3 2011 for a total of 11,351 dry metric tons, which is 10% higher than that of the previous quarter. The Company also completed its first zinc concentrate shipment for a total of US$1.4 million. The total gross revenue for the quarter amounted to US$31.1 million, which is 24% higher than the previous quarter's shipments, in spite of the decline in average copper price from US$4.19 in Q2 2011 to US$3.90 in Q3 2011.

Net Income (Loss)

The Company declared commercial operations on the Canatuan Sulphide Project on March 1, 2009, and completed its first shipment in the same month. The Company has continued to improve its operating throughput and concentrate production from Q1 2009 until Q2 2010 when the Zinc Circuit began initial commissioning.

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

During Q2 2010 and Q4 2010 plant availability decreased since scheduled shutdowns relating to the Zinc Circuit commissioning were implemented.

In Q1 2011, plant availability continued to be affected by the interruptions during the full commissioning of the Zinc Circuit. The delayed 21st shipment in the first quarter also caused a decrease in plant throughput due to limited warehouse availability.

During Q2 2011, the commissioning of the Zinc Circuit ended and the Company announced zinc production start-up, increasing plant availability during the quarter.

In Q3 2011, average throughput increased from 2,450 to 2,535 dry metric tonnes per day, with almost the same copper ore grade, but significantly higher gold and silver grades compared to the previous quarter. Recoveries are almost the same as in the previous quarter. The increase in throughput and gold and silver ore grade resulted in a 20% increase in copper pound equivalent (Cu lb eq) metals produced quarter over quarter (from 6.3 million Cu lb eq in Q2 2011 to 7.5 million Cu lb eq in Q3 2011).

With its continuous improvement programs, and with the commencement of the production of zinc concentrate, TVI will continue to optimize its throughput in an effort to offset expected declining feed grades.

	Average copper price received (US$/lb)	Production cash cost[(1)] (US$/Cu lb eq)	Total cost[(2)] (US$/Cu lb eq)
Q3 2011	3.90	1.33	2.75
Q2 2011	4.19	1.65	3.13
Q1 2011	4.38	2.01	2.91
Q4 2010	3.89	1.57	2.67
Q3 2010	3.30	1.02	1.81
Q2 2010	3.22	1.13	2.09
Q1 2010	3.28	0.56	1.23

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

(2) Includes selling expenses and amortization expenses. Total cost per copper pound equivalent is a non-IFRS measure. Please see definitions in the "Non-IFRS Measures" section.

In June 2010, the Company completed the repayment of the US$30.1 million five-year term loan facility agreement entered into on January 20, 2009. Net income for Q2 2010 was lower as a result of one-time prepayment charges and related interest expense in order to retire the term facility in full.

The increase in the net income in Q3 2010 resulted from the reduction of $5.2 million in one-time finance charges, mainly relating to the early pay-out of the Term Facility, partially offset by modestly lower revenue due to lower metals shipped during the quarter.

During the last quarter of 2010, net income decreased by $1.4 million as compared to Q3 2010. This was because the higher revenue in Q4 2010 was offset by an increase in exploration costs and unit production cost. The higher production cost was due to higher consumption of materials and other costs required to produce acceptable copper concentrate from the ore feed with increasing zinc content.

In Q1 2011, the Company posted net income of $0.3 million which was lower compared to the $1.6 million in Q4 2010. The decrease resulted from lower metals shipped during the quarter caused by the late arrival of the cargo vessel.

Unit production cost also increased from $1.57 in Q4 2010 to $2.01 in Q1 2011 due to lower output and higher production costs. The Company produced 4.5 million Cu lb eq in Q1 2011 against 5.2 million Cu lb eq in Q4 2010 due to lower throughput and lower metal recovery (from 83.91% to 78.18%). Higher production costs were due to higher consumption and costs of materials used in the copper-zinc separation process required to produce acceptable copper concentrate from the ore feed with increasing zinc content.

In Q2 2011, the Company had a net loss of $2.1 million as compared to the $0.3 million net income during the first quarter. Net revenue was higher since there were two shipments during the quarter as compared to only one shipment in Q1 2011. However, the treatment, refining and penalties from the buyer deducted from gross revenue increased from 4.7% of gross revenue in Q1 2011 to 11.9% in Q2 2011. Freight and other loading costs also increased from 7.7% of gross revenue in Q1 2011 to 11.7% in Q2 2011. This caused the total cost per unit to increase from US$2.91 in Q1, 2011 to US$3.13 in Q2, 2011. The increased charges were due to revised treatment and refining rates and freight charges as negotiated and agreed with the metal off-take partner, taking into consideration the quality of the concentrate and the change in the destination of the copper concentrate shipments.

During Q3 2011, the Company posted a net income of $3.0 million. There were also two shipments during the quarter, but the gross revenue was higher by 19% compared to the previous quarter because of higher volume of copper concentrate shipped (from 10,289 dry metric tonnes in Q2 2011 to 11,351 dry metric tonnes in Q3 2011).

Production costs improved quarter over quarter (from US$1.65 in Q2 2011 to US$1.33 in Q3 2011) as the process stabilized. This is due to lower consumption of chemicals and a significant increase in gold and silver production.

Non-controlling interests

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries TVI Limited, TVI International Marketing Limited (TVI Marketing), TG World, EDCO and TVI Mineral Processing Inc., including its interest in TVIRD and nineteen inactive Philippine companies that are accounted for as subsidiaries. Of the issued and outstanding shares of each of the inactive nineteen Philippine subsidiaries, 40% are owned by TVI Marketing and 60% are owned by TVIRD. TVIRD shares are owned 40% by TVI Marketing with the remaining 60% owned by Philippine residents or companies. Non-controlling interests in less than wholly-owned subsidiaries of the Company comprise the interest held by the Philippine residents or companies and is presented separately in the consolidated statement of comprehensive income and separately from the Company's equity in the consolidated statement of financial position. Losses applicable to the non-controlling interest are allocated against the non-controlling interest even if that results in a deficit balance.

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

As a result of this restructuring, the undistributed share of the non-controlling interests in the net income of TVIRD amounted to $387,890 during the nine months ended September 30, 2011. Class B shares, largely owned by TVI Marketing, which in turn is indirectly wholly owned by TVI Pacific Inc., are entitled to any remaining profits after allocating the share of non-controlling interests.

CONSOLIDATED RESULTS OF OPERATIONS

During the nine months ended September 30, 2011, TVI had a consolidated net income of $1.2 million compared to a net income of $9.7 million during the same period in 2010. During the nine months ended September 30, 2011, the mining segment produced net income of $5.6 million. Adding back the non-cash depreciation, depletion and accretion expense of $9.8 million, the mining segment produced net income before depreciation, depletion and accretion expense of $15.4 million.

During the nine months ended September 30, 2011, the Canatuan mine generated net revenues of $59.0 million from the Canatuan Sulphide Project consisting of five completed shipments of copper concentrate,, which was almost the same as the $58.3 million during the same period in 2010 representing seven completed shipments. Average copper price during the nine months ended September 30, 2011, was US$4.08 which is higher compared to the US$3.27 during the same period in 2010. Average price received for gold and silver for the nine months ended September 30, 2011, were also higher (US$1,627.97 and US$37.82) compared to the previous year (US$1,196.92 and US$18.49). However, the freight, treatment, refining and other charges deducted from gross revenue increased to 10.7% of the gross revenue for the period, from 4.8% during the same period last year. The increased charges were based on the revised treatment and refining rates and freight charges effective from Q2 2011 as negotiated and agreed with the metal off-take partner, taking into consideration the quality of the concentrates and the change in the destination of the copper concentrate. The copper concentrate is sold to TVI's metal off-take partner, with whom the Company has an off-take agreement covering all copper and zinc concentrate production of the existing Canatuan mine. Net revenues are based upon gross revenues net of treatment, refining and penalties from the buyer.

Mining, milling and other expenses for the nine months ended September 30, 2011, were $35.2 million. These expenses were higher compared to the $19.8 million incurred during the same period in 2010. These expenses during the period represent 60% of the revenue which was higher compared to 34% in 2010. This was mainly due to the realization of higher costs of inventories sold during the period as a result of the consumption of chemicals to process the high-zinc ore to produce acceptable copper concentrates. These expenses do not include treatment, refining and penalties from the buyer as these costs are netted against revenues.

During the nine months ended September 30, 2011, exploration expense was $4.4 million which was higher compared with the $3.6 million during the same period in 2010. A more extensive exploration program commenced in the latter part of 2010 and continued through 2011, particularly at the Balabag project highlighted in the above sections. However, the Balabag expenses started to be capitalized during the second half of 2011 reducing the charges to exploration expenses.

General and administrative costs amounted to $6.7 million and $6.0 million for the nine months ended September 30, 2011 and 2010, respectively. The increase includes higher corporate expenses that include salaries and third party service fees, as well as TG World related expenses that were assumed by TVI as a result of the acquisition of TG World in March 2011.

Depreciation, depletion and accretion expense for the nine months ended September 30, 2011, was approximately $9.9 million, higher than the $8.9 million recognized during the same period in 2010. The increase in depreciation, depletion and accretion is due to additional capital expenditures from the previous periods and higher throughput that is used as the basis in computing depreciation.

During the period ended September 30, 2011, the Company recognized approximately $1.1 million in interest expense, which is significantly higher than the $0.1 million incurred during the same period in 2010. This was due to additional loans payable that were assumed when the Company acquired TG World in March 2011.

CONSOLIDATED FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

Cash Position

	Three months ended September 30		Nine months ended September 30	
	2011	2010	2011	2010
Operating cash flow	$ 3,508,318	$ 814,345	$ 10,102,114	$ 24,410,927
Change in working capital	4,259,667	5,633,396	1,502,081	4,915,999
Operating cash flow before change in working capital	7,767,985	6,447,741	11,604,195	29,326,926
Expenditures on property and equipment and deferred costs	(4,516,174)	(1,099,755)	(6,886,260)	(6,619,835)
Net proceeds (expenditures) on petroleum and natural gas properties	1,814,700		(2,770,925)	
Free cash flow	$ 5,066,511	$ 5,347,986	$ 1,947,010	$ 22,707,091
Common shares outstanding	622,087,039	487,863,663	622,087,039	487,863,663
Free cash flow per share	$ 0.008	$ 0.011	$ 0.003	$ 0.046

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

The decrease in free cash flow for the period ended September 30, 2011, was attributable to lower net income during the period and additional capital expenditures for the petroleum and natural gas properties.

At September 30, 2011, the Company held $13.8 million in cash that it can reinvest into further growth in the Company as compared to $4.4 million at the end of the same period in 2010.

Letter of Credit Facilities

The Company has letter of credit facilities with a major Philippine bank which accrue interest of 1.94% per annum and are payable over four equal monthly installments 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 September 30, 2011, was $308,355 (December 31, 2010 - $922,491).

Short Term Debt Facilities

The Company acquired short-term loans from a major Philippine bank. These loans are secured by the metal off-take agreement related to the sale of copper concentrate. As at September 30, 2011, the total principal and interest outstanding was US$10,507,375 (CDN$10,499,759).

