Management's Discussion and Analysis

For the Six Months Ended June 30, 2016 and 2015

The discussion and analysis that follows is intended to provide a summary of TVI Pacific Inc. ("**TVI**" or "**the Company**") results over the periods ended June 30, 2016 and 2015, as well as its financial position and future plans. It should be read in conjunction with the unaudited interim consolidated financial statements for the six months ended June 30, 2016 and 2015, in addition to the audited consolidated financial statements for the years ended December 31, 2015 and 2014, prepared in accordance with International Financial Reporting Standards ("**IFRS**"). All figures in this discussion and analysis are expressed in Canadian dollars unless otherwise indicated. Additional information is available on TVI's website at www.tvipacific.com or on SEDAR's website at www.sedar.com. Information in this Management Discussion & Analysis ("**MD&A**") is as of August 10, 2016.

NOTICE TO READER

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited consolidated interim financial statements of TVI Pacific Inc. for the interim reporting period ended June 30, 2016, have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board, and are the responsibility of the Company's management.

The Company's independent auditors, PricewaterhouseCoopers, have not performed a review of these consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Forward-looking Statements

Certain information contained herein constitutes forward-looking statements. Forward-looking statements are frequently characterized by words such as "plan", "expect", "forecast", "project", "intend", "believe", "anticipate", "outlook" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements are based on the opinions and estimates of management at the dates the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These factors include, without limitation: the inherent risks involved in the mining, exploration and development of mineral properties, the uncertainties involved in interpreting drilling results and other geological data, fluctuating metal prices, the possibility of project delays or cost overruns or unanticipated excessive operating costs and expenses, uncertainties related to the necessity of financing, the availability of and costs of financing needed in the future, and other factors described in the Company's Annual Information Form under the heading "Risk Factors". The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change other than as required by securities laws. The reader is cautioned not to place undue reliance on forward-looking statements.

Qualified Persons

*Mike Bue, Bsc. Eng, M.Eng, P.Eng, Technical Advisor and Project Advisory Group member of TVI, has acted as the Qualified Person in compliance with National Instrument 43-101 Standards of Disclosure for Mineral Projects ("**NI 43-101**") reporting requirements by virtue of his membership in the Professional Engineers of Ontario and Canadian Institute of Mining and Metallurgy. He has approved the scientific and technical information in this document and has confirmed compliance with NI 43-101 requirements.*

Corporate Profile

TVI is a publicly-traded Canadian resource company focused on the evaluation and acquisition of resource projects in the Asia Pacific region.

TVI management's track record of success includes putting the first foreign-invested mine into production in the Philippines after the passage of the Philippine Mining Act of 1995. From 2004 to 2014, TVI produced 105,200 ounces of gold, 1.8 million ounces of silver, 199,778 tonnes of copper concentrate and 30,558 tonnes of zinc concentrate from the Canatuan mines and was recognized as one of the most responsible miners in the Philippines. Up until 2014, TVI carried out its work through its Philippine affiliate, TVI Resource Development (Phils.) Inc. ("**TVIRD**"), and consolidated the financial performance of TVIRD into its financial statements.

During 2013, TVI was focused on obtaining additional financing for working capital and investment purposes and entered into various definitive agreements with Prime Resources Holdings, Inc. ("**PRHI**"), a private Philippine investment corporation, involving a private placement of common shares in TVI and the acquisition of an interest in its indirectly held Philippine assets, including TVIRD, ("**Transactions**") in December 2013. The Transactions occurred in multiple closings with the final closing in July 2014, and TVI received total proceeds of US$10.65 million while US$11.85 million was received by TVIRD and various subsidiaries, each before tax and related fees.

As a result of the Transactions, TVI's interest in TVIRD was reduced to 30.66% and TVI's management determined that TVI no longer had control in TVIRD due to the reduction of interest and by virtue of an agreement with PRHI which requires unanimous consent from both parties on decisions concerning relevant activities, resulting in joint control. Consequently, TVIRD and various other Philippine assets were deconsolidated from TVI's consolidated financial statements.

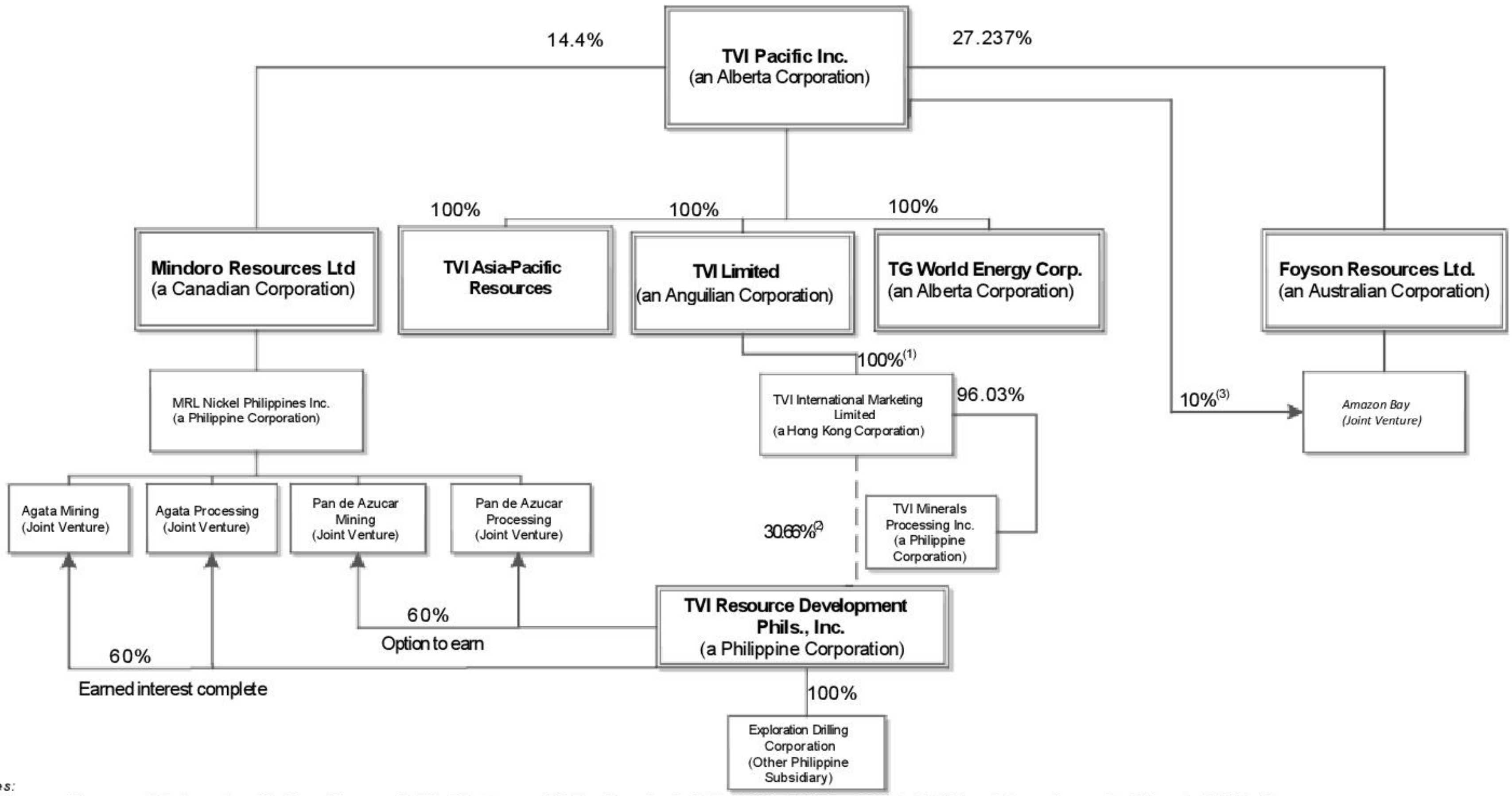
TVI's continuing interest of approximately 30.66% in TVIRD is recorded in the consolidated financial statements as an investment in joint venture within the mining segment, and accounted for using the equity method. As such, revenues earned and related expenses incurred at the level of TVIRD and its subsidiaries result in an adjustment to the investment account.

