Interim Consolidated Financial Statements

For the Three Months Ended
March 31, 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 March 31, 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
March 31, 2016
(in Canadian dollars)

	Notes		March 31, 2016		December 31, 2015
Assets					
Current assets:					
Cash and cash equivalents	4	$	1,089,495	$	1,406,452
Short-term deposits	4		649,550		1,039,000
Accounts receivable			71,978		87,243
Due from related parties	6		220,690		296,216
Prepaid expenses			79,466		87,104
Total current assets			**2,111,179**		**2,916,015**
Non-current assets:					
Investment in associates	7		891,796		972,106
Investment in joint venture	8		13,504,621		14,004,387
Total investments in associates and joint venture			14,396,417		14,976,493
Derivative financial instrument	5		908,507		947,105
Property and equipment			47,404		52,031
Other assets	9		607,711		607,881
Total non-current assets			**15,960,039**		**16,583,510**
Total assets		**$**	**18,071,218**	**$**	**19,499,525**
Liabilities and Shareholders' Equity					
Current liabilities:					
Accounts payable and accrued liabilities	10	$	376,364	$	310,459
Due to related parties	6		66,037		75,360
Total current liabilities			**442,401**		**385,819**
Deferred tax liability			1,044,080		1,094,603
Total liabilities			**1,486,481**		**1,480,422**
Equity attributable to shareholders of the Company:					
Share capital	11(b)		32,972,145		32,972,145
Contributed surplus	11(d)		6,900,529		6,835,472
Deficit			(21,400,157)		(20,608,691)
Translation reserves			(1,887,780)		(1,179,823)
Total equity			**16,584,737**		**18,019,103**
Total liabilities and equity		**$**	**18,071,218**	**$**	**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

(in Canadian dollars)

	Notes		Three months ended March 31 2016		2015
Expenses:					
Exploration costs		$	24,620	$	84,055
Depreciation expense			3,844		5,318
Administrative and general costs	14		803,816		563,557
Total expenses			**832,280**		**652,930**
Operating loss			**(832,280)**		**(652,930)**
Other income (expenses):					
Interest income			683		111,743
Foreign exchange gain (loss)	16		(101,844)		242,225
Other losses			(26,375)		(79,493)
Share of gains (losses) of associates and joint venture	7,8		168,350		(373,054)
Other expenses, net			**40,814**		**(98,579)**
Net loss			**(791,466)**		**(751,509)**
Other comprehensive income (loss):					
Items that may be reclassified to profit or loss in subsequent periods:					
Foreign currency translation adjustment – foreign operations			40,469		32,096
Foreign currency translation adjustment – associates and joint venture			(748,426)		1,270,532
Comprehensive income (loss)		**$**	**(1,499,423)**	**$**	**551,119**
Basic and diluted loss per share	12	$	(0.001)	$	(0.001)
Weighted average number of common shares	11		655,470,372		655,470,372

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

(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					
Stock-based compensation	-	65,057	-	-	65,057
Total transaction with owners	-	65,057	-	-	65,057
Comprehensive loss					
Net loss	-	-	(791,466)	-	(791,466)
Other comprehensive loss:					
Foreign currency translation adjustment	-	-	-	(707,957)	(707,957)
Total comprehensive loss	-	-	(791,466)	(707,957)	(1,499,423)
March 31, 2016	**$ 32,972,145**	**$ 6,900,529**	**$ (21,400,157)**	**$ (1,887,780)**	**$ 16,584,737**
January 1, 2015	**$ 32,972,145**	**$ 6,546,839**	**$ (15,483,520)**	**$ (3,293,298)**	**$ 20,742,166**
Transaction with owners					
Stock-based compensation	-	80,476	-	-	80,476
Total transaction with owners	-	80,476	-	-	80,476
Net loss	-	-	(751,509)	-	(751,509)
Other comprehensive income:					
Foreign currency translation adjustment	-	-	-	1,302,628	1,302,628
Total comprehensive income (loss)	-	-	(751,509)	1,302,628	551,119
March 31, 2015	**$ 32,972,145**	**$ 6,627,315**	**$ (16,235,029)**	**$ (1,990,670)**	**$ 21,373,761**

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

(in Canadian dollars)

