FTV Pacific Inc.

Interim Consolidated Financial Statements

For the Three Months Ended
March 31, 2018 and 2017
(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, 2018, 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 LLP, have not performed a review of these consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada ("CPA Canada") for a review of interim financial statements by an entity's auditor.

TVI Pacific Inc.
Unaudited Interim Consolidated Statement of Financial Position
March 31, 2018
(in Canadian dollars)

	Notes		March 31, 2018		December 31, 2017
Assets					
Current assets:					
Cash and cash equivalents	4	$	692,441	$	882,070
Short-term deposits	4		-		869
Accounts receivable			22,866		22,959
Due from related parties	6		77,180		67,172
Prepaid expenses			26,834		36,196
Total current assets			**819,321**		**1,009,266**
Non-current assets:					
Investment in equity securities	7		6,582,162		-
Investment in joint venture	8		11,312,563		11,835,177
Derivative financial instrument	5		1,962,596		664,198
Property and equipment			26,844		27,107
Other assets	9		79,459		79,515
Total non-current assets			**19,963,624**		**12,605,697**
Total assets		**$**	**20,782,945**	**$**	**13,615,263**
Liabilities and Shareholders' Equity					
Current liabilities:					
Accounts payable and accrued liabilities	10	$	179,446	$	148,297
Due to related parties	6		723,926		660,764
Total current liabilities			**903,372**		**809,061**
Deferred tax liability	11		934,733		465,162
Total liabilities			**1,838,105**		**1,274,223**
Equity attributable to shareholders of the Company:					
Share capital	12(b)		32,974,070		32,974,070
Contributed surplus	12(d)		7,085,411		7,079,878
Deficit			(17,196,606)		(24,094,125)
Translation reserves			(3,918,035)		(3,618,783)
Total equity			**18,944,840**		**12,341,040**
Total liabilities and equity		**$**	**20,782,945**	**$**	**13,615,263**

Commitment (note 18)
Subsequent Events (note 19)

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 2018		2017
Expenses:					
Depreciation expense		$	2,436	$	2,915
Administrative and general costs	15		343,277		327,827
Total expenses			**345,713**		**330,742**
Operating loss			**(345,713)**		**(330,742)**
Other income (expenses):					
Interest income			1,207		215
Foreign exchange gain (loss)	17		22,670		35,257
Other gains (losses)	7		7,918,644		(33,132)
Share of gains (losses) of joint venture	8		(220,373)		(133,855)
Other income (expenses), net			**7,722,148**		**(131,515)**
Net income (loss) before income tax			7,376,435		(462,257)
Income tax recovery (expense)	11		(478,916)		-
Net income (loss)		**$**	**6,897,519**	**$**	**(462,257)**
Other comprehensive income (loss):					
Items that may be reclassified to profit or loss in subsequent periods:					
Foreign currency translation adjustment – foreign operations			9,240		-
Foreign currency translation adjustment – associate to equity investment			(6,251)		-
Foreign currency translation adjustment – associates and joint venture			(302,241)		(361,587)
Comprehensive income (loss)		**$**	**6,598,267**	**$**	**(823,844)**
Basic income (loss) per share	13	$	0.011	$	(0.001)
Diluted income (loss) per share			0.010		(0.001)
Weighted average number of common shares	12(b)		655,537,039		655,537,039

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

(in Canadian dollars)