Loan Date	Principal loan outstanding (US$)	Interest Rate	Term	Security
April 20, 2011	562,500	2.00%	1 year (four equal quarterly payments)	Off-take agreement
June 30, 2011	2,000,000	2.00%	180 days	Off-take agreement
April 13, 2011	3,300,000	2.00%	180 days	Off-take agreement
May 25, 2011	2,200,000	2.00%	180 days	Off-take agreement
December 29, 2010	375,000	2.07%	1 year (four equal quarterly payments)	Off-take agreement
January 27, 2011	375,000	2.00%	1 year (four equal quarterly payments)	Off-take agreement
June 30, 2011	1,250,000	2.00%	180 days	Off-take agreement

Term Loans

In January 2011, the Company acquired two loans from another major Philippine bank for the amount of US$5.0 million each. Each of the loans bears interest rate of 1.80% and is payable in eight equal quarterly installments of USD$625,000 (CDN$602,688). At September 30, 2011, the total principal and interest outstanding was US$7,524,832 (CDN$7,794,225).

As at September 30, 2011, TG World had two loan facilities outstanding, totaling US$6,720,957 (CDN$7,167,203); an 18% per annum facility with a balance outstanding of US$470,957 (CDN$489,277) and a 16% per annum facility with a balance outstanding of US$6,250,000 (CDN$6,677,926). Both facilities are due on June 30, 2012, secured by the assets of TG World and are repayable at any time under certain conditions.

As a result of the sale of the Alaska assets on November 9, 2011, the two TG loan facilities have been repaid in full (see the Subsequent Event section of this report).

Capital Requirements

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

For 2011, the Company's combined capital expenditure program for its mining and petroleum and natural gas properties has been tightly controlled and is expected to range between $15 million and $17 million.

The Company expects the capital expenditure program to be funded by cash provided through operating activities.

SUBSEQUENT EVENT

On November 8, 2011, TVI announced that the Company's wholly-owned subsidiary, TG World, had entered into a definitive agreement to sell all of its leasehold interests in Alaska for approximately US$16 million. The Transaction was expected to close on or around November 9, 2011.

On November 9, 2011, TVI confirmed the closing of the transaction that included the repayment in full of the TG World loan facilities noted above.

RISK FACTORS

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

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

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. TVI'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.

(a) 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 loans 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.

(b) 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.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As TVI 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 facilities have fixed interest terms, regardless of changes in market conditions. The Company reviews its exposure to interest rate risk through regular monitoring of actual interests with market interest rates.

(d) 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 September 30, 2011, the Company has a $1.0 million working capital surplus (December 31, 2010 - $6.4 million working capital surplus) mainly due to higher cash balance and accounts receivable.

(e) Credit risk

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

The receivable from concentrate sales is concentrated on one customer and any material failure of the customer to fulfill its obligation under the off-take agreement would significantly 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 an allowance for impairment as these receivables are considered collectible.

The other receivables are mostly composed of Petroleum Production Tax Credits (PPTC) due from government agencies. The timing of cash receipts from the State of Alaska will be more difficult to determine as the Department of Revenue has recently altered is procedures for issuing PPTC. Previously, the State had 120 days to conduct an audit of qualified expenditures subject to tax credit and issue the Tax Credit Certificate, whereas they will now issue Tax Credit Certificates in advance of extensive audits without a limitation on when the audit must be completed. PPTC will be issued upon completion of audits. Additionally, the State will only accept one PPTC application per quarter, which will also impact the timing of cash receipts. Based on past history, PPTC applications are generally accepted with minimal dispute by the State and paid to the Company with minimal adjustment. The Company views amounts in accounts receivable as current in nature.

The carrying amounts of cash and cash equivalent and accounts receivable at September 30, 2011, and December 31, 2010, represent the Company's maximum credit exposure.

The Company only deals with its related parties who have appropriate credit history and sufficient security to mitigate credit risk. For other financial assets, the Company adopts the policy of dealing only with high credit quality counterparts.

(f) 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 has filed an appeal to have royalty claims prior to 2012 recognized and expects a decision from the Court of Appeals.

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

On May 20, 2011, the Regional Trial Court granted the motion filed by the Lafayette Group for early payment of debts, but denied the motion for early exit from the approved rehabilitation plan. The Regional Trial Court also granted the motion of the Lafayette Group to transfer some of their properties to named persons but denied the motion for the inclusion of additional creditors in the rehabilitation.

TVI's petition to be included as one of the creditors of Lafayette Group is pending with the Court of Appeals. The case has been submitted for decision which is expected to be received within the year.

Open Pit Mining Ban

The Provincial Board (equivalent to Legislature) of the Province of Zamboanga del Norte has passed *An Ordinance to Protect and Conserve the Integrity of the Land and Water Resources in the Province*. This Ordinance, which comes into effect on November 6, 2011, gives sweeping new powers to the Provincial Governor to regulate the mining application process. It empowers non-governmental organizations to make citizens' arrests and it imposes a ban on open pit mining (but not on any other form of mining). Existing open pit operations, such as Canatuan, are given one year to operate and will then be required to begin the closure and rehabilitation process.

A first hearing was held on the first draft of the Ordinance in October 2010 and subsequent hearings to which the Company was invited were held in January and March 2011. During and after these hearings TVIRD and other affected parties provided position papers to the Provincial Board. TVIRD subsequently engaged the provincial government in discussions to work together to propose ways to achieve the environmental protection being sought by the Province without banning one of its major potential sources of development.

Contrary to expectations and without notice to the Company, a revised and significantly changed Ordinance was published in late October 2011.

At the time of writing, TVIRD is preparing to seek an injunction for declaratory relief and a prohibition of implementation of the Ordinance, which the Company's external counsel believes is illegal and unconstitutional. In the Company's opinion, the Ordinance unilaterally impairs an existing contract. The company is also aware of consideration being given by the National Government to seek a ruling by the courts that the Ordinance is illegal in its usurpation of powers bestowed on the national government by Acts of Congress.

While the company believes that the Ordinance is unconstitutional and illegal, there is no guarantee that the Courts will give a clear and/or favourable ruling in the case.

Should the Company be unsuccessful in its efforts to obtain a clear and favourable ruling in the case, it is possible that compensation may be sought for the premature reclamation of the Canatuan mine beginning in November 2012. By way of a bi-lateral Canadian-Philippines Foreign Investment Promotion and Protection Agreement (FIPA), foreign Canadian investments are protected by the establishment of a framework of legally binding rights and obligations between the two countries. This program is overseen by Foreign Affairs and International Trade Canada.

Other Risk Factors

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

- The possible imposition of Mineral Reservation status on all current and future operating mines, which status would result in the imposition of a gross royalty of 5%. However, the Chamber of Mines of the Philippines has been officially advised by the Office of the President that the draft order containing this and other proposals has been tabled with the Secretary of the Department of Environment and Natural Resources for further review.

- A draft bill has been presented for discussion in the Philippine Senate that would raise the Excise Tax on mineral production to 7% from 2%. The bill has also been passed to the Secretary of the Department of Environment and Natural Resources for further review.

- A continuing moratorium on new mining applications and the approval of existing tenement applications was imposed earlier in 2011 while the government was reviewing existing applications with the stated objective of denying all long inactive applications. The government has recently advised that the review period has been completed with the exception of those tenement denials that have been appealed or are in process; however, the moratorium on tenement application and processing has not yet been officially lifted.

- TVI is currently in the process of seeking agreements with respective indigenous parties in a number of its Zamboanga tenements under the free prior informed consent procedures of the National Commission on Indigenous Peoples. However, the National Commission on Indigenous Peoples has, for internal reasons having nothing to do with TVIRD, imposed a Region IX (Zamboanga Peninsula) – wide suspension on the free prior informed consent process whilst undertaking an internal investigation. A risk exists that the suspension will continue for a lengthy period, outside TVIRD's control, or that agreements cannot be reached with the indigenous people concerned once the suspension is lifted.

- In view of the Philippine government's move to rationalize (granting of) fiscal incentives, it is possible that the new projects of the Company may no longer be entitled to income tax holidays.

- A recent petition for Writ of Kalikasan ("Writ of Nature") has been filed with the Supreme Court of the Philippines by third parties seeking cancellation of all mining tenement applications in Region IX (Zamboanga Peninsula) and amendment of the Implementing Rules and Regulations to the Philippine Mining Act of 1995. TVIRD is not named as a respondent to the aforesaid petition, but a risk exists that it may be impleaded into the case, and/or it may be impacted should an adverse ruling issue from the court. The Supreme Court has remanded the case to the Court of Appeals for the gathering of evidence, which the petitioners have now been required to produce by November 9, 2011. TVIRD legal counsel is monitoring the case.

NON-IFRS MEASURES

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

Free cash flow from operations is a measure that is not in accordance with IFRS. It represents cash generated from operating activities before changes in working capital, less cash expenditures on property and equipment and cash expenditures on petroleum and natural gas properties. 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 depreciation, depletion and accretion expense is a measure that is not in accordance with IFRS. It represents income before non-cash expenses in depreciation, depletion and accretion expense. This measure should not be considered an alternative to, or more meaningful than, net income. Management believes that net income before depreciation, depletion 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.

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

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

	Quarter ended Sept. 30, 2011	Quarter ended June 30, 2011	Quarter ended March 31, 2011	Year to date Sept. 30, 2011
Copper pound equivalent	7,521,596	6,270,759	4,448,021	18,240,376
Average quarterly rate (CDN$/US$)	1.01	1.04	0.99	1.02
Mining, milling and other expenses	16,649,301	14,725,691	3,831,292	35,206,284
Adjustment for change in inventory	(3,986,319)	(2,281,961)	5,284,081	(984,199)
Indirect administrative costs	520,727	454,578	511,371	1,486,676
Selling expenses	(3,361,978)	(2,814,644)	(880,358)	(7,056,980)
Drilling expenses	-	(63,480)	63,480	
Production cash cost	9,821,731	10,020,184	8,809,866	28,651,781
Treatment, refining and other charges	3,663,786	2,869,147	528,569	7,061,502
Selling expenses	3,361,978	2,814,644	880,358	7,056,980
Amortization expenses	3,434,475	3,221,354	2,565,268	9,221,097
Total cost	20,281,970	18,925,329	12,784,061	51,991,360
Amortization expenses	(3,434,475)	(3,221,354)	(2,565,268)	(9,221,097)
Total cash cost	16,847,495	15,703,975	10,218,793	42,770,263
Gross revenue - gold	(3,127,683)	(1,654,761)	(841,743)	(5,624,187)
Gross revenue - silver	(4,639,452)	(3,738,821)	(2,574,793)	(10,953,066)

	Quarter ended Sept. 30, 2011	Quarter ended June 30, 2011	Quarter ended March 31, 2011	Year to date Sept. 30, 2011
Gross revenue - zinc	(1,335,510)	-	-	(1,335,510)
Total cash cost net of by-products	7,744,850	10,310,393	6,802,257	24,857,500
(US$/lb):				
Production cash cost	1.33	1.65	2.01	1.61
Total cost	2.75	3.13	2.91	2.92
Total cash cost	2.28	2.59	2.33	2.40
Total cash cost, net of by-products	1.04	1.70	1.55	1.39

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

	Q1 2011 Average	3/31/11 Closing	Q2 2011 Average	6/30/11 Closing	Q3 2011 Average	9/30/11 Closing	9/30/11 Year-to-date Average
Copper (US$/lb)	4.38	4.26	4.19	4.22	3.90	3.23	4.08
Gold (US$/oz)	1,336.65	1,435.00	1,541.06	1,506.75	1,773.49	1,624.50	1,627.97
Silver (US$/oz)	28.31	37.87	43.73	35.02	38.14	30.45	37.82
Zinc (US$/lb)	-	-	-	-	1.03	0.86	1.03

COMPARATIVE AMOUNTS

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

CRITICAL ACCOUNTING ESTIMATES

Management is responsible for applying judgment in preparing accounting estimates. Certain estimates and related disclosures included within the consolidated financial statements are particularly sensitive because of their significance to the consolidated financial statements and because of the possibility that future events affecting them may differ significantly from management’s current judgments. The following are significant accounting estimates:

- The recorded amortization expense is based on the estimated useful lives of long-lived assets. The estimate that most significantly affects the measurement of amortization is quantities of measured and probable mineral reserves, which is used in the computation of amortization expense based on the unit-of-production method. The estimation of quantities of mineral reserves is complex, requiring significant subjective assumptions that arise from the evaluation of geological, geophysical, engineering and economic data for a given orebody. This data could change over time as a result of numerous factors, including new information gained from development activities, evolving production history and a reassessment of the viability of production under different economic conditions.
- The carrying values of property and equipment and mining assets are assessed for impairment when events or changes in circumstances indicate, in management’s judgement that the carrying value of such assets may not be recoverable. In assessing whether there is any indication that an asset may be impaired, the Company considers factors such as significant decline in market value, significant changes in market, economic or legal environment, evidence of obsolescence or physical damage, significant changes in the manner the assets are used, among others. An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). Value in use requires entities to make estimates of future cash flows to be derived from the particular asset and to discount them using a

pre-tax market rate that reflects current assessments of the time value of money and the risks specific to the asset.

