



Interim Consolidated Financial Statements

**For the Nine Months Ended
September 30, 2016 and 2015
(Unaudited)**

**NOTICE OF NO AUDITOR REVIEW OF CONDENSED
CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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

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

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

TVI Pacific Inc.
 Unaudited Interim Consolidated Statement of Financial Position
 September 30, 2016
 (in Canadian dollars)



	Notes	September 30, 2016	December 31, 2015
Assets			
Current assets:			
Cash and cash equivalents	4	\$ 539,440	\$ 1,406,452
Short-term deposits and restricted cash	4	744,510	1,039,000
Accounts receivable		21,288	87,243
Due from related parties	6	134,623	296,216
Prepaid expenses		83,142	87,104
Total current assets		1,523,003	2,916,015
Non-current assets:			
Investment in associates	7	756,431	972,106
Investment in joint venture	8	13,600,607	14,004,387
Total investments in associates and joint venture		14,357,038	14,976,493
Derivative financial instrument	5	858,951	947,105
Property and equipment		39,844	52,031
Other assets	9	607,535	607,881
Total non-current assets		15,863,368	16,583,510
Total assets		\$ 17,386,371	\$ 19,499,525
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities	10	\$ 498,616	\$ 310,459
Due to related parties	6	271,202	75,360
Total current liabilities		769,818	385,819
Deferred tax liability		1,011,438	1,094,603
Total liabilities		1,781,256	1,480,422
Equity attributable to shareholders of the Company:			
Share capital	11(b)	32,974,070	32,972,145
Contributed surplus	11(d)	6,991,778	6,835,472
Deficit		(21,920,296)	(20,608,691)
Translation reserves		(2,440,437)	(1,179,823)
Total equity		15,605,115	18,019,103
Total liabilities and equity		\$ 17,386,371	\$ 19,499,525

Commitment (note 17)

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

On behalf of the Board:

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

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

TVI Pacific Inc.
 Unaudited Interim Consolidated Statements of Comprehensive Income (Loss) for
 September 30, 2016 and 2015
 (in Canadian dollars)



	Notes	Three months ended September 30		Nine months ended September 30	
		2016	2015	2016	2015
Expenses:					
Exploration costs		\$	\$	\$	\$
Depreciation expense		3,242	3,321	10,624	13,857
Administrative and general costs	14	409,435	739,877	1,808,273	2,058,835
Total expenses		412,677	1,019,099	1,846,784	4,612,346
Operating loss		(412,677)	(1,019,099)	(1,846,784)	(4,612,346)
Other income (expenses):					
Interest income		743	80,718	2,319	210,683
Interest expense			(56)		(2,907)
Foreign exchange gain (loss)	16	43,553	163,189	(85,810)	351,783
Other gains (losses)		(33,997)	180,465	(89,412)	1,131,775
Share of gains of associates and joint venture	7,8	269,919	(70,986)	708,082	54,194
Other income, net		280,218	353,330	535,179	1,745,528
Net loss		(132,459)	(665,769)	(1,311,605)	(2,866,818)
Other comprehensive income (loss):					
Items that may be reclassified to profit or loss in subsequent periods:					
Foreign currency translation adjustment – foreign operations		2,361	46,242	66,923	74,605
Foreign currency translation adjustment – associates and joint venture		(221,370)	604,244	(1,327,537)	1,340,749
Comprehensive loss		\$ (351,468)	\$ (15,283)	(2,572,219)	\$ (1,451,464)
Basic and diluted loss per share	12	\$ (0.0002)	\$ (0.001)	\$ (0.002)	\$ (0.004)
Weighted average number of common shares	11	655,537,039	655,470,372	655,537,039	655,470,372

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

TVI Pacific Inc.
Unaudited Interim Consolidated Statements of Changes to Equity
September 30, 2016 and 2015
(in Canadian dollars)



