Pacific Inc.

Interim Consolidated Financial Statements

For the Three Months Ended
March 31, 2017 and 2016
(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, 2017, 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.

(in Canadian dollars)

	Notes		March 31, 2017		December 31, 2016
Assets					
Current assets:					
Cash and cash equivalents	4	$	726,451	$	376,887
Short-term deposits	4		351,000		720,243
Accounts receivable			22,558		23,088
Due from related parties	6		164,172		157,948
Prepaid expenses			25,157		49,691
Total current assets			**1,289,338**		**1,327,857**
Non-current assets:					
Investment in associates	7		478,523		636,801
Investment in joint venture	8		12,242,004		12,837,563
Total investments in associates and joint venture			12,720,527		13,474,364
Derivative financial instrument	5		803,998		798,705
Property and equipment			33,683		36,710
Other assets	9		146,028		146,088
Total non-current assets			**13,704,236**		**14,455,867**
Total assets		**$**	**14,993,574**	**$**	**15,783,724**
Liabilities and Shareholders' Equity					
Current liabilities:					
Accounts payable and accrued liabilities	10	$	552,118	$	553,751
Due to related parties	6		438,483		364,558
Total current liabilities			**990,601**		**918,309**
Deferred tax liability			745,725		763,434
Total liabilities			**1,736,326**		**1,681,743**
Equity attributable to shareholders of the Company:					
Share capital	11(b)		32,974,070		32,974,070
Contributed surplus	11(d)		7,035,012		7,019,600
Deficit			(23,952,361)		(23,453,803)
Translation reserves			(2,799,473)		(2,437,886)
Total equity			**13,257,248**		**14,101,981**
Total liabilities and equity		**$**	**14,993,574**	**$**	**15,783,724**

Commitment (note 17)

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

On behalf of the Board:

"Clifford M. James"	"C. Brian Cramm"
Clifford M. James, Director	C. Brian Cramm, Director

	Notes		Three months ended March 31 2017		2016
Expenses:					
Exploration costs		$	-	$	24,620
Depreciation expense			2,915		3,844
Administrative and general costs	14		364,128		803,816
Total expenses			**367,043**		**832,280**
Operating loss			**(367,043)**		**(832,280)**
Other income (expenses):					
Interest income			215		683
Foreign exchange gain (loss)	16		35,257		(101,844)
Other losses			(33,132)		(26,375)
Share of gains (losses) of associates and joint venture	7,8		(133,855)		168,350
Other expenses, net			**(131,515)**		**40,814**
Net loss			**(498,558)**		**(791,466)**
Other comprehensive income (loss):					
Items that may be reclassified to profit or loss in subsequent periods:					
Foreign currency translation adjustment – foreign operations			-		40,469
Foreign currency translation adjustment – associates and joint venture			(361,587)		(748,426)
Comprehensive income (loss)		**$**	**(860,145)**	**$**	**(1,499,423)**
Basic and diluted loss per share	12	$	(0.001)	$	(0.001)
Weighted average number of common shares	11(b)		655,537,039		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, 2017	**$ 32,974,070**	**$ 7,019,600**	**$ (23,453,803)**	**$ (2,437,886)**	**$ 14,101,981**
Transaction with owners					
Stock-based compensation	-	15,412	-	-	15,412
Total transaction with owners	-	15,412	-	-	15,412
Comprehensive loss					
Net loss	-	-	(498,558)	-	(498,558)
Other comprehensive loss:					
Foreign currency translation adjustment	-	-	-	(361,587)	(361,587)
Total comprehensive loss	-	-	(498,558)	(361,587)	(860,145)
March 31, 2017	**$ 32,974,070**	**$ 7,035,012**	**$ (23,952,361)**	**$ (2,799,473)**	**$ 13,257,248**
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**

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

(in Canadian dollars)