	Share capital (Note 12b)	**Contributed surplus** (Note 12d)	**Deficit**	**Accumulated other comprehensive income (loss)**	**Total equity**
January 1, 2018	**$ 32,974,070**	**$ 7,079,878**	**$ (24,094,125)**	**$ (3,618,783)**	**$ 12,341,040**
Transaction with owners					
Stock-based compensation	-	5,533	-	-	5,533
Total transaction with owners	-	5,533	-	-	5,533
Comprehensive income/(loss)					
Net income	-	-	6,897,519	-	6,897,519
Other comprehensive loss:					
Adjustment of previous OCI	-	-	-	(6,251)	(6,251)
Foreign currency translation adjustment	-	-	-	(293,001)	(293,001)
Total comprehensive income (loss)	-	-	6,897,519	(293,001)	6,598,267
March 31, 2018	**$ 32,974,070**	**$ 7,085,411**	**$ (17,196,606)**	**$ (3,918,035)**	**$ 18,944,840**
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	-	-	(462,257)	-	(462,257)
Other comprehensive loss:					
Foreign currency translation adjustment	-	-	-	(361,587)	(361,587)
Total comprehensive loss	-	-	(498,558)	(361,587)	(823,844)
March 31, 2017	**$ 32,974,070**	**$ 7,035,012**	**$ (23,952,361)**	**$ (2,799,473)**	**$ 13,293,549**

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

(in Canadian dollars)

	Notes	Three months ended March 31 2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss) before income tax		$ 7,376,435	$ (462,257)
Adjustments for:			
Depreciation expense		2,436	2,915
Stock based compensation	12(d)	5,533	15,412
Unrealized foreign exchange loss (gain)		(7,395)	(30,375)
Other losses (gain)		(7,918,644)	33,132
Share of losses (gains) of joint venture	8	220,373	133,855
Changes in working capital	16	112,387	90,611
Distribution from investment in joint venture, net of tax		-	205,690
Net cash used in operating activities		**(208,875)**	**(11,017)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Change in short-term deposits		869	361,319
Proceeds on sale of shares of investment in equity securities		21,165	-
Expenditures on property and equipment and other assets		(2,219)	-
Net cash generated from investing activities		**19,815**	**361,319**
Effect of foreign exchange rates on cash		(569)	(738)
Net decrease in cash and cash equivalents		(189,629)	(349,564)
Cash and cash equivalents at beginning of the period		882,070	376,887
Cash and cash equivalents at end of the period		**$ 692,441**	**$ 726,451**

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

1. Corporate information, nature of operations and going concern:

TVI Pacific Inc. ("TVI" or the "Company") 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 TSX Venture Exchange. TVI is focused on the acquisition of diversified resource projects in the Asia Pacific region and on evaluating and acquiring interests in 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 engaged in production, development and/or exploration activities in the Philippines as well as the commercialization of plastics-to-fuel technology and biomass to fuel and energy conversion technologies in Australia and internationally.

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 interests in the Agata processing project and various other exploration properties in the Philippines. At March 31, 2018, TVI also holds a 5.14% equity interest in Integrated Green Energy Solutions Ltd ("IGES") (formerly FOY Group Limited), an ASX listed issuer engaged in the commercialization of technologies related to plastics and biomass to fuel and energy conversion and the construction of waste plastics-to-diesel conversion plants in Australia and internationally, as well as a 14.4% equity interest in Mindoro Resources Ltd. ("Mindoro"), a NEX listed issuer engaged in mining and exploration in the Philippines. At March 31, 2018, 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.

Going Concern

These unaudited interim consolidated financial statements ("interim financial statements") have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), as well as Canadian generally accepted accounting principles, on a going concern basis, which contemplates that assets will be realized and liabilities discharged in the normal course of business as they come due.

For the three months ended March 31, 2018, TVI reported a net income of $6,897,519 resulting primarily from the initial recognition of the equity investments at fair value, subsequent to TVI losing significant influence of the associate (March 31, 2017 - net loss $462,257) and operating cash outflows of $208,875 (March 31, 2017 -$11,017). TVI had a working capital deficit of $84,051 at March 31, 2018 (December 31, 2017 – working capital surplus $200,205). The Company has no outstanding loans payable nor does it currently have any annual expenditure obligations as at March 31, 2018. As at March 31, 2018, TVI had an ending cash and cash equivalents and short-term deposits balance of $692,441 (December 31, 2017 - $882,939).