- The Company applies the fair value method, using the Black-Scholes option pricing model, when stock options are granted to employees and directors under the share option plan. Management must estimate the volatility, forfeiture rate, expected life and risk-free interest rates in using the model to assess the fair value of stock options.
- Asset retirement obligations arise from the acquisition, development, construction and normal operation of mining property and equipment due to government controls and regulations that protect the environment and public safety on the closure and reclamation of mining properties. Management must estimate the timing and expected cash flows when retirement obligations are incurred, which are updated to reflect changes in facts and circumstances.
- The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include among others, discount rates, expected returns on plan assets and salary increase rates. Any changes in these assumptions will impact the carrying amount of pension obligations.
- The carrying values of petroleum and natural gas assets are based on whether or not the value is greater than the future expected return from the property. 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 future revenues and 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 Alaska wells.
- The State of Alaska process for remitting PPTC makes the timing of receipt and estimating the fair value less certain.

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 of Directors. Transactions with related parties are recorded at the exchange amounts, which approximate fair value.

During the three and nine months ended September 30, 2011, Seajay Management Enterprises Ltd. ("Seajay") charged the Company $177,476 and $529,495, respectively (September 30, 2010 - $107,316 and $360,134). Management fees are paid to a corporation owned by the President of the Company for the services of the President and support staff. As at September 30, 2011, the amount payable to Seajay was $66,537.

During the three and nine months ended September 30, 2011, the Company paid or accrued $65,398 and $188,411 (September 30, 2010 - $77,453 and $175,326) respectively, to corporations controlled by a director and officer of TVIRD for administrative expenses. The Company owed the corporations $29,392 at September 30, 2011.

CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

In January 2010, the Company established a partnership and strategic alliance with DMCI-CERI, a subsidiary of DACON Corporation. In February 2010, the partners signed a joint venture agreement to conduct exploration, development and production of mineral deposits in EXPA 61 located within the Greater Canatuan Tenement Area. Potential prospects identified lie within a 15 kilometre (9.3 mile) radius trucking distance of the current Canatuan sulphide plant. Under the joint venture agreement, TVIRD holds a 70% interest and acts as the operator, while DMCI-CERI holds the remaining 30% interest.. The Partners will fund an exploration program for a period of two years amounting to a maximum of US$2 million, to be shared in accordance with their interests in the joint venture.

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

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

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

Internal Controls over Financial Reporting

The Company's internal controls over financial reporting (ICOFR) are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles. Management has evaluated the effectiveness of the Company's ICOFR as at September 30, 2011, and has concluded that the Company's ICOFR were designed and operating effectively as at September 30, 2011, with no material weaknesses related to operations existing as at September 30, 2011.

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 November 9, 2011, were unchanged from the 622,087,039 recorded at September 30, 2011. The basic weighted average number of common shares issued and outstanding for the three and nine months ended September 30, 2011, were 622,087,039 and 606,109,387 (September 30, 2010 - 487,556,570 and 484,167,368). The diluted weighted average number of common shares issued and outstanding for the three and nine months ended September 30, 2011, were 637,546,796 and 626,273,414 (September 30, 2010 - 565,130,667 and 567,302,973).

IMPORTANT INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this MD&A constitute forward-looking information. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "intend", "could", "might", "should", "believe", "schedule" and similar expressions. Forward-looking statements are based upon the opinions and expectations of TVI as at the effective date of such statements and, in certain cases, information received from or disseminated by third parties. Although 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. These factors include, but are not limited to, such things as general economic conditions in Canada, the United States, the Philippines and elsewhere; volatility of prices for precious metals, base metals, oil and gas; commodity supply and demand; fluctuations in currency and interest rates; inherent risks associated with the exploration and development of mining properties; inherent risks associated with the exploration of oil and gas properties; ultimate recoverability of reserves; production, timing, results and costs of exploration and development activities; political or civil unrest; availability of financial resources or third-party financing; new laws (domestic or foreign); changes in administrative practices; changes in exploration plans or budgets; and availability of personnel and equipment (including mechanical problems). ***Accordingly, readers should not place undue reliance upon the forward-looking statements contained in this MD&A and such forward-looking statements should not be interpreted or regarded as guarantees of future outcomes****.*

Forward-looking statements regarding the completion date of construction on the sulphide tailings dam are based on construction activities completed to date and advice received from third parties. Forward-looking statements regarding forward production costs and shipping and refining costs are based are based on current and previous mineral reserve and resource estimates, current mining and processing activities, prior experiences of management with mining and processing activities, the current development and operating plan, efficiency and effectiveness of the sulphide plant, and the Company's overall plans, budget and strategy for Canatuan (which are all subject to change). Forward-looking statements regarding the remaining mine life of the Canatuan deposit are based on current and previous mineral reserve and resource estimates, current mining and processing activities, prior experiences of management with mining and processing activities, the current development and operating plan, efficiency and effectiveness of the sulphide plant, and the Company's overall plans, budget and strategy for Canatuan (which are all subject to change). Forward-looking statements respecting the copper and zinc concentrate shipping schedules are based on the Company's previous experience with concentrate shipments, current mining and processing activities, current and previous mineral reserve and resource estimates, discussions to date with the off-take partner, efficiency and effectiveness of the sulphide plant, and the Company's overall plans, budget and strategy for Canatuan (which are all subject to change). Forward-looking statements regarding the nature and timing of exploration at the Greater Canatuan Tenement Area (including EXPA 61, Malusok and SE Malusok), Tamarok and the Company's other tenements in the Philippines are based upon current and previous exploration activities, management's experience with other exploration programs undertaken in the Philippines and elsewhere, and the Company's overall plans, budget and strategy (which are all subject to change). In certain cases, the timing of exploration activities in the Philippines is dependent upon the receipt of free prior informed consent from indigenous communities and regulatory approvals from the government of the Philippines. Forward-looking statements regarding expectations that the Company will be able to find additional ore in the Greater Canatuan Tenement Area (including EXPA 61, Malusok and SE Malusok) and that this ore can be economically transported to the existing Canatuan mill are based upon current and previous exploration activities, management's experience with other exploration programs undertaken in the Philippines and elsewhere, management's current and previous experience with mining and processing activities at Canatuan, and the Company's overall plans, budget and strategy (which are all subject to change). Forward-looking statements regarding the timing of an updated NI 43-101 report and optimized feasibility study for Balabag are based upon current and previous exploration activities, advice received from third-parties, and the Company's overall plans, budget and strategy for Balabag (which are all subject to change). Forward-looking statements regarding the resumption of drilling activities at Tamarok are based on the exploration carried out to date and the Company's overall plans, budget and strategy for Tamarok (which is subject to change). Forward-looking statements regarding the arrival date of additional drilling rigs in the Philippines are based on discussions with third parties. Forward-looking statements respecting the nature of future oil exploration activities in the Philippines are based on the discussions carried out to date with the operator and the Company's overall plans, budget and strategy (which are all subject to change). Forward-looking statements regarding the date of a court decision regarding the Rapu Rapu royalty are based on discussions and advice received from third parties and the Company's previous experience with legal processes in the Philippines. Forward-looking statements regarding the Company's expected capital

expenditures for 2011 and its ability to continue to generate revenue from its operations are based on current mining and processing activities at Canatuan, current throughput of the sulphide plant, anticipated recoveries, efficiency and effectiveness of the sulphide plant, management's prior experiences with mining and processing at Canatuan, the estimated copper and zinc mineralization of the sulphide zone at Canatuan, current and previous exploration, and the Company's overall plans, budget and strategy (which are all subject to change).

The forward-looking statements of the Company contained in this MD&A are expressly qualified, in their entirety, by this cautionary statement. Various risks to which TVI and its affiliates are exposed in the conduct of their business are described in detail in the Company's Annual Information Form for the year ended December 31, 2010, which was filed on SEDAR on March 30, 2011, and is available at www.SEDAR.com. 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

Auditors:

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Interim Consolidated Financial Statements

For the Nine Months Ended
September 30, 2011 and 2010
(Unaudited)

TVI Pacific Inc.
Unaudited Interim Consolidated Statement of Financial Position
September 30, 2011
(in Canadian dollars)

		September 30, 2011		December 31, 2010
Assets				
Current assets				
Cash and cash equivalent (note 6)	$	13,774,509	$	8,941,964
Accounts receivable (note 7)		9,950,237		6,016,942
Note receivable (note 8)		-		1,179,005
Advances to suppliers		604,177		807,907
Inventories (note 9)		6,928,826		7,139,311
Prepaid expenses		929,574		652,005
Total current assets		32,187,323		24,737,134
Non-current assets				
Restricted cash (note 10)		1,901,133		1,260,660
Available-for-sale financial asset (note 11)		-		227,937
Investment in an associate (note 12)		-		1,482,500
Property and equipment (note 13)		16,470,986		20,066,519
Petroleum and natural gas properties (note 14)		20,316,176		-
Mining claims and deferred exploration costs (note 15)		5,633,769		3,949,658
Other assets		189,855		258,566
Total non-current assets		44,511,919		27,245,840
Total assets	$	76,699,242	$	51,982,974
Liabilities and Shareholders' Equity				
Current liabilities				
Accounts payable and accrued liabilities (note 16)	$	7,365,121	$	5,963,010
Letter of credit facilities (note 17a)		308,355		922,491
Short-term loan facilities (note 17b)		10,429,240		10,499,759
Current portion of term facilities (note 17c and d)		12,371,927		-
Current portion of asset retirement obligation (note 18)		438,244		617,793
Due to related parties (note 19)		264,620		343,151
Total current liabilities		31,177,507		18,346,204
Non-current liabilities				
Term facilities (note 17c)		2,589,501		-
Pension obligation (note 20)		409,599		1,493,909
Asset retirement obligation (note 18)		2,988,148		2,546,588
Total non-current liabilities		5,987,248		4,040,497
Total liabilities		37,164,755		22,386,701
Equity attributable to shareholders of the Company				
Share capital (note 21b)		32,263,957		26,081,020
Warrants (note 21d)		487,034		487,034
Contributed surplus (note 21e)		5,518,905		5,114,161
Deficit		(1,395,728)		(2,168,859)
Accumulated other comprehensive income (loss)		1,453,409		(736,103)
		38,327,577		28,777,253
Non-controlling interests (note 22)		1,206,910		819,020
Total equity		39,534,487		29,596,273
Total liabilities and equity	$	76,699,242	$	51,982,974