	Notes	Three months ended March 31 2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss before income tax		$ (498,558)	$ (791,466)
Adjustments for:			
Depreciation expense		2,915	3,844
Stock based compensation	11(d)	15,412	65,057
Interest income		(215)	(683)
Unrealized foreign exchange loss (gain)		(30,375)	70,788
Other losses		33,132	26,375
Share of losses (gains) of associates and joint venture	7,8	133,855	(168,350)
Changes in working capital	15	90,611	142,424
Interest received		215	683
Cash dividend received from investment in joint venture	8	241,991	
Income taxes received			-
Net cash used in operating activities		**(11,017)**	**(651,328)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Change in short-term deposits		361,319	339,550
Change in notes receivable		-	-
Expenditures on property and equipment and other assets		-	-
Net cash generated from investing activities		**361,319**	**339,550**
Effect of foreign exchange rates on cash		(738)	(5,179)
Net decrease in cash and cash equivalents		349,564	(316,957)
Cash and cash equivalents at beginning of the period		376,887	1,406,452
Cash and cash equivalents at end of the period		**$ 726,451**	**$ 1,089,495**

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 is focused on the acquisition of diversified resource projects in the Asia Pacific region and on evaluating and acquiring resource projects that can be rapidly developed and put into production to generate revenue and cash flows. TVI does not presently have an active resource property but holds various equity and joint venture investments in resource companies (together referred to as the "Company") engaged in production, development and/or exploration activities in the Philippines and Papua New Guinea ("PNG") as well as the commercialization of plastics-to-fuel technology and biomass to fuel and energy conversion technologies in Australia.

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 Direct Shipping Ore ("DSO") operations and various interests in the Agata processing project and exploration properties in the Philippines. At March 31, 2017, TVI also holds a 25.50% 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, who holds also a 90% interest in Amazon Bay where they have continued to progress their strategy for PNG through continued active dialogue with the PNG Mineral Resource Authority and the community; 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"). At March 31, 2017, the TG World entities are inactive. At March 31, 2017 also, TVI continues to carry out a due diligence work program at the Cirianiu gold project in Fiji 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.

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 10, 2017.

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, 2016 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.

2. Basis of preparation (continued):

(b) 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, 2016. There are no new IFRSs or IFRIC interpretations that are effective for the period beginning January 1, 2017 that would be expected to have a material impact to the Company.

(c) New standards, amendments and interpretations issued but not effective for the financial year beginning January 1, 2017

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.

(in Canadian dollars)

3. Financial 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, 2016.

a) Financial risk management

i) Currency risk

For the three months ended March 31, 2017, the pro forma impact on net income (loss) if the US Dollar moved by 0.8% against the Canadian Dollar, with all other variables held constant, would be $3,568. If the Australian Dollar moved by -5% against the Canadian Dollar, with all other variables held constant, the pro forma impact on net income (loss) would be ($38,680). 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, 2017	Year ended December 31, 2016	March 31, 2017	December 31, 2016
Canadian Dollar/US Dollar	1.3238	1.3248	1.3322	1.3427
Canadian Dollar/ Australian Dollar	1.0038	0.9852	1.0174	0.9707
Canadian Dollar/ Philippine Peso	0.0265	0.0279	0.0266	0.0272

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, 2017, the Company has $0.3 million available working capital surplus, as compared to a working capital surplus of $0.4 million at December 31, 2016.

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 not considered to be significant.

	March 31, 2017	December 31, 2016
Due within 12 months:		
Accounts payable and accrued liabilities	$ 552,118	$ 553,751
Due to related parties	438,483	364,558
	$ 990,601	$ 918,309

Accounts payable and accrued liabilities includes $351,000 held for distribution as a death benefit in accordance with certain agreements. The $351,000 held for distribution as a death benefit is included in short-term deposits and both the principal and any interest earned thereon is not available for use by the Company. The Company remains focused upon conserving cash through reducing expenditures and expects also possible distributions from its investment in joint venture and the sale of portions of its interest in various equity holdings to help settle liabilities and be a source of funding to help the Company pursue resource projects that can be rapidly developed and put into production to generate revenue and cash flows. Risk nonetheless exists that the Company may not be successful in its various cash raising efforts.

(in Canadian dollars)

3. Financial risk management (continued):

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, 2017 and December 31, 2016 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.*
- *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 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, 2017, 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, 2017 and December 31, 2016 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, 2017	December 31, 2016
Debt	$ 990,600	$ 918,309
Equity	16,056,721	16,539,867
Assets	14,993,574	15,783,724
Debt-to-equity	6%	6%
Debt-to-assets	7%	6%

(in Canadian dollars)

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

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

		March 31, 2017		December 31, 2016
Cash on hand	$	764	$	778
Cash in banks		725,687		376,109
Total cash on hand and in banks		726,451		376,887
Short-term deposits		351,000		720,243
	$	1,077,451	$	1,097,130

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.

