



Consolidated Financial Statements

**For the Years Ended
December 31, 2017 and 2016**



April 18, 2018

Independent Auditor's Report

**To the Shareholders of
TVI Pacific Inc.**

We have audited the accompanying consolidated financial statements of TVI Pacific Inc. and its subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2017 and December 31, 2016 and the consolidated statements of comprehensive income (loss), changes to equity and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

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PwC refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Emphasis of Matter

Without qualifying our opinion, we draw attention to note 1 in the consolidated financial statements, which describes matters, and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of TVI Pacific Inc. and its subsidiaries as at December 31, 2017 and December 31, 2016 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

TVI Pacific Inc.
Consolidated Statement of Financial Position
December 31, 2017
(in Canadian dollars)



	Notes	December 31, 2017	December 31, 2016
Assets			
Current assets:			
Cash and cash equivalents	6	\$ 882,070	\$ 376,887
Short-term deposits	6	869	720,243
Accounts receivable	7	22,959	23,088
Due from related parties	9	67,172	157,948
Prepaid expenses		36,196	49,691
Total current assets		1,009,266	1,327,857
Non-current assets:			
Investment in associate	10	-	636,801
Investment in joint venture	11	11,835,177	12,837,563
Total investments in associate and joint venture		11,835,177	13,474,364
Derivative financial instrument	8	664,198	798,705
Property and equipment		27,107	36,710
Other assets	12	79,515	146,088
Total non-current assets		12,605,997	14,455,867
Total assets		\$ 13,615,263	\$ 15,783,724
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities	13	\$ 148,297	\$ 553,751
Due to related parties	9	660,764	364,558
Total current liabilities		809,061	918,309
Deferred tax liability	14	465,162	763,434
Total liabilities		1,274,223	1,681,743
Equity attributable to shareholders of the Company:			
Share capital	15(b)	32,974,070	32,974,070
Contributed surplus	15(d)	7,079,878	7,019,600
Deficit		(24,094,125)	(23,453,803)
Translation reserves		(3,618,783)	(2,437,886)
Total equity		12,341,040	14,101,981
Total liabilities and equity		\$ 13,615,263	\$ 15,783,724

Going concern (note 1)
 Commitment (note 21)
 Subsequent events (note 22)

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

On behalf of the Board:

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

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

TVI Pacific Inc.
Consolidated Statement of Comprehensive Income (Loss)
December 31, 2017 and 2016
(in Canadian dollars)



	Notes	2017	2016
Expenses:			
Exploration costs		\$ 4,074	\$ 28,289
Depreciation expense		10,920	13,753
Administrative and general costs	18	1,462,345	2,196,734
Total expenses		1,477,339	2,238,776
Operating loss		(1,477,339)	(2,238,776)
Other income (expenses):			
Interest income		1,996	3,555
Foreign exchange gain (loss)	20	(23,398)	(107,949)
Other gains (loss)	12	543,069	(617,546)
Share of income (loss) of associate and joint venture	10,11	68,404	(137,970)
Other income (expenses), net		590,071	(859,910)
Net loss before income tax		(887,268)	(3,098,686)
Income tax recovery (expense)	14	246,946	253,574
Net loss		(640,322)	(2,845,112)
Other comprehensive income (loss):			
Items that may be reclassified to profit or loss in subsequent periods:			
Foreign currency translation adjustment – foreign operations		42,601	62,671
Foreign currency translation adjustment – associate and joint venture		(1,223,498)	(1,320,734)
Comprehensive loss		\$ (1,821,219)	\$ (4,103,175)
Basic and diluted loss per share	16	\$ (0.001)	\$ (0.004)
Weighted average number of common shares	16	655,537,039	655,498,317

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

TVI Pacific Inc.
Consolidated Statement of Changes to Equity
December 31, 2017 and 2016
(in Canadian dollars)