	Share capital (Note 11b)	Contributed surplus (Note 11d)	Deficit	Accumulated other comprehensive income (loss)	Total equity
January 1, 2016	\$ 32,972,145	\$ 6,835,472	\$ (20,608,691)	\$ (1,179,823)	\$ 18,019,103
Transaction with owners					
Warrants exercised	1,925	(925)			1,000
Stock-based compensation	-	157,231	-	-	157,231
Total transaction with owners	1,925	156,306	-	-	158,231
Comprehensive loss					
Net loss	-	-	(1,311,605)	-	(1,311,605)
Other comprehensive loss:					
Foreign currency translation adjustment	-	-	-	(1,260,614)	(1,260,614)
Total comprehensive loss	-	-	(1,311,605)	(1,260,614)	(2,572,219)
September 30, 2016	\$ 32,974,070	\$ 6,991,778	\$ (21,920,296)	\$ (2,440,437)	\$15,605,115
January 1, 2015	\$ 32,972,145	\$ 6,546,839	\$ (15,483,520)	\$ (3,293,298)	\$ 20,742,166
Transaction with owners					
Stock-based compensation	-	234,676	-	-	234,676
Total transaction with owners	-	234,676	-	-	234,676
Net loss	-	-	(2,866,818)	-	(2,866,818)
Other comprehensive income:					
Foreign currency translation adjustment	-	-	-	1,415,354	1,415,354
Total comprehensive income (loss)	-	-	(2,866,818)	1,415,354	(1,451,464)
September 30, 2015	\$ 32,972,145	\$ 6,781,515	\$ (18,350,338)	\$ (1,877,944)	\$ 19,525,378

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

TVI Pacific Inc.
Unaudited Interim Consolidated Statements of Cash Flows
September 30, 2016 and 2015
(in Canadian dollars)



	Notes	Three months ended September 30		Nine months ended September 30	
		2016	2015	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES					
Net loss before income tax		\$ (132,459)	(665,769)	\$ (1,311,605)	\$ (2,866,818)
Adjustments for:					
Depreciation expense		3,242	3,321	10,624	13,857
Stock based compensation	11 (d)	24,260	75,311	157,231	234,676
Interest income		(743)	(80,718)	(2,319)	(210,683)
Unrealized foreign exchange loss (gain)		(45,744)	181,396	(3,905)	(114,506)
Other losses (gains)		33,998	(180,465)	89,412	(1,131,775)
Impairment loss					1,985,834
Share of gains of associates and joint venture	7,8	(269,919)	70,986	(708,082)	(54,194)
Changes in working capital	15	121,212	38,159	617,831	38,132
Interest received (paid)		743	22,858	2,319	22,858
Net income taxes received			(32,337)		26,130
Net cash used in operating activities		(265,410)	(567,258)	(1,148,494)	(2,056,489)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceed from options exercised		\$ 1,000	-	\$ 1,000	-
Net cash used in financing activities		1,000	-	1,000	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Change in short-term deposits		116,390	1,066,326	286,200	2,474,739
Change in notes receivable		-	-	-	(192,631)
Expenditures on property and equipment and other assets		(1,198)	(8,209)	(1,198)	(13,040)
Proceeds from sale of equipment		-	-	1,788	-
Net cash generated from investing activities		115,192	1,058,117	286,790	2,269,068
Effect of foreign exchange rates on cash		(414)	7,576	(6,308)	6,764
Net decrease in cash and cash equivalents		(149,632)	498,435	(867,012)	219,343
Cash and cash equivalents at beginning of the period		689,072	786,981	1,406,452	1,066,073
Cash and cash equivalents at end of the period		\$ 539,440	1,285,416	539,440	\$ 1,285,416

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



1. Corporate information and nature of operations:

TVI Pacific Inc. ("TVI") is a publicly listed resource company incorporated in Alberta, Canada on January 12, 1987 under the Alberta Business Corporations Act. TVI's shares were delisted from the Toronto Stock Exchange on July 29, 2016 and listed on the TSX Venture Exchange on August 2, 2016. TVI, through its subsidiaries and investments in associates and joint ventures (together referred to as the "Company"), is focused on the production, development, exploration, and acquisition of diversified resource projects in the Asia Pacific region. TVI is the ultimate parent company that is a direct or indirect participant in several projects in the Philippines, Papua New Guinea and Fiji, and also has an interest in an offshore Philippine oil property.