These circumstances indicate the existence of a material uncertainty related to events or conditions that may cast significant doubt as to the Company's ability to continue as a going concern and accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

TVI is presently dependent on the sale of portions of its interest in various equity holdings and possible distributions from its investment in joint venture to continue its operations and to fund expenses. The ability of TVI to continue as a going concern is dependent on obtaining additional funding to finance ongoing operating activities and to pursue resource projects in the Asia Pacific region that can be rapidly developed and put into production to generate revenue and cash flows. There can be no assurances that these funding activities will be successful; and uncertainty exists in relation to events or conditions that may cast significant doubt as to whether TVI will be able to continue as a going concern.

1. Corporate information, nature of operation and going concern (continued):

These interim consolidated financial statements were authorized for issue by the Board of Directors on May 16, 2018.

2. Basis of preparation:

(a) Statement of compliance

These consolidated financial statements ("financial statements") have been prepared in accordance with IFRS issued by the International Accounting Standards Board and Interpretations of the IFRIC, as well as generally accepted accounting principles applicable to a going concern which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due.

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, 2017.

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.

(b) Changes in accounting policies

i) IFRS 9, "Financial Instruments"

Effective January 1, 2018, the Company adopted IFRS 9, "Financial Instruments" ("IFRS 9"), which replaced IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). The Company applied the new standard on a Modified Retrospective basis and, in accordance with the transitional provisions, comparative figures have not been restated.

Three principal classification categories are contained in IFRS 9 for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). The previous IAS 39 categories of held to maturity, loans and receivables and available for sale are eliminated. IFRS 9 bases the classification of financial assets on the contractual cash flow characteristics and the company's business model for managing the financial asset. Additionally, embedded derivatives are not separated if the host contract is a financial asset within the scope of IFRS 9. Instead, the entire hybrid contract is assessed for classification and measurement. IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities.

Investment in Equity Securities has been measured through the application of FVTPL at March 31, 2018. Investment in Equity Securities contains TVI's investment in IGES that had been included in the Company's consolidated financial statements at December 31, 2017 in Investment in Associates. The transition to IFRS 9 at January 1, 2018 and the application of FVTPL, combined with the relisting of IGES on the ASX on January 30, 2018, has had a material impact on the Company's total assets and net income at March 31, 2018.

(in Canadian dollars)

2. Basis of preparation (continued):

IFRS 9 also replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' ("ECL") model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments measured at FVOCI. Under IFRS 9, credit losses will be recognized earlier than under IAS 39.

With the transition to IFRS 9, the new classification and measurement of financial instruments did not have a material impact on the Company's opening retained earnings as at January 1, 2018. In addition, the application of the ECL model to financial assets classified as measured at amortized cost did not result in a material adjustment on transition.

The following table shows the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 as at January 1, 2018 for each class of the Company's financial assets and financial liabilities.

Financial Instrument	Measurement Category (IAS 39)	Measurement Category (IFRS 9)
Cash and cash equivalents	Loans and receivables (measured at amortized cost)	Amortized cost
Accounts receivables	Loans and receivables (measured at amortized cost)	Amortized cost
Investment in equity securities	Fair value through profit and loss	Fair value through profit and loss
Investment in joint venture	Fair value through profit and loss	Fair value through profit and loss
Derivative financial instruments	Fair value through profit and loss	Fair value through profit and loss
Accounts payable and accrued liabilities	Financial liabilities (measured at amortized cost)	Amortized cost

Impairment of Financial Assets IFRS 9 requires the application of an ECL model to financial assets measured at amortized cost, contract assets and debt investments measured at fair value through other comprehensive income. The Company has 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, and does not have any significant accounts receivable and therefore the impact of the expected credit loss model has not had a significant impact on the Company upon adoption. There has also been 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.

ii) IFRS 15, "Revenue from Contracts with Customers"

The Company adopted IFRS 15 effective January 1, 2018, which replaces IAS 11, "Construction Contracts", IAS 18, "Revenue" and several revenue-related interpretations. IFRS 15 establishes a single revenue recognition framework that applies to contracts with customers. The standard requires an entity to recognize revenue to reflect the transfer of goods and services for the amount it expects to receive, when control is transferred to the purchaser. Disclosure requirements have also been expanded.