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

	Three months ended September 30 2011	Three months ended September 30 2010	Nine months ended September 30 2011	Nine months ended September 30 2010
Revenues				
Concentrate sales (note 24)	$ 26,810,885	$ 15,624,083	$ 58,784,229	$ 58,109,322
Other revenues	129,187	36,424	216,913	166,291
Total revenues	26,940,072	15,660,507	59,001,142	58,275,613
Expenses				
Mining, milling and other expenses	16,649,301	6,210,882	35,206,284	19,790,653
Exploration costs	436,897	1,089,767	4,423,850	3,552,285
Administrative and general costs	2,400,860	2,038,172	6,727,516	6,025,055
Depreciation, depletion and accretion	3,667,866	3,080,794	9,850,991	8,947,154
Loss on sale of assets	207,711	-	371,929	23,586
Total expenses	23,362,635	12,419,615	56,580,570	38,338,733
Operating income	3,577,437	3,240,892	2,420,572	19,936,880
Other income (expense)				
Interest income	40,936	5,249	168,652	27,371
Interest expense	(316,409)	(432,280)	(1,104,837)	(140,249)
Loss on debt extinguishment	-	(53,404)	-	(9,337,479)
Foreign exchange gain (loss)	(342,558)	253,680	(323,271)	(813,560)
Other losses	1,263	-	(95)	-
Other expense, net	(616,768)	(226,755)	(1,259,551)	(10,263,917)
Net income	2,960,669	3,014,137	1,161,021	9,672,963
Other comprehensive income (loss)				
Foreign currency translation adjustment	2,966,069	(172,689)	2,189,512	1,108,292
Comprehensive income	$ 5,926,738	$ 2,841,448	$ 3,350,533	$ 10,781,255
Net income (loss) attributable to:				
Shareholders of the Company	$ 2,674,660	$ 6,329,019	$ 773,131	$ 9,459,522
Non-controlling Interests	286,009	(3,314,882)	387,890	213,441
	$ 2,960,669	$ 3,014,137	$ 1,161,021	$ 9,672,963
Comprehensive income (loss) attributable to:				
Shareholders of the Company	$ 5,640,729	$ 7,576,546	$ 2,962,643	$ 10,567,814
Non-controlling Interests	286,009	(3,281,428)	387,890	213,441
	$ 5,926,738	$ 4,295,118	$ 3,350,533	$ 10,781,255
Net income per share attributable to shareholders of the Company				
Basic	$ 0.004	$ 0.013	$ 0.001	$ 0.020
Diluted	0.004	0.011	0.001	0.017
Weighted average number of common shares				
Basic (note 23)	622,087,039	487,556,570	606,109,387	484,167,368
Diluted (note 23)	637,546,796	565,130,667	626,273,414	567,302,973

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

	Attributable to shareholders of the Company							
	Share capital (Note 21b)	**Warrants** (Note 21d)	**Contributed surplus** (Note 21e)	**Deficit**	**Other comprehensive loss**	**Subtotal**	**Non-controlling interests** (note 22)	**Total Equity**
January 1, 2011	**$ 26,081,020**	**$ 487,034**	**$ 5,114,161**	**$ (2,168,859)**	**$ (736,103)**	**$28,777,253**	**$ 819,020**	**$ 29,596,273**
Transactions with owners								
Shares and options issued on acquisition of subsidiary (note 4)	6,152,583	-	184,852	-	-	6,337,435	-	6,337,435
Share issue costs	(17,140)	-	-	-	-	(17,140)	-	(17,140)
Stock-based compensation	-	-	244,770	-	-	244,770	-	244,770
Options forfeited	-	-	(2,807)	-	-	(2,807)	-	(2,807)
Options exercised	47,494	-	(22,071)	-	-	25,423	-	25,423
Transactions with owners	6,182,937	-	404,744	-	-	6,587,681	-	6,587,681
Comprehensive income								
Net income	-	-	-	773,131	-	773,131	387,890	1,161,021
Other comprehensive income								
Foreign currency translation adjustment	-	-	-	-	2,189,512	2,189,512	-	2,189,512
Total comprehensive income	-	-	-	773,131	2,189,512	2,962,643	387,890	3,350,533
September 30, 2011	**$ 32,263,957**	**$ 487,034**	**$ 5,518,905**	**$ (1,395,728)**	**$ 1,453,409**	**$38,327,577**	**$ 1,206,910**	**$ 39,534,487**
January 1, 2010	**$ 22,004,269**	**$2,403,496**	**$ 4,676,813**	**$(17,687,123)**	**$ (1,516,191)**	**$ 9,881,264**	**$ 5,655,328**	**$ 15,536,592**
Transactions with owners								
Shares issued in exchange for debt obligation	957,707	-		-	-	957,707	-	957,707
Share issue costs	(3,619)	-		-	-	(3,619)	-	(3,619)
Stock-based compensation		-	440,898	-	-	440,898	-	440,898
Options forfeited		-	(45,674)	-	-	(45,674)	-	(45,674)
Options exercised	49,923	-	(21,192)	-	-	28,731	-	28,731
Transactions with owners	1,004,011	-	374,032	-	-	1,378,043	-	1,378,043
Comprehensive income (loss)								
Reversal of non-controlling interests	-	-	-	5,057,655	597,673	5,655,328	(5,655,328)	-
Net income	-	-	-	9,459,522	-	9,459,522	213,441	9,672,963
Other comprehensive loss								
Foreign currency translation adjustment	-	-	-	-	1,108,292	1,108,292	-	1,108,292
Total comprehensive Income (loss)	-	-	-	14,517,177	1,705,965	16,223,142	(5,441,887)	10,781,255
September 30, 2010	**$ 23,008,280**	**$2,403,496**	**$ 5,050,845**	**$ (3,169,946)**	**$ 189,774**	**$27,482,449**	**$ 213,441**	**$ 27,695,890**

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

	Three months ended September 30		Nine months ended September 30	
	2011	**2010**	**2011**	**2010**
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	$ 2,960,669	$ 3,014,137	$ 1,161,021	$ 9,672,963
Adjustments for:				
Depreciation, depletion and accretion	3,667,866	3,080,794	9,850,991	8,947,154
Loss on sale of assets	-	-	-	23,586
Interest income	(40,936)	(5,249)	(168,652)	(27,371)
Loss on debt extinguishment	-	53,404	-	9,337,479
Interest expense	316,409	432,280	1,104,837	140,249
Other losses	-	-	1,358	-
Stock based compensation	94,908	86,603	241,963	395,224
Unrealized foreign exchange loss (gain)	864,593	(296,767)	655,465	726,551
Realized foreign exchange in net investment	1,552	(134)	22,367	1,218
Pension expense	316,477	305,058	606,212	560,804
Operating income before working capital changes	8,181,538	6,670,126	13,475,562	29,777,857
Contribution to pension funding	(334,315)	-	(1,464,322)	-
Asset retirement obligation paid	(82,273)	(227,634)	(537,796)	(478,302)
Change in working capital (note 25)	(4,259,667)	(5,633,396)	(1,502,081)	(4,915,999)
Cash generated from operating activities	3,505,283	809,096	9,971,363	24,383,556
Interest received	3,035	5,249	130,751	27,371
Net cash generated from operating activities	3,508,318	814,345	10,102,114	24,410,927
CASH FLOWS FROM FINANCING ACTIVITIES				
Letter of credit facilities utilized (repaid)	(4,683)	87,247	(621,621)	490,386
Short term loan facilities utilized (repaid)	(745,634)	(782,025)	(620,885)	7,603,660
Long term loan facilities utilized (repaid)	(1,186,427)	(145,945)	7,538,483	(25,518,061)
Interest and financing costs paid	(855,952)	(453,116)	(1,484,854)	(2,070,452)
Prepayment premium paid	-	-	-	(7,374,278)
Due from (to) related parties	98,625	(25,888)	(110,976)	(102,252)
Proceeds from shares issued	-	17,215	25,423	28,731
Share issue costs	-	-	(17,140)	(3,619)
Net cash generated from (used in) financing activities	(2,694,071)	(1,302,512)	4,708,430	(26,945,885)
CASH FLOWS FROM INVESTING ACTIVITIES				
Change in note receivable	-	-	(487,800)	-
Change in restricted cash	(348,072)	(476,934)	(560,594)	(476,579)
Expenditure on available-for-sale investment	-	-	-	(225,476)
Acquisition of a subsidiary (note 4)	-	-	178,531	-
Expenditures on property and equipment and deferred costs	(4,516,174)	(1,099,755)	(6,886,260)	(6,619,835)
Net proceeds (expenditures) on petroleum and natural gas properties	1,814,700	-	(2,770,925)	-
Proceeds on disposal of property and equipment	-	-	-	1,332
Net cash used in investing activities	(3,049,546)	(1,576,689)	(10,527,048)	(7,320,558)
Effect of foreign exchange rates on cash	687,699	282,321	549,049	288,422
Net increase (decrease) in cash	(1,547,600)	(1,782,535)	4,832,545	(9,567,094)
Cash and cash equivalent at beginning of period	15,322,109	6,194,061	8,941,964	13,978,620
Cash and cash equivalent at end of period	$ 13,774,509	$ 4,411,526	$ 13,774,509	$ 4,411,526

The acquisition of subsidiary is equivalent to the cash acquired, excluding the non-cash consideration transferred and non-cash net assets and liabilities acquired.

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

1. Corporate information and nature of operations:

TVI Pacific Inc. ("TVI") is a publicly listed company incorporated in Alberta, Canada on January 12, 1987 under the Alberta Business Corporation Act and its shares are listed on the Toronto Stock Exchange. TVI, through its subsidiaries (together referred to as the "Company"), is a resource company focused on the production, development, exploration, and acquisition of resource projects in the Philippines. TVI also engages in the exploration of petroleum and natural gas properties, through its subsidiary, TG World Energy Corp. ("TG World").

TVI is the ultimate parent company of the Company, whose interests in its Philippine assets are held through its operating affiliate, TVI Resource Development Phils., Inc. ("TVIRD"). The Company operated a commercial gold and silver mine from 2005 to April 2008. In March 2009, the Company declared commercial production of its current Canatuan sulphide project, which produces copper concentrates. The Company is also developing the Balabag gold property and initiating an exploration program at its Tamarok property. The construction of the zinc circuit, which was designed to produce zinc concentrates, was completed in April 2010. The Company announced the zinc production start-up in April 2011 and made its first shipment in July 2011.

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

On March 10, 2011, the TVI acquired control of TG World, engaged in the business of international petroleum exploration and development with the major areas of focus being the Philippines, through its wholly owned subsidiary TG World (BVI) Corp.; Alaska, through its wholly-owned subsidiary, TG World Energy Inc.; and Niger, through its wholly owned subsidiary, TG World Petroleum Limited (note 4). The consolidated financial statements at September 30, 2011 include the balances of these subsidiaries.

TVI has established its principal business address at Suite 2000, 736–6th Avenue SW Calgary, Alberta, Canada T2P 3T7.

The consolidated financial statements were authorized for issue by the Board of Directors on November 10, 2011.

2. Basis of preparation:

These unaudited interim consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting*, using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These interim consolidated financial statements do not include all the information required in annual financial statements in accordance with IFRS and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2010 filed with the Canadian Securities Administrators.