As part of PRHI's agreement to invest in TVI and TVIRD, the parties agreed that TVIRD would seek a listing on the Philippine Stock Exchange ("**PSE**") following completion of the Transactions. As at June 30, 2016, TVIRD had filed a preliminary prospectus with the Philippine Securities and Exchange Commission ("**SEC**") relating to its proposed initial public offering ("**IPO**") and listing on the PSE. Subject to market conditions and approvals by the SEC and PSE, the IPO and listing of TVIRD's shares on the PSE is being targeted for completion in the second half of 2016.

In addition to its interest in TVIRD and other Philippine subsidiaries, TVI directly holds (i) a 27.24% equity interest in FOY Group Limited ("**FOY Group**"); (ii) a 14.4% equity interest in Mindoro Resources Ltd. ("**Mindoro**" or "**MRL**"); (iii) a 10% interest in the Amazon Bay Iron Sands project; and (iv) a 100% investment in shares of TG World Energy Corp. ("**TG World**").

TVI is currently focused on securing funding in order to pursue resource projects in the Asia Pacific region that can be rapidly developed and put into production to generate revenue and cash flows. TVI expects that the sale of portions of its interest in TVIRD upon TVIRD's successful listing on the PSE will be a strong source of funding for its resource acquisition activities.

TVI Corporate Structure



Notes:

(1) Two non-voting, non-participating redeemable deferred shares are held by Prime Resource Holdings, Inc., who also holds 68.42% of TVIRD and 3.97% of TVI Minerals Processing as wel as 5% equity of TVI Pacific.
(2) TVI Resource Development Phils. Inc. – The 30.66% interest is held directly by TVI Pacific while 68.42% is held by Prime Resource Holdings Inc. (a Philippine corporation) and 0.92% is held by other Class B shareholders.
(3) Represents Joint Venture interest after having completed the Stage 1 Farm-in obligation and the 10% now held by TVI Pacific in the Amazon Bay tenement. The 10% interest in Amazon Bay was written down during the period ended June 30, 2015.

INVESTMENT IN TVI RESOURCE DEVELOPMENT PHILS., INC.

TVIRD is a private Philippine resource company responsible for putting the first foreign-invested mine into production after the passage of the Philippine Mining Act of 1995. This was the Canatuan mine which produced over 105,200 ounces of gold and 1.8 million ounces of silver from 2004 to 2008 and 199,778 dry metric tonnes ("**dmt**") of copper concentrate and 30,558 dmt of zinc concentrate from 2009 to 2014. During the 10-year period in which the Canatuan gold-silver and copper-zinc mines were in production, TVIRD generated over US$479 million in gross revenues and US$180 million in cash flows.

TVIRD is currently focused on maximizing its valuation for a listing on the PSE, which would also maximize its investment value for TVI, by focusing on the following areas of growth:

- Advancing the Balabag Gold-Silver Project towards production;
- Maximizing profits at the Agata Nickel Laterite Direct Shipping Ore ("**DSO**") Project; and
- Exploring production and marketing opportunities at the Agata Limestone Project

TVI's continuing interest of approximately 30.66% in TVIRD is recorded as an investment in joint venture within the mining segment, and accounted for using the equity method in the consolidated financial statements. As such, revenues earned and related expenses incurred at the level of TVIRD and its subsidiaries now result in an adjustment to the investment account through its equity earnings/(loss). Cash generated at the level of TVIRD, its subsidiaries and joint ventures will therefore not flow through directly to TVI. Cash flows generated by TVIRD will be used to fund current and future operations and expansion activities at the level of TVIRD, its subsidiaries and joint ventures to further enhance the value of TVI's investment.

TVIRD had previously aimed to complete its PSE listing and IPO in late 2015/early 2016; however, these efforts were put on hold pending the conclusion of the Philippine Presidential elections in May 2016 and improving market conditions.

Summary information is provided below on key TVIRD projects as they may materially affect the valuation of TVIRD when it lists on the PSE. This may in turn have a material impact on the valuation of TVI's investment interest in TVIRD.

<u>Balabag Gold and Silver Project</u>

The Balabag gold/silver project is owned 100% by TVIRD. The tenement covering the Balabag property has a total area of 4,779 hectares and is located within the municipalities of Bayog, Zamboanga Del Sur and Zamboanga Sibugay Province, Island of Mindanao, Philippines.

In June 2012, TVIRD filed with SEDAR an updated NI43-101 compliant technical report on the project titled "NI 43-101 Technical report on the Balabag Gold Project, Zamboanga Province, Philippines" produced by Georeference Online Ltd. According to the report, the project had Indicated resources of 1.78 million tonnes averaging 2.34 g/t gold and 72.3 g/t silver for contained metal of 134,262 ounces of gold and 4,148,196 ounces of silver.

In 2015, TVIRD had the project's resource information validated by a Competent Person under the Philippine Mineral Reporting Code ("**PMRC**") guidelines as part of the valuation process for its PSE listing.

On April 29, 2016, the Mines and Geosciences Bureau ("**MGB**") approved the Declaration of Mining Project Feasibility covering areas where the mine and various infrastructures will be built as well as other potential areas for expansion within the Mineral Production Sharing Agreement ("**MPSA**") subject to an expanded Environmental Compliance Certificate ("ECC"). MGB has given up to April 2017 to complete the permits.

This allows TVIRD to commence work initially within the 180 ha of the tenement. Studies are being revisited if a smaller operation can be started while waiting for the approval of the expanded ECC.

On May 4, 2016, TVI announced that TVIRD has received approval for its Declaration of Mining Project Feasibility ("**DMPF**") from the Philippines' Department of Environment and Natural Resources ("**DENR**") for its Balabag gold-silver project.

Agata Nickel Laterite Project

The Agata nickel laterite project is held by Agata Mining Ventures Inc. ("**AMVI**"), a joint venture company between TVIRD and MRL, in which TVIRD holds a 60% interest and is operator. The Agata DSO Project site is located in a 4,995-hectare MPSA area located in the adjacent municipalities of Tubay, Jabonga and Santiago in Agusan del Norte province. It is accessible by land (approximately 1.5-hours driving time) from the provincial capital of Butuan. The project mine site is located 3.5 km from AMVI's private port, which is strategically located within proximity to main markets in Asia and bears the opportunity for shipping all year round.

Nickel laterite DSO operations commenced in October 2014 and a total of 3.64 million wet metric tonnes in 67 shipments have been completed as of the end of June 2016. TVIRD is focused on maximizing the production and sale of higher nickel grade saprolite ore in order to secure the highest selling prices to maximize revenues. TVIRD also produces high iron limonite ores when market conditions are favorable.

From November 2014 to April 2015, TVIRD undertook a large-scale 16,768-meter drill program aimed at upgrading and increasing the resources previously disclosed in April 2013. Following completion of the program, a PMRC technical report and an updated resource estimate was completed to support the valuation of the Agata project for TVIRD's PSE listing.