TVI holds a 30.66% interest in TVI Resource Development Phils., Inc. ("TVIRD"). TVIRD's assets include the Canatuan project, the Balabag gold-silver project, a 60% interest in the Agata nickel laterite project and DSO operations and various interests in the Agata processing project and exploration properties in the Philippines. At September 30, 2016, TVI also holds a 27.24% equity interest in FOY Group Limited ("FOY Group") (name has been changed from Foysen Resources Limited starting August 2015), an Australian company engaged in the commercialization of technologies related to plastics and biomass to fuel and energy conversion and the construction of a waste plastics-to-diesel conversion plant in Australia; as well as a 14.4% equity interest in Mindoro Resources Ltd. ("Mindoro"), a Canadian company engaged in mining and exploration in the Philippines. TVI also participates in the business of international petroleum exploration and development through its 100% owned subsidiary, TG World Energy Corp. ("TG World") whose major area of focus is in the Philippines, through its affiliate TG World (BVI) Corp. ("TG BVI").

TVI has established its principal business address at Suite 806, 505 2nd St. SW Calgary, Alberta, Canada T2P 1N8.

These interim consolidated financial statements were authorized for issue by the Board of Directors on November 10, 2016.

2. Basis of preparation:

(a) Statement of compliance

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

These interim financial statements do not include all the information required in annual financial statements in accordance with IFRS and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2015 filed with the Canadian Securities Administrators.

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

These interim financial statements have not been reviewed by the Company's auditor.

(a) Changes in accounting policies

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

2. Basis of preparation (continued):

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning January 1, 2016

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

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

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

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

3. Financial instruments – Fair value and risk management:

The Company's activities expose it to a variety of financial risks: market risk (currency risk and interest rate risk), liquidity risk and credit risk.

The interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements. They should be read in conjunction with TVI's audited consolidated financial statements for the year ended December 31, 2015.

3. Financial risk management (continued):

a) *Financial risk management*

(i) *Currency risk*

For the nine months ended September 30, 2016, the pro forma impact on net income (loss) if the US Dollar moved by 6% against the Canadian Dollar, with all other variables held constant, would be \$114,287.

The pro forma impact on net income (loss) if the Australian Dollar moved by 5% against the Canadian Dollar, with all other variables held constant, would be \$42,948. The pro-forma impact on net income (loss) of other currencies with all other variables held constant is not material for disclosure.

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

	Average rate		Spot rate	
	Nine months ended September 30, 2016	Year ended December 31, 2015	September 30, 2016	December 31, 2015
Canadian Dollar/ US Dollar	1.3218	1.2787	1.3117	1.3840
Canadian Dollar/ Australian Dollar	0.9804	0.9604	1.0054	1.0083
Canadian Dollar/ Philippine Peso	0.0282	0.0281	0.0272	0.0295

ii) *Interest rate risk*

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

iii) *Liquidity risk*

As at September 30, 2016, the Company has \$0.8 million available working capital surplus, as compared to a working capital surplus of \$2.5 million at December 31, 2015.

The table below summarizes the Company's financial liabilities by relevant maturity groupings based on contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is considered to be not significant.

	September 30, 2016	December 31, 2015
Due within 12 months:		
Accounts payable and accrued liabilities	\$ 498,616	\$ 310,459
Due to related parties	271,202	75,360
	<u>\$ 769,818</u>	<u>\$ 385,819</u>

Note 10 includes a further breakdown and explanation of accounts payable and accrued liabilities.

iv) *Credit risk*

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

v) *Fair value measurements recognized in the statement of financial position*

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

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



3. Financial risk management (continued):

- *Level 2 – fair value measurements are those derived from inputs other than quote prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).*
- *Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).*

The fair value disclosed for the Company's equity accounted investment in Mindoro (note 7), derivative financial instrument (note 5) and option to purchase TVIRD shares (note 9) were classified under Level 3.

During the quarter ended September 30, 2016, the Company transferred the investment in Mindoro from Level 1 to Level 3 due to suspended trading since July 6, 2016.

The carrying value of the Company's financial assets and liabilities consisting of cash and cash equivalents, short-term deposits, accounts receivable, due from and to related parties and accounts payable and accrued liabilities, approximate their fair values at September 30, 2016 and December 31, 2015 due to their short term nature.

b) Capital risk management

The Company monitors capital on the basis of the debt-to-equity ratio and the debt-to-assets ratio.

Debt is composed of accounts payable and accrued liabilities and due to related parties. Equity comprises all components of equity other than amounts in accumulated other comprehensive income. Assets are defined as the Company's total current and non-current assets. The Company's strategy is to improve the debt to equity ratio in order to secure access to financing at a reasonable cost by maintaining a good credit rating.

