



**TVI Pacific Inc.**

**Annual Information Form**

**April 18, 2018**

(Information provided in this AIF is as of December 31, 2017 unless otherwise stated)

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## ITEM 1: PRELIMINARY NOTES

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### Date of Information

Unless otherwise indicated, all information contained in this Annual Information Form (“AIF”) of TVI Pacific Inc. (“TVI” or the “Company”) is as of December 31, 2017.

### Financial Information

The Company’s consolidated financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The consolidated financial statements are presented in Canadian Dollars which is the functional and reporting currency of TVI. TVI’s associates include IGES and Mindoro, for which the functional currencies are the Australian dollar and Canadian dollar, respectively, while TVI’s joint venture entity, TVIRD, has the Philippine Peso as its functional currency.

### Forward-looking Information

Certain statements in this AIF 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, TVI can give no assurance that those expectations will prove to have been correct.

Forward-looking statements are subject to certain risks and uncertainties (known and unknown) that could cause actual outcomes to differ materially from those anticipated or implied. These factors include, but are not limited to, such things as general economic conditions in Canada, the United States, Fiji, the Philippines, Papua New Guinea and elsewhere; volatility of prices for precious metals, base metals, and oil and gas; commodity supply and demand; fluctuations in currency and interest rates; inherent risks associated with the exploration and development of mining properties; inherent risks associated with the exploration of oil and gas properties; ultimate recoverability of reserves; production, timing, results and costs of exploration and development activities; political or civil unrest; availability of financial resources or third-party financing; new laws (domestic or foreign); changes in administrative practices; changes in exploration plans or budgets; 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 explorations.

Forward-looking statements include, but are not limited to, TVIRD’s ramp up plans at the Agata nickel laterite DSO Project. Forward-looking statements regarding TVIRD’s receipt of permits and commencement of development works at Balabag are based upon current and previous exploration activities, discussions with third-parties, and TVIRD’s overall plans, budget and strategy for Balabag (which are all subject to change). The forward-looking statements include information relating to opportunities for further exploration and development of the Agata Nickel Laterite project, the Agata Limestone project and the Agata Nickel Processing project. Forward-looking information respecting the anticipated timing of various critical events associated with the IPO is based upon various assumptions and factors, including the receipt by TVIRD of all regulatory approvals required to permit the IPO and the listing of the TVIRD shares on the PSE (such as approvals from the SEC and PSE); advice received from professional advisors to TVIRD with respect to legally mandated time frames for various applications and steps/events associated with the IPO; there being no material changes in the business, affairs, capital, prospects or assets of TVIRD prior to completion of the IPO and the listing of the TVIRD shares on the PSE; and satisfaction or

waiver of all conditions for the benefit of BDO Capital set out in the underwriting agreement between BDO Capital and TVIRD. Forward-looking statements include also information relating to interests that may be earned by TVI Pacific in the Cirianiu project with Kalo Exploration Ltd. 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 that could cause actual events or outcomes to differ materially from those anticipated or implied by such forward-looking statements.

The forward-looking statements of TVI contained in this AIF are expressly qualified, in their entirety, by this cautionary statement. Various risks to which TVI is exposed in the conduct of its business (including mining and oil and gas activities) are described in detail in this AIF under the heading "Risks That Can Affect Our Business", any of which could cause actual results to differ materially from the projected forward-looking information. Subject to applicable securities laws, TVI does not undertake any obligation to publicly revise the forward-looking statements included in this AIF to reflect subsequent events or circumstances.

### **Currency Information**

All dollar amounts in this AIF are expressed in Canadian dollars ("\$", "C\$" or "CAD") unless otherwise indicated. The Company's accounts are maintained in Canadian dollars and the Company's financial statements are prepared in accordance with International Financial Reporting Standards. All references to "U.S. dollars", "USD" or to "US\$" are to United States dollars.

### **Glossary of Terms**

The following is a glossary of certain mining terms used in this AIF.

"**AB**" means Amazon Bay, Papua New Guinea;

"**AIF**" means Annual Information Form;

"**AMVI**" means Agata Mining Ventures Inc.;

"**API**" means Agata Processing Inc.;

"**ASX**" means Australian Stock Exchange;

"**Au**" means gold;

"**AUD\$**" "**AUD**" or "**A\$**" means Australian dollars;

"**\$**", "**C\$**" or "**CAD**" means Canadian dollars;

"**Committee**" means TVI Pacific's Audit Committee;

"**Company**" or "**TVI**" means TVI Pacific Inc., or its subsidiaries and affiliates as applicable;

"**DENR**" means the Philippines Department of Environment and Natural Resources;

"**DFS**" means definitive feasibility study;

"**dmt**" means dry metric tonne;

"**DMPF**" means Declaration of Mining Project Feasibility;

"**DOE**" means Department of Energy;

"**DSO**" means Direct Shipping Ore;

"**ECC**" means Environmental Compliance Certificate, under the laws of the Philippines;

"**EDCO**" means Exploration Drilling Corporation, a wholly-owned subsidiary of TVIRD;

"**Fe**" means iron;

"**FOY Group**" means FOY Group Limited, an ASX listed company engaged in the commercialization of technologies related to converting waste plastics to fuel in Australia and internationally.. FOY Group was formerly known as Foyson Resources Limited and continues to be the operator and 90% interest holder of Amazon Bay in Papua New Guinea. The company changed its name to Integrated Green Energy Solutions Limited on August 7, 2017.

"**Foyson**" means Foyson Resources Limited, an ASX listed issuer operating in the resource industry in Papua New Guinea; the company changed its name to FOY Group Limited on August 26, 2015, and to Integrated Green Energy Solutions Limited on August 7,2017.

"**g**" means gram;

"**g/t**" means grams per tonne;

"**HOA**" means Heads of Agreement;

"**IGES**" means Integrated Green Energy Solutions Limited, an ASX listed company engaged in the commercialization of technologies related to converting waste plastics to fuel in Australia and internationally. IGES was formerly known as FOY Group Limited and continues to be the operator and 90% interest holder of Amazon Bay in Papua New Guinea.

"**IPO**" means Initial Public Offering;

"**km**" means kilometre;

"**L**" or "**l**" means litre;

"**massive**" means a mineral deposit characterized by a great concentration of ore in one place, as opposed to disseminated or vein deposits; also said of any rock that has a homogeneous texture or fabric over a wide area, with an absence of layering, foliation, cleavage, or any similar directional structure;

"**m**" means metre;

"**MGB**" means the Philippines Mines and Geosciences Bureau;

"**mi**" means mile;

"**Minimax**" means Minimax Mineral Exploration Corporation;

"**Mindoro**" or "**MRL**" means Mindoro Resources Limited, a publicly listed company incorporated in Canada with shares listed on the NEX in Canada and the Frankfurt Stock Exchange;

"**MOA**" means Memorandum of Agreement;

"**MPSA**" means Mineral Production Sharing Agreement: an agreement between the government of the Philippines and a company in which the government grants a company the right to conduct smaller scale mining operations within the contract area in exchange for a share of final mine production. This share is generally exercised as an excise tax;

"**MRL**" or "**Mindoro**" means Mindoro Resources Limited, a publicly listed company incorporated in Canada with shares listed on the NEX in Canada and the Frankfurt Stock Exchange.

"**mm**" means millimetre;

"**NEX**" means a separate board of TSX Venture Exchange that provides a trading forum for listed companies that have fallen below the listing standards of the TSX Venture Exchange. This is comprised of companies that have low levels of business activity or have ceased to carry on active business.

"**Ni**" means nickel;

"**NI 43-101**" means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*;

"**Nido**" means Nido Petroleum Philippines Pty Ltd, a subsidiary of Nido Petroleum Limited, the Operator of SC 54A;

"**NSR**" means net smelter royalty;

"**oz**" means ounce;

"**PAVI**" means Prime Assets Ventures, Inc.

"**PDA**" means Pan de Azucar.;

"**PLS**" means Pre-Leach Solution;

"**PMIEA**" means the Philippines Presidential Mineral Industry Environmental Awards;

"**PNG**" means Papua New Guinea;

"**PRHI**" means Prime Resources Holdings Inc., a wholly-owned subsidiary of Prime Assets Ventures, Inc. ("PAVI");

"**PSE**" means Philippines Stock Exchange;

"**Regent**" means Regent Parkway 3202 Management Inc., a company controlled by the TVI Pacific President & CEO, and Chairman of the Board of the Company, Clifford M. James;

"**SC 54A**" means Service Contract 54A, TVI's offshore Philippine oil property;

"**Seajay**" means Seajay Management Enterprises Ltd., a Company controlled by the TVI Pacific President & CEO, and Chairman of the Board of the Company, Clifford M. James;

"**SEC**" means Securities and Exchange Commission in the Philippines;

"**sulphide**" means a mineral characterized by the linkage of sulphur with a metal or semi-metal: at Canatuan, this underlying portion of the deposit was previously being mined for copper and zinc;

"**TSX**" means the Toronto Stock Exchange;

"**TSX-V**" means the TSX Venture Exchange;

"**TG World**" means TG World Energy Corp., an international petroleum exploration and development company currently holding a 12.5% equity interest in Service Contract ("**SC**") 54A in the Philippines.

"**TVI**" or "**Company**" means TVI Pacific Inc., or its subsidiaries and affiliates as applicable;

"**TVI Marketing**" means TVI's subsidiary, TVI International Marketing, Ltd.