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

		March 31, 2017		December 31, 2016
Canadian Dollars	$	584,002	$	487,543
US Dollars		456,325		564,528
Philippine Pesos		37,124		45,059
	$	1,077,451	$	1,097,130

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

		March 31, 2017		December 31, 2016
Canada	$	894,191	$	951,665
Philippines		137,197		98,986
Others		46,063		46,479
	$	1,077,451	$	1,097,130

Short-term deposits includes $351,000 held for distribution as a death benefit in accordance with certain agreements, of which this amount and any interest earned thereon is not available for use by the Company.

5. Derivative financial instrument:

As at March 31, 2017, 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, 2017		December 31, 2016
Beginning balance	$	798,705	$	947,105
Options received		-		-
Gain (Loss) on revaluation		(33,132)		(113,082)
Foreign currency translation		38,425		(35,318)
Ending balance	$	803,998	$	798,705

(in Canadian dollars)

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, 2017	December 31, 2016
Subsidiaries of TVI:			
TVI Limited	Anguilla	100%	100%
TG World	Canada	100%	100%
TVI Asia	Philippines	100%	100%
TVI International Marketing Limited	Hong Kong	100%	100%
TVI Minerals Processing Inc.	Philippines	90%	90%
TG World (BVI) Corp.	British Virgin Islands	100%	100%
TG World Petroleum Limited	Bahamas	100%	100%
TG World Energy Inc.	United States	100%	100%

	Country of Incorporation	% Equity interest (Direct and Indirect)	
		March 31, 2017	December 31, 2016
Associates/Joint Venture:			
TVIRD and affiliates	Philippines	30.66%	30.66%
FOY Group (see note 10)	Australia	25.50%	25.50%
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, 2017, the Company's remaining receivable from TVIRD and Mindoro was $101,979 (December 31, 2016 - $102,293), 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 $33,356 which formed part of the due from related parties at March 31, 2017 (December 31, 2016 – $32,235).

(b) Due to related parties

At March 31, 2017, the Company incurred management fees of $58,799 (March 31, 2016- $44,754). 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, 2017, the amount payable to the corporation was $187,250 which formed part of the due to related parties in the statement of financial position (December 31, 2016 – $147,125). The Company also made a separate advance payment to the corporation of $25,094 which formed part of the due from related parties in the statement of financial position as at December 31, 2016 (December 31, 2016 – $15,145). 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 months ended March 31, 2017, the Company incurred directors' fees of $33,750 (March 31, 2016- $49,750). At March 31, 2017, the fees payable to directors were $231,750 which formed part of the due to related parties in the statement of financial position (December 31, 2016 – $198,000). Effective January 1, 2016, payment of directors' fees has been deferred as the Company is actively working to conserve cash.

(in Canadian dollars)

6. Related party transactions (continued):

During the three months ended March 31, 2017, the Company incurred $34,952 (March 31, 2016- $38,550), to a corporation controlled by a director and officer of TVIRD for administrative expenses. At March 31, 2017, the Company had advanced a further $8,725 to the corporation, ending the period with a net advance receivable of $3,744, which formed part of the due from related parties in the statement of financial position.

At March 31, 2017, the Company's remaining payable to the joint ventures in the Philippines was $19,483 (December 31, 2016 - $19,433), presented as part of due to related parties in the statement of financial position.

7. Investment in associates:

	FOY Group	Mindoro	Total
January 1, 2016	$ 972,106	$ -	$ 972,106
Share of net loss	(397,860)	-	(397,860)
Share of other comprehensive income	(20,566)	-	(20,566)
Dilution gain on investment in associate	83,121	-	83,121
December 31, 2016	$ 636,801	$ -	$ 636,801
Share of net loss	(60,759)	-	(60,759)
Share of other comprehensive loss	(97,519)	-	(97,519)
March 31, 2017	$ 478,523	$ -	$ 478,523

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. 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, while the trading of FOY Group shares will resume upon relisting on the ASX.

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, 2017.

FOY Group initially announced a Business Sale Agreement ("Agreement") on March 18, 2015, with 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 September 8, 2016, FOY Group has made amendments to this Agreement. At an Extraordinary General Meeting held on November 15, 2016, FOY Group received shareholder approval of the IGE transaction and to acquire the IGE Assets and Technology Rights, as well as to proceed with an offer of 92.5 million shares at A$0.20 each to raise A$18.5 million (the "Offer").