	September 30, 2016		December 31, 2015	
Debt	\$	769,818	\$	385,819
Equity		18,045,552		19,198,926
Assets		17,386,371		19,499,525
Debt-to-equity		4%		2%
Debt-to-assets		4%		2%

4. Cash and cash equivalents and short-term deposits:

Cash and cash equivalents and short-term deposits and restricted cash consist of:

	September 30, 2016		December 31, 2015	
Cash on hand	\$	780	\$	541
Cash in banks		538,660		1,405,911
Total cash on hand and in banks		539,440		1,406,452
Short-term deposits and restricted cash		744,510		1,039,000
	\$	1,283,950	\$	2,445,452

Cash in banks and short-term deposits earn interest at the prevailing bank deposit rates. The carrying amounts of cash and cash equivalents approximate their fair value.

Restricted cash as at September 30, 2016 consists of \$350,000 held for distribution as a death benefit in accordance with certain agreements.

4. Cash and cash equivalents and short-term deposits (continued):

Cash and cash equivalents and short-term deposits are denominated in the following currencies (Canadian Dollar equivalents):

	September 30, 2016		December 31, 2015	
Canadian Dollars	\$	453,026	\$	701,621
US Dollars		769,417		1,646,156
Philippine Pesos		61,507		97,675
	\$	1,283,950	\$	2,445,452

Cash and cash equivalents and short-term deposits are held in the following countries:

	September 30, 2016		December 31, 2015	
Canada	\$	1,098,429	\$	2,293,964
Philippines		139,289		151,488
Others		46,232		-
	\$	1,283,950	\$	2,445,452

5. Derivative financial instrument:

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

The conversion options are accounted for as a derivative instrument and are separately accounted for at fair value. The conversion options are as follows:

	September 30, 2016		December 31, 2015	
Beginning balance	\$	947,105	\$	372,087
Options received		-		130,858
Gain (Loss) on revaluation		(85,430)		1,156,295
Foreign currency translation		(2,724)		76,450
Conversion into shares		-		(788,585)
Ending balance	\$	858,951	\$	947,105

6. Related party transactions:

The interim consolidated financial statements include the financial statements of TVI and the following subsidiaries, affiliates, associates and joint venture:

	Country of Incorporation	% Equity interest (Direct and Indirect)	
		September 30, 2016	December 31, 2015
Subsidiaries of TVI:			
TVI Limited	Anguilla	100%	100%
TG World	Canada	100%	100%
TVI Asia Pacific	Philippines	100%	100%
Affiliates:			
TVI International Marketing Limited	Hong Kong	100%	100%
TVI Minerals Processing Inc.	Philippines	90%	96%
TG World (BVI) Corp.	British Virgin Islands	100%	100%
TG World Petroleum Limited	Bahamas	100%	100%
TG World Energy Inc.	United States	100%	100%



6. Related party transactions (continued):

	Country of Incorporation	% Equity interest (Direct and Indirect)	
		September 30, 2016	December 31, 2015
Associates/Joint Venture:			
TVIRD and affiliates	Philippines	30.66%	30.66%
FOY Group (see note 7)	Australia	27.24%	28.26%
Mindoro	Canada	14.40%	14.40%

Transactions with related parties are entered into at the exchange amounts which are the amounts established and agreed to by the parties. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

(a) Due from related parties

During the nine months ended September 30, 2016, the Company's remaining receivable from TVIRD and Mindoro was \$96,075 (December 31, 2015 - \$257,379), presented as part of due from related parties in the statement of financial position and relating to reimbursable expenses and services provided by TVI Pacific to TVIRD and Mindoro.

The outstanding interest receivable from FOY Group was \$32,177 (December 31, 2015 – \$32,270) which formed part of the due from related parties at September 30, 2016.

(b) Due to related parties

During the three and nine months ended September 30, 2016, the Company incurred management fees of \$55,732 and \$186,081 (September 30, 2015- \$67,333 and \$265,639). Management fees are paid to a corporation owned by the President of the Company for the services of the President, travel costs and support staff. During the nine months ended September 30, 2016, the amount payable to the corporation was \$107,000 which formed part of the due to related parties in the statement of financial position (December 31, 2015 – \$6,567). Effective February 1, 2016, payment of management fees related to services of the President have been deferred as the Company is actively working to conserve cash.