	Share capital (Note 15b)	Contributed surplus (Note 15d)	Deficit	Accumulated other comprehensive income (loss) – Translation reserves	Total equity
January 1, 2017	\$ 32,974,070	\$ 7,019,600	\$ (23,453,803)	\$ (2,437,886)	\$ 14,101,981
Transactions with owners					
Stock-based compensation	-	72,756	-	-	72,756
Options forfeited	-	(12,478)	-	-	(12,478)
Total transactions with owners	-	60,278	-	-	60,278
Comprehensive income (loss)					
Net loss	-	-	(640,322)	-	(640,322)
Other comprehensive income (loss):					
Foreign currency translation adjustment	-	-	-	(1,180,897)	(1,180,897)
Total comprehensive income (loss)	-	-	(640,322)	(1,180,897)	(1,821,219)
December 31, 2017	\$ 32,974,070	\$ 7,079,878	\$ (24,094,125)	\$ (3,618,783)	\$ 12,341,040
January 1, 2016	\$ 32,972,145	\$ 6,835,472	\$ (20,608,691)	\$ (1,179,823)	\$ 18,019,103
Transactions with owners					
Warrants exercised	1,925	(925)	-	-	1,000
Stock-based compensation	-	191,889	-	-	191,889
Options forfeited	-	(6,836)	-	-	(6,836)
Total transactions with owners	1,925	184,128	-	-	186,053
Comprehensive income (loss)					
Net loss	-	-	(2,845,112)	-	(2,845,112)
Other comprehensive income:					
Foreign currency translation adjustment	-	-	-	(1,258,063)	(1,258,063)
Total comprehensive income (loss)	-	-	(2,845,112)	(1,258,063)	(4,103,175)
December 31, 2016	\$ 32,974,070	\$ 7,019,600	\$ (23,453,803)	\$ (2,437,886)	\$ 14,101,981

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

TVI Pacific Inc.
Consolidated Statement of Cash Flows
December 31, 2017 and 2016
(in Canadian dollars)

	Notes	2017	2016
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES			
Net loss before income tax		\$ (887,268)	\$ (3,098,686)
Adjustments for:			
Depreciation expense		10,920	13,753
Stock based compensation	15(d)	72,756	191,889
Options forfeited / exercised	15(d)	(12,478)	(7,761)
Unrealized foreign exchange loss		1,922	28,217
Other (gains) loss	12	(543,069)	617,546
Share of (income) loss of associate and joint venture	10,11	(68,404)	137,970
Distribution from investment in joint venture, net of tax	11	1,236,058	-
Changes in working capital	19	(8,959)	760,330
Net cash used in operating activities		(198,522)	(1,355,817)
CASH FLOW FROM FINANCING ACTIVITIES			
Employee share option exercised		-	1,000
Net cash generated from financing activities		-	1,000
CASH FLOWS FROM INVESTING ACTIVITIES			
Change in short-term deposits		708,400	329,931
Expenditures on property and equipment and other assets		(1,992)	(1,198)
Proceeds on disposal of property and equipment and other assets		-	1,787
Net cash generated from investing activities		706,408	330,520
Effect of foreign exchange rates on cash		(2,703)	(5,268)
Net increase (decrease) in cash and cash equivalents		505,183	(1,029,565)
Cash and cash equivalents at beginning of the year		376,887	1,406,452
Cash and cash equivalents at end of the year		\$ 882,070	\$ 376,887

The accompanying notes are an integral part of these 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. 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 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.

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 December 31, 2017, TVI also holds a 19.54% 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 a waste plastics-to-diesel conversion plant 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 December 31, 2017, 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 consolidated financial statements were authorized for issue by the Board of Directors on April 18 2018.

Going concern

These consolidated 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.

As at December 31, 2017, the Company had a working capital surplus of \$0.2 million (2016 – \$0.4 million), including total cash and cash equivalents and short-term deposits of \$0.9 million (2016 – \$1.1 million). During the year ended December 31, 2017, the Company incurred a net loss of \$0.6 million (2016 – \$2.8 million net loss). At December 31, 2017, the Company had an accumulated deficit of \$24.1 million (2016 – \$23.5 million). In addition, the Company recorded negative cash flows from operations (\$0.2 million) for the year ended December 31, 2017 (2016 – \$1.4 million). TVI has no outstanding loans payable, nor does it currently have any annual expenditure obligations as at December 31, 2017.