	Notes	Three months ended March 31 2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss before income tax		$ (791,466)	$ (751,509)
Adjustments for:			
Depreciation expense		3,844	5,318
Stock based compensation	11(d)	65,057	80,476
Interest income		(683)	(111,743)
Unrealized foreign exchange loss (gain)		70,788	(229,402)
Other losses		26,375	79,493
Share of losses (gains) of associates and joint venture	7,8	(168,350)	373,054
Changes in working capital	15	142,424	(143,783)
Interest received		683	1,895
Income taxes received		-	26,130
Net cash used in operating activities		**(651,328)**	**(670,071)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Change in short-term deposits		339,550	702,071
Change in notes receivable		-	(98,250)
Expenditures on property and equipment and other assets		-	(4,831)
Net cash generated from investing activities		**339,550**	**598,990**
Effect of foreign exchange rates on cash		(5,179)	3,049
Net decrease in cash and cash equivalents		(316,957)	(68,032)
Cash and cash equivalents at beginning of the period		1,406,452	1,066,073
Cash and cash equivalents at end of the period		**$ 1,089,495**	**$ 998,041**

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 and its shares are listed on the Toronto Stock Exchange. 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 joint venture 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 March 31, 2016, TVI also holds a 28.26% equity interest in FOY Group Limited ("FOY Group") (name has been changed from Foyson 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 May 12, 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 the TVI's audited consolidated financial statements for the year ended December 31, 2015.

(in Canadian dollars)

3. Financial risk management (continued):

a) Financial risk management

(i) Currency risk

For the three months ended March 31, 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 $84,164.

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 $45,425. 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	
	Three months ended March 31, 2016	Year ended December 31, 2015	March 31, 2016	December 31, 2015
Canadian Dollar/US Dollar	1.3732	1.2787	1.2971	1.3840
Canadian Dollar/ Australian Dollar	0.9908	0.9604	0.9957	1.0083
Canadian Dollar/ Philippine Peso	0.0291	0.0281	0.0281	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 March 31, 2016, the Company has $1.7 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.

	March 31, 2016	December 31, 2015
Due within 12 months:		
Accounts payable and accrued liabilities	$ 376,364	$ 310,459
Due to related parties	66,037	75,360
	$ 442,401	$ 385,819

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 March 31, 2016 and December 31, 2015 represent the Company's maximum credit risk exposure.

b) 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.*

(in Canadian dollars)

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) falls under Level 1, while the derivative financial instrument (note 5) and option to purchase TVIRD shares (note 9) were classified under Level 3.

During the three months ended March 31, 2016, there were no transfers between levels in the fair value hierarchy of any fair value measurements nor were there changes in valuation techniques.

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 March 31, 2016 and December 31, 2015 due to their short term nature.

c) *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.

	March 31, 2016	December 31, 2015
Debt	$ 442,401	$ 385,819
Equity	18,472,517	19,198,926
Assets	18,071,218	19,499,525
Debt-to-equity	2%	2%
Debt-to-assets	2%	2%

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

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

	March 31, 2016	December 31, 2015
Cash on hand	$ 522	$ 541
Cash in banks	1,088,973	1,405,911
Total cash on hand and in banks	1,089,495	1,406,452
Short-term deposits	649,550	1,039,000
	$ 1,739,045	$ 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.

(in Canadian dollars)

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):

		March 31, 2016		December 31, 2015
Canadian Dollars	$	286,682	$	701,621
US Dollars		1,402,731		1,646,156
Philippine Pesos		49,632		97,675
	$	1,739,045	$	2,445,452

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

		March 31, 2016		December 31, 2015
Canada	$	1,553,441	$	2,293,964
Philippines		185,604		151,488
Others		-		-
	$	1,739,045	$	2,445,452

5. Derivative financial instrument:

As at March 31, 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:

		March 31, 2016		December 31, 2015
Beginning balance	$	947,105	$	372,087
Options received		-		130,858
Gain (Loss) on revaluation		(26,762)		1,156,295
Foreign currency translation		(11,836)		76,450
Conversion into shares		-		(788,585)
Ending balance	$	908,507	$	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)	
		March 31, 2016	December 31, 2015
Subsidiaries of TVI:			
TVI Limited	Anguilla	100%	100%
TG World	Canada	100%	100%
TVI Asia	Philippines	100%	100%
Affiliates:			
TVI International Marketing Limited	Hong Kong	100%	100%
TVI Minerals Processing Inc.	Philippines	96%	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%