"**TVI Minerals**" means TVI Minerals Processing, Inc., a Philippine incorporated subsidiary of TVI Marketing.

"**TVIRD**" means TVI Resource Development Phils, Inc., a corporation formed under the laws of the Philippines. TVI owns 30.6% of the shares of TVIRD through its subsidiary TVI International Marketing Ltd.

"**US\$**" means United States dollars; and "**wmt**" means wet metric tonne.

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## ITEM 2: CORPORATE STRUCTURE

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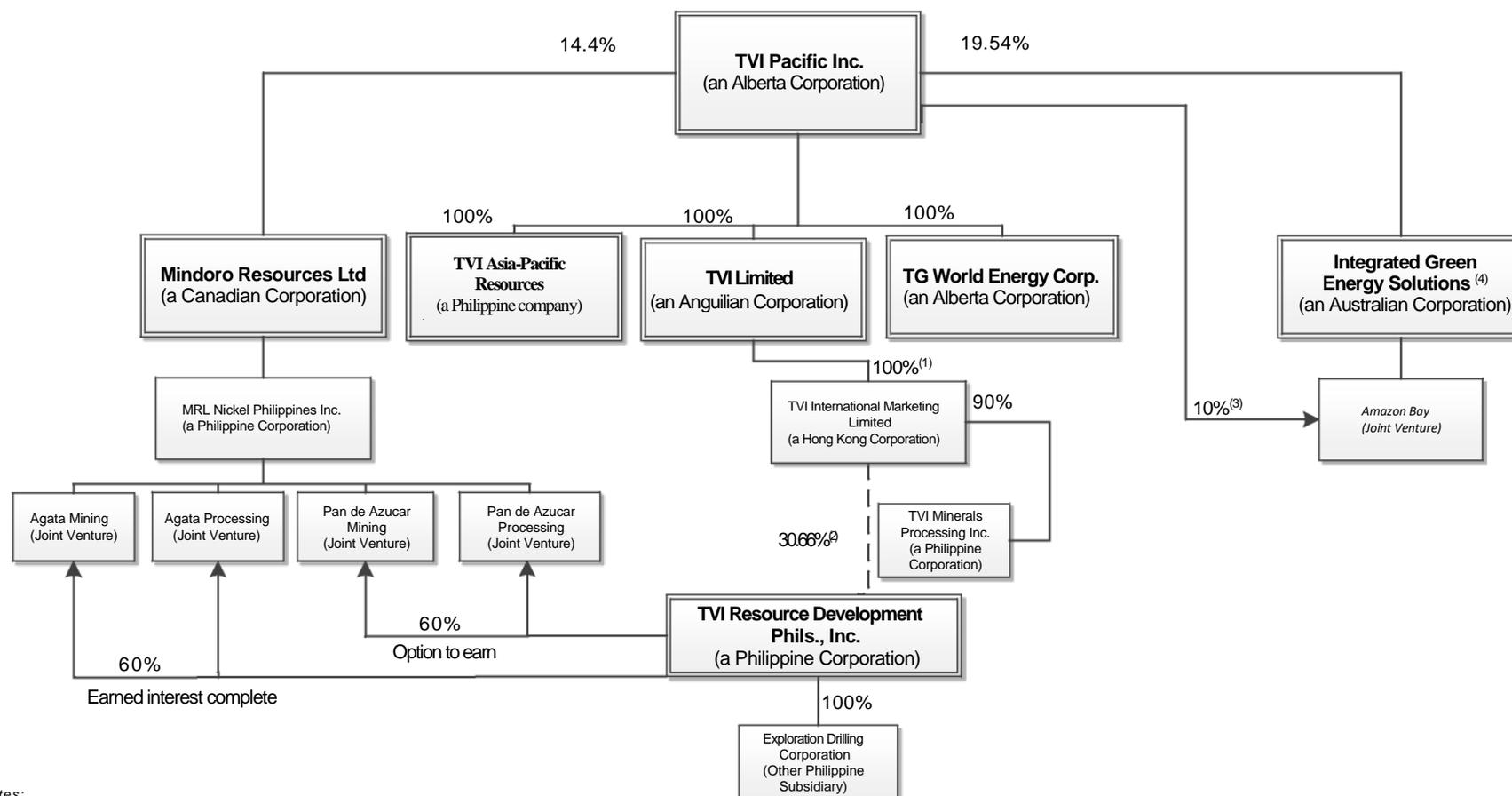
### **Name, Address and Incorporation**

TVI was incorporated under the *Alberta Business Corporations Act* on January 12, 1987, as Travel Ventures Inc. On October 20, 1992, TVI changed its name to TVI Copper Inc. and on July 11, 1994, the name became TVI Pacific Inc. The head, principal and registered office of TVI is located at Suite 806, 505 – 2<sup>nd</sup> Street S.W., Calgary, Alberta, Canada, T2P 1N8.

## Intercorporate Relationships

The chart set out below illustrates the corporate structure of the Company and its material subsidiaries, their respective jurisdictions of incorporation, the percentage of voting securities held and their respective interests in various mineral projects and mining properties as at December 31, 2017.

### TVI Pacific Inc. 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 10% of TVI Minerals Processing as well 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.
- (4) Formerly FOY Group Ltd.

## **ITEM 3: GENERAL DEVELOPMENT OF THE BUSINESS**

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TVI is a Canadian resource company focused on the acquisition of diversified resource projects in the Asia Pacific region. Led by a management team with the proven ability to design, build and operate mines, TVI is focused on evaluating and acquiring resource projects that can be rapidly developed and put into production to generate revenue and cash flows. The Company does not presently have an active resource property but holds various equity and joint venture investments in resource companies engaged in production, development and/or exploration activities in the Philippines and Papua New Guinea as well as the commercialization of plastics-to-fuel technology and biomass to fuel and energy conversion technologies in Australia and internationally.

### **Three Year History**

#### **2015**

On January 8, 2015, TVI announced that AMVI completed two shipments of nickel laterite ore in December 2014 and signed an offtake agreement for the sale of two shipments of higher grade saprolite ore with Tee Hoperay (Singapore) Ptd. Ltd. at the Agata nickel laterite project located in northern Mindanao, the Philippines. TVI also announced that TVIRD had drawn down funds from an earlier announced US\$8 million loan facility extended by China Banking Corporation to help fund the ramp up of the nickel laterite DSO operation and exploration work underway at the Agata nickel laterite and limestone projects.

On February 2, 2015, TVI announced that it had engaged a new VP Corporate Communications to the Company responsible for communicating TVI's future growth strategy to the global investment community and to the Company's shareholders.

On February 13, 2015, TVI announced that AMVI had completed one shipment of nickel laterite ore at the Agata nickel laterite project in January.

On March 11, 2015, TVI announced that AMVI had completed one shipment of nickel laterite ore at the Agata nickel laterite project in February.

On April 10, 2015, TVI announced that AMVI had completed three shipments of nickel laterite ore at the Agata nickel laterite project in March.

On April 27, 2015, TVI announced that it will be extending its due diligence work program at the Cirianiu gold project located in the Macuata province of northern Vanua Levu Island, Fiji. Based on encouraging results from data verification work, management had determined that an additional exploration program including auger soil geochemical surveying and possible confirmation drilling would be essential in allowing an investment decision to be made on the project.

On May 5, 2015, TVI announced that AMVI had completed three shipments of nickel laterite ore at the Agata nickel laterite project in April.

On May 7, 2015, TVI announced that TVIRD had completed a detailed drill program consisting of 986 holes totalling 16,768 metres at the Agata nickel laterite project located in northern Mindanao, the Philippines. Results from this program will be used to increase the confidence level of the existing nickel laterite resources and potentially expand the size of the deposit.

On June 4, 2015, TVI announced that TVIRD had completed an initial 17-hole drill program at the Agata limestone project located in northern Mindanao, the Philippines. Drill results from the program have confirmed the presence of a high-purity recrystallized limestone deposit covering an area of 600 metres by 650 metres and will be used for the compilation of a resource report to be completed in the third quarter of 2015.

On July 13, 2015, TVI announced that AMVI had completed one shipment of nickel laterite ore at the Agata nickel laterite project in June. The lower number of shipments was due to reduced demand for lower-grade limonite ore in the Philippines.

On August 4, 2015, TVI announced that AMVI had completed four shipments of nickel laterite ore at the Agata nickel laterite project in July.

On August 12, 2015, TVI filed its second quarter financial results and announced the resignation of Aloysius B. Colayco from the Board of Directors.

On October 8, 2015, TVI announced that TVIRD had filed a preliminary prospectus with the Philippine Securities and Exchange Commission (“SEC”) and the Philippine Stock Exchange Inc. (“PSE”) relating to a proposed initial public offering of TVIRD shares in the Philippines. The preliminary prospectus contemplated a primary offer of up to 272.02 million shares from the unissued capital stock of TVIRD (representing 10 per cent of TVIRD’s projected outstanding common share capital) and a secondary offer of up to 136.01 million shares from the holdings of existing shareholders (representing 5 per cent of TVIRD’s projected outstanding common share capital), in each case at an offer price of up to 3.71 Philippine pesos per share. TVIRD indicated that it proposed to use the net proceeds from the primary offer to finance certain capital expenditures for the construction, development and operation of TVIRD’s Balabag gold-silver project in Zamboanga del Sur.

