



## N E W S R E L E A S E

TSX : TVI OTCQX: TVIPF

August 15, 2011

### TVI Pacific Provides Second Quarter 2011 Financial and Operational Results

CALGARY, ALBERTA - TVI Pacific Inc. (TSX: TVI) (OTCQX: TVIPF) ("TVI" or the "Company") today announced unaudited, consolidated financial and operational results for the quarter ended June 30, 2011.

For a thorough explanation of the points discussed in this news release, shareholders are encouraged to read the interim consolidated financial statements, prepared in accordance with International Financial Reporting Standards ("IFRS"), and the management's discussion and analysis for the quarter ended June 30, 2011. These documents were filed with certain securities regulators in Canada on August 15, 2011, and are available on our web site ([www.tvipacific.com](http://www.tvipacific.com)) or under our profile on SEDAR ([www.sedar.com](http://www.sedar.com)).

#### Financial Snapshot

	Quarter ended June 30, 2011	Quarter ended March 31, 2011	Year to date June 30, 2011
Cash balance (\$ million)	15.3	20.4	15.3
Short term debt (Average Interest 2.00%) (\$ million)	10.8	9.8	10.8
Long term debt (Average interest ranging from 1.8% to 18%) (\$ million)	15.7	17.0	15.7
Gross revenue (\$ million)	24.1	11.3	35.4
Treatment, refining, other charges (\$ million) <sup>(1)</sup>	(2.9)	(0.5)	(3.4)
Net revenue (\$ million)	21.2	10.8	32.0
Mining, milling and other expenses <sup>(2)</sup> (\$ million)	(14.7)	(3.8)	(18.6)
Exploration costs (\$ million)	(2.1)	(1.9)	(4.0)
Admin and general cost (\$ million)	(2.4)	(2.1)	(4.5)
Amortization and accretion (\$ million)	(3.5)	(2.7)	(6.2)
Other income (expense) (\$ million)	(0.7)	0.1	(0.6)
Net income (loss) (\$ million)	(2.1)	0.3	(1.8)
Basic earnings (loss) per share (\$)	(0.003)	0.000	(0.003)
Total cost per Copper Pound Equivalent ("Cu lb eq") (US\$) <sup>(3)</sup>	3.13	2.91	3.03
Production cash costs per Cu lb eq (US\$) <sup>(4)</sup>	1.65	2.01	1.80
Total cash costs per Cu lb eq, net of by-products (US\$)	1.70	1.55	1.64

*(1) Includes treatment and refining expenses due to a change in destination of the copper concentrate shipments*

*(2) Includes an increase in freight and materials and supplies (specifically chemicals required to produce concentrates that meet the off-take agreement)*

*(3) Includes selling expenses and amortization expenses*

*(4) Excludes selling expenses and amortization expenses*

"TVI continues to generate substantial cash flow from operations. EBITDA excluding exploration, and cash flow from operating activities for the quarter were \$4.0 million and \$1.9 million respectively" said Cliff James, President and CEO. "The benefit of our improvements in production cash cost per copper pound equivalent were not recognized in Q2 since we were unable to complete the 23<sup>rd</sup> shipment due to the late arrival of the vessel. This caused approximately \$8.9 million in additional net revenue, and an approximate \$2.5 million in additional net income that was to be realized in Q2 through the sale of all current inventories, to be shifted into Q3".

## Financial Summary

In Q2, 2011, TVI completed two copper concentrate shipments (21<sup>st</sup> and 22<sup>nd</sup>) for a total of 10,289 dry metric tonnes (“dmt”) that generated \$24.1 million of revenue. TVI also received an additional US\$5.8 million in June 2011 as an advance payment for the 23<sup>rd</sup> shipment that had been scheduled in June, but was delayed due to late arrival of the ship. As such, the advance payment is included in the Company’s cash balance at June 30, 2011, but will be recognized as revenue only in Q3.

In Q2, 2011, TVI incurred a net loss of \$2.1 million compared to a net income of \$0.3 million in Q1, despite higher revenue from the two concentrate shipments completed during the quarter. The results were primarily generated by:

- Average copper price declined in Q2 to US\$4.19 compared to the US\$4.38 during Q1.
- Treatment, refining and other charges deducted from gross revenue increased in Q2 to 11.9% from 4.7% in Q1. The increased charges were due to revised treatment and refining rates and freight charges as negotiated and agreed with the Company’s metal off-take partner, MRI Trading AG (“MRI”), taking into consideration the quality of the copper concentrates and the change in destination of the shipment.
- Mining, milling and other expenses were also higher in Q2 due to higher costs of inventories sold during the quarter that had been produced in Q1. Notably, unit production costs had been higher in Q1 due to an increase in the consumption of chemicals to produce saleable copper concentrates.
- These factors caused the total cost per unit to increase to US\$3.13 in Q2 from US\$2.91 in Q1.

Unit production costs improved quarter over quarter (to US\$1.65 in Q2 from US\$2.01 in Q1) as the process stabilized and fixed operational costs were allocated over the larger throughput volumes.