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.

During 2017, TVI received \$1.2 million in dividends (net of tax) (2016 – \$nil) from TVIRD. Subsequent to December 31, 2017, TVI's investee, IGES, completed its relisting on the ASX (note 22). The Company's ability to continue as a going concern is presently dependent on the sale of portions of its interest in IGES shares and possible distributions from its joint venture investment in TVIRD, which the Company does not control, to continue its operations and to fund expenses. The ability of TVI to continue as a going concern is also dependent on obtaining additional funding to finance ongoing operating activities and to pursue interests in 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 assurance that the steps management will take will be successful.

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

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported revenues, expenses and balance sheet classifications that would be necessary if the Company was unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

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.

(b) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value (note 5b). In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

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

The preparation of timely financial statements necessitates the use of judgments, estimates and assumptions that will affect assets, liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as revenues and expenses during the reporting periods. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

(c) Adoption of new and revised standards, amendments and interpretations

There were no relevant new standards, amendments and interpretations that are effective for the first time for the financial year beginning on or after January 1, 2017 that had any material impact to the Company.

(d) 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 with no recycling to profit or loss. 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.

2. Basis of preparation (continued):

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, and does not have any significant accounts receivable and therefore the impact of the expected credit loss model is not expected to have a significant impact on the Company upon adoption. 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 investment in TVIRD and on financial assets, as well as the impact of the new standard on the accounting for IGES subsequent to the relisting of IGES on the ASX on January 30, 2018, and the dilution of TVI's interest in IGES as a result of IGES' successful capital raise.

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. The Company's investment in joint venture in the Philippines, TVIRD, continues to evaluate the impact of adopting 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 currently evaluating the impact of adopting IFRS 16 on its financial statements.

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. Significant accounting policies:

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise indicated.

(a) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements include the accounts of TVI and its subsidiaries that it controls as of the reporting date. Control exists when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The consolidated financial statements include the accounts of TVI and its wholly-owned subsidiaries TVI Limited, TVI Asia Pacific Resources Corporation and TG World Energy Corp ("TG World"); and indirectly owned subsidiaries TVI International Marketing Limited ("TVI Marketing"), TVI Minerals Processing Inc. ("TVI Minerals"), TG World (BVI) Corporation, TG World Energy Inc. ("TG Inc.") and TG World Petroleum Limited ("TG Petroleum").

All intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, have been eliminated in preparing the consolidated financial statements.

3. Significant accounting policies (continued):

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

(ii) Associates

Associates are all entities over which the Company has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. For shareholdings below 20%, the significant influence is determined based on board representation and contractual terms. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition.

The Company's share of its associates' post-acquisition profits or losses is recognized in the statement of comprehensive income (loss), and its share of post-acquisition movements in other comprehensive income (loss) is recognized in other comprehensive income (loss). The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Company's share of losses in an associate equals or exceeds its interest in the associate, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Company resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount and its carrying value and recognizes the amount in the share of income (loss) of associates in the income statement. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. The fair value of financial instruments traded in active markets is based on quoted market prices and shares held at the balance sheet date.

(iii) Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The share of the assets, liabilities, revenues, and expenses are accounted for under joint operations, while joint ventures are accounted for using the equity method. Under the equity method of accounting, interests in joint ventures are initially recognized at cost and adjusted thereafter to recognize the Company's share of the post-acquisition profits or loss and movements in other comprehensive income (loss).

The Company's exploration activities in petroleum and natural gas properties are conducted in joint participation with others, where the Company has a direct ownership interest in jointly controlled assets. The revenue, expenses, assets and liabilities related to the jointly controlled assets are included in the consolidated financial statements in proportion to the Company's interest. TVI continues to hold a 30.66% interest in TVIRD, and the retained investment in TVIRD is classified as investment in joint venture, accounted for under the equity method.