On November 29, 2016, FOY announced the formation of a new US company (Integrated Green Partners, LLC ("IGP")) together with the US company, GEP Fuel and Energy Indiana, LLC.

FOY Group must yet meet the requirements of certain ASX Listing Rules prior to relisting. The ASX has advised FOY that the IGE transaction constitutes a significant change to the nature and scale of the company's activities to which ASX Listing Rule 11.1 applies, whereby:

- FOY must provide the ASX information regarding the change and its effects on future potential earnings as well as any other information that may be requested

(in Canadian dollars)

7. Investment in associates (continued):

- FOY must obtain shareholder approval for the IGE transaction; and
- FOY must meet the requirements in ASX Listing Rules Chapters 1 and 2 as if FOY Group were applying for admission to the official list of ASX.

More specifically, Chapter 1 of the ASX Listing Rules sets out the requirements that must be satisfied for an entity to gain admission to the official list, which includes a requirement that the main class of securities is quoted. In addition:

- The entity's structure and operations must be appropriate for a listed entity and the entity must have a constitution that is consistent with the listing rules;
- A prospectus must be issued;
- The entity must have a free float at the time of its admission to the official list of not less than 20%;
- The entity must be a going concern and satisfy certain profit and assets tests;
- Options on issue by the entity must have an exercise price for each underlying security of at least A$0.20; and,
- The entity's main business activity at the date it is admitted must be the same as it was during the last 3 full financial years and the entity must provide audited accounts for the each of these past full financial years.

Chapter 2 of the ASX Listing Rules states that the issue price or sale of all the securities for which the entity seeks quotation must be at least A$0.20.

As noted, shareholder approval of the IGE transaction was received at an Extraordinary General Meeting held on November 15, 2016, as well as to proceed with an offer of 92.5 million shares at A$0.20 each to raise A$18.5 million. The relisting timetable, however, has continued to be delayed and has thereby affected the timing of the company's prospectus and the Offer currently put to the market. In its March 2017 quarterly report to shareholders released on April 28, 2017, FOY announced its shares are now expected to commence trading on the ASX on July 26, 2017.

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

		March 31, 2017		December 31, 2016
Share of comprehensive loss	$	(158,278)	$	(418,426)
Share of total current assets		49,482		25,004
Share of total assets		4,119,364		3,900,0101
Share of total current liabilities		650,470		539,399
Share of total liabilities		650,470		539,399

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.

(a) 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 December 31.

(in Canadian dollars)

7. Investment in associates (continued):

As at March 31, 2017, 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:

		March 31, 2017
Investment in joint venture at January 1, 2016	$	14,004,387
Share of net income		259,890
Share of other comprehensive income (loss)		83,146
Foreign exchange revaluation of other comprehensive income		(1,383,314)
Write down of investment		(126,546)
Investment in joint venture at December 31, 2016		12,837,563
Cash dividend received		(241,991)
Share of net income		(73,096)
Share of other comprehensive loss		(280,472)
Investment in joint venture at March 31, 2017	$	12,242,004

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.

On February 22, 2017, TVIRD issued a cash dividend of 30 million Philippine pesos ($787,647) to all shareholders of record as of December 31, 2016, and TVI International Marketing Limited, the direct shareholder of TVIRD, received as its share a dividend of 9.2 million Philippine pesos $241,991), prior to Philippine dividend tax, in the amount of 1.4 million Philippine pesos (CAD $36,301). TVI International Marketing Limited in turn transferred a net 7.8 million Philippine pesos (CAD $205,690) through to TVI as a repayment of intercompany advances.

9. Other assets:

Other assets are composed of:

		March 31, 2017		December 31, 2016
Option to purchase TVIRD shares	$	142,603	$	142,603
Others		3,425		3,485
	$	146,028	$	146,088

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 ("PSE"). The option requires the listing of TVIRD to take place no later than five (5) years from the execution date of the option, or by December 2018, and the sale and purchase to be completed within 30 days from the date of listing on the PSE. 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 December 31, 2016, the Company determined the fair value of the option to be $142,603 based on the current estimated value of TVIRD, taking into account the effects of ongoing mining at Agata, the probability of TVIRD's PSE listing and the estimated future value of other projects. In the event the listing of TVIRD does not take place within the required period, for whatever reason,

(in Canadian dollars)

9. Other assets (continued):

whether or not attributable to the Company, or should the Company decide not to pursue its purchase of the Class B Shares, funds paid with respect to this option will be forfeited..