Agata Limestone Project

The Agata Limestone project is held by AMVI (in which TVIRD has a 60% interest) and is located in the same 4,995-hectare MPSA area as the Agata Nickel Laterite project.

From November 2014 to April 2015, AMVI carried out a 17-hole drill program on the property and results confirmed the presence of a high-purity recrystallized limestone deposit covering an area of 600 meters by 650 meters. The result of the drilling is to support TVIRD's valuation on its intended IPO listing with the PSE.

AMVI is currently evaluating the feasibility of commencing a limestone DSO operation or producing hydrated lime and a higher value ground calcium carbonate ("**GCC**") product marketable to the paper and plastics industries in Asia. Due to the project's close proximity to the causeway where materials will be shipped, potential operations will benefit from having low transport and handling costs.

Carrying value of investment in TVIRD

The carrying value of the investment in joint venture is $13,412,595 as at June 30, 2016, adjusted from the balance reported at December 31, 2015 to account for TVI's proportionate share of net income realized by the Philippine entities during the period ended June 30, 2016, as well as TVI's proportionate share of other comprehensive loss.

		June 30, 2016
Investment in joint venture at January 1, 2015	$	11,872,388
Share of net income		37,669
Share of other comprehensive income [1]		2,094,330
Investment in joint venture at December 31, 2015		14,004,387
Share of net income		489,105
Share of other comprehensive loss [1]		(1,080,897)
Investment in joint venture at June 30, 2016	$	13,412,595

[1] *Other Comprehensive Income (Loss) is generated by the conversion from Philippine pesos of the Philippine books to $CAD equivalent.*

In 2014, TVI paid $232,020 as an option to acquire the remaining Class B shares of TVIRD held by a non-controlling interest holder, representing a 0.92% interest in TVIRD, upon execution of TVIRD's listing on the PSE within an agreed time. The total net purchase price is expected to be US$500,000, including the payment, plus 10% of (i) the IPO value of the Class B shares, to be calculated as if they were included in the TVIRD IPO, or (ii) the average price of the Class B shares during the first 5 trading days of TVIRD's listing – whichever is higher. At June 30, 2016, the Company determined the fair value of the option to be $596,180 based on the estimated listing price of TVIRD, adjusted to account for the effects of ongoing mining and the current and anticipated reduction in metal prices.

INVESTMENT IN MINDORO

Mindoro is a publicly listed company incorporated in Canada with shares listed on the TSX Venture Exchange and Frankfurt Stock Exchange. The TSX-Venture Exchange announced on July 6, 2016, that Mindoro has been halted from trading for failure to pay their annual sustaining listing fees, and as at the current reporting date the situation has not been rectified.

As at June 30, 2016, TVI owns 42,779,353 units of Mindoro, representing a 14.4% holding in the capital of Mindoro. Each unit consists of one common share and one common share purchase warrant that entitles TVI to purchase one additional share, at a price of $0.10 per share. The 18,779,353 common share purchase warrants can be exercised at any time and from time to time until September 28, 2017, while the 24,000,000 common share purchase warrants can be exercised until October 10, 2017.

More information on TVI's transactional history with Mindoro is available in TVI's previous MD&As dating back to July 2012.

INVESTMENT IN FOY GROUP LIMITED

FOY Group is a publicly listed company incorporated in Australia, with shares listed on the Australian Securities Exchange ("**ASX"**). Trading of FOY Group shares was halted in July 29, 2015, and will resume trading on the ASX upon the completion of FOY's acquisition of a plastics-to-diesel technology. Following the acquisition of the plastics-to-diesel technology, FOY Group's strategy is to build commercial-scale waste plastic-to-diesel plants in various regions of Australia.

On August 17, 2012, TVI signed a Heads of Terms agreement ("**HOA**") with FOY Group setting out the terms of various proposed transactions consisting of a loan to, an acquisition of equity interests by way of private placement in, and joint ventures with, FOY Group.

FOY Group announced on February 9, 2016 that it had executed a new binding Business Sale Agreement with Integrated Green Energy Limited ("**IGE**") to acquire primarily the royalty-free, perpetual licenses to commercialize the plastics-to-fuel conversion technology, as well as the biomass-to-fuel and biomass-to-energy conversion technologies and a waste plastics-to-diesel and petrol conversion plant located at Berkeley Vale, Australia. This replaces the previous Business Sale Agreement announced on March 18, 2015. FOY Group shareholder approval of the IGE transaction continues to be required and FOY Group must yet meet the requirements of certain ASX Listing Rules. Shares of FOY Group are now expected to resume trading in the second half of 2016.

Derivative financial instrument

As at June 30, 2016, TVI holds a total of 9,158,621 options to purchase FOY Group shares as a result of the conversion of an A$400,000 note receivable and A$200,000 capital promissory notes into shares during the year ended December 31, 2015.

The conversion options are accounted for as a derivative instrument and are separately accounted for at fair value in the consolidated financial statements. At June 30, 2016, the fair value of the conversion option was $855,079 (December 31, 2015 - $947,105) presented as a derivative financial instrument in the consolidated financial statements.

Interest in Amazon Bay Iron Sands Project

On August 28, 2012, TVI signed agreements with FOY Group relating to the Amazon Bay Iron Sands Project ("**AB**"), a joint venture project contemplated by the HOA.

On July 25, 2014, its 10% earned interest in the Amazon Bay tenement was formally registered with the PNG MRA. During the year ended December 31, 2015, the total spending of $1,985,834 (equivalent A$2 million), was written-down and recorded as exploration costs.

On July 25, 2014, TVI provided notice to FOY Group of its intent not to proceed with the Stage 2 farm-in of Amazon Bay but renewed its commitment to assist FOY Group in finding a cash flow positive project with synergies for its PNG operations.

On March 16, 2015, FOY Group announced it had executed a binding agreement to acquire the remaining 50% of the shares in Titan Mines Limited, upon completion of which Titan will become a wholly owned subsidiary of FOY Group. Titan Mines Limited holds the exploration licenses for the Amazon Bay Project, and this agreement terminates the Amazon Bay Option Agreement and removes the obligation of FOY Group to pay the former shareholders of Titan Mines Limited the outstanding Option Fee of A$300,000 or the Option Exercise consideration of A$10 million. As a result of this transaction, FOY Group and TVI entered into a Royalty Agreement of the same date with respect to Amazon Bay, whereby FOY Group and TVI shall be responsible to pay their proportionate share of a royalty on all minerals extracted and concentrate produced and sold from Amazon Bay. The royalty is set at 0.5% of gross revenue less all costs incurred in connection with shipping or transporting the respective minerals or concentrate from the port of loading to the point of delivery to the purchaser.

Carrying value of investments in Mindoro and FOY Group

The carrying amount of the investments as of June 30, 2016 was $895,895. The carrying value reflects the requirement to record TVI's proportionate share of net losses recognized directly within the accounting records of FOY Group. In addition, TVI is required to assess its investments for impairment, which is measured as the current fair value of each investment.

		FOY Group
December 31, 2015	$	972,106
Share of net loss		(50,941)
Share of other comprehensive loss		(25,270)
June 30, 2016	$	895,895

The book value of TVI's investment in Mindoro was reduced to nil in March 2014 as a result of recording TVI's proportionate share of net losses since having acquired the investment. Any further proportionate share of losses realized by Mindoro will now be carried forward to future periods and offset against any proportionate share of net income that may be realized.