The Company holds short-term debt instruments totalling \$10.8 million at an average interest rate of 2.00% and also holds long-term debt totalling \$15.7 million at rates from 1.8% to 18% interest.

## Operational Snapshot Quarter Over Quarter

<b>Selected operational highlights:</b>	<b>Quarter ended June 30, 2011</b>	<b>Quarter ended March 31, 2011</b>	<b>Year to date June 30, 2011</b>
Average tonnes processed per day	2,450	1,864	2,159
Ore copper grade (%)	1.24	1.15	1.20
Concentrate copper grade (%)	22.92	19.29	21.20
Concentrate gold grade (g/t)	4.92	4.11	4.54
Concentrate silver grade (g/t)	323.99	402.71	361.27
Cu lb eq produced	6,270,759	4,448,021	10,718,780
Copper produced (lbs)	4,397,136	3,330,593	7,727,729
Gold produced (oz)	1,378	1,035	2,413
Silver produced (oz)	90,653	101,380	192,033
Zinc produced (lbs)	1,552,986	-	1,552,986

## Quarterly Operations Summary

Based on the remaining reserves and resources at June 30, 2011, and the current targeted average daily throughput for the remainder of 2011, the estimated remaining mine life is approximately 1.8 years.

During Q2, 2011, the commissioning of the Zinc Circuit was completed and TVI announced the start of zinc production. This resulted in increased plant availability during the period. Average throughput for the quarter increased to 2,450 dmt per day from 1,864 dmt that, combined with a higher ore grade and

slightly higher recoveries, led to an increase in metals produced to 6.3 million Cu eq lb in Q2 from 4.5 million in Q1.

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

## **Zinc Production**

On July 7, 2011, the Company completed the first zinc concentrate shipment of 1,381 dmt for approximately US\$1.4 million that will be recognized in Q3, 2011.

Under a new off-take agreement signed in June 2011, 100% of the zinc produced from the Canatuan mine, for the life of the mine, will be sold to MRI. Any future expansion of the current Canatuan mine pit is included and will be a full part of this agreement.

Zinc concentrate volume production is lower than copper concentrates mainly due to the higher grade of the zinc concentrate. With the plan to maintain the 5,000 tonne cargo size, shipping frequency will be between 4-6 months. This frequency is expected to continue into 2012 depending on efficiency improvements to the Zinc Circuit. The second shipment is scheduled in December 2011.

For each shipment, an initial provisional payment for 90% of the estimated value will be made, while payment for the remaining 10% will be due once the final details relating to weight, assays and prices are determined.

Construction of an additional zinc flotation capacity has been initiated and is expected to be completed in Q3 2011. This is expected to improve the efficiency of the zinc recovery.

## **Outlook**

### **Greater Canatuan Tenement Area (“GCTA”)**

The process for the approval of the Mineral Production Sharing Agreement application (“APSA”) 23, authorizing exploration and drilling on the Malusok and SE Malusok prospects, near the Canatuan mill site, is at an advanced stage. The Certificate of Precondition marking Free Prior Informed Consent (“FPIC”) has been approved by the National Commission on Indigenous People (“NCIP”) subject to the completion of certain administrative requirements, and the documents are being finalized within the Mines and Geosciences Bureau for presentation to the Secretary of the Department of Environment and Natural Resources for review and subsequent signature. For the other near-mine tenement application relevant for the Malusok and SE Malusok prospects, APSA 39, the Memorandum of Agreement with the indigenous community has been signed and has been presented to the NCIP for processing, leading to a Certificate of Precondition.

The Exploration Permit application (“EXPA”) for EXPA 61 (partner DMCI-CERI) is currently being processed by the government to authorize exploration and drilling on the anomalies and prospects identified to date.

TVI is also working on perfecting other near-mine tenement applications in order to follow-up on additional anomalies identified by the airborne data.

### **Balabag Gold-Silver Project**

To June 30, 2011, TVI has now completed a total 214 drill holes for 26,272 metres (86,194 feet). This expanded drilling program, which was focused on both in-fill and step-out drilling in the down dip mineralized zones, has been successful in its objective of better defining the Balabag mineralization.

Based on assay results from the drill program, TVI intends to release an updated, independent NI 43-101 report that will incorporate all drill results to June 30, 2011, and also will likely include assays from holes drilled after this date together with assays from tunnels that have penetrated the vein mineralization. The NI 43-101 will be released in conjunction with an optimized internal feasibility study.

## North Zamboanga Tenement Area - Tamarok

On April 11, 2011, TVI started a drill program to test an outcropping zone of porphyry copper-gold mineralization. Results from the initial four holes completed revealed substantial faulting and dismemberment of the porphyry style mineralization and it was decided to temporarily suspend further drilling until additional detailed geochemical, geological mapping and ground magnetometry surveys were undertaken to better define the structural setting in this zone.

New zones of porphyry style mineralization have since been discovered in outcrop and are undergoing systematic study prior to recommencement of drill testing.