10. Accounts payable and accrued liabilities:

Account consists of the following:

		March 31, 2017		December 31, 2016
Trade payables	$	96,010	$	63,289
Other accrued expenses		456,108		490,462
	$	552,118	$	553,751

Other accrued liabilities includes $351,000 held for distribution as a death benefit in accordance with certain agreements, as well as accruals of personnel expenses, consultancy and other professional fees. The $351,000 held for distribution as a death benefit is included in short-term deposits and both the principal and any interest earned thereon is not available for use by the Company.

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, 2017 up to March 31, 2017 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 March 31, 2017, and no share options granted during the period ended December 31, 2016.

	March 31, 2016			December 31, 2016		
	Number of options	Weighted average exercise price		Number of options	Weighted average exercise price	
Options outstanding, beginning of period	57,600,000	$	0.019	60,800,000	$	0.019
Issued	-		-	-		-
Exercised			0.015	(66,667)		0.015
Forfeited	(1,500,000)		0.017	(750,000)		0.017
Expired	(250,000)		0.063	(2,383,333)		0.063
Options outstanding, end of period	55,850,000	$	0.018	57,600,000	$	0.018
Options exercisable, end of period	35,000,000	$	0.019	35,749,999	$	0.019

(in Canadian dollars)

11. Share capital (continued):

Price range		Number outstanding	Weighted average remaining contractual life (years)	Number Exercisable
$	0.001 to 0.008	55,850,000	2.2083	35,000,000

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:

	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, 2017, a net of $15,412 (2016 - $185,053) of stock-based compensation was charged to the consolidated statement of comprehensive income.

		2015		2016
Contributed surplus, beginning of period	$	7,019,600	$	6,835,472
Stock-based compensation		25,887		191,889
Employee options exercised		-		(925)
Options forfeited		(10,475)		(6,836)
Contributed surplus, end of period	$	7,035,012	$	7,019,600

12. Per share data:

		Three months ended March 31, 2017		Three months ended March 31, 2016
Net loss	$	(498,558)	$	(791,466)
Weighted average number of shares, basic and diluted		655,537,039		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.

(in Canadian dollars)

13. Segmented information (continued):

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, 2017	**Three months ended March 31, 2016**	**March 31, 2017**	**December 31, 2016**
Philippines	$ -	$ -	$ -	$ -
Papua New Guinea	-	-	-	-
Canada	-	-	-	36,710
	$ -	$ -	$ -	$ 36,710

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 8, 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, 2017				Three months ended March 31, 2016			
	Mining	Petroleum Exploration	Corporate	Total	Mining	Petroleum Exploration	Corporate	Total
Administrative and general costs	$ -	$ (10,474)	$ (353,654)	$ (364,128)	$ -	$ (14,517)	$ (789,299)	$ (803,816)
Exploration costs	-	-	-	-	(24,620)	-	-	(24,620)
Depreciation expense	-	(40)	(2,875)	(2,915)	-	(57)	(3,787)	(3,844)
		(10,514)	(353,128)	(367,043)	(24,620)	(14,574)	(793,086)	(832,280)
Interest income	-	26	189	215	-	19	664	683
Foreign exchange gains (loss)	-	(859)	36,116	35,257	-	(7,954)	(93,890)	(101,844)
Other loss	-	-	(33,132)	(33,132)	-	-	(26,375)	(26,375)
Share of gains (losses) of associates and joint venture	(133,855)	-	-	(133,855)	168,350	-	-	168,350
Net income (loss)	$ (133,855)	$ (11,346)	$ (353,357)	$ (498,558)	$ 143,730	$ (22,509)	$ (912,687)	$ (791,466)
Assets	$ 12,720,527	$ 160,817	$ 2,112,230	$ 14,993,574	$ 15,912,635	$ 197,335	$ 1,961,248	$ 18,071,218
Liabilities	-	909	1,735,417	1,736,326	-	6,654	1,479,827	1,486,481
Capital expenditures	-	-	-	-	-	-	-	-