(in Canadian dollars)

2. Basis of preparation (continued):

The standard was adopted using the Modified Retrospective approach. The Company elected to apply IFRS 15 retrospectively only to contracts that were not completed as at January 1, 2018 and, for modified contracts, elected to evaluate the original contract together with any contract modifications at the date of initial application.

The adoption of IFRS 15 did not materially impact the timing or measurement of revenue and did not result in an adjustment to the balance of Retained Earnings at January 1, 2018.

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, 2017.

a) *Financial risk management*

i) Currency risk

For the three months ended March 31, 2018, the impact on net income (loss) if the US Dollar moved by -5% against the Canadian Dollar, with all other variables held constant, would be ($26,047).

The impact on net income (loss) if the Australian Dollar moved by -1% against the Canadian Dollar, with all other variables held constant would be ($20,225).

The impact on net income (loss) if the Philippine Peso moved by 5% against the Canadian Dollar, with all other variables held constant would be $1,277.

The 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, 2018	Year ended December 31, 2017	March 31, 2018	December 31, 2017
Canadian Dollar/US Dollar	1.2647	1.2986	1.2894	1.2545
Canadian Dollar/ Australian Dollar	0.9943	0.9951	0.9902	0.9801
Canadian Dollar/ Philippine Peso	0.0246	0.0258	0.0247	0.0252

ii) Interest rate risk

The Company reviews its exposure to interest rate risk through ongoing monitoring of actual interest rates with market interest rates. The Company has no significant exposure to interest rate risk as it has no loans payable and no significant investments in short-term deposits while cash in banks earns interest at the prevailing bank deposit rates.

iii) Liquidity risk

As at March 31, 2018, the Company has a $0.1 million working capital deficit, as compared to a working capital surplus of $0.2 million at December 31, 2017.

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.

(in Canadian dollars)

3. Financial risk management (continued):

Balances due within 12 months equal their carrying balances, as the impact of discounting is not considered to be significant.

		March 31, 2018		December 31, 2017
Due within 12 months:				
Accounts payable and accrued liabilities	$	179,446	$	148,297
Due to related parties		723,926		660,764
	$	903,372	$	809,061

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.

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, 2018 and December 31, 2017 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, 2018, 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, 2018 and December 31, 2017 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

(in Canadian dollars)

3. Financial risk management (continued):

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, 2018		December 31, 2017
Debt	$	903,372	$	809,061
Equity		22,862,875		15,959,823
Assets		20,782,945		13,615,263
Debt-to-equity		4%		5%
Debt-to-assets		4%		6%

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

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

		March 31, 2018		December 31, 2017
Cash on hand	$	717	$	729
Cash in banks		652,614		881,341
Total cash on hand and in banks		653,331		882,070
Shor-term deposits		-		869
Money market placement		39,110		-
	$	692,441	$	882,939

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, 2018		December 31, 2017
Canadian Dollars	$	135,425	$	83,803
US Dollars		520,926		762,963
Philippine Pesos		36,090		36,173
	$	692,441	$	882,939

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

		March 31, 2018		December 31, 2017
Canada	$	575,011	$	761,202
Philippines		74,258		78,453
Others		43,172		43,284
	$	692,441	$	882,939

5. Derivative financial instrument:

As at March 31, 2018, TVI holds a total of 9,158,621 options to purchase IGES shares with a conversion price of A$0.20 and expiry date of December 31, 2019.

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, 2018		December 31, 2017
Beginning balance	$	664,198	$	798,705
Gain (loss) on revaluation		1,291,553		(142,241)
Foreign currency translation		6,845		7,734
Ending balance	$	1,962,596	$	664,198

(in Canadian dollars)

5. Derivative financial instrument (continued):

IGES relisted on the ASX on January 30, 2018 and conversion options at March 31, 2018 reflect the market value of IGES securities after consideration of conversion price.