The Company determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount and its carrying value. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. The fair value of financial instruments traded in active markets is based on quoted market prices and shares held at the balance sheet date.

3. Significant accounting policies (continued):

(b) Cash and cash equivalents and short-term deposits.

Cash and cash equivalents are carried at face amount or at nominal amount in the consolidated statement of financial position and includes cash on hand, deposits held at call with banks and short-term placements with maturities of three months or less. Short-term placements with maturities of more than three months are classified as short-term deposits.

Restricted cash is held in separate short-term deposits and accumulates interest for the purpose of applying the principal and accrued interest to settle the intended obligation at a certain point in the future. The intended obligation for which restricted cash has been placed on account is recognized as other accrued liability.

(c) Mining claims and exploration costs

The Company expenses exploration costs incurred until it determines that the exploration property is capable of achieving commercial production at which time all further pre-production costs are capitalized at cost. Such costs include acquisition, exploration, operating, other related costs and administration expenditures net of any mineral revenues received. When a property is brought into production, the costs will be amortized using the unit-of-production method based on that property's estimated proved ore reserves. If a property is abandoned, capitalized costs are charged to operations in the year of abandonment. The Company capitalizes mining claims and deferred exploration costs and classifies them as tangible or intangible according to the nature of the asset acquired or cost incurred and applies the classification consistently. Certain deferred exploration costs are treated as intangible (e.g. license and legal fees), whereas others are tangible (e.g. vehicles). To the extent that a tangible asset is consumed in developing an intangible asset, the amount reflecting that consumption is part of the cost of the intangible asset.

Mining claims and deferred exploration costs are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash generating units).

(d) Foreign currency

Items included in the financial statements of each of the Company's subsidiaries and investments are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Canadian Dollars, which is TVI's functional and reporting currency.

(i) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of each respective transaction. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at the year-end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(ii) Foreign operations

The assets and liabilities of TVI's investments and other foreign subsidiaries are translated into Canadian Dollars from their functional currencies using period-end exchange rates, with revenues and expenses translated using average rates for the period. Unrealized gains and losses arising on the translation of these operations are included in the foreign currency translation adjustment within other comprehensive income (loss).

3. Significant accounting policies (continued):

When a foreign operation is disposed of, the relevant amount of the cumulative translation adjustment within other comprehensive income (loss) is transferred to net income (loss) as part of the profit or loss on disposal. On the partial disposal of a subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is reattributed to non-controlling interest. In any other partial disposal of a foreign operation, the relevant proportion is reclassified to net income (loss).

(e) Interest income

(i) Interest income

Interest income is recognized on a time-proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues accreting the discount as interest income.

(ii) Other income

Other income is recognized when earned or realized.

(f) Share option plan

The Company applies the fair value method, using the Black-Scholes option pricing model, when stock options are granted to employees and directors under the share option plan. Under this method, compensation expense of stock options, measured at the grant date, is recognized as a charge to earnings over the vesting period with a corresponding credit to contributed surplus. Upon exercise of the stock options, consideration paid together with the amount previously recognized in contributed surplus is recorded as an increase to share capital. The effects of forfeitures are estimated on initial measurement with subsequent adjustments so that the expense reflects what has actually vested in the period.

(g) Leases

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income (loss) on a straight-line basis over the period of the lease.

(h) Income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognized in the consolidated statement of comprehensive income (loss), except to the extent that it relates to items recognized in other comprehensive income (loss) or directly in equity. In this case the tax is also recognized in other comprehensive income (loss) or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company's subsidiaries and investments operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The Company uses the liability method of accounting for deferred income taxes. Under the liability method, deferred income tax assets and liabilities are determined based on "temporary differences" (differences between the accounting basis and the tax basis of the assets and liabilities), and are measured using the currently enacted, or substantively enacted, tax rates and laws expected to apply when these differences reverse.

3. Significant accounting policies (continued):

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates, or interests in joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

(i) Per share amounts

Net income (loss) per common share is computed by dividing net income (loss) attributable to shareholders of the Company by the weighted average number of common shares outstanding for the year.