The Company continues to pursue and analyze opportunities to engage in joint venture relationships across the rest of its 1,240 square kilometre (479 square mile) North Zamboanga tenements.

## Petroleum and Natural Gas Properties

In Alaska, the partners are assessing the results of its recently completed North Tarn drilling program where 6.1–7.6 metres (20-25 feet) of Kuparuk target sand thickness is estimated based on cutting samples. The partners are planning further activity during the 2011/12 winter drilling season.

In Niger, Chinese National Petroleum Company International Ténéré Ltd. ("CNPCIT") is currently drilling the Facai-1 exploration well to an estimated 4,300 metres (14,100 feet) to test Cretaceous sandstones in an anticlinal trap. CNPCIT is the operator and funds 100% of TVI's 20% share of costs for the Minimum Work Program.

In the Philippines, the partners have been granted an extension period to fully integrate the results of the 3D reprocessing project being undertaken over the Service Contract 54A ("SC 54A") block. Integration of this work will provide the basis for developing and implementing the forward strategy for the block over the coming months.

## About TVI Pacific Inc. (TSX: TVI) (OTCQX: TVIPF)

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

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*The Toronto Stock Exchange has neither approved nor disapproved of the information contained herein.*

## IMPORTANT INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

*Certain statements in this news release 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 management of the Company as at the effective date of such statements and, in certain cases, information received from or disseminated by third parties. Although the Company believes that the expectations reflected in such forward-looking statements are based upon reasonable assumptions and that information received from or disseminated by third parties is reliable, it can give no assurance that those expectations will prove to have been correct. Forward-looking statements are subject to certain risks and uncertainties (known and unknown) that could cause actual outcomes to differ materially from those anticipated or implied by such forward-looking statements. These factors include, but are not limited to, such things as general economic*

conditions in Canada, the United States, Niger, Alaska, 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 (including mechanical problems); ultimate recoverability of reserves; production, timing, results and costs of exploration and development activities; political or civil unrest; availability of equipment and personnel; 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 equipment and personnel. Accordingly, readers should not place undue reliance upon the forward-looking statements contained in this news release and such forward-looking statements should not be interpreted or regarded as guarantees of future outcomes.

Forward-looking statements regarding the remaining mine life of the Canatuan deposit are based on the current mineral reserve and resource estimates, previous mineral reserve and resource estimates, current mining and processing activities, prior experiences of management with mining and processing activities, the estimated copper and zinc mineralization of the sulphide zone, the current development and operating plan, and the Company's current budget and overall strategy for Canatuan (which are all subject to change). Forward-looking statements regarding the expansion of Zinc Circuit capacity and the resulting impact on production are based on management's experience with past construction projects, advice received from third parties, the current development and operating plan, and the Company's current budget and overall strategy for Canatuan (which are all subject to change). Forward-looking statements respecting the zinc concentrate shipping schedule are based on the Company's previous experience with concentrate shipments, current mining and processing activities, prior experiences of management with mining and processing activities, discussions held to date with MRI, the current development and operating plan, and the Company's current budget and overall strategy for Canatuan (which are all subject to change). Forward-looking statements regarding the nature and timing of exploration in the GCTA (including EXPA 61), Balabag, Tamarok and the Company's other tenements in the Philippines are based upon current and previous exploration activities, management's experiences with other exploration programs undertaken in the Philippines and elsewhere, and the Company's overall plans, budget and strategy (which are all subject to change). In certain cases, the timing of exploration activities in the Philippines is dependent upon the receipt of FPIC from indigenous communities and regulatory approvals from the government of the Philippines. Forward-looking statements regarding the timing for approval of APSA 23 and APSA 39 are based on management's previous experience the permit application process in the Philippines, discussions held to date with third parties and the Company's and the Company's current budget and overall strategy (which are all subject to change). Forward-looking statements regarding the nature and timing of an updated NI 43-101 report and an optimized feasibility study for Balabag are based upon current and previous exploration activities, management's experiences with feasibility and construction programs undertaken in the Philippines and elsewhere, advice received from third-party advisors, and the Company's current budget and overall strategy for Balabag (which are all subject to change). Forward-looking statements respecting proposed operations during the 2011/12 winter exploration season in Alaska are based upon information obtained during the drilling of the North Tarn #1 well, initial tests from the North Tarn #1, management's experience with previous exploration wells in Alaska well and the exploration plan developed by the Alaska joint venture participants (which are all subject to change). 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 and planned expansions in throughput, anticipated recoveries, efficiency and effectiveness of the sulphide plant, management's prior experiences with mining and processing at Canatuan, the estimated copper and zinc mineralization of the sulphide zone at Canatuan, current and previous exploration, and the Company's overall plans, budget and strategy (which are all subject to change).

The forward-looking statements of the Company contained in this news release are expressly qualified, in their entirety, by this cautionary statement. Various risks to which the Company 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 under the Company's profile at [www.SEDAR.com](http://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 news release to reflect subsequent events or circumstances, except as required by law.