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, 2018	December 31, 2017
Subsidiaries of TVI:			
TVI Limited	Anguilla	100%	100%
TG World Energy Corp	Canada	100%	100%
TVI Asia-Pacific Resources Corporation	Philippines	100%	100%
TVI International Marketing Limited	Hong Kong	100%	100%
TVI Minerals Processing Inc.	Philippines	90%	90%
TG World (BVI) Corporation	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, 2018	December 31, 2017
Associates/Joint Venture:			
TVIRD and affiliates	Philippines	30.66%	30.66%
IGES [(1)]	Australia	5.14%	19.54%
Mindoro	Canada	14.40%	14.40%

(1) During the first quarter, IGES was reclassified to Investment in equity securities following the dilution of TVI's interest in IGES to 5.14 % as a result of a capital raise by IGES at the time of its relisting on the ASX in January 2018. As such, due to dilution of TVI's interest in IGES and given the Company no longer has a IGES Board representative, IGES is no longer considered an associate given TVI does not have significant influence.

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

	March 31, 2018	December 31, 2017
TVIRD	$ 28,284	$ 28,646
IGES	31,691	31,368
Seajay Management Enterprises Ltd. ("Seajay Management")	15,702	4,381
Regent Parkway 3202 Management Inc. ("Regent Parkway")	1,503	2,777
	$ 77,180	$ 67,172

The Company's receivable from TVIRD relates to reimbursable expenses and services provided by TVI Pacific to TVIRD, while the receivable from IGES relates to outstanding interest on previously provided loans. The receivable from Seajay Management, a corporation owned by the President of the Company, represents an advance payment for management fees, travel costs and support staff.

During the three months ended March 31, 2018, the Company also incurred expenses of $44,808 (March 31, 2017 - $34,952) for administrative services provided by Regent Parkway, a corporation

(in Canadian dollars)

6. Related party transactions (continued):

controlled by a director and officer of TVIRD. The receivable from Regent Parkway represents an advance payment of $1,503 (December 31, 2017 - $2,777) due back to TVI.

(b) Due to related parties

		March 31, 2018		December 31, 2017
Seajay Management	$	347,750	$	307,625
Director's fee		371,875		348,750
TVIRD		4,301		4,389
	$	723,926	$	660,764

Effective February 1, 2016, payment of management fees related to services of the President, and as charged by Seajay Management, have been deferred as the Company is actively working to conserve cash.

Effective January 1, 2016, also, payment of directors' fees has been deferred as the Company is actively working to conserve cash. Deferred directors' fees include $23,125 incurred during the three months ended March 31, 2018 (March 31, 2017 - $33,750).

7. Investment in equity securities:

(a) Investment in Integrated Green Solutions Ltd (formerly FOY Group)

IGES is a publicly listed company incorporated in Australia, with shares listed on the ASX. Its annual reporting period ends at June 30. TVI holds 17,492,908 shares as at March 31, 2018, representing a 5.14% holding as compared to a 19.54% interest at December 31, 2017. TVI also holds a total of 9,158,621 options to purchase IGES shares with a conversion price of A$0.20 and expiry date of December 31, 2019.

TVI's interest in IGES was diluted to 5.22% at the time of IGES' relisting on the ASX in January 2018 as a result of a A$6.447 million ($6.3 million) capital raise completed by IGES and the issue of 32,235,000 shares to participants in the prospectus as well as the issue of 209,700,000 shares to the IGE shareholder's nominees as consideration for the business assets defined in their Business Sale Agreement with Integrated Green Energy Limited ('IGE"). A further issue of 4,387,046 shares by IGES in March 2018 to retire debt and the sale of 100,000 IGES shares by TVI through to March 31, 2018 has resulted in a further dilution of TVI's interest in IGES to 5.14%. The ASX has advised that all shares and unlisted options held by TVI are not subject to any ASX restrictions.