Diluted per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. The treasury stock method is used to determine the dilutive effect of stock options and other dilutive instruments.

(j) Segment reporting

An operating segment is a component that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer that makes strategic decisions. The segments are classified based on the nature of underlying activities.

(k) Financial instruments

Classification

The Company classifies its financial assets in the following categories: (a) at fair value through profit or loss, (b) loans and receivables, (c) held-to-maturity investments and (d) available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

A financial asset is classified as fair value through profit or loss if it is classified as held for trading. Derivatives are also categorized as held for trading unless they are designated as hedges. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. If the Company has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Financial assets available-for-sale are non-derivative financial assets that are designated as available-for-sale or that are not classified in any of the previous categories. Issued financial instruments or their components, which are not designated as fair value through profit or loss, are classified as other financial liabilities, where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder.

3. Significant accounting policies (continued):

Cash and cash equivalents, short-term deposits, accounts receivable, and due from related parties, are designated as "loans and receivables". The derivative financial instruments are derivatives classified at fair value through profit or loss. Accounts payable and accrued liabilities and due to related parties are designated as "other financial liabilities".

Initial recognition, subsequent measurement and derecognition

Regular-way purchases and sales of financial assets are recognized on trade-date (the date on which the Company commits to purchase or sell the asset). All financial instruments are required to be measured at fair value on initial recognition of the instrument.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets at fair value through profit or loss are measured at fair value with changes in those fair values recognized in net income (loss). Financial assets "held-to maturity", "loans and receivables" and "other financial liabilities" are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these are measured at amortized cost using the effective interest rate method of amortization, net of any impairment. Available-for-sale financial assets are measured at fair value, with changes in those fair values recognized in other comprehensive income (loss). The methods used by the Company in determining fair value of financial instruments are unchanged during the year.

For financial assets and financial liabilities that are not classified as fair value through profit or loss, the transaction costs that are directly attributable to the acquisition or issue of a financial asset or financial liability are added to the fair value initially recognized for that financial instrument. These costs are expensed to earnings using the effective interest rate method.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statements of comprehensive income (loss).

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value, with changes in fair value recognized in profit or loss. Reassessment occurs only if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or there is a reclassification of a financial asset out of the fair value through profit or loss category.

Impairment

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

3. Significant accounting policies (continued):

(l) Events after the reporting date

Events after the reporting date are evaluated up to the date the financial statements are authorized for issue. Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

4. Critical accounting estimates and judgments:

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Such estimates are based on informed judgments made by management. Actual results could differ materially from those estimated.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(a) Critical accounting estimates and assumptions

Share options and derivative financial instrument

The Company uses the Black-Scholes option pricing model to assess under the fair value method the value of stock options granted to employees and directors under the share option plan. Management must estimate the volatility, forfeiture rate, expected life and risk-free interest rates in using the model to assess the fair value of stock options (note 15c). The option to purchase TVIRD shares and the option to acquire IGES shares are accounted for as derivative financial instruments. The fair value of the option to purchase TVIRD shares is assessed taking into account the effects of ongoing mining at Agata, the probability of TVIRD's PSE listing and estimated future value of other projects (note 12), while the option to acquire IGES shares considers the estimated share price and expected volatility, also through applying the Black-Scholes model (note 8).

Recoverability of non-financial assets

The Company reviews and tests the carrying amounts of investments in associates and joint ventures, and property and equipment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If there are indications that impairment may have occurred the amount by which the carrying value of assets exceeds their estimated recoverable value is charged to the statement of comprehensive income (loss).

(b) Critical judgments in applying accounting policies

Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for any anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Additional information is disclosed in note 14.

4. Critical estimates and judgements (continued):

Investments in IGES and Mindoro

Management has assessed the level of influence that the Company has on both IGES and Mindoro and determined that it has significant influence even though the shareholding is below 20% because of the right to board representation and contractual terms. Consequently, these investments have been classified as an associate (note 10).