During the three and nine months ended September 30, 2016, the Company incurred directors' fees of \$43,750 and \$150,250 (September 30, 2015- \$43,750 and \$154,625). At September 30, 2016, the fees payable to directors were \$150,250 which formed part of the due to related parties in the statement of financial position (December 31, 2015 – \$49,750). Effective January 1, 2016, payment of directors' fees has been deferred as the Company is actively working to conserve cash.

During the three and nine months ended September 30, 2016, the Company incurred \$37,761 and \$113,997 (September 30, 2015- \$70,069 and \$195,168), to a corporation controlled by a director and officer of TVIRD for administrative expenses. The Company owed the corporation \$9,205 at September 30, 2016 which formed part of the due to related parties in the statement of financial position (December 31, 2015 – \$19,573).

At September 30, 2016, the Company's remaining payable to the joint ventures in the Philippines was \$4,747 (December 31, 2015 - \$6,037), presented as part of due to related parties in the statement of financial position.



7. Investment in associates:

	FOY Group		Mindoro		Total
January 1, 2015	\$ 464,342	\$	-	\$	464,342
Additional investment	1,086,831		-		1,086,831
Share of net loss	(530,979)		-		(530,979)
Share of other comprehensive loss	(48,088)		-		(48,088)
December 31, 2015	\$ 972,106	\$	-	\$	972,106
Share of net loss	(150,029)		-		(150,029)
Share of other comprehensive loss	(65,646)		-		(65,646)
September 30, 2016	\$ 756,431	\$	-	\$	756,430

The book value of the Company's investment in Mindoro was reduced to nil in March 2014 as a result of recording TVI's proportionate share of net losses since having acquired the investment.

The Company has determined that it has significant influence by virtue of its right to representation on the Board of Directors of the associates and various other contractual terms. As at September 30, 2016, the fair value of the investment in Mindoro, which was calculated based on the last published share price at July 6, 2016, when the TSX-Venture Exchange announced that the shares of Mindoro had been halted from trading, was \$213,897. The trading of FOY Group shares will resume upon relisting on the ASX.

(a) Investment in FOY Group

FOY Group is a publicly listed company incorporated in Australia, with shares listed on the ASX. Its annual reporting period ends at June 30. The trading of FOY Group shares was halted since July 29, 2015 and will resume upon relisting on the ASX following completion of FOY's acquisition of a plastics-to-diesel technology. TVI holds 17,592,908 shares and 9,158,621 options as at September 30, 2016.

FOY Group initially announced a Business Sale Agreement ("Agreement") on March 18, 2015, with Integrated Green Energy Limited ("IGE") to acquire primarily the royalty-free, perpetual licenses to commercialize the plastics-to-fuel conversion technology, as well as the biomass-to-fuel and biomass-to-energy conversion technologies and a waste plastics-to-diesel and petrol conversion plant located at Berkeley Vale, Australia. Further to subsequent announcements made on February 9, 2016 and most recently on September 8, 2016, FOY Group has introduced amendments to this Agreement. An Extraordinary General Meeting has now been scheduled for November 15, 2016, at which FOY Group shareholder approval of the IGE transaction will be requested, while FOY Group must yet meet the requirements of certain ASX Listing Rules.

Below are the Company's share of FOY Group's result of operations, assets and liabilities:

	September 30, 2016		December 31, 2015
Share of comprehensive loss	\$ (215,675)	\$	(579,068)
Share of total current assets	29,410		22,559
Share of total assets	4,258,764		4,484,989
Share of total current liabilities	464,300		292,590
Share of total liabilities	464,300		292,590

On July 25, 2014, the Company's 10% earned interest in the Amazon Bay tenement was formally registered with the PNG MRA, while TVI also provided notice to FOY Group on that same date of its intent to not proceed with the Stage 2 farm-in of Amazon Bay. During the year ended December 31, 2015, the total spending of \$1,985,834 (equivalent A\$2 million), was written-down and recorded as exploration costs.