The Investment in equity securities related to IGES is calculated as follows:

		IGES		Mindoro		Total
January 1, 2017	$	636,801	$	-	$	636,801
Share of net loss		(1,388,766)		-		(1,388,766)
Dilution gain on investment in associate		751,965		-		751,965
December 31, 2017	$	-	$	-	$	-
Gain on recognition of equity investment and revaluation		6,599,232		-		6,599,232
Sale of 100,000 shares		(17,070)		-		(17,070)
March 31, 2018	$	6,582,162	$	-	$	6,582,162

(in Canadian dollars)

7. Investment in equity securities (continued):

- TVI adopted IFRS 9 'Financial Instruments' on January 1, 2018, that introduces a single approach to determine whether a financial asset is measured at amortized cost or fair value and replaces the multiple rules in IAS 39 (see Changes in Accounting Policies). This has had the effect at March 31, 2018 of reporting TVI's investment in IGES, reclassified at March 31, 2018 from Investment in Associate to Investment in Equity Securities, through application of FVTPL (note 2(b)).

The Company has determined that its significant influence ceased to exist as a result of the resignation of the TVI representative from the IGES Board in September 2017 and the dilution of TVI's equity interest in IGES that resulted from IGES' successful capital raise in January 2018 following its relisting on the ASX.

Investment in Integrated Green Solutions Ltd (formerly FOY Group)

Adjustments in the fair value of the Investment in IGES have contributed to Other Gains (Losses) as follows:

	Three months ended March 31	
	2018	**2017**
Revaluation of derivative financial instrument (note 5)	$ 1,291,553	$ (33,132)
Recognition and revaluation of investment in IGES	6,599,232	-
Adjustment of previous OCI	6,251	-
Gain on sale of 100,000 shares of investment in IGES	21,165	-
Others	443	-
	$ 7,918,644	$ (33,132)

(b) Investment in Mindoro

Mindoro is a publicly listed company incorporated in Canada with shares listed on the NEX. The annual reporting period of Mindoro ends as at December 31.

As at March 31, 2018, TVI holds 42,779,353 common shares of Mindoro, representing a 14.4% holding in the capital of Mindoro.

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. As at December 31, 2018, a further proportionate share of net losses of $3,453,128 had been incurred by Mindoro and will offset any future proportionate share of net income that Mindoro may realize. Mindoro has not yet published financial statements for the period ending March 31, 2018 as at the date of these consolidated financial statements of TVI.

8. Investment in joint venture:

	March 31, 2018
Investment in joint venture at January 1, 2017	$ 12,837,563
Share of net income	1,457,170
Share of other comprehensive income (loss)	(48,798)
Foreign exchange revaluation of other comprehensive income	(1,174,700)
Cash distribution from joint venture received, net of taxes of $218,128	(1,236,058)
Investment in joint venture at December 31, 2017	11,835,177
Share of net loss	(220,373)
Share of other comprehensive loss	(302,241)
Investment in joint venture at March 31, 2018	$ 11,312,563

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 joint ventures.

(in Canadian dollars)

9. Other assets:

Other assets are composed of:

		March 31, 2018		December 31, 2017
Option to purchase TVIRD shares	$	76,322	$	76,322
Others		3,137		3,193
	$	79,459	$	79,515

TVI entered into an Option Agreement in April 2014 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 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 March 31, 2019, and the sale and purchase to be completed within 30 days from date of listing on the PSE. The total net purchase price is US $500,000, to be adjusted further as a result of share performance at time of listing, of which $232,000 has been paid. At March 31, 2018, the Company determined the fair value of the option to be $76,322 based on the current estimated value of TVIRD, taking into account the effects of ongoing mining at Agata, the probability of TVIRD completing its listing on the PSE and the estimated future value of other projects.