As at June 30, 2016, the fair value of the investment in Mindoro, which was calculated based on the share price at June 30, 2016, prior to the trading of their shares being halted for failure to pay their annual sustaining listing fees on the TSX-Venture Exchange, was $213,897. The trading of FOY Group shares will resume upon relisting on the ASX.

		Mindoro
Number of shares		42,779,353
Share price	$	0.005
Fair value in foreign currency		213,897
Exchange rate		1.00
Fair value in CAD	$	214,897

TVI has determined that it has significant influence of the associates by virtue of its right for representation on the Board of Directors of the associates and various other contractual terms.

FIJI – CIRIANIU GOLD PROJECT

In November 2014, TVI entered into a Heads of Terms Agreement ("**Agreement**") with Kalo Exploration Ltd. **("Kalo**"), a private resource company incorporated in Fiji, for the exclusive right to enter into a joint venture partnership to conduct mineral exploration, development and production on the Cirianiu gold project located in the Macuata Province of northern Vanua Levu Island, Fiji. Under the terms of the Agreement, TVI was granted the right to conduct an extensive due diligence review of the property which would include surveying, resampling of drill core, assaying, geological and mine modelling, and possibly confirmatory drilling.

On April 27, 2015, the Company announced that, based on encouraging results from data verification work carried out to date, management has determined that an additional exploration program including auger soil geochemical surveying and confirmation drilling would be essential in allowing an investment decision to be made on the project. Auger soil geochemical surveying commenced in July 2015 and a small-scale confirmation drilling program was completed in August 2015.

Upon completion of the initial stage of work, TVI will have the option to proceed to the second stage ("**Stage 2**") of the Agreement whereby it would use best efforts to conclude the material terms of a Joint Venture Agreement ("**JVA**") or Shareholder Holders Agreement ("**SHA**") with Kalo. Upon the completion of a JVA or SHA, TVI would be expected to initiate a major exploration program with the primary objective of establishing an NI 43-101 compliant resource and delivery of a Scoping Study. Upon completion of Stage 2, TVI would earn a 20% economic interest in the properties. Following the completion of Stage 2, TVI would have the exclusive option to proceed to a third stage ("**Stage 3**") whereby it would deliver a definitive NI 43-101 feasibility study. Upon completion of Stage 3, TVI would earn a 40% economic interest in the properties. Upon completion of Stage 3, TVI would have the exclusive option to proceed to the fourth stage of the Agreement ("**Stage 4**") whereby it would initiate the development of the project and ultimately earn a 70% economic interest in the properties upon completion.

As of June 30, 2016, TVI concluded further diligence work including auger soil geochemical surveying and trenching. The Company expects to make an investment decision on the project through 2016, upon securing additional funding to carry out resource acquisition and development activities.

PETROLEUM AND NATURAL GAS PROPERTIES

On March 10, 2011, TVI acquired control of TG World, an international petroleum exploration and development company. At the time of acquisition, its major areas of focus were offshore Philippines, Alaska and Niger.

Philippines Offshore

Through TG World, TVI continues to hold a 12.5% working interest in Service Contract 54A ("**SC 54A**") in the Philippines. SC 54A is situated offshore west of the Palawan islands. The project operator is Nido Petroleum Limited of Perth, Australia who owns a 42.4% working interest in the project

In 2015, the exploration and evaluation assets amounting to $877,315 were fully written-down and recorded as exploration costs in the consolidated financial statements. The partners have not agreed to any further technical or commercial activities in SC 54A considering the current oil price environment.

QUARTERLY FINANCIAL INFORMATION

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

	Revenue	Net Income (Loss)	Net Income (Loss) per Share(1) Basic	Net Income (Loss) per Share(1) Diluted
June 30, 2016	$ -	$ (388)	$ (0.001)	$ (0.001)
March 31, 2016	-	(791)	(0.001)	(0.001)
December 31, 2015	-	(2,257)	(0.003)	(0.003)
September 30, 2015	-	(666)	(0.001)	(0.001)
June 30, 2015	-	(1,450)	(0.002)	(0.002)
March 31, 2015	-	(752)	(0.001)	(0.001)
December 31, 2014	-	(1,140)	(0.002)	(0.002)
September 30, 2014	-	(1,469)	(0.002)	(0.002)

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

During Q2 2015, net loss was $1.4 million which consisted of exploration costs of $0.2 million for the evaluation of the Cirianiu Gold Project located in Fiji and a $2.0 million write down in the Amazon Bay project. General and administrative expenses for the quarter were $0.8 million. TVI realized other gains of $1.0 million due to the increase in the fair value of conversion options related to the note receivable from FOY Group.

During Q3 2015, net loss was $0.7 million, consisting of exploration costs of $0.3 million for the evaluation of the Cirianiu Gold Project, general and administrative expenses of $0.7 million and realized other gains of $0.2 million from the increase in the fair value of conversion options received upon conversion of the capital promissory notes and loan receivable into FOY Group shares.

During Q4 2015, net loss was $2.3 million, mainly due to the $0.9 million loss for the write-down of TG World's interest in SC54A. The net loss also includes $0.1 million exploration costs for the Cirianiu Gold Project, $0.6 million continuing general and administrative expenses and $0.5 million share of loss of associates, as well as $0.2 million deferred tax of a subsidiary, TVI Minerals Processing, Inc. ("**TVI Minerals**").

During Q1 2016, the Company incurred a net loss of $0.8 million, consisting primarily of $0.8 million in general and administrative expenses, as well as a $0.1 million foreign exchange loss due to translation of US Dollar-denominated short-term deposits, offset by $0.2 million proportionate share in the net income of TVIRD.

During Q2 2016, net loss was $0.4 million, which includes general and administrative expenses of $0.6 million offset by a further $0.2 million proportionate share in the net income of TVIRD.

CONSOLIDATED RESULTS OF OPERATIONS – THREE MONTHS ENDED JUNE 30, 2016

For the three months ended June 30, 2016, net loss was $0.4 million, compared to a $1.4 million net loss during the same period in 2015.

General and administrative expenses for the quarter were $0.6 million compared to $0.8 million during the second quarter of 2015, and included primarily salaries & wages, consultants and professional fees and other corporate expenses. The reduced amounts for the three months ended June 30, 2016 reflect initiatives that include the rationalization of head office support and accounting staff and a reduction in management and staff compensation.

Adjusting for taxes, depreciation, share of net gain of associates and joint venture and other non-recurring items, the net loss for the six months ended June 30, 2016, was:

	Quarter Ended June 30, 2016 ($ million)
Reported net loss	(0.39)
Share of net gain of associates and joint venture	0.27
Net loss before share of net gain of associates and joint venture	(0.12)

CONSOLIDATED RESULTS OF OPERATIONS – SIX MONTHS ENDED JUNE 30, 2016

For the six months ended June 30, 2016, TVI had a consolidated net loss of $1.2 million compared to a $2.2 million net loss during the same period in 2015.

The six months ended June 30, 2015 included as exploration cost the write-down of $2.0 million spending costs in the Amazon Bay tenement for which there is no comparable entry for the six months ended June 30, 2016.

Total general and administrative expense was $1.4 million for the six months ended June 30, 2016 and $1.3 million for the six months ended June 30, 2015, and included primarily salaries & wages, consultants and professional fees and other corporate expenses. The increase for the six months ended June 30, 2016 relates to severance payments for terminated staff, the transfer of key personnel from TVIRD to TVIP and a lesser amount of recoveries from TVIRD and AMVI for services provided by TVIP personnel during the period.