BDO Capital & Investment Corp., the investment banking arm of BDO Unibank Inc., is expected to act as the issue manager and to underwrite the offer, subject to the finalization of the offer and offer terms following the book-building process and agreement on customary documentation, among other conditions. Subject further to registration with and approval by the SEC, and listing approval by the PSE, the IPO and listing of the TVIRD shares on the main board of the PSE was expected to be completed in mid-December, 2015.

On December 21, 2015, TVI announced that TVIRD had filed an updated preliminary prospectus with the Philippine Securities and Exchange Commission relating to its previously announced proposed initial public offering of TVIRD shares in the Philippines. Subject to market conditions, approval by the SEC listing and approval by the PSE, the IPO and listing of the TVIRD shares on the main board of the PSE was tentatively scheduled for completion on February 29, 2016.

## **2016**

On February 29, 2016, TVI announced that TVIRD was continuing to work through the regulatory approval process relating to the previously announced proposed IPO of TVIRD, but that the IPO was then expected to take place sometime in the second half of 2016 due to volatile market conditions and the upcoming Philippine Presidential election being held in early May.

On May 4, 2016, TVI announced that TVIRD received approval of the DMPF for its Balabag gold-silver project.

On June 10, 2016, TVI announced the results of its Annual General Meeting of Shareholders which, in addition to the appointment of directors and external auditors, included approval of TVI’s Share Option Plan that was then expected to remain valid until the next scheduled Annual General Meeting in 2019.

On July 13, 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 TSX and to list them on the TSX-V through the streamlined listing procedures of the TSX-V. All approvals from both exchanges were received as at this date to delist from the TSX on July 29 and to list on the TSX-V on August 2, 2016.

On September 28, 2016, TVI announced it had learned through a news conference held on September 27 by the DENR that AMVI is among 20 mining companies recommended for suspension following an audit of all 41 metallic mining operations in the country. Once a formal letter is received from the DENR providing a copy of the full audit results or any order for suspension, AMVI will have seven days to provide a response to address any alleged violations to then allow the DENR Secretary to render a decision on whether the operation is suspended or allowed to proceed. Based on a preliminary review of the three alleged violations that have been cited by the DENR against AMVI as possible cause for suspension, TVI reported that AMVI is confident it can successfully demonstrate full proof of compliance so as to allow it to continue its operations at the Agata mine. TVI announced also that due to the uncertain environment in which the Philippine mining industry has operated since the nationwide audit of metallic mines was ordered by the DENR Secretary under the new Duterte Administration, TVIRD has placed all activities relating to its previously proposed listing on the PSE and IPO on hold. Such activities will resume once the DENR's position on various mining policies is further clarified.

## 2017

On February 2, 2017, TVI announced that AMVI is among 12 mining companies that have passed an audit performed by the DENR and that it will therefore be allowed to continue its operations together with 11 other mining companies. A further 21 mining companies shall be closed while another 6 mining companies are suspended.

On February 15, 2017, TVI announced that MPSA No.086-97-IX, relating to the Balabag gold-silver project, is among 75 MPSAs recommended for cancelation by the DENR as a result of being located in what is their definition of a critical watershed area. Affected companies were reported to have not yet received a formal letter from the DENR but would have seven days to respond following receipt. TVIRD has said it is their understanding that MPSA No.086-97-IX is not in a critical watershed as defined by the Philippine Mining Act.

On February 27, 2017, TVI announced that TVIRD had filed a response on February 23, 2017, to the Show Cause letter received from the DENR further to their announcement at a news conference on February 14 that MPSA No.086-97-IX, in which the Balabag project is located, is among 75 MPSAs recommended for cancelation. TVIRD has emphasized in their response that there exists no grounds to validly cancel, terminate or suspend the MPSA between the government and TVIRD as there is neither violation of the terms of the MPSA nor of any law, rule or regulation that would merit its cancellation, termination or suspension. TVIRD defends its position in that there is no absolute ban on mining operations in "watershed" areas and that the Balabag MPSA is in fact not located in a government proclaimed watershed, and the Company believes also that the exploration license and legal right to the MPSA relating to TVIRD's interest in the Balabag project is intact.

TVIRD has issued the following cash dividends through 2017, all of which have been received by TVI International Marketing Limited TVI Marketing, the direct shareholder of TVIRD:

Date Received	Total TVIRD Dividend Declared		Total TVI International Marketing Share			
	PHP (millions)	₱CAD (thousands)	Prior to Philippine Dividend Tax PHP (millions)	₱CAD (thousands)	Net of Philippine Dividend Tax PHP (millions)	₱CAD (thousands)
February 22, 2017	30.0	\$ 787.6	9.2	\$ 241.5	7.8	\$ 205.3
May 15, 2017	30.0	\$ 821.4	9.2	\$ 251.9	7.8	\$ 214.1
August 15, 2017	40.0	\$ 993.7	12.3	\$ 304.7	10.4	\$ 259.0
October 5, 2017	35.0	\$ 847.1	10.7	\$ 262.8	9.1	\$ 223.9
December 13, 2017	50.0	\$ 1,277.3	15.3	\$ 390.1	13.0	\$ 331.5
<b>Total Dividend</b>	<b>185.0</b>	<b>\$ 4,727.2</b>	<b>56.7</b>	<b>\$ 1,451.0</b>	<b>48.2</b>	<b>\$ 1,233.9</b>

All dividends received by TVI Marketing from TVIRD have been transferred through to TVI Pacific as repayment of intercompany advances.

## **2018**

On January 30, 2018, TVI announced that IGES had completed its relisting to the Australian Stock Exchange, thereby resulting in its securities being reinstated to official quotation from the commencement of trading on January 30, 2018. While the ASX has advised that all shares and unlisted options held by TVI are not subject to any ASX restrictions, IGES has reported that 129,784,699 other fully paid ordinary shares are subject to a 24 month escrow period from the date of reinstatement to the official quotation of IGES' securities on the ASX, and a further 101,048,606 other fully paid ordinary shares are subject to a 12 month escrow period from the date of issue. In addition, IGES has reported that 82,241,054 other unlisted options are subject to a 24 month escrow period from the date of reinstatement to the official quotation of IGES' securities on the ASX, and 65,758,950 other unlisted options are subject to a 12 month escrow period from the date of issue. TVI announced also that it continues to hold 17,592,908 shares and 9,158,622 options in IGES with a conversion price of A\$0.20 and expiry date of December 31, 2019, representing at that time a 5.22% equity interest in issued shares of IGES and diluted from its previously reported 19.54% equity interest at December 31, 2017, following IGES' capital raise completed as part of their relisting process.

## **ITEM 4: NARRATIVE DESCRIPTION OF THE BUSINESS**

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### **Summary**

Established in 1987, TVI is a Canadian resource company with a track record of success in developing and operating resource projects in challenging mining jurisdictions located in the Asia Pacific region. The company is currently focused on evaluating and acquiring new resource projects in the Asia Pacific region that can be rapidly developed and put into production to generate revenue and cash flows. Outside of its project acquisition activities, TVI holds various equity and joint venture investments in resource companies engaged in production, development and/or exploration activities in the Philippines and Papua New Guinea as well as the commercialization of plastics-to-fuel technology and biomass to fuel and energy conversion technologies in Australia and internationally.

Prior to 2014, TVI successfully operated the Canatuan gold, silver, copper and zinc mine in the Philippines through TVIRD, its Philippine operating subsidiary company. From 2004 to mid-2008, TVIRD generated gross operating revenues of US\$86 million from the production of 105,200 ounces of gold and 1.8 million ounces of silver from the Canatuan mine. From March 2009 to February 2014, TVIRD generated gross revenues of US\$393 million from the sale of 199,778 dry metric tonnes of copper concentrate and 30,548 dmt of zinc concentrate.

While TVI did not hold a majority interest in TVIRD (40%), it held Class B shares entitled to a 95% economic interest in TVIRD after payment of preferred dividend to Class A shares, and was the sole entity able to govern TVIRD's strategic operating, investing and financing policies. TVI was therefore able to consolidate TVIRD as a subsidiary within its financial statements and report its respective revenues and cash flows.

During 2013, TVI was focused on obtaining additional financing for working capital and investment purposes and entered into various definitive agreements with 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 and US\$11.85 million for the sale of a portion of its interest in TVIRD and various subsidiaries, each before tax and related fees.

As a result of the Transactions, TVI's interest in TVIRD was reduced from 40% 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 was deconsolidated from TVI's financial statements.

As part of PRHI's agreement to invest in TVI and TVIRD, the parties agreed that TVIRD would seek a listing on the PSE following completion of the Transactions. As at December 31, 2015, TVIRD had filed a preliminary prospectus with the SEC and the PSE relating to a proposed IPO of TVIRD shares in the Philippines. But due to the uncertain environment in which the Philippine mining industry has operated since the nationwide audit of metallic mines was ordered by the DENR Secretary under the new Duterte Administration that came into power in June 2016, TVIRD has placed all activities relating to its proposed listing on the PSE and IPO on hold. Such activities will resume once the DENR's position on various mining policies is further clarified.