10. Accounts payable and accrued liabilities:

Account consists of the following:

		March 31, 2018		December 31, 2017
Trade payables	$	68,688	$	52,926
Other accrued expenses		110,758		95,371
	$	179,446	$	148,297

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

11. Income taxes:

		Three months ended March 31		Three months ended March 31
Current tax expense (recovery)	$		$	-
Deferred tax expense (recovery)		478,916		-
	$	478,916	$	-

During the three months ended March 31, 2018 TVI Pacific recognized deferred tax expense of $478,916 (March 31, 2017 – $nil) pertaining to a deferred income tax liability in relation to the gain on fair value of investment in equity securities (note 2(b) and note 7) and the derivative financial instrument (note 5), which has been offset by the full previously unrecorded capital loss carryforward of $0.9 million and calculated at a tax rate of 28%.

Deferred tax liability of $934,733 at March 31, 2018 pertains to TVI Minerals' deferred tax on unrealized foreign exchange gains from intercompany accounts ($455,817, December 31, 2017 – $465,162) and capital gains arising from TVI Pacific's initial recognition of the equity investments and derivative financial instrument at fair value ($478,916, December 31, 2017 - $nil).

(in Canadian dollars)

12. 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, 2018 up to March 31, 2018 was 655,537,039 (March 31, 2017 – 655,537,039 common shares) in the amount of $32,974,070 (March 31, 2017 - $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 three months ended March 31, 2018, and no share options granted during the twelve months ended December 31, 2017.

	March 31, 2018			December 31, 2017		
	Number of options	Weighted average exercise price		Number of options	Weighted average exercise price	
Options outstanding, beginning of period	43,450,000	$	0.015	57,600,000	$	0.018
Issued	-		-	-		-
Exercised	-		-	-		-
Forfeited	-		-	(1,333,335)		0.016
Expired	-		-	(12,816,665)		0.026
Options outstanding, end of period	43,450,000	$	0.015	43,450,000	$	0.015
Options exercisable, end of period	38,449,997	$	0.015	38,449,997	$	0.015

Price range		Number outstanding	Weighted average remaining contractual life (years)	Number Exercisable
$	0.015 to 0.020	43,450,000	1.4652	38,449,997

(d) Stock-based compensation and contributed surplus

During the three months ended March 31, 2018, $5,533 (March 31, 2017 - $15,412) of stock-based compensation was charged to the consolidated statement of comprehensive income.

	Three months ended March 31, 2018		Three months ended March 31, 2017	
Contributed surplus, beginning of period	$	7,079,878	$	7,019,600
Stock-based compensation		5,533		15,412
Contributed surplus, end of period	$	7,085,411	$	7,035,012

13. Per share data:

	Three months ended March 31, 2018		Three months ended March 31, 2017	
Net income (loss)	$	6,897,519	$	(462,257)
Weighted average number of shares, basic		655,537,039		655,537,039
Weighted average numbers of shares, diluted		707,337,039		707,337,039
Basic income (loss) per share		0.011		(0.001)
Diluted income (loss) per share		0.010		(0.001)

(in Canadian dollars)

13. Per share data (continued):

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.

14. 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 assets	
	Three months ended March 31, 2018	Three months ended March 31, 2017	March 31, 2018	December 31, 2017
Philippines	$ -	$ -	$ -	$ -
Papua New Guinea	-	-	-	-
Canada	-	-	26,844	27,107
	$ -	$ -	$ 26,844	$ 27,107

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 IGES and Mindoro (note 7), as well as the exploration costs incurred in Fiji.