(b) Investment in Mindoro

Mindoro is a publicly listed company incorporated in Canada with shares listed on the TSX Venture Exchange and Frankfurt Stock Exchange. The TSX-Venture Exchange announced on July 6, 2016, that Mindoro has been halted from trading for failure to pay their annual sustaining listing fees. The annual reporting period of Mindoro ends at March 31.



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

8. Investment in joint venture:

	September 30, 2016	
Investment in joint venture at January 1, 2015	\$	11,872,388
Share of net income		37,669
Share of other comprehensive income		2,094,330
Investment in joint venture at December 31, 2015		14,004,387
Share of net income		858,111
Share of other comprehensive loss		(1,261,891)
Investment in joint venture at September 30, 2016	\$	13,600,607

TVI continues to hold 30.66% of the issued and outstanding shares of TVIRD (through TVI Marketing). TVIRD continues to be the operator of the Agata and Pan de Azucar joint ventures.

9. Other assets:

Other assets are composed of:

	September 30, 2016		December 31, 2015	
Option to purchase TVIRD shares	\$	596,180	\$	596,180
Others		11,355		11,701
	\$	607,535	\$	607,881

During the year ended December 31, 2014, TVI paid \$232,020 as an option to acquire the remaining Class B shares of TVIRD held by a non-controlling interest holder, representing a 0.92% interest in TVIRD, upon execution of TVIRD's listing on the Philippine Stock Exchange within an agreed time. The total net purchase price is expected to be US \$500,000, including the payment, plus 10% of (i) the initial public offering ("IPO") value of the Class B shares, to be calculated as if they were included in the TVIRD IPO, or (ii) the average price of the Class B shares during the first 5 trading days of TVIRD's listing – whichever is higher. At September 30, 2016, the Company determined the fair value of the option to be \$596,180 based on the estimated listing price of TVIRD, adjusted to account for the effects of ongoing mining and the current and anticipated reduction in metal prices.

10. Accounts payable and accrued liabilities:

Account consists of the following:

	September 30, 2016		December 31, 2015	
Trade payables	\$	(5,493)	\$	45,532
Other accrued expenses		504,109		264,927
	\$	498,616	\$	310,459

Accrued expenses include accruals of personnel expenses, consultancy and other professional fees.

Other Accrued Expense includes \$350,000 held for distribution as a death benefit in accordance with certain agreements.



11. Share capital:

(a) Authorized

Unlimited common voting shares without nominal or par value.

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

(b) Issued and fully paid

The total number of common shares since January 1, 2015 up to September 30, 2016 was 655,537,039 in the amount of \$32,974,070.

(c) Share options

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

There were no share options granted during the period ended September 30, 2016. In February 2015 and September 2015, the Company granted share options to officers of the Company.

	Three months ended September 30, 2016		Year ended December 31, 2015	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of year	60,800,000	\$ 0.019	45,850,000	\$ 0.021
Issued	-	-	18,050,000	0.015
Exercised	(66,667)	0.015	-	-
Forfeited	(750,000)	0.017	(1,733,333)	0.018
Expired	(2,383,333)	0.063	(1,366,667)	0.022
Options outstanding, end of year	57,600,000	\$ 0.018	60,800,000	\$ 0.019
Options exercisable, end of year	35,499,999	\$ 0.019	22,083,334	\$ 0.027

Price range	Number outstanding	Weighted average remaining contractual life (years)	Number Exercisable
\$ 0.000 to 0.008	57,600,000	2.72	35,449,999

The fair value of share options granted during the year ended December 31, 2015 was \$0.014 per share. The following table sets out the assumptions used by the Company to estimate the fair value of awards granted during 2015:

	Year ended December 31, 2015
Risk free interest rate – average	0.76%
Expected life (in years)	5
Expected volatility	176%
Estimated forfeiture rate	10%



(d) Stock-based compensation and contributed surplus

During the three and nine months ended September 30, 2016 and 2015 a net of \$24,259 and \$157,231 (September 30, 2015 - \$75,311 and \$234,676) of stock-based compensation was charged to the interim consolidated statement of comprehensive income (loss).