Since the closure of the Canatuan mine in early 2014, TVIRD has successfully commissioned a nickel laterite DSO operation at its 60% owned Agata joint venture projects in October 2014 and is in the process of advancing its 100% owned Balabag gold-silver project towards production. Clifford M. James, TVI's Chairman and Chief Executive Officer, has continued as Chairman of TVIRD following PRHI's involvement given his extensive project development and operating experience. He is currently focused on advancing TVIRD's operations and development projects to maximize its valuation upon listing on the PSE, which would be expected to also possibly maximize its investment value for TVI. Concurrently, Mr. James is focused on looking for new resource opportunities for TVI.

In November 2014, TVI announced that it had entered into a Heads of Terms Agreement with Kalo Exploration Ltd., a private resource company incorporated in Fiji, for the exclusive right to enter into a joint venture partnership to conduct exploration, development and production on the Cirianiu Gold Project located in the Macuata Province of northern Vanua Levu Island, Fiji. Under the agreement, TVI will conduct an extensive due diligence review of the property which will aid the Company in making an investment decision. If TVI were to proceed in forming a joint venture partnership on the Cirianiu project, it would have the opportunity to ultimately earn a 70% economic interest in the property upon advancing the project into production.

As at the date of this AIF, TVI continues to carry out a due diligence work program at the Cirianiu gold project for the purpose of making an investment decision on the project once it can secure additional funding to carry out resource acquisition and development activities.

In addition to its project evaluation efforts and 30.66% indirect investment in TVIRD, TVI also holds as at the date of this AIF the following investments:

- 1) A 14.4% interest in Mindoro, a Canadian company listed on the NEX engaged in mining exploration in the Philippines. Mindoro's Philippine subsidiary MRL Nickel Philippines Inc. has a joint venture with TVIRD in the Agata Mining, Agata Processing, Pan de Azucar Mining and Pan de Azucar Processing projects; and
- 2) A 5.14% interest in IGES (formerly FOY Group Limited), diluted from its previously reported 19.54% equity interest at December 31, 2017, following IGES' capital raise completed as part of their relisting process. IGES is an ASX listed company engaged in the commercialization of technologies related to converting waste plastics to fuel in Australia and internationally.
- 3) A 10% interest in the Amazon Bay Iron Sands project located in Papua New Guinea.
- 4) A 100% interest in TG World, an international petroleum exploration and development company holding a 12.5% equity interest in SC 54A in the Philippines along with joint venture partners Nido, IMC Oil and Gas Investments Ltd and Hague and London Oil B.V .

TVI has fully written-down the carrying value of its investments in both Amazon Bay and SC 54A through the year ended December 31, 2015, as the partners have thus far not agreed to any substantial expenditures on further exploration and evaluation of Amazon Bay nor any further technical or commercial activities in SC 54A considering the current oil price environment. TVIRD has also recorded an impairment through the year ended December 31, 2016 with respect to the Agata processing project and the Pan de Azucar mining and processing joint ventures in a total amount of \$3.7 million, of which TVI's share is \$1.1 million. No impairment has been recorded with respect to the 60% interest TVIRD holds in the Agata nickel laterite project and DSO operations.

As at December 31, 2017, TVI maintained a staff of one management employee and one administrative staff. The Company also relied upon consultants and contractors to carry on many of its activities for project evaluation purposes.

## **Risk Factors**

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. In addition to those risk factors discussed elsewhere in this AIF, TVI is exposed to the following risk factors:

***Risk on Investments:*** In its joint venture investments in TVIRD, and equity investments in IGES 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 further losses may be incurred by TVIRD, IGES or Mindoro that would require a write-down in the value of these investments. As at December 31, 2017, the carrying value of TVI's investments in both IGES and Mindoro have been adjusted by the Company's proportionate share of net losses recognized directly within the accounting records of each entity, resulting in Mindoro being fully written-down since March 2014 as a result also of an earlier share of impairment of assets and IGES being fully written-down since September 2017. TVI's continuing interest in TVIRD is recorded as an investment in joint venture which is adjusted in line with revenues earned and related expenses incurred at the level of TVIRD and its subsidiaries. TVI does not have control over TVIRD's efforts to list on the PSE and TVIRD's listing efforts are subject to approval by the PSE and SEC and are also affected by general market conditions and investor sentiment.

***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.

***Exploration, Development and Operating Risks:*** The exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by TVI will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection.

The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in TVI not receiving an adequate return on invested capital.

Mining operations generally involve a high degree of risk. Any future operations will be subject to all the hazards and risks normally encountered in the exploration, development and production of ore, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas which may result in environmental pollution and consequent liability.

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.

**Government Regulations:** Mining operations, including exploration drilling programs, require permits from state or federal governments. Any exploration, development or mining operations carried on by the Company will be subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. The Company cannot predict whether or not such legislation, policies or controls, as presently in effect, will remain so, and any changes therein (for example, significant new royalties or taxes), which are completely outside the control of the Company, may materially adversely affect the ability of the Company to continue its planned business within any such jurisdictions. The Company may be unable to obtain permits on reasonable terms in the future, on terms that provide the Company sufficient resources to develop its properties, or at all. Even if the Company is able to obtain such permits, the time and funding required by the permitting process is significant. If the Company cannot obtain or maintain the necessary permits, or if there is a delay in receiving these permits, the timetable and business plan for exploration, if any, will be adversely affected, which may adversely affect its results of operations, financial condition and cash flow.

**Environmental Protection:** The mining and mineral processing industries are subject to extensive government regulations for the protection of the environment, including regulations relating to air and water quality, mine reclamation, solid and hazardous waste handling and disposal and the promotion of occupational health and safety, which may adversely affect the Company or require it to expend significant funds.

**Capital Investment:** The ability of the Company to acquire an interest in and perform exploration and development of an exploration property will be dependent upon its ability to raise significant additional financing. There is no assurance that adequate financing will be available to the Company or that the terms of such financing will be favourable.

**Price Volatility:** Even if TVI discovers commercial quantities of mineral resources, there is no assurance that a profitable market will exist for the sale of such resources. Factors beyond the control of TVI may affect the marketability of any minerals discovered. There are several factors that may impact the volatility of metal prices including, but not limited to, international economic and political trends; global weather or geological disruptions; expectations of inflation; global and regional demand and consumption patterns; currency exchange fluctuations; speculative activities; and increased production due to improved mining and production methods.

**Dependence Upon Others and Key Personnel:** The success of the Company's operations will depend upon numerous factors, many of which are beyond the Company's control, including (i) the ability of the Company to enter into strategic alliances through a combination of one or more joint ventures, mergers or acquisition transactions; and (ii) the ability to attract and retain additional key personnel in exploration, mine development, sales, marketing, technical support and finance. These and other factors will require the use of outside suppliers as

well as the talents and efforts of the Company's management. TVI believes that it has been successful in recruiting excellent personnel to meet its corporate objectives. As TVI grows, it will require additional key financial, administrative, operational, marketing and investor relations personnel. Although TVI believes that it will be successful in attracting and retaining qualified personnel, there can be no assurance of such success.

**Current Global Financial Conditions:** Financial markets globally have been subject to increased volatility. Access to financing has been negatively impacted by liquidity crises throughout the world. These factors may impact the ability of the Company to obtain loans and other credit facilities in the future and, if obtained, on terms favourable to the Company. If these increased levels of volatility and market turmoil continue, the Company may not be able to secure appropriate debt or equity financing, any of which could affect the trading price of the Company's securities in an adverse manner.

### **Investment in TVI Resource Development (Phils.), Inc. (TVIRD)**

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 of copper concentrate and 30,548 dry metric tonnes 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 revenues. TVIRD's Canatuan mining operations also received multiple prestigious awards from the annual Philippine PMIEA ceremony and established TVIRD as a preeminent mining company committed to the highest levels of safety, environmental stewardship and sustainable development.

Up to the end of 2013, TVI's 40% interest in TVIRD was held indirectly through its 100% owned subsidiary TVI International Marketing Limited and the remaining 60% interest was split 20% by an independent Philippine director of TVIRD and 40% by a Philippine management company. While TVI did not hold a majority interest, it held Class B shares entitled to a 95% economic interest in TVIRD after payment of preferred dividend to Class A shares, and was the sole entity able to govern TVIRD's strategic operating, investing and financing policies. TVI was therefore able to consolidate TVIRD as a subsidiary within its financial statements and report revenues and cash flows.

Following completion in 2014 of the Transactions between TVI and PRHI in which TVI's indirect interest in TVIRD was reduced to 30.66%, 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 EDCO were deconsolidated from TVI's financial statements. The retained interest of approximately 30.66% was considered an investment in joint venture to be accounted for using the equity method in the consolidated financial statements.

As part of PRHI's 2013 agreement to invest in TVI and TVIRD, the parties agreed that TVIRD would seek a listing on the PSE following completion of the Transactions. But due to the uncertain environment in which the Philippine mining industry has operated since the nationwide audit of metallic mines was ordered by the DENR Secretary under the new Duterte Administration that came into power in June 2016, TVIRD has placed all activities relating to its proposed listing on the PSE and IPO on hold. Such activities will resume once the DENR's position on various mining policies is further clarified.

For more information on TVIRD and its projects, please visit [www.tvird.com.ph](http://www.tvird.com.ph).

### **Investment in Mindoro Resources Ltd.**

During the third quarter of 2012, TVI entered into a HOA with Mindoro, a NEX listed issuer who is engaged in mineral exploration in the Philippines. The HOA, dated July 6, 2012, set out the terms of various proposed transactions that initially resulted in TVI acquiring ownership and control of 18,779,353 Mindoro shares on

September 28, 2012, as well as an equal number of warrants entitling TVI to purchase shares at a price of \$0.10 per share. These warrants have since expired on September 28, 2017.