(in Canadian dollars)

14. Segmented information (continued):

	Three months ended March 31, 2018				Three months ended March 31, 2017			
	Mining	Petroleum Exploration	Corporate	Total	Mining	Petroleum Exploration	Corporate	Total
Administrative and general costs	$ -	$ (13,031)	$ (330,245)	$ (343,277)	$ -	$ (10,474)	$ (317,353)	$ (327,827)
Exploration costs	-	-	-	-	-	-	-	-
Depreciation expense	-	-	(2,436)	(2,436)	-	(40)	(2,875)	(2,915)
		(13,031)	(332,681)	(345,713)	-	(10,514)	(320,228)	(367,043)
Interest income	-	19	1,188	1,207	-	26	189	215
Foreign exchange gains (loss)	-	1,682	20,988	22,670	-	(859)	36,116	35,257
Other gains (losses)	7,918,201	-	443	7,918,644	-	-	(33,132)	(33,132)
Share of gains (losses) of associates and joint venture	(220,373)	-	-	(220,373)	(133,855)	-	-	(133,855)
Net income (loss) before income tax	7,697,828	(11,331)	(310,062)	7,376,435	(133,855)	(11,346)	(317,055)	(462,257)
Income tax expense	(478,916)	-	-	(478,916)	-	-	-	-
Net income (loss)	$ 7,218,912	$ (11,331)	$ (310,063)	$ 6,897,519	$ (133,855)	$ (11,346)	$ (317,055)	$ (462,257)
Assets	$ 17,974,184	$ 144,685	$ 2,664,076	$ 20,782,945	$ 12,720,527	$ 160,817	$ 2,112,230	$ 14,993,574
Liabilities	-	904	1,837,201	1,838,105	-	909	1,735,417	1,736,326
Capital expenditures	-	-	2,219	2,219	-	-	-	-

(in Canadian dollars)

15. Expenses by nature:

	Three months ended March 31			
		2018		2017
Personnel costs	$	168,713	$	131,130
Contracted services		49,936		53,465
Professional fees		31,665		36,310
Travel and transportation		27,601		22,390
Rent		23,189		23,256
Insurance		14,280		15,725
Investor relations		11,871		13,886
Stock-based compensation		5,533		15,412
Taxes and licenses		5,381		7,796
Utilities		2,108		2,378
Materials and supplies		848		1,224
Others		2,152		4,855
Total administrative and general costs	$	343,277	$	327,827

16. Changes in working capital:

	Three months ended March 31			
		2018		2017
Accounts receivable	$	93	$	808
Prepaid expenses		9,384		24,652
Investment in equity securities		23,321		-
Trade accounts payables and accrued liabilities		32,136		(2,058)
Due to/from related parties		53,703		67,299
	$	112,387	$	90,611

17. Foreign exchange gain:

	Three months ended March 31			
		2018		2017
Unrealized foreign exchange gain (loss)	$	7,394	$	30,375
Realized foreign exchange gain (loss)		15,276		4,882
	$	22,670	$	35,257

The unrealized foreign exchange gain (loss) during the period ended March 31, 2018 and 2017 pertains mainly to the revaluation of derivative financial instrument while realized foreign exchange gain during the period ended March 31, 2018 and 2017 pertains mainly to the conversion of $US bank accounts.

18. 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 but has been extended under the same terms to June 30, 2018. The remaining total rent payments up to the end of the lease contract in June 2018 amounts to $14,385, inclusive of base rent, estimated operating expense and taxes. The Company has sublet a portion of its corporate office premises through to the date of expiration of its extended lease contract at June 30, 2018 as its continues to focus to reduce expenditures and to conserve cash.

19. Subsequent Events:

On April 16, 2018, the TVIRD Board of Directors declared a dividend of 30 million Philippine pesos ($0.7 million) to be issued among all shareholders of record as of March 31, 2018. As the direct shareholder of TVIRD, TVI Marketing received as its share on April 23, 2018 a dividend of 9.2 million Philippine pesos ($0.23 million), prior to Philippine dividend tax in the amount of 1.4 million Philippine pesos ($0.03 million), and the net amount of 7.8 million Philippine pesos ($0.2 million) was then transferred through to TVI as repayment of intercompany advances.

TVI divested of 320,000 shares of IGES through May 16, 2018 at an average share price of A$0.395 to generate net proceeds of approximately $120,800, reducing TVI's equity interest in IGES to 5.05%.

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