The interim consolidated financial statements are presented in Canadian Dollars which is the functional and reporting currency of TVI.

3. Significant accounting policies:

(a) Changes in 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, 2010, except for the adoption of the following standards beginning January 1, 2011.

(i) Exploration and evaluation assets

The Company's petroleum and natural gas properties located in Alaska, Philippines and Niger are in the exploration stage.

3. Significant accounting policies (continued):

The Company follows the modified full cost method of accounting for petroleum and natural gas properties whereby all costs of exploring for and development of petroleum and natural gas properties and related reserves are capitalized on a country by country basis. Such costs include land acquisition costs, geological and geophysical expenses, and costs of drilling and completion of both productive and nonproductive wells.

When proved reserves of oil and natural gas are determined and development is sanctioned, the relevant expenditure is transferred to petroleum and natural gas properties after impairment is assessed and any resulting impairment loss is recognized. The Company currently has no producing petroleum and natural gas properties.

The Company's lands in Alaska and Niger, on which exploration wells are being drilled, are classified as undeveloped properties.

When a property is brought into production, the depletion of the Company's interests in petroleum and natural gas properties will be computed by the unit-of-production method based on estimates of proven recoverable reserves. Petroleum and natural gas reserves and production are converted into equivalent units based upon relative energy content. Based on the exploratory nature of operations, no amount has been recorded for depletion

(ii) Depreciation of property and equipment

The Company changed the estimated useful life of some transportation equipment from 5 years to 3 years. The change is treated as a change in an accounting estimate recognized prospectively in comprehensive income.

(iii) IFRS 3, Business Combinations (effective July 1, 2010)

The amendment clarifies that the amendments to IFRS 7, Financial Instruments: Disclosures, IAS 32, Financial Instruments: Presentation, and IAS 39, Financial instruments: Recognition and Measurement, that eliminate the exemption for contingent consideration, do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of IFRS 3 (as revised in 2008).

The amendment also specifies that the option to measure non-controlling interests either at fair value or at the proportionate share of the acquiree's net identifiable assets at the acquisition date under IFRS 3(2008) applies only to non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. All other components of non-controlling interests should be measured at their acquisition date fair value, unless another measurement basis is required by IFRSs. During the period, there was no acquisition of subsidiaries with non-controlling interests.

It also clarifies that the application guidance in IFRS 3 applies to all share-based payment transactions that are part of a business combination, including unreplaced and share-based payment awards voluntarily replaced by awards of the acquirer. The current requirement to allocate the market-based measure of replacement awards between the consideration transferred for the business combination and post-combination remuneration applies to all replacement awards regardless of whether the acquirer is obliged to replace the awards or does so voluntarily.

(iv) Amendments to IFRS 7 Financial Instruments (effective January 1, 2011)

The amendment encourages qualitative disclosures in the context of the quantitative disclosure required to help users to form an overall picture of the nature and extent of risks arising from financial instruments. It clarifies the required level of disclosure around credit risk and collateral held and provides relief from disclosure of renegotiated loans.

3. Significant accounting policies (continued):

(v) IAS 1, Presentation of Financial Statements (effective January 1, 2011)

The amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.

(vi) IAS 27, Consolidated and Separate Financial Statements (effective July 1, 2010)

The amendment clarifies that the amendments made to IAS 21 The Effects of Changes in Foreign Rates, IAS 28 Investments in Associates and IAS 31 Interests in Joint Ventures as a result of IAS 27(2008) should be applied prospectively (with the exception of paragraph 35 of IAS 28 and paragraph 46 of IAS 31, which should be applied retrospectively).

(vii) IAS 34, Interim Financial Reporting (effective January 1, 2011)

The amendment provides guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements around: (a) the circumstances likely to affect fair values of financial instruments and their classification; (b) transfers of financial instruments between different levels of the fair value hierarchy; (c) changes in classification of financial assets; and (d) changes in contingent liabilities and assets

(a) New standards, amendments and interpretations issued but not effective for the financial year beginning January 1, 2011 and not early adopted

(i) Amendment to IAS 1, Financial statement presentation regarding other comprehensive income (effective July 1, 2012)

The main change resulting from these amendments is a requirement for entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in other comprehensive income.

(ii) Amendments to IAS 19, Employee benefits (effective January 1, 2013)

The impact on the Company will be as follows: to eliminate the corridor approach and recognize all actuarial gains and losses in other comprehensive income as they occur; to immediately recognize all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The Company is yet to assess the full impact of the amendments.

(iii) IFRS 9, Financial instruments (effective January 1, 2015)

The standard requires financial assets to be classified at initial recognition into two measurement categories: those measured as at fair value and those measured at amortized cost. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. The group is yet to assess the full impact of this standard and intends to adopt no later than the accounting period beginning on or after January 1, 2015.

(iv) IFRS 10, Consolidated financial statements (effective January 1, 2013)

The standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The group is yet to assess the full impact of this standard.

3. Significant accounting policies (continued):

(v) IFRS 11, Joint arrangements (effective January 1, 2013)

IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Proportional consolidation of joint ventures is no longer allowed. The group is yet to assess the full impact of this standard and intends to adopt no later than the accounting period beginning on or after January 1, 2013.

(vi) IFRS 12, Disclosures of interests in other entities (effective January 1, 2013)

It includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The group is yet to assess the full impact of this standard and intends to adopt no later than the accounting period beginning on or after January 1, 2013.

(vii) IFRS 13, Fair value measurement (effective January 1, 2013)

The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The group is yet to assess the full impact of this standard.

(viii) IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine (effective January 1, 2013)

IFRIC 20 provides guidance on the accounting for the costs of stripping activity (waste removal) in the production phase of surface mining when two benefits accrue to the entity from the stripping activity: usable ore that can be used to produce inventory (inventory asset) and improved access to further quantities of material (stripping activity asset) that will be mined in future periods.

The Board also tentatively decided that an entity should apply IFRIC 20 for annual periods beginning on or after 1 January 2013 with earlier application permitted. The Company is currently evaluating the impact of this interpretation.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the group.

4. Business Combination:

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

On December 30, 2010, TVI acquired beneficial ownership of 18% of outstanding common shares of TG World (note 12), and a $1,317,500 principal amount convertible promissory note (note 8) in connection with the plan of arrangement.

The plan of arrangement was approved by the Court of Queen's Bench of Alberta on March 9, 2011. On March 10, 2011, the plan of arrangement was completed pursuant to which TVI acquired all of the outstanding TG World common shares. TVI issued approximately 61,525,829 shares to acquire ownership and control of TG World. TG World is now a wholly owned subsidiary of TVI.

4. Business Combination (continued):

The following are the consideration transferred and the recognized amounts of identifiable assets acquired and liabilities assumed:

		March 10, 2011
Fair value of shares issued	$	6,152,583
Investment in an associate (note 12)		1,482,500
Convertible note (note 8)		1,317,500
Accrued interest on convertible note		37,901
Stock options issued		184,852
Total consideration transferred	$	9,175,336
Cash	$	178,531
Property and equipment		12,437
Petroleum and natural gas properties		18,539,134
Other working capital		(1,610,085)
Term facilities and accrued interest		(7,727,384)
Asset retirement obligations		(217,297)
Net identifiable assets acquired and liabilities assumed	$	9,175,336

The fair value of the 61,525,829 shares issued as part of the consideration transferred was based on the published share price of $0.10 at March 10, 2011. There was no contingent consideration arrangement.

The Company recognized the $2,307,654 as reduction in the petroleum and natural gas properties acquired.

The acquired business contributed other revenues of $48,733 and net loss of $1,928,763 to the Company for the period from March 11 to September 30, 2011. The net loss was included in the consolidated statement of comprehensive income. If the acquisition had occurred on January 1, 2011, the Company revenue would have been $59,695,575, and net income would have been $ 1,265,160.

The costs incurred related to the acquisition of TG World amounted to $204,051 recorded under administrative and general costs for the nine months ended September 30, 2011 (December 31, 2010 - $236,642).

5. 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.

(a) 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 nine month period ended September 30, 2011, the pro forma impact on net income if the Philippine peso moved by 1% against the US dollar currency, with all other variables held constant, would be $17,539 mainly as a result of foreign exchange gains/losses on translation of US dollar denominated cash and cash equivalent, trade receivables and loans.

5. Financial risk management (continued):

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

	Average rate		Spot rate	
	Nine months ended September 30, 2011	Year ended December 31, 2010	September 30, 2011	December 31, 2010
US Dollar	0.9780	1.0299	1.0389	0.9946
Philippine Peso	0.02262	0.02285	0.02374	0.02279

(b) 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.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Company has no significant interest-bearing assets, the Company's income and operating cash flows are independent of changes in market interest rates.

The Company has exposure to fair value interest rate risk since its term facilities have fixed interest terms, regardless of changes in market conditions. The Company reviews its exposure to interest rate risk through regular monitoring of actual interests with market interest rates.

(d) 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 September 30, 2011, the Company has $1.0 million working capital surplus (December 31, 2010 - $6.4 million working capital surplus) due to higher cash balance and accounts receivable. The following are the contractual maturities of financial obligations as at September 30, 2011.

	Due within 12 months	Due between 13 to 60 months
Accounts payable and accrued liabilities	$ 7,365,121	$ -
Letter of credit facilities	308,355	-
Short-term loan facilities	10,429,240	-
Term facilities	12,371,927	2,589,501
Due to related parties	264,620	-
	$ 30,739,263	$ 2,589,501

For the nine months ended and as at September 30, 2011, the Company has the following loan payable and loans from related parties at fixed interest rates.

	Principal outstanding	Interest outstanding	Effective annual interest rate	Interest expense	Maturity date
Letter of credit facilities	$ 308,355	$ -	1.94%	$ 20,109	October to December 2011
Current loan payable A	10,422,743	6,497	2.00%	168,480	October 2011 to April 2012
Term loan A	7,768,504	25,722	1.80%	106,442	January 2013
Term loan B	489,277	-	18%	49,223	June 2012
Term loan C	6,677,925	-	16%	580,645	June 2012

5. Financial risk management (continued):

(e) 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 cash equivalent, restricted cash and accounts receivable. The Company manages credit risk associated with cash by maintaining its cash and investments in accounts with highly reputable banks, which were approved by the Board of Directors.

The following are the components of the receivables:

	September 30, 2011	December 31, 2010
Receivable from concentrate sales	64%	93%
Other receivables	36%	7%
	100%	100%

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 significantly 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 collectible.

The other receivables are mostly composed of Petroleum Production Tax Credits ("PPTC") due from government agencies. The timing of cash receipts from the State of Alaska will be more difficult to determine as the Department of Revenue has recently altered is procedures for issuing PPTC's. Previously, the State had 120 days to conduct an audit of qualified expenditures subject to tax credit and issue the Tax Credit Certificate, whereas they will now issue Tax Credit Certificates in advance of extensive audits without a limitation on when the audit must be completed. PPTC's will be issued upon completion of audits. Additionally, the State will only accept one PPTC application per quarter, which will also impact the timing of cash receipts. Based on past history, PPTC applications are almost wholly being granted and received by the Company. The Company views amounts in accounts receivable as current in nature.

The carrying amounts of cash and cash equivalent and accounts receivable at September 30, 2011 and December 31, 2010 represent the Company's maximum credit exposure.