On October 10, 2012, TVI announced that it completed the purchase of an additional 24,000,000 units of Mindoro at an aggregate purchase price of \$1.2 million (\$0.05 per Unit). Each Unit consisted of one common share in the capital of Mindoro and one Common Share purchase warrant, and increased TVI's direct equity interest in Mindoro to 14.4%. These purchase warrants have since also expired on October 10, 2017.

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 announced further on January 26, 2018, that it has not maintained the requirements for a TSX Venture Exchange Tier 2 company and its listing has therefore been transferred to the NEX. The trading of common shares of the company continues to be suspended. Mindoro nonetheless continues to report that it is seeking financing alternatives to fund its operations but that there is no assurance that initiatives will be successful and material uncertainty exists related to events or conditions that may cast significant doubt as to whether Mindoro will be able to continue as a going concern.

As of December 31, 2017, TVI had a 14.4% direct equity interest in Mindoro.

### Investment in Integrated Green Energy Solutions Limited (formerly FOY Group Limited)

On August 17, 2012, TVI entered a HOA with Integrated Green Energy Solutions Limited ("IGES"), an ASX listed issuer operating in the resource industry in Papua New Guinea. The HOA set out the terms of various proposed transactions consisting of a loan to IGES and acquisition of equity interests by way of private placement undertaken in two tranches with IGES (or affiliates).

As at December 31, 2017, TVI had a 19.54% direct equity interest in IGES that has been diluted as at April 18, 2018 to 5.13% as a result of a capital raise completed through the re-listing of IGES on the ASX on January 30, 2018. The current equity interest of TVI in IGES has been derived by the following:

Date		IGES Investment Held by TVI Pacific				
		Notes	Cash Outlay	Share Price	Shares	Options
Aug.28.2012	Tranche 1 Share Subscription	(1)	AUD 884,000	AUD 0.3250	2,720,000	
May 03.2013	Tranche 2 Share Subscription	(1)	100,000	AUD 0.1750	571,429	
Dec.09.2013	Tranche 2 Share Subscription	(1)	315,000	AUD 0.1750	1,800,000	
Mar.26.2014	Tranche 2 Share Subscription	(1)	585,000	AUD 0.1750	3,342,857	
Mar.31.2015	Loan Conversion	(1),(2),(3),(5)	211,528	AUD 0.0625	3,384,451	3,384,451
Jul.31.2015	Loan Conversion	(1),(2),(4),(5)	188,472	AUD 0.0625	3,015,549	3,015,549
Jul.31.2015	Capital Promissory Note #1 - conversion	(1),(2),(5)	100,000	AUD 0.0725	1,379,311	1,379,310
Jul.31.2015	Capital Promissory Note #2 - conversion	(1),(2),(5)	100,000	AUD 0.0725	1,379,311	1,379,310
Mar/Apr 2018	Sale of IGES shares	(6)			(145,000)	
			<b>AUD 2,484,000</b>	<b>AUD 0.1424</b>	<b>17,447,908</b>	<b>9,158,621</b>

#### Notes:

- (1) Post 25:1 share consolidation of August 17, 2015. Cash Outlay and Share Price is reflected in actual A\$.
- (2) Loan was initially provided in August 2012 to Foyson Resources and changed to a convertible note on October 1, 2014, prior to introduction of IGE.
- (3) Part conversion of loan as previously agreed with Foyson Resources on October 1, 2014, and approved by shareholders on March 31, 2015.
- (4) Conversion of remaining balance of loan previously agreed with Foyson Resources on October 1, 2014, and further approved by shareholders at EGM of July 30, 2015.
- (5) Options may be exercised at a conversion price of A\$0.20 at any time through to their expiry on December 31, 2019.
- (6) Shares sold at average share price of A\$0.39 for net proceeds of \$55,097.

The total outstanding principal of the loan was converted to shares on July 31, 2015, but as at the current date accrued interest remains outstanding.

Integrated Green Energy Pty Ltd (“IGE”) entered a private placement with IGES on October 23, 2014, in the amount of A\$337,500 following an announcement on July 4, 2014, that Foyson had commenced exclusive negotiations for a strategic relationship with IGE to acquire and fund the commercialization of its plastics-to-diesel technology.

IGES was granted a trading halt by the ASX on July 29, 2015, pending the outcome of a meeting to consider a restructuring of its business. The restructuring is intended to change the focus of the company from resource extraction to resource recovery by exploiting the opportunities from three key technologies to be acquired from IGE, following the initial announcement of a Business Sale Agreement on March 18, 2015:

- Plastics to Fuel;
- Biomass to Fuel; and,
- Biomass to energy / power.

On August 26, 2015, Foyson changed its name to FOY Group Limited, and on August 7, 2017, the company name was again changed to Integrated Green Energy Solutions Limited (“IGES”).

Shareholder approval of the IGE transaction was received at an Extraordinary General Meeting held on November 15, 2016, and on September 12, 2017, IGES released its Replacement Prospectus to raise up to A\$15 million to assist with its international rollout of plastic-to-fuel facilities in the US, UK and the Netherlands. The capital raise process was completed on January 24, 2018, with 32,235,000 IGES shares issued in return for A\$6.447 million in subscriptions received, and IGES announced on the same date that it had completed the Business Sale Agreement with IGE and thereby issued 209,700,000 shares and 148,000,000 options to IGE in return for its Business Assets as outlined in the Replacement Prospectus of September 12, 2017. The relisting to the ASX was completed on January 30, 2018 and IGES securities were reinstated to official quotation from the commencement of trading on that date.

While the ASX has advised that all shares and unlisted options held by TVI are not subject to any ASX restrictions, IGES has reported that 129,784,699 other fully paid ordinary shares are subject to a 24 month escrow period from the date of reinstatement to the official quotation of IGES’ securities on the ASX, and a further 101,048,606 other fully paid ordinary shares are subject to a 12 month escrow period from the date of issue. In addition, IGES has reported that 82,241,054 other unlisted options are subject to a 24 month escrow period from the date of reinstatement to the official quotation of IGES’ securities on the ASX, and 65,758,950 other unlisted options are subject to a 12 month escrow period from the date of issue.

IGES announced on March 8, 2018, that it has commenced site work on its Amsterdam project. The entire construction period is expected to conclude, and road ready fuel is scheduled to be produced, by November 22, 2018. The project is to be funded through the US \$90 million funding commitment announced by IGES on April 28, 2017. On April 18, 2018, IGES further announced the formation of a joint venture with Beautiful China Holdings Company Limited whereby they will hold an interest of 51% and plan to construct a facility to produce 70 million litres of road ready fuel per annum. IGES has said too in their Half-Year Report ended December 31, 2017 and released March 16, 2018, that they continue to progress business development in Hong Kong, China, Indonesia, Western Europe and India, in addition to the 1,500 tonne facility proposed for Indiana, USA.

On September 27, 2017, TVI resigned from its one director position that it held from December 27, 2014 (and previously from August 2012 to July 2013) on the Board of IGES in recognition of the substantial change in business and direction of IGES and that it no longer reflects the investment mandate of TVI, which is to invest in resource projects.

## **Investment in Amazon Bay Iron Sands Project**

Pursuant to the HOA signed between TVI and IGES on August 28, 2012, TVI signed a Joint Venture Agreement relating to the Amazon Bay Iron Sands Project (“AB”) located in Papua New Guinea with IGES. The AB project is comprised of Exploration Licences totaling 1,171 square km containing a potentially massive iron, titanium and vanadium sand deposit.

TVI completed Stage one of the AB Joint Venture through providing exploration funding of A\$2 million and has thereby earned a 10% interest in the Amazon Bay tenement, as confirmed by the Papua New Guinea Mineral Resources Authority on July 25, 2014. On this same date, TVI provided notice to IGES of its intent not to proceed with the Stage 2 farm-in of Amazon Bay but renewed its commitment to assist IGES in finding a cash flow positive project, with synergies for its PNG operations. This eliminated the opportunity TVI had through the Joint Venture Agreement to further increase its interest in the AB Project by funding development through to production of a possible DSO operation.

TVI entered into a Royalty Agreement on March 16, 2015 with respect to Amazon Bay, whereby it shall be responsible to pay its proportionate share of a royalty on all minerals extracted and concentrate produced from Amazon Bay and sold. 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. This followed Titan Mines Limited, the holder of the Amazon Bay exploration licenses, becoming a wholly owned subsidiary of IGES.

IGES announced through 2016 that it has continued to progress their strategy for PNG through continued active dialogue with the PNG MRA and the community and have been successful in extending the date of the Amazon Bay EL1396 together with Amazon North (EL2149) and Maruta (EL2281). IGES announced at that time also that the MRA and PNG Government continue to show great interest in the Biomass technology, both as part of the Amazon Bay project and as a key plank of the Government’s commitment to deliver power to 70% of the PNG population by 2030. At June 30, 2017, IGES announced that whilst they are still committed to realizing value from the Amazon Bay tenements, they have reduced the carrying value of these properties to nil to reflect their transition from a junior explorer to a technology company that will seek to construct and operate end-of-life plastics to fuel facilities.