TVI also had a foreign exchange loss of $0.1 million for the six months ended June 30, 2016, as compared to a $0.2 million gain for the six months ended June 30, 2015, attributable primarily to the translation of US Dollar denominated short-term deposits of TVI Pacific.

TVI's proportionate share of net loss of FOY Group was $0.05 million for the six months ended June 30, 2016, as compared to a $0.3 million share of net loss of FOY Group realized for the six months ended June 30, 2015.

TVI also recorded its proportionate share of net gain of the consolidated Philippine entities, which was equal to $0.5 million for both the six months ended June 30, 2016 and June 30, 2015. TVI accounts for its investment in Philippine entities that primarily includes TVIRD, as an investment in joint venture.

SEGMENTED INFORMATION

TVI's segmented information is reported in the same way as internal reporting provided to TVI's executive management to make decisions about resource allocation and performance assessment of the operating segments, which reflects the results of the mining operations in the Philippines, before the application of the equity method pertaining to its investment in joint venture.

TVI has the following reporting segments: (1) mining exploration in Fiji, and investments in associates and joint venture with mining activities in the Philippines and Papua New Guinea; and (2) petroleum exploration in the Philippines.

Mining Segment

The mining segment of TVI produced a net income of $0.41 million during the period ended June 30, 2016 compared to $2.1 million net loss during the same period in 2015. It consisted of a $0.05 million share of loss of FOY Group and $0.48 million share of gain in TVIRD. TVI is not currently recognizing its proportionate share of any further losses in Mindoro as its investment has previously been fully impaired; these losses will continue to accumulate and offset any future proportionate share of possible net income reported by Mindoro. For the share of losses of FOY Group and Mindoro, see *Carrying value of investments in Mindoro and FOY Group.*

	Three months ended June 30, 2016				Three months ended June 30, 2015			
	Mining	Petroleum Exploration	Corporate	Total	Mining	Petroleum Exploration	Corporate	Total
Administrative and general costs	$ -	$ (44,272)	$ (550,750)	$ (595,022)	$ -	$ (24,446)	$ (730,955)	$ (755,401)
Exploration costs	(3,267)	-	-	(3,267)	(2,179,698)	-	-	(2,179,698)
Depreciation expense		(57)	(3,481)	(3,538)	-	(381)	(4,837)	(5,218)
	(3,267)	(44,329)	(554,231)	(601,827)	(2,179,698)	(24,827)	(735,792)	(2,940,317)
Interest income	-	24	869	893	-		18,222	18,222
Interest expense	-	-	-	-	-	(2,851)	-	(2,851)
Foreign exchange gains (loss)	-	437	(27,956)	(27,519)	-	(2,302)	(51,329)	(53,631)
Other loss	-	(1)-	(29,039)	(29,040)	-	(1,848)	1,032,651	1,030,803
Share of gains (losses) of associates and joint venture	269,813	-	-	269,813	498,234	-	-	498,234
Net income (loss)	$ 266,546	$ (43,869)	$ (610,357)	$ (387,680)	$ (1,681,464)	$ (31,828)	$ 263,752	$ (1,449,540)
Assets	$ 15,771,221	$ 195,779	$ 1,710,175	$ 17,667,175	$ 13,844,529	$ $ 975,461	$ 5,773,609	$ 20,593,599
Liabilities	-	1	1,745,851	1,745,852	-	-	1,128,249	1,128,249
Capital expenditures	-	-	-	-	-	-	-	-

	Six months ended June 30, 2016				Six months ended June 30, 2015			
	Mining	Petroleum Exploration	Corporate	Total	Mining	Petroleum Exploration	Corporate	Total
Administrative and general costs	$ -	$ (58,789)	$ (1,340,049)	$ (1,389,838)	$ -	$ (48,312)	$ (1,270,646)	$ (1,318,958)
Exploration costs	(27,887)	-	-	(27,887)	(2,263,753)	-	-	(2,263,753)
Depreciation expense		(114)	(7,268)	(7,382)	-	(749)	(9,787)	(10,536)
	(27,887)	(58,903)	(1,347,317)	(1,434,107)	(2,263,753)	(49,061)	(1,280,433)	(3,593,247)
Interest income	-	43	1,533	1,576	-	1,875	128,090	129,965
Interest expense	-	-	-	-	-	(2,851)	-	(2,851)
Foreign exchange gains (loss)	-	(7,517)	(121,846)	(129,363)	-	6,372	182,222	188,594
Other loss	-	(1)	(55,414)	(55,415)	-	(5,397)	956,707	951,310
Share of gains (losses) of associates and joint venture	438,163	-	-	438,163	125,180	-	-	125,180
Net income (loss)	$ 410,276	$ (66,378)	$ (1,523,044)	$ (1,179,146)	$ (2,138,573)	$ (49,062)	$ (13,414)	$ (2,201,049)
Assets	$ 15,771,221	$ 195,779	$ 1,710,175	$ 17,667,175	$ 13,844,529	$ 975,461	$ 5,773,609	$ 20,593,599
Liabilities	-	1	1,745,851	1,745,852	-	-	1,128,249	1,128,249
Capital expenditures	-	-	-	-	-	-	4,831	4,831

(1) *Mining segment's operating results in the table above shows the share in the results of the associates and the 30.66% interest in the Philippine joint venture after the application of equity method.*

CONSOLIDATED CASH POSITION, LIQUIDITY AND CAPITAL RESOURCES

Cash Position

	Three months ended June 30		Six months ended June 30	
	2016	2015	2016	2015
Operating cash flow used in operations	$ (231,756)	$ (819,160)	$ (833,084)	$ (1,489,231)
Change in working capital	(354,195)	(143,756)	(496,619)	27
Funds used in operations	(585,951)	(962,916)	(1,379,703)	(1,489,204)
Proceeds from sale of equipment	1,788	-	1,788	(4,831)
Free cash outflow[(1)]	$ (584,163)	$ (962,916)	$ (1,377,915)	$ (1,494,035)
Common shares outstanding	655,470,372	655,470,372	655,470,372	655,470,372
Free cash flow per share	$ (0.001)	$ (0.001)	$ (0.002)	$ (0.001)

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

At June 30, 2016, TVI's consolidated financial statements reflect a total cash and short-term deposits balance of $1.6 million held by TVI, which includes TVI Pacific, TVI International Marketing Limited ("**TVI Marketing**"), TVI Asia-Pacific Resources Corporation ("**TVI Asia-Pacific**"), TVI Minerals and TG World, as compared to a consolidated cash and short-term deposits balance of $3.9 million at the end of June 30, 2015. TVI's total cash and short term deposits balance as at June 30, 2016, includes restricted cash of $350,000 held for distribution as a death benefit in accordance with TVI policies.

Of note is that total cash and short-term deposits held by all Philippine entities at June 30, 2016 was $10.2 million, of which $7.2 million was held in joint venture accounts and $3 million was held directly by TVIRD, all of which is available to the Philippine entities to fund activities and investments at that level that would contribute to the value of the *investments in joint ventures* within the accounts of TVI Pacific.

Capital Requirements

TVI's capital expenditures through 2016 are expected to be negligible as the primary focus has been at the level of TVIRD, where capital expenditure programs have been funded by operations and available project financing.