	Nine months ended September 30, 2016		Year ended December 31, 2015	
Contributed surplus, beginning of period	\$	6,835,472	\$	6,546,839
Stock-based compensation		157,231		305,705
Employee options exercised		(925)		-
Options forfeited		-		(17,072)
Contributed surplus, end of period	\$	6,991,778	\$	6,835,472

12. Per share data:

	Three months ended September 30		Nine months ended September 30	
	2016	2015	2016	2015
Net loss	\$ (132,459)	\$ (665,769)	\$ (1,311,605)	\$ (2,866,818)
Weighted average number of shares, basic and diluted	655,537,039	655,470,372	655,537,039	655,470,372
Basic and diluted loss per share	(0.0002)	(0.001)	(0.002)	(0.004)

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares consisting of share options. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated above is compared with the number of shares that would have been issued assuming the exercise of the share options.

13. Segmented information:

The Company's revenue from mining, extraction, production and selling of metal concentrates is indirectly recognized within the Company's investment in joint venture, through the application of the equity method. The Company's segmented information is reported in the same way as internal reporting provided to TVI's executive management to make decisions about resource allocation and performance assessment of the operating segments.

The Company has two reporting segments:

- mining exploration in Fiji and investments in associates and joint venture with mining activities in the Philippines and Papua New Guinea; and
- petroleum exploration in the Philippines



13. Segmented information (continued):

The Company's corporate operations do not earn revenue and incurs expenses that are considered incidental to the activities of the Company and therefore does not meet the definition of an operating segment as defined in IFRS 8, *Operating Segments*.

Geographic information:

	Revenues		Property and equipment and exploration and evaluation assets	
	For nine months ended September 30, 2016	For nine months ended September 30, 2015	September 30, 2016	December 31, 2015
Philippines	\$ -	\$ -	\$ -	\$ -
Papua New Guinea	-	-	-	-
Canada	-	-	39,844	52,031
	\$ -	\$ -	\$ 39,844	\$ 52,031

Mining segment's operating results in the table below include TVI's 30.66% interest in TVIRD whose summarized financial information is presented in note 11, interest in FOY Group and Mindoro (note 7), as well as the exploration costs incurred in Fiji.

TVI Pacific Inc.
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(in Canadian dollars)



13. Segmented information (continued):

	Three months ended September 30, 2016				Three months ended September 30, 2015			
	Mining	Petroleum Exploration	Corporate	Total	Mining	Petroleum Exploration	Corporate	Total
Administrative and general costs	\$ -	\$ (14,771)	\$ (394,663)	\$ (409,435)	\$ -	\$ (17,609)	\$ (722,268)	\$ (739,877)
Exploration costs	-	-	-	-	(275,901)	-	-	(275,901)
Depreciation expense	-	(58)	(3,184)	(3,242)	-	(133)	(3,188)	(3,321)
		(14,829)	(397,847)	(412,676)	(275,901)	(17,742)	(725,456)	(1,019,099)
Interest income	-	61	682	743	-	97	80,621	80,718
Interest expense	-	-	-	-	-	(56)	-	(56)
Foreign exchange gains (loss)	-	56	43,497	43,553	-	7,779	155,410	163,189
Other loss	-	-	(33,997)	(33,997)	-	(1,071)	181,536	180,465
Share of gains of associates and joint venture	269,919	-	-	269,919	(70,986)	-	-	(70,986)
Net income (loss)	\$ 269,919	\$ (14,712)	\$ (387,666)	\$ (132,459)	(346,887)	\$ (10,993)	\$ (307,889)	\$ (665,769)
Assets	\$ 15,823,525	\$ 189,072	\$ 1,373,775	\$ 17,386,372	\$ 15,062,112	\$ 1,052,234	\$ 4,561,842	\$ 20,676,188
Liabilities	-	-	1,781,257	1,781,257	-	158,010	992,800	1,150,810
Capital expenditures	-	-	-	-	-	-	8,209	8,209