The Company only deals with its related parties who have appropriate credit history and sufficient security to mitigate credit risk. For other financial assets, the Company adopts the policy of dealing only with high credit quality counterparts.

(f) Fair value measurements recognized in the statement of financial position

The analysis of financial instruments that are measured subsequent to initial recognition at fair value can be classified into Levels 1 to 3 based on the degree to which fair value is observable.

(a) Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities.

(b) Level 2 – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

(c) Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company has no financial assets and liabilities under Levels 1 to 3 of the fair value hierarchy as of September 30, 2011.

5. Financial risk management (continued):

The carrying value of the Company's financial assets and liabilities consisting of cash and cash equivalent, restricted cash, accounts receivable, advances to suppliers, accounts payable and accrued liabilities, letter of credit facilities, current loan payable, and due to related parties approximate their fair values at September 30, 2011 due to their short term nature. The Company's non-current loan payable also approximates its fair value at September 30, 2011 as interest rates are at market values.

(g) 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.

(h) Capital risk management

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, the issuance of new debt, or the issuance of new debt to replace existing debt with different characteristics.

The Company does not have externally imposed capital requirements. Consistent 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, 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 and cash equivalent, notes receivable, accounts receivable, advances to suppliers, inventories, available-for-sale investment, restricted cash, investment in an associate and property and equipment, petroleum and natural gas properties, mining claims and deferred exploration costs, and other assets. The Company's strategy was to improve the debt to equity ratio in order to secure access to finance at a reasonable cost by maintaining a good credit rating.

		September 30, 2011		December 31, 2010
Debt	$	33,328,764	$	17,728,411
Equity		36,874,168		29,513,356
Assets		75,769,668		51,330,969
Debt-to-equity		0.90		0.60
Debt-to-assets		0.44		0.35

TVI Pacific Inc.

6. Cash and cash equivalent:

Cash and cash equivalent consists of:

	September 30, 2011	December 31, 2010
Cash on hand	$ 50,679	$ 42,248
Cash in bank	9,556,890	4,401,645
Short term placements	4,166,940	4,498,071
	$ 13,774,509	$ 8,941,964

Cash in banks earns interest at the prevailing bank deposit rates. The carrying amount of cash approximates its fair value.

Cash and cash equivalent is denominated in the following currencies:

	September 30, 2011	December 31, 2010
Canadian Dollars	$ 215,474	$ 1,162,146
US Dollars	11,895,387	6,471,696
Philippine Peso	1,663,648	1,308,122
	$ 13,774,509	$ 8,941,964

Cash and cash equivalent is distributed in the following countries:

	September 30, 2011	December 31, 2010
Canada	$ 1,578,359	$ 1,166,665
Philippines	12,195,074	7,774,125
Others	1,076	1,174
	$ 13,774,509	$ 8,941,964

7. Accounts receivable:

Accounts receivable consists of:

	September 30, 2011	December 31, 2010
Receivable from concentrate sales	$ 6,328,206	$ 5,615,276
Other receivables	3,622,031	401,666
	$ 9,950,237	$ 6,016,942

TG World recovered certain costs incurred during the well control operations from insurance proceeds received by BRPC. TG World recorded a receivable of $519,450 at September 30, 2011, representing the final installment of the insurance proceeds, which were subsequently received in October 2011 (note 14). TG World also accrued PPTC's of US$2,328,135 at September 30, 2011 (note 14).

8. Note receivable:

On December 30, 2010, TVI acquired a $1,317,500 principal amount promissory note in connection with the acquisition of an investment in TG World (note 12). The note was payable on demand and bore interest of 12% per annum in excess of the prime lending rate for Canadian dollar loans, and was convertible at the option of TVI into common shares of TG World at a conversion price of $0.05 per Share. A loss on the value of investment amounting to $138,495 was recorded in 2010. On March 10, 2011, the note receivable was included in the investment consideration given up by TVI in exchange for the full acquisition of TG World (note 4). The face value of the note at March 10, 2011 was $1,317,500 (note 4).

9. Inventories:

	September 30, 2011		December 31, 2010	
At cost:				
Finished goods	$	2,564,438	$	3,454,252
Stockpiled ore		96,838		39,373
Consumable drilling parts and supplies		958,705		820,556
At net realizable value				
Mineral processing supplies		3,308,845		2,825,130
	$	6,928,826	$	7,139,311

Finished goods consist of copper concentrates produced from the Canatuan sulphide plant. During the three and nine months ended September 30, 2011, the Company recognized $3,257,107 and $11,450,931 (September 30, 2010 - $2,643,518 and $7,198,018) of inventory as expense under Mining, milling and other expenses. These expenses include materials and supplies and direct finished good costs. During the period ended September 30, 2011, the Company recognized a provision for inventory obsolescence amounting to $115,731.

Details of allowance for inventory obsolescence relating to mine and mill materials and supplies are as follows:

	September 30, 2011		December 31, 2010	
Beginning balance	$	140,897	$	139,025
Provision for inventory obsolescence		115,731		-
Foreign currency translation		11,549		1,872
Ending Balance	$	268,177	$	140,897

10. Restricted cash:

The Company holds $1,901,133 (December 31, 2010 - $1,260,660) in restricted cash related to deposits in environmental trust funds at September 30, 2011.

11. Available-for-sale investments:

In February 2010, the Company invested in a fixed income fund that invests in money market instruments. Such investment was carried at market value and classified as an available for sale financial asset. The total amount of investment at December 31, 2010 was $227,937. This was transferred to the pension fund during the period ended September 30, 2011.

12. Investment in an associate:

On December 30, 2010, TVI acquired beneficial ownership of 29,650,000 common shares of TG World for an aggregate price of $1,482,500 that represented approximately 18% of the outstanding common shares of TG World. TVI also acquired a $1,317,500 convertible promissory note (note 8). On March 10, 2011, TVI acquired a further 82% of the equity and gained control of TG World (note 4). There was no change in fair value of the investment in an associate based on the revaluation at the date of acquisition.

13. Property and equipment:

September 30, 2011

	Transportation and heavy equipment	Communication and other equipment	Computer equipment	Field and geological equipment	Office furniture and equipment	Buildings and leasehold improvements	Plant Equipment	Construction in progress	**Total**
Cost									
At January 1, 2011	**$ 907,715**	**$ 39,606**	**$ 856,811**	**$ 194,028**	**$ 121,938**	**$ 2,098,607**	**$ 21,881,710**	**$ 12,235,311**	**$ 38,335,726**
Additions	185,944	1,201	112,714	190,060	1,199	30,761	103,809	3,118,873	**3,744,561**
Acquisition of a subsidiary (note 4)	-	-	12,437	-	-	-	-	-	**12,437**
Reclassification	-	-	-	-	-	20,970	78,276	(99,246)	**-**
Disposal	(117,799)	(79)	(1,719)	-	-	(21,787)	-	-	**(141,384)**
Foreign currency translation	40,943	1,695	33,326	17,420	4,261	85,095	914,849	655,667	**1,753,256**
At September 30, 2011	**1,016,803**	**42,423**	**1,013,569**	**401,508**	**127,398**	**2,213,646**	**22,978,644**	**15,910,605**	**43,704,596**
Accumulated Depreciation									
At January 1, 2011	**(418,619)**	**(27,959)**	**(711,393)**	**(67,295)**	**(103,955)**	**(1,030,109)**	**(8,637,261)**	**(7,272,616)**	**(18,269,207)**
Additions	(202,683)	(4,562)	(78,314)	(42,321)	(7,942)	(419,980)	(3,923,694)	(3,280,494)	**(7,959,990)**
Disposal	108,764	7	1,218	-	-	21,787	-	-	**131,776**
Foreign currency translation	(21,969)	(1,382)	(27,984)	(4,876)	(4,038)	(61,461)	(551,371)	(463,108)	**(1,136,189)**
At September 30, 2011	**(534,507)**	**(33,896)**	**(816,473)**	**(114,492)**	**(115,935)**	**(1,489,763)**	**(13,112,326)**	**(11,016,218)**	**(27,233,610)**
Net book value	**$ 482,296**	**$ 8,527**	**$ 197,096**	**$ 287,016**	**$ 11,463**	**$ 723,883**	**$ 9,866,318**	**$ 4,894,387**	**$ 16,470,986**

13. Property and equipment (continued):

December 31, 2010

	Transportation and heavy equipment	Communication and other equipment	Computer equipment	Field and geological equipment	Office furniture and equipment	Buildings and leasehold improvements	Plant Equipment	Construction in progress	Total
Cost									
At January 1, 2010	**$ 600,065**	**$ 28,617**	**$ 724,977**	**$ 68,374**	**$ 152,320**	**$ 1,473,935**	**$ 15,472,215**	**$ 12,322,690**	**$ 30,843,193**
Additions	303,769	10,622	96,948	125,023	1,807	89,211	1,018,818	5,807,234	7,453,432
Reclassifications	8,320	-	33,547	-	(33,547)	558,262	5,206,745	(6,064,589)	(291,262)
Disposal	(11,946)	-	(6,638)	-	-	(41,090)	(13,382)	-	(73,056)
Foreign currency translation	7,507	367	7,977	631	1,358	18,289	197,314	169,976	403,419
At December 31, 2010	**907,715**	**39,606**	**856,811**	**194,028**	**121,938**	**2,098,607**	**21,881,710**	**12,235,311**	**38,335,726**
Accumulated Depreciation									
At January 1, 2010	**(291,497)**	**(21,941)**	**(619,348)**	**(47,172)**	**(120,910)**	**(672,523)**	**(4,921,160)**	**(2,735,057)**	**(9,429,608)**
Depreciation	(134,170)	(5,731)	(62,372)	(19,523)	(5,337)	(366,951)	(3,649,307)	(4,511,090)	(8,754,481)
Reclassifications	(1,196)	-	(23,341)	-	23,341	-	(21,562)	-	(22,758)
Disposal	11,946	-	1,144	-	-	17,504	13,382	-	43,976
Foreign currency translation	(3,702)	(287)	(7,476)	(600)	(1,049)	(8,139)	(58,614)	(26,469)	(106,336)
At December 31, 2010	**(418,619)**	**(27,959)**	**(711,393)**	**(67,295)**	**(103,955)**	**(1,030,109)**	**(8,637,261)**	**(7,272,616)**	**(18,269,207)**
Net book value	**$ 489,096**	**$ 11,647**	**$ 145,418**	**$ 126,733**	**$ 17,983**	**$ 1,068,498**	**$ 13,244,449**	**$ 4,962,695**	**$ 20,066,519**

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.

For the periods ended September 30, 2011 and 2010, the Company did not identify any triggering events which would indicate impairment over the valuation of its property and equipment.

Due to higher usage of transportation equipment in the Canatuan mine site, the Company changed the estimated useful life of some transportation equipment from 5 years to 3 years. Such change, which was accounted for prospectively, resulted in an increase in depreciation by $39,998 for the nine months ended September 30, 2011.

14. Petroleum and natural gas properties:

On March 10, 2011, the Company acquired the following petroleum and natural gas properties in relation to the acquisition of TG World (note 4):

		September 30, 2011
Beginning balance at January 1, 2011	$	-
Acquisition of subsidiary, net		18,539,134
Additions net of PPTC's		303,646
Foreign currency translation		1,473,396
Ending Balance	$	20,316,176

		September 30, 2011
Philippines	$	3,866,946
Alaska		15,291,975
Niger		1,157,255
Ending Balance	$	20,316,176

Philippines

TG World holds a 12.5% equity interest in Service Contract 54A ("SC54A") in the Philippines. SC54A is situated offshore west of the Palawan Islands. TG World and partners in SC54A operate under a farmout agreement. Under the terms of the farmout agreement, TG World will receive 85% of its share of future revenue generated from crude oil production until it has paid US$2,689,844 to two of its partners. Subsequent to funding this amount from oil production it will retain 100% of its share of revenue generation.