(in Canadian dollars)

6. Related party transactions (continued):

	Country of Incorporation	% Equity interest (Direct and Indirect)	
		March 31, 2016	December 31, 2015
Associates/Joint Venture:			
TVIRD and affiliates	Philippines	30.66%	30.66%
FOY Group (see note 10)	Australia	28.26%	28.26%
Mindoro	Canada	14.4%	14.4%

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

At March 31, 2016, the Company's remaining receivable from TVIRD and Mindoro was $167,492 (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.

At March 31, 2016, the Company incurred management fees of $44,754 (March 31, 2015- $74,349). 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. At March 31, 2016, the amount receivable from the corporation was $21,331 which formed part of the due from related parties in the statement of financial position (December 31, 2015 – $6,567).

The outstanding interest receivable from FOY Group was $31,867 which formed part of the due from related parties at March 31, 2016 (December 31, 2015 – $32,270).

(b) Due to related parties

During the three months ended March 31, 2016, the Company incurred directors' fees of $49,750 (March 31, 2015- $48,938). At March 31, 2016, the fees payable to directors were $49,750 which formed part of the due to related parties in the statement of financial position (December 31, 2015 – $49,750).

During the three months ended March 31, 2016, the Company incurred $38,550 (March 31, 2015- $64,293), to a corporation controlled by a director and officer of TVIRD for administrative expenses. The Company owed the corporation $11,387 at March 31, 2016 which formed part of the due to related parties in the statement of financial position (December 31, 2015 – $19,573).

At March 31, 2016, the Company's remaining payable to the joint ventures in the Philippines was $4,900 (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	(53,681)	-	(53,681)
Share of other comprehensive loss	(26,629)	-	(26,629)
March 31, 2016	$ 891,796	$ -	$ 891,796

(in Canadian dollars)

7. Investment in associates (continued):

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 March 31, 2016, the fair value of the investment in Mindoro, which was calculated based on the share price at March 31, 2016, 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. TVI holds 17,592,908 shares and 9,158,621 options as at March 31, 2016.

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

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

	March 31, 2016	December 31, 2015
Share of comprehensive loss	$ (80,310)	$ (579,068)
Share of total current assets	40,691	22,559
Share of total assets	4,502,985	4,484,989
Share of total current liabilities	380,650	292,590
Share of total liabilities	380,650	292,590

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

On July 25, 2014, TVI provided notice to FOY Group of its intent to not proceed with the Stage 2 farm-in of Amazon Bay.

(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. Its annual reporting period ends at March 31.

As at March 31, 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.

(in Canadian dollars)

8. Investment in joint venture:

		March 31, 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		222,031
Share of other comprehensive loss		(721,797)
Investment in joint venture at March 31, 2016	$	13,504,621

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:

		March 31, 2016		December 31, 2015
Option to purchase TVIRD shares	$	596,180	$	596,180
Others		11,531		11,701
	$	607,711	$	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 March 31, 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:

		March 31, 2016		December 31, 2015
Trade payables	$	63,899	$	45,532
Other accrued expenses		312,465		264,927
	$	376,364	$	310,459

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

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, 2014 up to March 31, 2016 was 655,470,372 in the amount of $32,972,145.

(in Canadian dollars)

11. Share capital (continued):

(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 March 31, 2016. In June 2015 and February 2015, the Company granted share options to officers of the Company.

	Three months ended March 31, 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
Forfeited	-		-	(1,733,333)		0.018
Expired	(200,000)		0.030	(1,366,667)		0.022
Options outstanding, end of year	60,600,000	$	0.019	60,800,000	$	0.019
Options exercisable, end of year	22,050,000	$	0.027	22,083,334	$	0.027

Price range		Number outstanding	Weighted average remaining contractual life (years)	Number Exercisable
$	0.015 to 0.022	48,050,000	3.57	10,166,667
	0.023 to 0.033	10,550,000	1.70	9,883,333
	0.051 to 0.075	2,000,000	0.15	2,000,000
$	0.015 to 0.075	60,600,000	3.13	22,050,000

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 period ended March 31, 2016, a net of $65,057 (December 31, 2015 - $288,633) of stock-based compensation was charged to the interim consolidated statement of comprehensive income (loss).