## **TG World Energy Corp.**

On March 9, 2011, TVI acquired control of TG World, an international petroleum exploration and development company. Its major areas of focus were Alaska, Niger and the Philippines. Subsequently on November 9, 2011, the Company sold the Alaskan assets for consideration of US \$16 million. The Company also withdrew from its Niger interests in December 2011.

### Philippine Offshore

Through TG World, TVI continues to hold a 12.5% equity interest in SC 54A in the Philippines. SC 54A is situated offshore, northwest of the Palawan islands, and contains several development-ready discoveries and mutually exclusive exploration targets. Project partners in SC 54A include project operator Nido at 42.4% working interest, IMC Oil and Gas Investments Ltd at 30.1% and Hague and London Oil B.V. at 15%. On August 6, 2017, a three-year moratorium that had included SC 54A and was granted by the Philippine DOE expired and has been replaced by a three-year suspension that was granted through Force Majeure. The suspension runs through to August 5, 2020, unless the West Philippines Sea dispute is lifted prior to that time. The suspension continues to provide the joint venture sufficient time to study the development of the discovered marginal resources in the block. Once the suspension is lifted, the joint venture has the option to either enter sub-phase 7 with a commitment to drill one well or to relinquish SC 54A in good standing.

The suspension was granted after the DOE had previously approved the moratorium and three additional applications by the joint venture partners for 12-month extensions to Sub-phase 6 of SC 54A to allow the joint venture partners additional time to fully integrate the results of the exploration and development studies they have conducted, prior to electing to enter Sub-phase 7. These studies included analysis of the Tindalo results, the acquisition of 2D and 3D seismic data over the Lawaan-Libas Prospects, and engineering studies targeting a development strategy for the three discovered fields on the SC 54A Block: Nido 1X1, Yakal and Tindalo.

TVI has fully written-down its investment in SC 54A through the year ended December 31, 2015, and the partners have not thus far agreed to any further technical or commercial activities in SC 54A considering the current oil price environment.

## **ITEM 5: DIVIDENDS AND DISTRIBUTIONS**

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TVI has not declared or paid any dividends or distributions on its common shares since its incorporation and does not foresee the declaration or payment of any dividends or distributions on the common shares in the near term. Any decision to pay dividends or distributions on the common shares in the future will be made on the basis of TVI's earnings, financial requirements and other factors that the Board of Directors may consider appropriate in the circumstances.

## **ITEM 6: DESCRIPTION OF CAPITAL STRUCTURE**

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TVI is authorized to issue an unlimited number of common shares. Each common share carries the right to vote, right to dividends, as and when declared, and the right to receive the remaining assets of TVI on a dissolution or wind-up. TVI's outstanding common shares as at December 31, 2017 were 655,537,039. Additionally, an unlimited number of non-voting preferred shares issuable in series are authorized for issuance, of which none have been issued.

## **ITEM 7: MARKET FOR SECURITIES**

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The common shares of TVI were first listed on the TSX on September 15, 1995, under the symbol "TVI". As part of an ongoing initiative to reduce annual operating costs, TVI applied in July 2016 to voluntarily delist its common shares from the TSX and to list them on the TSX-V through the streamlined listing procedures of the TSX-V. The transfer to the TSX-V was completed on August 2, 2016. TVI continues to be listed on the TSX-V under the symbol "TVI".

## Trading Price and Volume

The following table provides the reported high and low trading prices (\$/share) and volume (shares) of trading of the common shares on the TSX-V by month during 2017:

Month	High	Low	Volume
January	0.015	0.010	3,012,817
February	0.020	0.010	41,557,078
March	0.015	0.010	5,615,146
April	0.015	0.010	2,142,872
May	0.015	0.005	4,414,614
June	0.015	0.005	3,019,384
July	0.015	0.005	680,780
August	0.015	0.005	2,988,947
September	0.010	0.005	1,401,480
October	0.015	0.005	2,429,445
November	0.010	0.005	13,214,378
December	0.010	0.005	13,766,779

On August 24, 2010, the common shares of TVI also commenced trading in the United States on the OTCQX Market's premium-tier, OTCQX International, under the symbol "TVIPF". On December 1, 2014, TVI moved its activity from the OTCQX to the OTCQB, and on December 31, 2015, TVI moved its listing from the OTCQB to the OTC Pink Sheets.

## ITEM 8: ESCROWED SECURITIES

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TVI does not have any securities subject to escrow or subject to any contractual restrictions on transfer.

## ITEM 9: DIRECTOR AND EXECUTIVE OFFICERS

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### Name, Occupation and Security Holding

The following table sets out the names and municipalities of residence of the directors and executive officers of TVI, their positions and offices with TVI and their principal occupations during the last five years. The term of office of each director expires at the date of TVI's next Annual General Meeting of Shareholders.

Name and Municipality of Residence	Position(s) with the Corporation	Principal Occupation or Employment	Became a Director	Number and Percentage of Common Shares Owned or Controlled
Robert C. Armstrong Castle Rock, Colorado United States of America (2, 3)	Lead Director	President, Armstrong Associates International, LLC. (since 1998), a private company involved in the mining industry.	June 1998	9,337,744 1.4%

Name and Municipality of Residence	Position(s) with the Corporation	Principal Occupation or Employment	Became a Director	Number and Percentage of Common Shares Owned or Controlled
C. Brian Cramm Greenwood Village, Colorado United States of America (1, 2)	Director	President, Number Sense Corp. (since July 2010), a private personal and business financial management services firm.	June 1997	420,698 <1%
Jan R. Horejsi Calgary, Alberta Canada (1, 2, 3)	Director	President, CEO, and a director of Shooting Star Petroleum Ltd. (since July 1983), a private oil and gas and investment company. Director and CEO, Jadex International Ltd. (from January 2001 to December 2012), an independent oil and gas exploration company.	December 1991	1,437,358 <1%
Clifford M. James Calgary, Alberta Canada	Chairman, President, Chief Executive Officer and Director	Chairman, President and Chief Executive Officer, TVI Pacific Inc. since January 1987, and Chairman of TVI Resource Development Phils, Inc. since 2006. In addition, Mr. James has served as President and Chief Executive Officer of Seajay Management Enterprises Ltd. (Seajay) since 1977 and President and CEO of Regent Parkway 3202 Management Inc. (Regent) since 2007, both of which are private management and investment companies. Director of FOY Group Limited (formerly Foyson Resources Limited and now renamed to Integrated Green Energy Solutions Limited), (August 2012 to July 2013, and December 2014 to September 2017), an ASX listed company engaged in the commercialization of technologies related to converting waste plastics to fuel in Australia and internationally. Director of Mindoro Resources Ltd. (October 2012 to August 2015) an Alberta incorporated company engaged in exploration in the Philippines.	January 1987	65,264,419 10.0%  6,859,608 held by Mr. James; 32,940,587 held by Seajay; 24,615,762 held by Regent 848,462 held by 366270 BC
David Moscovitz Toronto, Ontario Canada (1, 3)	Director	Independent advisor since January 31, 2016, formerly Counsel, Dentons Canada LLP, formerly Fraser Milner Casgrain LLP (from 2007 until January 2016), a legal services firm. Prior thereto, Lawyer, Partner at Goodman and Carr LLP, a legal services firm. On January 31, 2016, Mr Moscovitz retired from Dentons. Mr Moscovitz is currently an independent advisor.	May 2011	717,541 <1%

Name and Municipality of Residence	Position(s) with the Corporation	Principal Occupation or Employment	Became a Director	Number and Percentage of Common Shares Owned or Controlled
Patrick B. Hanna	Vice President, Finance & Admin. and Chief Financial Officer	Officer of TVI Pacific Inc., formerly Director of Financial Excellence, Kazakhmys Copper Corporation, Kazakhstan (from September 2008 to July 2010). In addition, Mr. Hanna has served as Finance Director of Berezitovy Mine (Russia), High River Gold (from February 2006 to August 2008), General Director/Finance Director of JSC SeverTEK, a Russian oil & gas joint venture of Lukoil and Neste Oil (from March 2002 to December 2005), Vice President – Project Finance at Glencore’s Kazzinc mining interest (from September 1997 to June 1999), and Finance Director of Hurricane Kumkol Munai, a Kazakh oil & gas conglomerate (from March 1997 to June 1999). Mr. Hanna was previously also a Management Consultant with Ernst & Young (Russia & CIS) (from February 1995 to March 1997).	December 2010	0

**Notes:**

- <sup>(1)</sup> Member of the Audit Committee.
- <sup>(2)</sup> Member of the Compensation Committee
- <sup>(3)</sup> Member of the Corporate Governance and Nominating Committee

As at April 18, 2018, directors and executive officers, as a group, beneficially own, or control, or direct, directly or indirectly an aggregate 11.8% of the total outstanding common shares. TVI also has a share option plan pursuant to which options may be granted to directors, officers, and employees of the Company. The options generally vest over a period of up to three years and expire no more than 5 years from the date of grant. At April 18, 2018, TVI had 43,450,000 options outstanding, of which 38,400,000 are held by directors and executive officers to acquire additional common shares. If all options to acquire common shares of TVI were to be fully exercised, TVI directors and executive officers, as a group, would beneficially own, or control, or direct, directly or indirectly an aggregate 16.5% of the total outstanding common shares.