Alaska

TG World has a joint venture agreement with Alaska Venture Capital Group ("AVCG") and Brooks Range Petroleum Corporation ("BRPC"), a wholly-owned subsidiary of AVCG, to explore joint venture oil and gas properties held on the Alaskan North Slope. TG Alaska's working interests vary from 20% to 35% in four distinct areas. The carrying value of the asset represents unproved properties.

TG World received US$1.9 million in June 2011 and US$0.56 million in July 2011 representing the first and second installments of the insurance proceeds via BRPC to recover certain costs incurred in the well control operations during the drilling of North Tarn well in Alaska. TG World received the final installment of US$0.5 million in October 2011.

TG World explores for hydrocarbons in Alaska, in areas that qualify TG World to apply for PPTC's from the State of Alaska. PPTC's are cash credits funded by the State for previous exploration and seismic expenditures. These are credited against capital expenditures when it is probable that Government Tax Credit Certificates shall be received. TG World received cash credits amounting US$699,617 during the nine months ended September 30, 2011. As at September 30, 2011, TG World has accrued US$2,328,135 relating to these tax credits.

Niger

TG World is a party to an Establishment Agreement with the Chinese National Petroleum Company International Ténéré Ltd. ("CNPCIT"), a wholly owned subsidiary of the Chinese National Petroleum Company ("CNPC"), to explore oil and gas properties on the Ténéré Block in Niger, Africa. CNPCIT is the operator and funds nearly 100% of TG Niger's 20% share of costs for a Minimum Work Program. On August 8, 2011, CNPCIT finished drilling the Facai-1 exploration well in the Ténéré Block. The well encountered two small gas shows during drilling, but wireline logs indicated there were no zones worth testing. This well was the third and final well of the carried program for TG World in the Ténéré Block. The two previous wells were also unsuccessful. The carrying value of the asset represents unproved properties.

15. Mining claims and deferred exploration costs:

Mining claims and deferred exploration costs are intangible assets which include all expenditures directly related to the acquisition, exploration and administration of the Sulphide and Balabag Projects.

The carrying amount of mining claims and deferred exploration costs and the related movements consist of:

	September 30, 2011		December 31, 2010	
Beginning balance	$	3,949,658	$	5,659,041
Additions		3,100,748		239,459
Amortization		(1,651,717)		(2,031,026)
Foreign currency translation		235,080		82,184
Ending Balance	$	5,633,769	$	3,949,658

The Balabag expenses started to be capitalized during the second half of 2011. During the nine months ended September 30, 2011, the Company capitalized interest amounting to $10,217 related to financing for the qualifying assets in the Balabag property during the period.

16. Accounts payable and accrued liabilities:

Account consists of the following:

	September 30, 2011		December 31, 2010	
Trade payables	$	5,472,003	$	3,910,985
Accrued expenses		1,892,631		2,052,025
Deferred revenue		487		-
	$	7,365,121	$	5,963,010

17. Loan instruments:

(a) The Company has letter of credit facilities from a major Philippine bank which accrue interest of 1.94% 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 September 30, 2011 was $308,355 (December 31, 2010 - $922,491).

(b) The Company acquired short-term loans from a major Philippine bank. These loans are secured by the metal off-take agreement related to the sale of copper concentrates. As at September 30, 2011, the total principal and interest outstanding were US$10,068,772 ($10,429,240), (December 31, 2010 - US$10,507,375 ($10,499,759).

Loan Date	Principal loan outstanding (US$)	Interest Rate	Term
April 20, 2011	562,500	2.00%	1 year (four equal quarterly payments)
June 30, 2011	2,000,000	2.00%	180 days
April 13, 2011	3,300,000	2.00%	180 days
May 25, 2011	2,200,000	2.00%	180 days
December 29, 2010	375,000	2.07%	1 year (four equal quarterly payments)
January 27, 2011	375,000	2.00%	1 year (four equal quarterly payments)
June 30, 2011	1,250,000	2.00%	180 days

17. Loan instruments (continued):

(c) In January 2011, the Company acquired two loans from another major Philippine bank for the amount of US$5 million each. Each of the loans bears interest rate of 1.80% and is payable in eight equal quarterly installments of USD$625,000 ($602,688). At September 30, 2011, the total principal and interest outstanding was US$7,524,832 ($7,794,225):

		September 30, 2011
Current loan payable		
Principal	$	5,179,003
Accrued interest		25,721
	$	5,204,724
Non-current loan payable	$	2,589,501

(d) As at September 30, 2011, TG World has two loan facilities outstanding totaling US$6,720,957; an 18% per annum facility with a balance outstanding of US$470,957 and a 16% per annum facility with a balance outstanding of US$6,250,000. Both facilities are due on June 30, 2012, secured by the assets of TG World and are repayable at any time under certain conditions. At September 30, 2011 the total outstanding principal of the two loan facilities each amounted to $489,277 and $6,677,926.

18. Asset retirement obligation:

At September 30, 2011, the estimated total undiscounted amount required to settle the asset retirement obligations was $4.4 million. These obligations will be settled based on the useful lives of the underlying assets between the years of 2011 to 2018. This amount has been discounted using the risk free rate of 5%.

Changes to the asset retirement obligations were as follows:

		Nine months ended September 30, 2011		Year ended December 31, 2010
Canatuan property:				
Beginning balance	$	3,164,381	$	2,594,665
Acquisition of subsidiary (note 4)		217,297		-
Accretion expense		130,376		246,378
Capitalized accretion		2,298		-
Revision of estimate		309,889		1,205,347
Liability paid		(537,796)		(916,346)
Foreign currency translation		139,947		34,337
Ending balance	$	3,426,392	$	3,164,381
Current portion		438,244		617,793
Non-current portion		2,988,148		2,546,588
	$	3,426,392	$	3,164,381

19. Related party transactions:

The consolidated financial statements include the financial statements of TVI including the following significant subsidiaries:

	Country of Incorporation	% Equity interest	
		September 30, 2011	December 31, 2010
TVI Limited	Anguilla	100%	100%
TVI Marketing	Hong Kong	100%	100%
TVIRD	Philippines	40%	40%
EDCO	Philippines	100%	100%
TVI Minerals	Philippines	100%	100%
TG World	Canada	100%	18%

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

- During the three and nine months ended September 30, 2011, the Company paid or accrued management fees of $177,476 and $529,495 (September 30, 2010 - $107,316 and $360,134). Management fees are paid to a corporation owned by the President of the Company for the services of the President and support staff. At September 30, 2011, the amount payable to the corporation was $66,537 (December 31, 2010 - $71,735).
- In April 2010, the Company completely repaid the demand promissory notes to corporations owned by the President of the Company. The Company issued 7,980,889 common shares priced at $0.12 per share for final settlement of the notes in the amount of $493,109 and US$457,462 ($464,598). The notes earned interest at 12% and 14.12% per annum, respectively, and had no fixed terms of repayment.
- During the three and nine month periods ended September 30, 2011, the Company incurred directors and special committee fees of $153,727 and $419,233 (September 30, 2010 - $28,500 and $138,250). During the period, the Company paid $528,009 (September 30, 2010 - $217,826) for director fees and Q1 2011 special committee fees. At September 30, 2011, the fees payable to directors was $170,304 (December 31, 2010 - $263,188).
- During the three and nine months ended September 30, 2011, the Company paid or accrued $65,398 and $188,411 (September 30, 2010 - $77,453 and $175,326) to corporations controlled by a director and officer of TVIRD for administrative expenses. The Company owed the corporations $29,392 at September 30, 2011 (December 31, 2010 - $21,227).

20. Pension obligation:

The actuarial assumption for the discount rate was 8.9% and the future salary rate increase was 10.0% for the nine months ended September 30, 2011. The pension plan was funded with $1,673,479 during the period, which was deducted from the pension obligation as of September 30, 2011.

During the three and nine months ended September 30, 2011, the Company recognized $316,377 and $606,212 (September 30, 2010 - $305,058 and $560,804) pension costs, including amortization of past service cost, under administrative and general costs in the consolidated statement of comprehensive income.

21. 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

	Nine months ended September 30, 2011		Year ended December 31, 2010	
Common shares	**Number of shares**	**Amount**	**Number of shares**	**Amount**
Balance, beginning of period	559,623,395	$ 26,081,020	478,946,181	$ 22,004,269
Shares issued:				
Acquisition of subsidiary (note 4)	61,525,829	6,152,583	-	-
In exchange for debt obligation	-	-	7,980,889	957,707
Share issue cost	-	(17,140)	-	(3,619)
On exercise of options	937,815	47,494	1,006,591	59,165
On exercise of warrants	-	-	71,689,734	3,063,498
Balance, end of period	622,087,039	$ 32,263,957	559,623,395	$ 26,081,020

In March 2011, the Company issued 61,525,829 shares to acquire ownership and control of TG World common shares (note 4). The shares were issued at a price of $0.10 per share.

In 2010, 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 December 30, 2010, the Company issued 71,689,734 common shares to a creditor in exchange for the warrants issued in 2009. The shares were issued at a price of $0.043 per share.

(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 April 2010, March 2011 and May 2011, the Company granted stock options to directors and employees of the Company. The options granted in March 2011 were issued to replace stock options of existing directors and employees of TG World upon full acquisition by the Company (note 4). Such shares are fully vested and exercisable. In August 2011, some of the holders of these options agreed to terminate their options.

	Nine months ended September 30, 2011		Year ended December 31, 2010	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
Options outstanding, beginning of period	41,059,760	$ 0.048	43,579,074	$ 0.145
Granted	5,461,750	0.157	500,000	0.120
Exercised	(937,815)	0.028	(1,006,591)	0.033
Forfeited	(608,476)	0.070	(2,012,723)	0.057
Expired	(964,949)	0.260	-	-
Cancelled	(538,150)	0.260	-	-
Options outstanding, end of period	43,472,120	$ 0.050	41,059,760	$ 0.048
Options exercisable, end of period	32,568,285	$ 0.050	24,295,183	$ 0.046

21. Share capital (continued):

	Price range	Number outstanding	Weighted average remaining contractual life (years)	Exercisable
$	0.020 – 0.029	17,721,801	2.32	14,340,486
	0.030 – 0.044	500,000	2.62	250,000
	0.045 – 0.067	-	-	-
	0.068 – 0.100	23,712,503	3.14	16,773,317
	0.101 – 0.151	500,000	3.54	166,666
	0.152 – 0.227	41,666	0.63	41,666
	0.228 – 0.341	996,150	2.72	996,150
$	0.020 – 0.341	43,472,120	2.79	32,568,285

(d) Warrants

	Number of warrants		Weighted average exercise price		Fair value
Warrants outstanding, January 1, 2010	80,089,417	$	0.019	$	2,403,496
Exercised – December 30, 2010	(71,689,734)		(0.016)		(1,916,462)
Warrants outstanding, December 31, 2010	8,399,683	$	0.043	$	487,034
Warrants outstanding, September 30, 2011	8,399,683	$	0.043	$	487,034

On December 30, 2010 71,689,734 warrants were exercised by the lenders of a term loan acquired in 2009. The warrants were exercised at a price of $0.016.