Equity

Total capital was $32,972,145 at June 30, 2016 and December 31, 2015. The Company's outstanding common shares as at June 30, 2016 and December 31, 2015 were 655,470,372. The basic weighted average number of common shares issued and outstanding for the six months ended June 30, 2016 and 2015 were 655,470,372. No adjustments were required to the weighted average number of common shares in computing diluted per share amounts for these periods because the Company was in a loss position.

Stock Option Plan

The Company has a share option plan pursuant to which options may be granted to directors, officers, and employees of the Company. Each share option converts into one ordinary share of TVI on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options generally vest over a period of up to three years, may be exercised at any time from the date of vesting to the date of their expiry and expire no more than 5 years from the date of grant. There were no share options granted during the period ended June 30, 2016. In February 2015 and June 2015, the Company granted share options to officers and directors of the Company in a total amount of 18.05 million stock options with a weighted average exercise price of $0.15 per share. At June 30, 2016, TVI had 58.2 million options outstanding, of which 35.7 million were vested and exercisable. During the period ended June 30, 2016, $132,971 of stock-based compensation was charged to the statement of comprehensive income (loss) in the consolidated financial statements.

RISK FACTORS

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

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

Risk Management

TVI's activities expose it to a variety of financial risks: market risk (including currency risk and 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 TVI's financial performance. The Board of Directors has the overall responsibility for the establishment and oversight of TVI's risk management framework.

(a) Currency risk

TVI faces currency risks mainly due to the substantial cross-border element of its investment activities. TVI is headquartered in Canada (Canadian Dollar and US Dollar) while its associates and joint venture entities are located in the Republic of the Philippines (Peso) and Australia (Australian Dollar). TVI minimizes risks by carefully planning the timing of settlement of foreign currency denominated balances and closely monitoring changes in foreign exchange rates.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. TVI has exposure to interest rate risk since its short-term deposits have fixed interest terms, regardless of changes in market conditions. TVI reviews its exposure to interest rate risk through regular monitoring of actual interest rates with market interest rates.

(c) Liquidity risk

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

As at June 30, 2016, TVI has a $1.1 million working capital surplus, as compared to a working capital surplus of $2.5 million as at December 31, 2015. As at June 30, 2016, TVI and its subsidiaries do not have outstanding loans payable.

(d) Credit risk

Credit risk arises from the potential that a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from TVI's cash and cash equivalents, short-term deposits, derivative financial instrument, accounts receivable, due from related parties and other assets. TVI manages credit risk associated with cash by maintaining its cash and investments in accounts with highly reputable banks, which were approved by the Board of Directors.

The carrying amounts of cash and cash equivalents, short-term deposits, derivative financial instrument, accounts receivable, due from related parties and other assets at June 30, 2016 and December 31, 2015 represent TVI's maximum credit exposure.

Risk on Investments

In its minority investments in TVIRD, FOY Group and Mindoro, TVI is exposed to the risk that it may not realize the expected returns from these investments. TVI and its management do not control the actions of these companies and projected cash flows from these investments may change depending on the outcome of the projects. Market value of the shares may decline, affecting the valuation of the investments and derivatives and further losses that may be incurred by TVIRD and FOY Group would require a write-down in the value of these investments.

At March 31, 2014, the recorded value of investment in Mindoro was fully written-down as a result of an earlier share in the loss of this associate. Similarly, the value of investment in TVIRD is adjusted at each reporting period by TVI's share in the income or loss of this joint venture.

Regulatory Risk

Political and Regulatory Environment in the Philippines related to investment in TVIRD

On July 9, 2012, the Philippine Government introduced a new mining policy in the form of a Presidential Executive Order (Executive Order #79, or "**EO 79**"), which provided direction to agencies of the Administration to carry out certain directives and signaled the Government's intention to seek legislation "rationalizing existing revenue sharing schemes and mechanisms". During the intervening period, no new permits were issued and industry operated in an environment of extreme uncertainty.

Readers are referred to previous MD&A documents for a detailed analysis of EO 79 and the Implementing Rules and Regulations issued subsequently to execute the Executive Order.

The key elements of the policy in the view of TVIRD Management were that (a) no new mining projects would be allowed until new fiscal legislation had been passed by Congress; (b) the Government was to cause Local Government Units ("**LGU**") to rescind and/or not pass legislation contravening the Mining Act; (c) companies would be issued new exploration permits on the condition that they be subject to the fiscal terms passed subsequently by Congress; and (d) there would be a definitive map published of "No Go" areas that would be off limits to minerals exploration and development.

The government also committed to honour existing contracts such as those held by TVIRD, and in fact has approved the ECC and DMPF for the Balabag project, and the DMPF for the Agata project (see TVI Pacific's news release dated April 28, 2014).

Political and Regulatory Risks in the Philippines related to investment in TVIRD

Emerging from the above policy environment are certain risks faced by TVI through its investment in TVIRD, including, but not limited to:

- The government's intention to increase the level of taxation for all new mining projects in the Philippines in its new fiscal regime. However, the new regime is to only be applied prospectively; i.e. new projects and existing projects will be given the option of adopting the new fiscal regime. The Balabag Project is an existing project in advanced stages of approval, and management believes it should be governed by the existing fiscal regime. However, there is a risk that the new fiscal regime may be applied to the Balabag Project. In early 2015, three bills proposing a variety of taxation levels on mining projects were proposed in the Congressional Ways and Means Committee for deliberation. As of the time of this report, the bills remain pending for Congressional hearings. If certain bills are passed, specifically House Bill No. 5367 which proposes a 10% baseline revenue sharing agreement with the government or a 55% share of adjusted net mining revenues (whichever is higher), it would have an extremely negative impact on the mining industry and the economics of newest mining projects.

- While the government has stated that Motions for Reconsideration will be processed for APSAs and Applications for Financial and Technical Assistance Agreements ("**AFTAs**"), including TVIRD's AFTA 13, AFTA 14 and APSA 39 there is a risk that the Motions may not be approved; and that the Free Prior Informed Consent ("**FPIC**") process required for these tenements may drag out and/or not be secured.

- Government has raised the possibility of a requirement for compulsory and mandatory insurance coverage for the affected environs and communities, as well as perpetual liability for the maintenance and rehabilitation of post mining sites (i.e., setting up trust funds or heritage funds with specified uses).

- Several draft, independent member's bills, referred to as "Alternative Mining Acts" have been presented for discussion in the Philippine House of Representatives. While these bills do not currently have the support of the Administration, in the event that they were to be passed into law by Congress, or have significant elements of them adopted as law, they would further impair the fiscal regime and regulatory framework under which the mining industry operates in the country.

- A 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. Initially, TVIRD was not named as a respondent to the aforesaid petition, but when the Supreme Court has remanded the case to the Court of Appeals in Cagayan de Oro, TVIRD was included as additional respondent in the case. On April 08, 2014, TVIRD received an Order coming from the Court directing it to file within ten (10) days a return of the writ. On April 15, 2014, TVIRD filed a manifestation adopting the return of the writ filed by the public respondents.