TVI’s Directors and executive officers, as a group, hold the following stock options to purchase up to the following numbers of common shares until the dates shown:

- a) 25,400,000 common shares exercisable at \$0.015 per Common Share until May 2019 (subject to vesting requirements);
- b) 13,000,000 common shares exercisable at \$0.015 per Common Share until June 2020 (subject to vesting requirements).

**Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

To the knowledge of TVI, no director or executive officer of TVI is, as at the date of this AIF, or was, within the 10 year period preceding the date of this AIF, a director, chief executive officer or chief financial officer of any issuer that: (i) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to an order that was issued after the

director or executive officer ceased to be a director, chief executive officer or chief financial officer, but which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer. For purposes of this paragraph, the term "order" means (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) an order that denied the relevant issuer access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days.

To the knowledge also of TVI, no director, executive officer or security holder holding a sufficient number of securities of TVI to affect materially the control of TVI is as of the date of this AIF, or has been within the 10 year period preceding the date of this AIF, a director or executive officer of any issuer that, while such person was acting in that capacity (or within a year of that person ceasing to act in that capacity), became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

There were no: (i) penalties or sanctions imposed against TVI by a court relating to securities legislation or by a securities regulatory authority during the year ended December 31, 2017; or (ii) other penalties or sanctions imposed by a court or regulatory body against TVI that TVI believes would be considered important by a reasonable investor in making an investment decision. In addition, during the year ended December 31, 2017, no settlement agreements were entered into by TVI before a court relating to securities legislation or with a securities regulatory authority.

### **Conflicts of Interest**

Certain Directors and officers of TVI are directors, officers and/or shareholders of other private and publicly listed companies, including companies that engage in mineral exploration and development and companies that hold Common Shares or other securities of TVI. To the extent that such other companies may participate in or be affected by ventures involving TVI, these Directors and officers of TVI may have conflicting interests in negotiating, settling and approving the terms of such ventures. Conflicts of interest affecting the Directors and officers of TVI will be governed by TVI's "Code of Business Conduct and Ethics", the Articles of TVI and other applicable laws and relevant stock exchange policies and requirements. In the event that such a conflict of interest arises at a meeting of the Directors, a Director affected by the conflict must disclose the nature and extent of his interest and abstain from voting for or against matters concerning the matter in respect of which the conflict arises.

## **ITEM 10: PROMOTERS**

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TVI does not presently have, and has not had within the two most recently completed fiscal years or the current fiscal year, any promoters.

## **ITEM 11: LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

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### **Legal Proceedings**

The Company is not currently, and has not been through the period, a party to any legal proceedings.

There have not been any penalties or sanctions imposed against TVI by a court relating to securities legislation or by a securities regulatory authority during the 2017 Fiscal Year, any other penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority that would likely be considered important to a reasonable investor making an investment decision, or any settlement agreements entered into by TVI before a court relating to securities legislation or with a securities regulatory authority during the 2017 Fiscal Year.

## **ITEM 12: INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

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Except as described below, there are no material interests, direct or indirect, of directors, executive-officers or any shareholder of the Company who beneficially owns, controls or directs, directly or indirectly, more than 10% of the outstanding common shares or any known associate or affiliate of such persons, in any transaction within the three most recently completed financial years that has materially affected or is reasonably expected to materially affect the Company.

As at April 18, 2018, Mr. James beneficially owns, or is deemed to beneficially own, 10.0% of the total number of issued and outstanding common shares. Assuming the exercise in full of equity instruments to acquire TVI common shares, Mr. James would beneficially own, or would be deemed to beneficially own, approximately 11.9% of the total number of issued and outstanding common shares.

## **ITEM 13: TRANSFER AGENT AND REGISTRAR**

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The transfer agent and registrar for the common shares is Computershare Trust Company of Canada and its principal offices are in Calgary, Alberta and Toronto, Ontario.

## **ITEM 14: MATERIAL CONTRACTS**

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There are no material contracts (other than contracts entered into in the ordinary course of business, that are material to TVI and that are required to be filed under Section 12.2 of NI 51-102) that were entered into within the most recently completed financial year, or entered into before the most recently completed financial year, that are still in effect.

## **ITEM 15: NAMES AND INTERESTS OF EXPERTS**

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The persons or companies who are named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under NI 51-102 by the Company during, or relating to, the most recently completed financial year and whose profession or business gives authority to the statement, report or valuation made by the person or company are PricewaterhouseCoopers LLP Chartered Professional Accountants (TVI's independent auditors), Clifford James (TVI's Chairman, President and CEO), Patrick Hanna (TVI's Vice President, Finance & Administration, and CFO) and Mike Bue (TVI's Technical Advisor and Project Advisory Group member). PricewaterhouseCoopers LLP Chartered Professional Accountants have performed the external audit of the consolidated financial statements for the fiscal year ended December 31, 2017.

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

PricewaterhouseCoopers LLP are independent of the Company within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of Alberta. Neither PricewaterhouseCoopers LLP nor any director, officer or employee of PricewaterhouseCoopers LLP is, or is expected to be, elected, appointed or employed as a director, officer or employee of the Company or of any associates or affiliates of TVI.

## Interests of Experts

As at April 18, 2018, Cliff James, TVI's President and CEO, owns directly and indirectly 65,264,419 common shares and holds 18,000,000 options to purchase common shares of the Company (see Item 9: Directors and Executive Officers).

As at the date hereof, Patrick Hanna, TVI's Vice President, Finance & Administration, and CFO, holds 8,000,000 options to purchase common shares of the Company.

As at the date hereof, Mike Bue, TVI's Technical Advisor and Project Advisory Group member of TVI, does not own any common shares or options to purchase common shares of TVI.

## ITEM 16: ADDITIONAL INFORMATION

Information, including directors' and officers' remuneration and indebtedness, principal holders of the TVI's securities, options to purchase securities and interests of insiders in material transactions, will be contained in TVI's Management Proxy Circular for its next annual meeting of shareholders. Additional financial information is provided in TVI's financial statements for the year ended 2017 and the related management's discussion and analysis. A copy of such documents may be obtained upon request from the Chief Financial Officer of TVI or may be obtained online on the SEDAR site ([www.sedar.com](http://www.sedar.com)) maintained by the Canadian securities regulators.

### Audit Committee Information

Pursuant to the provisions of Section 171 of the *Alberta Business Corporations Act* and applicable securities legislation, TVI is required to have an Audit Committee comprised of at least three directors, all of whom, subject to certain specific exceptions, must be independent and financially literate. For purposes of NI 52-110, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer's financial statements.

#### Composition of the Audit Committee

Member	Independent/Not Independent	Financially Literate/Not Financially Literate
C. Brian Cramm	Independent	Financially literate <sup>(1)</sup>
Jan R. Horejsi	Independent	Financially literate <sup>(1)</sup>
David Moscovitz	Independent	Financially literate <sup>(1)</sup>

**Notes:**

<sup>(1)</sup> As defined by National Instrument 52-110.

#### Relevant Education and Experience

In addition to each member's general business experience, the education and experience of each Committee member that is relevant to the performance of his responsibilities as a Committee member is as follows:

Member	Experience and Education
C. Brian Cramm	Mr. Cramm has served as Chief Financial Officer, Vice President Corporate Development, and Executive Vice President for several senior and junior gold mining and exploration companies, both in the private and public sectors, including General Minerals Corporation and Echo Bay Mines Ltd. Mr. Cramm also served as a contract President & CEO for a TSX-V listed company through his consulting company, Number Sense Corp. Mr. Cramm is a Chartered Professional Accountant (formerly known as a Certified Management Accountant) and has a BA in Finance from Regis University, a Denver Colorado based Jesuit college.

Jan R. Horejsi	President, CEO, and a director of Shooting Star Petroleum Ltd. (since July 1983), a private oil and gas and investment company. Mr. Horejsi has extensive business, administrative and operating experience in the oil and gas industry. He holds a Bachelor of Science Degree in Geology from the University of Alberta.
David Moscovitz	Counsel, Dentons Canada LLP, formerly Fraser Milner Casgrain LLP (since 2007), a legal services firm. Prior thereto, Lawyer, Partner at Goodman and Carr LLP, a legal services firm. On January 31, 2016, Mr Moscovitz retired from Dentons. Mr Moscovitz is currently an independent advisor.

***Pre-Approval Policies and Procedures***

The Committee is mandated to pre-approve, in accordance with applicable law, any non-audit services and consider the impact of providing such services on the independence of the external audit.

***External Auditor Service Fees (By Category)***

The aggregate fees billed by TVI's external auditors in each of the last three fiscal years for service fees are as follows:

Financial Year Ending	Audit Fees	Tax Fees (1)	All Other Fees (2)
2017	\$ 135,924	\$ 1,539	\$ -
2016	\$ 157,494	\$ 3,365	\$ -
2015	\$ 138,170	\$ -	\$ 6,161

The reported service fees reflect the year services were provided rather than the year respective invoices for service fees were received or paid, and do not include any additional out-of-pockets expenses incurred by the external auditor and applicable local taxes.

## APPENDIX 1 - AUDIT COMMITTEE CHARTER

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### 1. General

The Board of Directors (the "Board") of TVI Pacific Inc. (the "Corporation") has established an Audit Committee (the "Committee") to assist the Board in fulfilling its oversight responsibilities regarding:

- a) the accuracy and completeness of the Corporation's financial statements;
- b) the internal control and financial reporting systems of the Corporation;
- c) the selection and activities of the Corporation's external auditor;
- d) risk management;
- e) the Corporation's compliance with legal and regulatory requirements, and
- f) any additional duties set out in this Charter or otherwise delegated to the Committee by the Board.