	Three months ended March 31, 2016		Year ended December 31, 2015	
Contributed surplus, beginning of period	$	6,835,472	$	6,546,839
Stock-based compensation		65,057		305,705
Options forfeited		-		(17,072)
Contributed surplus, end of period	$	6,900,529	$	6,835,472

(in Canadian dollars)

12. Per share data:

		Three months ended March 31, 2016		Three months ended March 31, 2015
Net loss	$	(791,466)	$	(751,509)
Weighted average number of shares, basic and diluted		655,470,372		655,470,372
Basic and diluted loss per share		(0.001)		(0.001)

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

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			
	Three months ended March 31, 2016		Three months ended March 31, 2015		March 31, 2016		December 31, 2015	
Philippines	$	-	$	-	$	-	$	-
Papua New Guinea		-		-		-		-
Canada		-		-		47,404		52,031
	$	-	$	-	$	47,404	$	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.

(in Canadian dollars)

13. Segmented information (continued):

	Three months ended March 31, 2016				Three months ended March 31, 2015			
	Mining	Petroleum Exploration	Corporate	Total	Mining	Petroleum Exploration	Corporate	Total
Administrative and general costs	$ -	$ (14,517)	$ (789,299)	$ (803,816)	$ -	$ (23,866)	$ (539,691)	$ (563,557)
Exploration costs	(24,620)	-	-	(24,620)	(84,055)	-	-	(84,055)
Depreciation expense	-	(57)	(3,787)	(3,844)	-	(368)	(4,950)	(5,318)
	(24,620)	(14,574)	(793,086)	(832,280)	(84,055)	(24,234)	(544,641)	(652,930)
Interest income	-	19	664	683	-	1,875	109,868	111,743
Foreign exchange gains (loss)	-	(7,954)	(93,890)	(101,844)	-	8,674	233,551	242,225
Other loss	-	-	(26,375)	(26,375)	-	(3,549)	(75,944)	(79,493)
Share of gains (losses) of associates and joint venture	168,350	-	-	168,350	(373,054)	-	-	(373,054)
Net income (loss)	$ 143,730	$ (22,509)	$ (912,687)	$ (791,466)	$ (457,109)	$ (17,234)	$ (277,166)	$ (751,509)
Assets	$ 15,912,635	$ 197,335	$ 1,961,248	$ 18,071,218	$ 13,477,073	$ 803,973	$ 8,138,853	$ 22,419,899
Liabilities	-	6,654	1,479,827	1,486,481	-	2,708	1,043,430	1,046,138
Capital expenditures	-	-	-	-	-	-	4,831	4,831

(in Canadian dollars)

14. Expenses by nature:

	Three months ended March 31 2016			2015
Personnel costs	$	403,208	$	35,338
Contracted services		126,463		134,673
Professional fees		65,958		79,465
Stock-based compensation		65,056		80,476
Investor relations		40,661		50,433
Rent		27,324		31,715
Insurance		24,495		24,691
Travel and transportation		20,452		71,426
Taxes and licenses		10,339		30,527
Materials and supplies		7,582		12,239
Utilities		5,889		7,878
Freight		242		587
Others		6,147		4,109
Total administrative and general costs	$	803,816	$	563,557

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

15. Changes in working capital:

	Three months ended March 31 2016			2015
Accounts receivable	$	7,049	$	107,940
Prepaid expenses		7,638		(9)
Trade accounts payables and accrued liabilities		61,534		(30,766)
Due to/from related parties		66,203		(220,948)
	$	142,424	$	(143,783)

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 March 31, 2016.

16. Foreign exchange gain:

	Three months ended March 31 2016			2015
Unrealized foreign exchange gain (loss)	$	(70,788)	$	229,402
Realized foreign exchange gain (loss)		(31,056)		12,823
	$	(101,844)	$	242,225

The unrealized foreign exchange gain (loss) during the period ended March 31, 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 $115,077, inclusive of base rent, estimated operating expense and taxes.

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