	Nine months ended September 30, 2016				Nine months ended September 30, 2015			
	Mining	Petroleum Exploration	Corporate	Total	Mining	Petroleum Exploration	Corporate	Total
Administrative and general costs	\$ -	\$ (73,560)	\$ (1,734,712)	\$ (1,808,273)	\$ -	\$ (65,921)	\$ (1,992,914)	\$ (2,058,835)
Exploration costs	(27,887)	-	-	(27,887)	(2,539,654)	-	-	(2,539,654)
Depreciation expense	-	(172)	(10,452)	(10,624)	-	(882)	(12,975)	(13,857)
	(27,887)	(73,732)	(1,745,164)	(1,846,783)	(2,539,654)	(66,803)	(2,005,889)	(4,612,346)
Interest income	-	104	2,215	2,319	-	1,972	208,711	210,683
Interest expense	-	-	-	-	-	(2,907)	-	(2,907)
Foreign exchange gains (loss)	-	(7461)	(78,349)	(85,810)	-	14,151	337,632	351,783
Other loss	-	(1)	(89,411)	(89,412)	-	(6,468)	1,138,243	1,131,775
Share of gains of associates and joint venture	708,082	-	-	708,082	54,194	-	-	54,194
Net income (loss)	\$ 680,195	\$ (81,090)	\$ (1,910,710)	\$ (1,311,605)	(2,485,460)	\$ (60,055)	\$ (321,303)	\$ (2,866,818)
Assets	\$ 15,823,525	\$ 189,072	\$ 1,373,775	\$ 17,386,372	\$ 15,062,112	\$ 1,052,234	\$ 4,561,842	\$ 20,676,188
Liabilities	-	-	1,781,257	1,781,257	-	158,010	992,800	1,150,810
Capital expenditures	-	-	-	-	-	-	13,040	13,040



14. Expenses by nature:

	Nine months ended September 30	
	2016	2015
Personnel costs	\$ 758,334	\$ 564,198
Contracted services	314,817	409,714
Professional fees	200,381	316,528
Stock-based compensation	157,231	234,676
Travel and transportation	82,131	165,434
Advertising and investor relations	87,360	109,693
Rent	76,189	93,548
Insurance	59,012	74,846
Taxes and licenses	18,280	36,812
Utilities	14,173	23,458
Materials and supplies	12,254	17,637
Freight	752	959
Others	27,359	11,332
Total administrative and general costs	\$ 1,808,273	\$ 2,058,835

Personnel costs include termination allowance for various employees and other employee costs.

15. Changes in working capital:

	Three months ended September 30		Nine months ended September 30	
	2016	2015	2016	2015
Accounts receivable	\$ 30,644	\$ (79,753)	\$ 77,341	\$ 20,160
Prepaid expenses	37,743	27,255	5,580	(23,278)
Trade accounts payables and accrued liabilities	(42,899)	47,581	177,475	57,415
Due to/from related parties	95,724	43,076	357,435	(16,165)
	\$ 121,212	\$ 38,159	\$ 617,831	\$ 38,132

The change in trade accounts payable and accrued liabilities and due to/from related parties was due to the settlement of consultancy, professional fees and service fees during the period ended September 30, 2016.

16. Foreign exchange gain:

	Three months ended September 30		Nine months ended September 30	
	2016	2015	2016	2015
Unrealized foreign exchange gain (loss)	\$ 45,743	\$ (169,911)	\$ 3,905	\$ 125,992
Realized foreign exchange loss	(2,190)	333,100	(89,715)	225,791
	\$ 43,553	\$ 163,189	\$ (85,810)	\$ 351,783

The unrealized foreign exchange gain (loss) during the period ended September 30, 2016 and 2015 pertain to the revaluation of USD-denominated short-term deposits and derivative financial instrument.

17. Commitment:

The Company has entered into a lease contract with respect to its corporate office premises that has commenced on April 1, 2015. The lease is for a three-year term through to March 31, 2018, and the remaining total rent payments up to the end of the lease contract in March 2018 amounts to \$86,308, inclusive of base rent, estimated operating expense and taxes.



18. Subsequent Events:

The Company announced on September 28, 2016, that TVIRD had learned through a news conference held on September 27 by the Philippine Department of Environment and Natural Resources ("DENR") that Agata Mining Ventures Incorporated ("AMVI") – a company in which TVIRD holds a 60% interest and is the operator of the Agata nickel laterite mine in Northern Mindanao, Philippines – is among 20 mining companies that have been recommended for suspension following an audit of all 41 metallic mining operations in the country.

A formal letter from the DENR together with a copy of pertinent report containing the findings and recommendations of DENR audit team was received by AMVI on October 28, 2016. Accordingly, AMVI filed its response letter on November 4, 2016.

As of the end of October 2016, AMVI has shipped 383,380 wet metric tonnes of nickel laterite ore since September 30, 2016 and continues to ship through to the publication date of these interim financial statements.



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