### 2. Members

The Board will in each year appoint a minimum of three (3) directors of the Corporation as members of the Committee. All members of the Committee shall be independent directors.

All members of the Committee shall be financially literate. While the Board shall determine the definition of and criteria for financial literacy, this shall, at a minimum, include the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

Directors who are not members of the Committee may attend all or any part of meetings of the Committee, but shall not vote.

### 3. Duties

The Committee shall have the following duties:

#### a) Financial Reporting and Disclosure

- i. *Audited Annual Financial Statements*: Review the audited annual financial statements as prepared by management in conjunction with the external auditors, related management discussion and analysis ("MD&A") and earnings press releases for submission to the Board for approval.
- ii. *Quarterly Review*: Review the unaudited quarterly financial statements, the related MD&A and earnings press releases for submission to the Board for approval.
- iii. *Significant Accounting Practices and Disclosure Issues*: Review with management and the external auditor significant accounting practices employed by the Corporation and disclosure issues, including complex or unusual transactions, judgmental areas such as reserves or estimates, significant changes to accounting principles, and alternative treatments under Canadian GAAP for material transactions. This review process shall be undertaken in order to have reasonable assurance that the financial statements are complete, do not contain any misrepresentations, and present fairly the Corporation's financial position and the results of its operations in accordance with Canadian GAAP.
- iv. *Compliance*: Confirm through discussions with management that Canadian GAAP and all applicable laws or regulations related to financial reporting and disclosure have been complied with.
- v. *Legal Events*: Review any actual or anticipated litigation or other events, including tax assessments, which could have a material current or future effect on the Corporation's

financial statements, and the manner in which these have been disclosed in the financial statements.

- vi. *Off-Balance-Sheet Transactions*: Discuss with management the effect of any off-balance sheet transactions, arrangements, obligations and other relationships with unconsolidated entities or other persons that may have a material current or future effect on the Corporation's financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources, or significant components or revenues and expenses.
- vii. *Disclosure Procedures*: Satisfy itself that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted from the Corporation's financial statements and periodically assess the adequacy of those procedures.

## **b) Oversight of Internal Controls**

- i. *Review and Assessment*: Review and assess the adequacy and effectiveness of the Corporation's system of internal control and management information systems through discussions with management and the external auditor.
- ii. *Oversight*: Oversee system of internal control, by:
  - Consulting with the external auditor regarding the adequacy of the Corporation's internal controls;
  - Monitoring policies and procedures for internal accounting, financial control and management information, electronic data control and computer security;
  - Obtaining from management adequate assurances that all statutory payments and withholdings have been made; and
  - Taking other actions as considered necessary.
- iii. *Fraud*: Oversee investigations of alleged fraud and illegality relating to the Corporation's finances and any resulting actions.
- iv. *Complaints*: Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters, and for the protection from retaliation of those who report such complaints in good faith.

## **c) External Audit**

- i. *Appointment or Replacement*: Recommend the appointment or replacement of the external auditor to the Board, for the Board's consideration.
- ii. *Oversight*: Oversee the work of the external auditor engaged to prepare or issue an audit report or perform other audit, review or attestation services.
- iii. *Compensation*: Review with management, and make recommendations to the Board, regarding the compensation of the external auditor. In making a recommendation with respect to compensation, the Committee shall consider, in addition to such other matters as it thinks fit, the size, complexity and financial condition of the Corporation.
- iv. *Reporting Relationships*: The external auditor will report directly to the Committee and the Committee will have the authority to require the external auditor to so report.
- v. *Performance*: Review with management the terms of the external auditor's engagement, accountability, experience, qualifications and performance and evaluate the performance of the external auditor.
- vi. *Transition*: Review management's plans for an orderly transition to a new external auditor, if required.
- vii. *Audit Plan*: Review the audit plan and scope of the external audit with the external auditor and management, and consider the nature and scope of the planned audit procedures.

- viii. *Audit Plan Changes:* Discuss with the external auditor any significant changes required in the approach or scope of their audit plan, management's handling of any proposed adjustments identified by the external auditor, and any actions or inactions by management that limited or restricted the scope of their work.
- ix. *Review of Results:* Review, independently from management and without management present, the results of the annual external audit, the audit report thereon and the auditor's review of the related MD&A, and discuss with the external auditor the quality (not just the acceptability) of accounting principles used, any alternative treatments of financial information that have been discussed with management, the ramifications of their use and the auditor's preferred treatment, and any other material communications with management.
- x. *Disagreements with Management:* Resolve any disagreements between management and the external auditor regarding financial reporting.
- xi. *Material Written Communications:* Review all other material written communications between the external auditor and management, including the post-audit management letter containing the recommendations of the external auditor, management's response and, subsequently, follow up identified weaknesses.
- xii. *Interim Financial Statements:* Engage the external auditor to read all interim financial statements and MD&A and report the compliance with reporting requirements. Review the results of the auditor's findings of the interim financial statements and the related MD&A independent of and without management present.
- xiii. *Other Audit Matters:* Review any other matters related to the external audit that are to be communicated to the Committee under generally accepted auditing standards or that relate to the external auditor.
- xiv. *Meeting with External Auditor:* Meet with the external auditor independently from management and without management present (1) at least annually to discuss and review specific issues; and (2) as appropriate with respect to any significant matters that the auditor may wish to bring to the Committee for its consideration.
- xv. *Correspondence:* Review with management and the external auditor any correspondence with regulators or governmental agencies, employee complaints or published reports that raise material issues regarding the Corporation's financial statements or accounting policies.
- xvi. *Independence:* At least annually, and before the external auditor issues its report on the annual financial statements, review and confirm the independence of the external auditor through discussions with the auditor on their relationship with the Corporation, including details of all non-audit services provided. Consider the safeguards implemented by the external auditor to minimize any threats to their independence, and take action to eliminate all factors that might impair, or be perceived to impair, the independence of the external auditor. Consider the number of years the lead audit partner has been assigned to the Corporation, and consider whether it is appropriate to recommend to the Board a policy of rotating the lead audit partner more frequently than every five years, as is required under the rules of the Canadian Public Accountability Board.
- xvii. *Non-Audit/Audit Services:* Pre-approve, in accordance with applicable law, any non-audit services to be provided to the Corporation by the external auditor, with reference to compatibility of the service with the external auditor's independence.
- xviii. *Hiring Policies:* Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor.

**d) Risk Management**

Review and assess the adequacy of the Corporation's risk management policies and procedures with respect to the Corporation's principal business risks. Review and assess the adequacy of the

implementation of appropriate systems to mitigate and manage the risks, and report regularly to the Board. Review the Corporation's insurance program.

**e) Regulatory Compliance**

Review with management the Corporation's relationship with regulators and the timeliness and accuracy of Corporation filings with regulatory authorities.

**f) Related Party Transactions**

Review with management all related party transactions and the development of policies and procedures related to those transactions.

**g) Board Relationship and Reporting**

- i. *Adequacy of Charter:* Review and assess the adequacy of the Committee Charter annually and submit such amendments as the Committee proposes to the Board.
- ii. *Disclosure:* Oversee appropriate disclosure of the Committee's Charter, and other information required to be disclosed by applicable legislation, in the Corporation's Annual Information Form and all other applicable disclosure documents, including any management information circular distributed in connection with the solicitation of proxies from the Corporation's security holders.
- iii. *Reporting:* Report regularly to the Board on Committee activities, issues and related recommendations.

**4. Chair**

The Board will in each year appoint the Chair of the Committee. The Chair shall be financially literate. In the Chair's absence, or if the position is vacant, the Committee may select another member as Chair. The Chair will have the right to exercise all powers of the Committee between meetings but will attempt to involve all other members as appropriate prior to the exercise of any powers and will, in any event, advise all other members of any decisions made or powers exercised.

**5. Meetings**

The Committee shall meet at the request of its Chair, but in any event it will meet at least four times a year. Notices calling meetings shall be sent to all Committee members, to the CEO of the Corporation, to the Chair of the Board and to all other directors. The external auditor or any member of the Committee may call a meeting of the Committee.

**6. Quorum**

A majority of members of the Committee, present in person, by teleconference, or by videoconference will constitute a quorum.

**7. Removal and Vacancy**

A member may resign from the Committee, and may be removed and replaced at any time by the Board, and will automatically cease to be a member as soon as the member ceases to be a director. The Board will fill vacancies in the Committee by appointment from among the directors of the Board in accordance with Section 2 of this Charter. Subject to quorum requirements, if a vacancy exists on the Committee, the remaining members will exercise all its powers.

## **8. Experts and Advisors**

In order to carry out its duties, the Committee may retain or appoint, at the Corporation's expense, such independent counsel and other experts and advisors as it deems necessary. The Committee shall provide notice to the Governance Committee of its actions in this regard.

## **9. Access**

The Committee may have access to and direct contact with any employee, contractor, supplier, customer or other person that is engaged in any business relationship with the Corporation to confirm information or to investigate any matter within the mandate of the Committee.

## **10. Secretary and Minutes**

The Chair of the Committee shall appoint a secretary for each meeting to keep minutes of such meeting. The minutes of the Committee will be in writing and duly entered into the books of the Corporation. The minutes of the Committee will be circulated to all members of the Board.