(in Canadian dollars)

14. Expenses by nature:

	Three months ended March 31 2017			2016
Personnel costs	$	131,130	$	403,208
Contracted services		53,465		126,463
Professional fees		36,310		65,958
Final tax on dividend received from investment in joint venture		36,301		-
Rent		23,256		27,324
Travel and transportation		22,390		20,452
Insurance		15,725		24,495
Stock-based compensation		15,412		65,056
Investor relations		13,886		40,661
Taxes and licenses		7,796		10,339
Utilities		2,378		5,889
Materials and supplies		699		7,582
Freight		525		242
Others		4,855		6,147
Total administrative and general costs	$	364,128	$	803,816

Personnel costs for the period ending March 31, 2016 include termination allowance for various employees and other employee costs. The year-over-year variance reflects initiatives introduced by the Company at January 1, 2016 to reduce costs and conserve cash.

15. Changes in working capital:

	Three months ended March 31 2017			2016
Accounts receivable	$	808	$	7,049
Prepaid expenses		24,562		7,638
Trade accounts payables and accrued liabilities		(2,058)		61,534
Due to/from related parties		67,299		66,203
	$	90,611	$	142,424

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, 2017.

16. Foreign exchange gain:

	Three months ended March 31 2017			2017
Unrealized foreign exchange gain (loss)	$	30,375	$	(70,788)
Realized foreign exchange gain (loss)		4,882		(31,056)
	$	35,257	$	(101,844)

The unrealized foreign exchange gain (loss) during the period ended March 31, 2017 and 2016 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 $57,538, inclusive of base rent, estimated operating expense and taxes.

18. Subsequent Events:

On April 28, 2017, FOY announced that it has entered into a US $90 million funding commitment to construct and establish 4 commercial sites in the United Kingdom ("UK"). Each site is expected to process 200 tonnes per day of end-of-life waste plastic per day to produce approximately 70 million liters of road ready fuel per annum per site at an anticipated margin of A$0.30 per liter. FOY anticipates having a plant operating in the UK in the next 12 months.

On May 5, 2017, FOY announced that the expert panel established by the Environment, Planning and Sustainable Development Directorate to assess FOY's proposed waste plastics-to-fuel facility in the ACT, had released its report on May 4, 2017. FOY reported that the panel acknowledges that the FOY proposal is compliant with the ACT waste policy and has the promising objective of transforming mixed waste plastic to transportation fuels thereby reducing waste to landfill. The report also provides recommendations on aspects of the Environmental Impact Statement that required further work and suggested a pilot plant to assist in confirming the research results lodged by FOY during the approval process.

On May 2, 2017, the TVIRD Board of Directors declared a dividend of 30 million Philippine pesos ($0.82 million) to be issued among all shareholders of record as of March 31, 2017. Payment is expected to be made on or before May 15, 2017. As the direct shareholder of TVIRD, TVI Marketing is expected to receive as its share a dividend of 9.2 million Philippine pesos ($0.25 million), prior to Philippine dividend tax in the amount of 1.4 million Philippine pesos ($0.04 million), and the net amount of 7.8 million Philippine pesos ($0.21 million) will then be transferred through to TVI as repayment of intercompany advances.

Corporate Head Office:

Suite 806, 505 2nd St. SW
Calgary, Alberta
Canada T2P 1N8
Telephone: (403) 265-4356
Facsimile: (403) 264-7028
Email: tvi-info@tvipacific.com
Web: www.tvipacific.com

Corporate Directory:

Clifford M. James, President and Chief Executive Officer
Telephone: (403) 265-4356
Facsimile: (403) 264-7028
Email: tvi-info@tvipacific.com

Patrick B. Hanna, Chief Financial Officer
Telephone: (403) 265-4356
Facsimile: (403) 264-7028
Email: tvi-info@tvipacific.com

Registrar and Transfer Agent:

Computershare Trust Company of Canada
600, 530–8th Avenue SW
Calgary, Alberta, Canada T2P 3S8
Telephone: (403) 267-6800

Share Listing:

Toronto Stock Exchange Symbol: TVI

Auditors:

PricewaterhouseCoopers LLP
3100, 111–5th Avenue SW
Calgary, Alberta, Canada T2P 5L3
Telephone: (403) 509-7500