- The Supreme Court has heard arguments before it from Petitioners in the case of Baraquel vs. DENR Secretary, Sagittarius Mining Inc., Oceana Gold Corporation and TVIRD, which seeks to challenge the constitutionality of certain sections of the Mining Act of 1995 and in effect to revisit the Court's La Bugal judgment that upheld its constitutionality. TVIRD is a respondent in regard to an application for a Financial and Technical Assistance Agreement ("**FTAA**"), which has subsequently been denied but which denial TVIRD has appealed. Three sessions of oral argument have taken place before the Court and all parties to the case, as well as the Chamber of Mines of the Philippines, have provided final written submissions to the Court. At the time of writing the Court continues to deliberate the case in camera. A risk exists that the Supreme Court could choose not to reject the petition and make a new ruling on the constitutionality of key provisions in the Mining Act. In that event, there is a risk that the mining agreements cited in the case would be ruled null and void and TVIRD's appeal of the denial would be rejected; or that all mining agreements in the country would be ruled null and void and their taxation agreements would have to be renegotiated (which would affect TVIRD along with all other tenement holders). On March 5, 2015, TVIRD filed a manifestation with the Supreme Court that House Bill No. 5367 is filed in Congress which proposes the new fiscal regime and revenue sharing arrangement between the Government and the mining contractor for large scale metallic mineral mining operations. TVIRD is of the position that the determination of the government's share in mining is a policy matter and Congress is acting on said authority by deliberating on House Bill No. 5367.

- Appointment of Regina Paz "Gina" Lopez as the Secretary of the Department of Environment and Natural Resources (DENR). She is a well-known anti-mining advocate – known for her personal stance against large-scale mining activities in the province of Palawan – as well as a scion of the Lopez-controlled media network, ABS-CBN. She has also objected to the use of fossil fuels as sources of energy and coal mining while her family remains heavily-invested in the country's energy sector. A risk exists that the new secretary might impose arbitrary and unreasonable regulations designed to discourage investment and growth in the mining sector. Mining projects, whether compliant or non-compliant to national regulations, may also be subject to unnecessary scrutiny in terms of their environmental and social development programs.

Social and Economic Environment

Although TVIRD has obtained a title opinion with respect to its Philippine properties, there is no guarantee that title to such mining rights will not be challenged.

There are continuing risks that communities or local politicians could withdraw support for TVIRD projects and mount protests or refuse to provide the necessary endorsements to support project titles and applications. TVIRD has been successful to date in gaining community support for its operations, and management is committed to continuing the policies of community development, sustainable development and corporate social responsibility that have been effective and rewarding up to this time. Accordingly, management believes the risk of the withdrawal of community and local political support is low but will continue to monitor developments with respect to the upcoming presidential election in 2016.

In addition, there is a continuing background security risk involved in any operation in the Philippines, including Mindanao – over and above the normal security risks of theft and robbery that may generally affect any mine elsewhere.

Future Project Acquisition, Exploration and Development Activities may not be Successful

TVI may incur substantial expenses on evaluating projects that are subsequently abandoned due to conditions that do not meet TVI's project acquisition criteria. Exploration for and development of precious and base metal properties involve significant financial risks that even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of minerals or metals may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling, constructing mining and processing facilities at a site, connecting to a reliable infrastructure, developing metallurgical processes and extracting the minerals or metals. TVI may incur such substantial expenses on exploration program which are subsequently abandoned due to poor exploration results or the inability to define reserves that can be mined economically.

The economic feasibility of development projects is based upon many factors, including but not limited to: the accuracy of reserve/resource estimates; metallurgical recoveries; capital and operating costs; government regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting, environmental protection; and market prices. Development projects are also subject to the successful completion of feasibility studies, issuance of necessary governmental permits and availability of adequate financing. Development projects have no operating history upon which to base estimates of future cash flow. Estimates of proven and probable reserves and cash operating costs are, to a large extent, based upon detailed geological and engineering analysis. TVI also conducts feasibility studies that derive estimates of capital and operating costs based upon many factors, including anticipated tonnage and grades of minerals or metals to be mined and processed; ground and mining conditions; expected recovery rates; and anticipated social, environmental and regulatory compliance costs.

It is possible that actual costs and economic returns of current and new mining operations may differ materially from TVI's best estimates. It is not unusual for new mining operations to experience unexpected problems during the start-up phase and to require more capital than anticipated or experience higher operating costs. These uncertainties could have an adverse impact on TVI's future cash flows, earnings, results of operations and financial condition.

Funding and Liquidity

Future development and exploration depends on the ability of TVI and its investments to obtain funding through project and mining cash flows, joint ventures, debt financing, equity financing and other means. Failure to obtain additional funding when needed or on terms acceptable or favourable to TVI or its affiliates, associates or joint ventures may cause TVI or its affiliates, associates or joint ventures to postpone its exploration and development plans, forfeit rights in some or all of its properties, or reduce or terminate some or all of its operations. This could have a material adverse effect on TVI.

The ability to make scheduled payments of expenses depends on the financial condition and operating performance of TVI and its affiliates and associates or joint ventures, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond its control. As at June 30, 2016, TVI and its subsidiaries do not have outstanding loans payable.

Current financial markets remain volatile due to uncertainties in the global economy. Commodity markets have seen substantial volatility and uncertainty in the current markets could lead to difficulties in raising funds. There can be no assurance that amounts will be adequate for future financial obligations and internal cash available for investments of TVI.

Subsidiaries and Joint Ventures

The consolidated financial statements include the accounts of TVI and its subsidiaries TG World, TVI Limited, TVI Marketing, TVI Asia-Pacific and TVI Minerals, and its interest in TVIRD, FOY Group and Mindoro.

TVI has significant investment in some entities over which it does not have sole control. In some cases, TVI has board representation but does not control day-to-day operations of any of those entities. Similarly, TVI does not control the financial reporting and internal controls of any of those entities. Therefore, TVI relies on the internal controls and financial reporting controls of those entities and their failure to maintain effectiveness or comply with applicable standards may adversely affect TVI.

Property Competition

There are large and well established mining companies with technical and financial resources in the worldwide market. Significant and increasing competition exists for mineral acquisition opportunities throughout the world. As a result, TVI may be unable to acquire the rights to exploit additional attractive mining properties on terms it considers acceptable. Accordingly, there can be no assurance that TVI will acquire any interest in additional operations that would yield reserves or result in commercial mining operations.

Environmental Hazards

The mining business is subject to a variety of risks such as ground fall, explosions and other accidents, flooding, environmental hazards and the discharge of toxic chemicals. TVI may or may not be able to insure against these hazards. This may result in destruction of mines and other facilities, damage to life and property, environmental damage, delayed production, increased production and exploration costs, and possible legal liability for any and all damages. Such liabilities may have a material adverse effect on TVI's financial position.

NON-IFRS MEASURES

Funds from (used in) operations is a measure that do not have any standardized meaning as prescribed by IFRS. It represents cash generated from (used in) operating activities before changes in working capital. Funds from (used in) operations should not be considered an alternative to, or more meaningful than, cash flow from operating activities. Management believes that funds from (used in) operations is a useful supplemental measure to analyze TVI's ability to generate cash flow to fund capital investment and working capital requirements. Funds from (used in) operations may not be comparable to similar measures used by other companies.

Free cash flow from operations is a measure that does not have any standardized meaning as prescribed by IFRS. It represents cash generated from operations, before changes in working capital, less cash expenditures on property and equipment and cash expenditures on other assets. Free cash flow should not be considered an alternative to, or more meaningful than, cash flow from 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 TVI's asset base.

Net loss before depreciation and share of net losses of associates and joint venture, is a measure that does not have any standardized meaning as prescribed by IFRS. It represents income before non-cash expenses in depreciation expense, and share of loss of associates and joint venture. This measure should not be considered an alternative to, or more meaningful than, net income/(loss). Management believes that net income before interest, depreciation and one-time charges is a useful supplemental measure to analyze TVI's results prior to taking into consideration non-cash expenses or income. This measure may not be comparable to similar measures used by other companies.