In conjunction with the common shares issued on September 30, 2009 the Company issued to related parties 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. No warrants were issued in during the nine months ended September 30, 2011.

(e) Stock-based compensation and contributed surplus

The weighted average fair value of stock options granted for the three and nine months ended September 30, 2011 were $0.060 and $0.067. The following table sets out the assumptions used in applying the Black-Scholes model at the dates of issuance:

Risk free interest rate – average	1.57% to 2.36%
Expected life (in years)	3 to 5
Expected volatility	139% to 160%
Estimated forfeiture rate	10%

During the three and nine months ended September 30, 2011, a net of $94,915 and $241,970 (September 30, 2010 - $86,603 and $395,224) of stock-based compensation was charged to the consolidated statement of comprehensive income.

Contributed surplus

		Nine months ended September 30, 2011		Year ended December 31, 2010
Balance beginning of period	$	5,114,161	$	4,676,813
Options issued on acquisition of subsidiary (note 4)		184,852		-
Stock-based compensation		244,770		503,991
Options forfeited		(2,807)		(41,110)
Options exercised		(22,071)		(25,533)
Balance end of period	$	5,518,905	$	5,114,161

22. Non-controlling interests:

The undistributed share of the non-controlling interests in the net income of TVIRD, amounting to $387,890 was recognized during the nine months ended September 30, 2011 (September 30, 2010 - $213,441). In July 2010, the Securities and Exchange Commission of the Philippines approved the application of TVIRD to restructure its share of stock from one class to two classes of common shares – Class A and Class B. The restructuring retained the percentage of ownership and voting interests and did not affect the factors requiring the consolidation of the entity. The Class A shares, held by the Philippine residents or companies are entitled to cumulative preferred dividend equivalent to 20% of their investment per annum replacing previous years share in profits and losses and retained their ownership and voting rights. Class B shares, largely owned by TVI Marketing that is indirectly wholly owned by TVI, is entitled to any remaining profits after allocating the share of non-controlling interests.

23. Per share data:

The following are the net income per share attributable to shareholders:

	Three months ended September 30		Nine months ended September 30	
	2011	**2010**	**2011**	**2010**
Net income attributable to Shareholders of the Company	$ 2,674,660	$ 6,329,019	$ 773,131	$ 9,459,522
Net income per share attributable to shareholders				
Basic	$ 0.004	$ 0.013	$ 0.001	$ 0.020
Diluted	0.004	0.011	0.001	0.017
Weighted average number of common shares				
Basic	622,087,039	487,556,570	606,109,387	484,167,368
Diluted	637,546,796	565,130,667	626,273,414	567,302,973

24. Revenues from concentrate sales:

	Three months ended September 30		Nine months ended September 30	
	2011	**2010**	**2011**	**2010**
Revenues from:				
Copper	$ 21,372,026	$ 13,597,216	$ 47,932,968	$ 49,151,121
Gold	3,127,683	1,316,504	5,624,187	5,315,906
Silver	4,639,452	1,565,725	10,953,066	6,565,885
Zinc	1,335,510	-	1,335,510	-
Gross revenues	30,474,671	16,479,445	65,845,731	61,032,912
Treatment, refining, and other charges	(3,663,786)	(855,362)	(7,061,502)	(2,923,590)
Revenues	$ 26,810,885	$ 15,624,083	$ 58,784,229	$ 58,109,322

Sales are recognized when risk and title pass to the customer and the price is reasonably determinable. Metal concentrates are sold under metal off-take agreement 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.

25. Changes in working capital:

	Three months ended September 30		Nine months ended September 30	
	2011	2010	2011	2010
Accounts receivable	$ (1,955,951)	$ (2,918,795)	$ (1,394,498)	$ (534,464)
Note receivable	37,902	-	-	-
Advances to suppliers	468,570	406,803	226,012	464,570
Inventories	3,519,489	(2,305,106)	482,218	(3,760,873)
Prepaid expenses	24,247	(198,951)	(210,042)	(434,286)
Accounts payable and accrued liabilities	(6,353,924)	(617,347)	(605,771)	(650,946)
	$ (4,259,667)	$ (5,633,396)	$ (1,502,081)	$ (4,915,999)

26. Segmented information:

The Company derives its revenue primarily from mining, extraction, production and selling of copper concentrates and gold and silver to an external client.

The Company has three reporting segments: mining activities in the Philippines, petroleum exploration and development in Philippines, Alaska and Niger, and corporate offices in Canada and in the Philippines. The Company's Corporate Division does not earn revenue and incurs expenses that are considered incidental to the activities of the Company and therefore does not meet the definition of operating segments as defined in IFRS 8, *Operating Segments*.

Three months ended September 30, 2011	Mining	Petroleum Exploration and Development	Corporate	Total
Revenues from concentrate sales	$ 26,810,885	$ -	$ -	$ 26,810,885
Other revenues	80,454	48,733	-	129,187
	26,891,339	48,733	-	26,940,072
Operating expenses	(18,022,218)	(229,692)	(1,005,962)	(19,257,872)
Exploration costs	(436,897)	-	-	(436,897)
	8,432,224	(180,959)	(1,005,962)	7,245,303
Depreciation, depletion and accretion	(3,658,578)	(1,387)	(7,901)	(3,667,866)
	4,773,646	(182,346)	(1,013,863)	3,577,437
Interest income	21,211	64	19,661	40,936
Interest expense	(117,285)	(193,110)	(6,014)	(316,409)
Other gain	261	2	1,000	1,263
Foreign exchange gain (loss)	31,124	(471,306)	97,624	(342,558)
Net income (loss)	$ 4,708,957	$ (846,696)	$ (901,592)	$ 2,960,669
Assets	$ 51,135,985	$ 14,298,636	$ 11,264,621	$ 76,699,242
Liabilities	28,739,877	7,850,149	574,729	37,164,755
Capital expenditures	4,515,392	(1,814,700)	782	2,701,474

26. Segmented information (continued):

Three months ended September 30, 2010	Mining	Corporate	Total
Revenues from concentrate sales	$ 15,624,083	$ -	$ 15,624,083
Other revenues	36,424	-	36,424
	15,660,507	-	15,660,507
Operating expenses	(6,888,854)	(1,360,200)	(8,249,054)
Exploration costs	(1,089,767)		(1,089,767)
	7,681,886	(1,360,200)	6,321,686
Depreciation, depletion and accretion	(3,079,417)	(1,377)	(3,080,794)
	4,602,469	(1,361,577)	3,240,892
Interest income	5,238	11	5,249
Interest expense	(432,280)	-	(432,280)
Loss on debt extinguishment	(53,404)	-	(53,404)
Foreign exchange gain	-	253,680	253,680
Net income (loss)	$ 4,122,023	$ (1,107,886)	$ 3,014,137
Assets	$ 44,596,042	$ 623,261	$ 45,219,303
Liabilities	17,277,726	245,687	17,523,413
Capital expenditures	1,090,508	9,247	1,099,755

Nine months ended September 30, 2011	Mining	Petroleum Exploration and Development	Corporate	Total
Revenues from concentrate sales	$ 58,784,229	$ -	$ -	$ 58,784,229
Other revenues	168,180	48,733	-	216,913
	58,952,409	48,733	-	59,001,142
Operating expenses	(38,822,491)	(471,885)	(3,011,353)	(42,305,729)
Exploration costs	(4,423,850)	-	-	(4,423,850)
	15,706,068	(423,152)	(3,011,353)	12,271,563
Depreciation, depletion and accretion	(9,823,733)	(2,891)	(24,367)	(9,850,991)
	5,882,335	(426,043)	(3,035,720)	2,420,572
Interest income	90,800	71	77,781	168,652
Interest expense	(453,896)	(641,583)	(9,358)	(1,104,837)
Other gain (loss)	261	(139,854)	139,498	(95)
Foreign exchange gain (loss)	31,124	(404,995)	50,600	(323,271)
Net income (loss)	$ 5,550,624	$ (1,612,404)	$ (2,777,199)	$ 1,161,021
Assets	$ 51,135,984	$ 14,298,636	$ 11,264,622	$ 76,699,242
Liabilities	28,739,877	7,850,149	574,729	37,164,755
Capital expenditures	6,861,671	2,770,925	24,589	9,657,185

26. Segmented information (continued):

Nine months ended September 30, 2010	Mining	Corporate	Total
Revenues from concentrate sales	$ 58,109,322	$ -	$ 58,109,322
Other revenues	166,291	-	166,291
	58,275,613	-	58,275,613
Operating expenses	(21,409,674)	(4,406,034)	(25,815,708)
Exploration costs	(3,552,285)	-	(3,552,285)
	33,313,654	(4,406,034)	28,907,620
Depreciation, depletion and accretion	(8,932,597)	(14,557)	(8,947,154)
	24,381,057	(4,420,591)	19,960,466
Loss on sale of assets	-	(23,586)	(23,586)
Interest income	27,340	31	27,371
Interest expense	(108,531)	(31,718)	(140,249)
Loss on debt extinguishment	(9,337,479)	-	(9,337,479)
Foreign exchange loss	-	(813,560)	(813,560)
Net income (loss)	$ 14,962,387	$ (5,289,424)	$ 9,672,963
Assets	$ 44,596,042	$ 623,261	$ 45,219,303
Liabilities	17,277,726	245,687	17,523,413
Capital expenditures	6,538,023	81,812	6,619,835

Geographic information:

	Net revenues		Property and equipment	
	Nine months ended September 30, 2011	Nine months ended September 30, 2010	September 30, 2011	December 31, 2010
Philippines	$ 59,001,142	$ 58,275,613	$ 16,336,041	$ 19,928,904
Canada	-	-	121,229	137,615
Alaska	-	-	13,716	-
	$ 59,001,142	$ 58,275,613	$ 16,470,986	$ 20,066,519

There is only one customer in the mining division contributing to 100% of the revenue from concentrate sales.

27. Commitments and contingencies:

(a) Joint venture agreement - Philippines

In February 2010, TVIRD signed a joint venture agreement with an independent and unrelated third party, to conduct exploration, development and production of mineral deposits in the area known as EXPA 61, in the Greater Canatuan Tenement. This area is within a 15 km radius trucking distance to the current Canatuan sulphide plant. Under the joint venture agreement, TVIRD will hold a 70% interest, while the remaining 30% interest will be held by the independent third party. 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.

(b) Corporate - Canada

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

28. Financial instruments:

Financial instruments by category

The tables below set out the Company's classification for each of its financial assets and liabilities at September 30, 2011.

	Loans and receivables	Other financial liabilities	Total carrying value
Cash and cash equivalent	$ 13,774,509	$ -	$ 13,774,509
Restricted cash	1,901,133	-	1,901,133
Accounts receivable	9,950,237	-	9,950,237
Advances to suppliers	604,177	-	604,177
Accounts payable and accrued liabilities	-	(7,365,121)	(7,365,121)
Borrowings	-	(25,699,023)	(25,699,023)
Due to related parties	-	(264,620)	(264,620)
	$ 26,230,056	$ (33,328,764)	$ (7,098,708)

29. Subsequent events:

On November 7, 2011, The Company announced it had entered into a definitive agreement to sell all of its leasehold interests in Alaska, for US$16 million, subject to adjustments. These leasehold interests are presented under petroleum and natural gas properties in the balance sheets and belong to the petroleum exploration and development segment (Note 26). The transaction was completed on November 9, 2011.

As a result of the sale of the Alaska assets, the two loan facilities of TG World (note 17d) have been repaid in full.

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