COMPARATIVE AMOUNTS

There had been no reclassification of comparative amounts during the period ended June 30, 2016.

CHANGES IN ACCOUNTING POLICIES

Adoption of new and revised IFRS

The consolidated financial statements follow the same accounting policies and methods of application as the audited consolidated financial statements for the year ended December 31, 2015. There are no new IFRSs or IFRIC interpretations that are effective for the period beginning January 1, 2016 that had any material impact to the Company.

New standards not yet effective at January 1, 2016

IFRS 9, "Financial Instruments" replaces existing requirements included in IAS 39, "Financial Instruments - Recognition and Measurement". The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through profit and loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit loss model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. The standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted. The Company expects no significant impact from the new classification, measurement and derecognition rules on the group's financial assets and financial liabilities. The Company currently has no financial assets classified as available-for-sale nor any hedging activities. There will also be no impact on the accounting for financial liabilities, as the Company does not have financial liabilities that are designated at fair value through profit or loss. The Company continues to assess the impact of the new impairment model on the Company's financial assets.

IFRS 15, "Revenue from contracts with customers" deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 "Revenue" and IAS 11 "Construction contracts" and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2018 and earlier application is permitted. The Company is assessing the impact of IFRS 15.

IFRS 16, "Leases" replaces IAS 17 and related interpretations. It introduces a new approach to lease accounting that requires a lessee to recognize assets and liabilities for the rights and obligations created by leases. It brings most leases on-balance sheet for lessees, eliminating the distinction between operating and finance leases. However, lessor accounting remains similar to previous guidance and the distinction between operating and finance leases is retained. The standard is effective for annual periods beginning on or after January 1, 2019. The Company is assessing the impact of IFRS 16.

There are no other new standards, amendments and interpretations that are not yet effective that would be expected to have a material impact on TVI.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

- TVI applies the fair value method, using the Black-Scholes option pricing model, for stock options granted to employees and directors under the share option plan, option to purchase TVIRD shares, as well as the conversion options related to the note receivable from FOY Group, which are accounted for as derivative financial instruments. 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 and derivative financial instrument.

- The Company reviews and tests the carrying amounts of investments in associates and joint ventures, option to purchase contracts, and property and equipment whenever events or changes in circumstances indicate, in management's judgment, that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, the amount by which the carrying value of assets exceeds their estimated recoverable value is charged to the statements of comprehensive income/(loss).

- Management has assessed the level of influence that TVI has on Mindoro and determined that it has significant influence though the shareholding is below 20% because of the right to board representation and contractual terms. Consequently, this investment has been classified as an associate.

- The Board of Directors of TVIRD considers the Philippine Peso as the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The Philippine Peso is the currency of the primary economic environment in which the TVIRD operates. It is the currency in which the Group measures its performance and reports its results.

OFF BALANCE SHEET ARRANGEMENTS

TVI does not have any off balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are recorded at the exchange amounts which are the amounts established and agreed to by the parties.

- During the six months ended June 30, 2016, TVI's remaining receivable from TVIRD and Mindoro was $112,782 (December 31, 2015 - $257,379), presented as part of due from related parties in the consolidated financial statements and relating to services provided by TVI Pacific to TVIRD and Mindoro.

- During the three and six months ended June 30, 2016, TVI incurred management fees of $85,595 and $130,349 (June 30, 2015- $123,957 and $198,306). Management fees are paid to a corporation owned by the President of TVI for the services of the President, travel costs, and support staff. During the six months ended June 30, 2016, the amount payable to the corporation was $61,288 which formed part of the due to related parties in the consolidated financial statements (December 31, 2015 – $6,567).

- The outstanding interest receivable from FOY Group was $30,948 which formed part of the due from related parties at June 30, 2016 (December 31, 2015 – $32,270).

  - During the three and six months ended June 30, 2016, TVI incurred directors' fees of $56,750 and $106,500 (June 30, 2015- $61,938 and $110,875). At June 30, 2016, the fees payable to directors were $106,500, which formed part of the due to related parties in the consolidated financial statements (December 31, 2015 – $49,750). Commencing January 1, 2016, payment of cash compensation to directors has been deferred as TVI is actively working to conserve cash.

  - During the three and six months ended June 30, 2016, TVI incurred $37,686 and $76,236 (June 30, 2015- $60,806 and $125,099), to a corporation controlled by a director and officer of TVIRD for administrative expenses. TVI owed the corporation $11,998 at June 30, 2016, which formed part of the due to related parties in the consolidated financial statements (December 31, 2015 – $19,573). The reduced amounts in 2016 are the result of initiatives that include the rationalization of head office support and accounting staff and a reduction in management and staff compensation.

- At June 30, 2016, the Company's remaining payable to the joint ventures in the Philippines was $4,799 (December 31, 2015 - $6,037), presented as part of due to related parties in the consolidated financial statements.

CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

The Company has entered into a lease contract with respect to its corporate office premises that has commenced on April 1, 2015. The lease is for a three-year term through to March 31, 2018, and the total rent payments up to the end of the lease contract in March 2018 amounts to $100,692, inclusive of base rent, estimated operating expense and taxes.

Legal Actions

The Company has no known current or pending claims filed against it.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

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

Internal Controls over Financial Reporting

TVI's internal controls over financial reporting ("**ICOFR**") are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles. Management has evaluated the design of TVI's ICOFR as at June 30, 2016, and plans to update the evaluation of operating effectiveness of internal controls over financial reporting throughout the year. Management concluded that there has been no change in the Company's internal control over financial reporting during the six months ended June 30, 2016, that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

It should be noted that while TVI's Chief Executive Officer and Chief Financial Officer believe that ICOFR provide a reasonable level of assurance, they do not expect that the ICOFR would prevent all errors and fraud. A control system, no matter how well conceived or operated, can only provide reasonable assurance that the objectives of the control system are met.

SUBSEQUENT EVENTS

On July 12, 2016, TVI announced that, as part of an ongoing initiative to reduce annual operating costs, it had applied to voluntarily delist its common shares from the Toronto Stock Exchange ("**TSX**") and to list them on the TSX Venture Exchange ("**TSX-V**") through the streamlined listing procedures of the TSX-V. The Company received all approvals from both exchanges to delist from the TSX on July 29, 2016, and its listing on the TSX-V has become active on August 2, 2016.

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 TVI 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 Philippines, Fiji, Papua New Guinea 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 and development 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; availability of personnel and equipment (including mechanical problems); and extreme weather conditions and forces of nature (i.e. typhoons, heavy rains, earthquakes, and the like) that may disrupt operations and exploration.

Forward-looking statements regarding the timing and nature of exploration and drilling activities in TVIRD's 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 TVIRD's overall plans, budget and strategy (which are all subject to change). In certain cases, the timing of exploration activities in the Philippines, Fiji and Papua New Guinea are dependent upon the receipt of free prior informed consent from indigenous communities and regulatory approvals from the governments of the Philippines, Fiji and Papua New Guinea.

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*.*

The forward-looking statements of TVI contained in this MD&A are expressly qualified, in their entirety, by this cautionary statement. Various risks to which TVI and its affiliates are exposed in the conduct of their business are described in detail in TVI's Annual Information Form for the year ended December 31, 2015, which was filed on SEDAR on March 24, 2016, and is available at www.SEDAR.com. Subject to applicable securities laws, TVI does not undertake any obligation to publicly revise the forward-looking statements included in this MD&A to reflect subsequent events or circumstances, except as required by law.

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