Functional currency of TVIRD

The Board of Directors of TVIRD considers the Philippine Peso as the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The Philippine Peso is the currency of the primary economic environment in which TVIRD operates. It is the currency in which TVIRD measures its performance and reports its results.

Functional currency of IGES

The functional currency of IGES is Australian dollars as IGES has determined it to be the currency of the primary economic environment in which it operates. It is the currency in which IGES measures its performance and reports its results.

Going concern

The Board of Directors of TVI has considered the Company's current activities, funding position and projected funding requirements for the period of at least twelve months from the date of approval of the consolidated financial statements, in determining the ability of the Company to adopt the going concern basis in preparing the consolidated financial statements for the year ended December 31, 2017. The assessment of the Company's ability to execute its strategy to meet its future funding requirements involves judgement.

5. 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 Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework.

a) *Financial risk management*

(i) *Currency risk*

The Company faces currency risks mainly due to the substantial cross-border element of its operations. The Company has office in Canada (Canadian Dollar), while the associates and joint venture entities are located in the Republic of the Philippines (Peso) and Australia (Australian Dollar). There are no forward sales, and the Company does not engage in currency hedging activities. The Company minimizes risks by carefully planning the timing of settlement of foreign currency denominated balances and closely monitoring changes in foreign exchange rates.

For the year ended December 31, 2017, 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 \$38,148.

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 (\$6,432). The impact on net income (loss) of other currencies with all other variables held constant is not material for disclosure.

5. Financial risk management (continued):

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 \$1,197. 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 as at December 31	
	2017	2016	2017	2016
Canadian Dollar/US Dollar	1.2986	1.3248	1.2545	1.3427
Canadian Dollar/ Australian Dollar	0.9951	0.9852	0.9801	0.9707
Canadian Dollar/ Philippine Peso	0.0258	0.0279	0.0252	0.0272

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Company has no significant interest-bearing assets, the Company's income (loss) and operating cash flows are not significantly impacted by changes in market interest rates.

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 December 31, 2017, the Company has \$0.2 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.

	2017		2016	
Due within 12 months:				
Accounts payable and accrued liabilities	\$	148,297	\$	553,751
Due to related parties		660,764		364,558
	\$	809,061	\$	918,309

Accounts payable and accrued liabilities at December 31, 2016 includes \$350,000 held for distribution as a death benefit in accordance with certain agreements, the offset of which was held at the same date in Short-term deposits and was not available for use by the Company. The liability was cleared in June 2017 through payment of the death benefit. The Company remains focused upon conserving cash through reducing expenditures and expects 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 13 includes a further breakdown and explanation of accounts payable and accrued liabilities.

iv) Credit risk

Credit risk arises from the potential that a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash and cash equivalents, short-

5. Financial risk management (continued):

term deposits, derivative financial instrument, accounts receivable, due from related parties and other assets. The Company manages credit risk associated with cash by maintaining its cash and short term deposits in accounts with creditworthy banks, which were approved by the Board of Directors.

The following are the components and aging of the accounts receivable:

	2017	2016
Advances to employees	79%	76%
Other receivables	21%	24%
	100%	100%

	2017	2016
Neither past due nor impaired	\$ 6,571	\$ 6,700
Past due over 6 months but not impaired	16,388	16,388
	\$ 22,959	\$ 23,088

Note 7 includes a further breakdown and explanation of accounts receivable. The past due receivable as at December 31, 2017 and December 31, 2016 includes advances to employees that are more than 6 months past due.

The carrying amounts of cash and cash equivalents, short-term deposits, accounts receivable, derivative financial instruments, due from related parties and other assets at December 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 8) and option to purchase TVIRD shares (note 12) were classified under Level 3.

During the year ended December 31, 2017, there were no transfers between levels in the fair value hierarchy of any fair value measurements. There were no changes in valuation techniques during the year ended December 31, 2017.

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 December 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.

5. Financial risk management (continued):

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 (loss). 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.

	2017		2016	
Debt	\$	809,061	\$	918,309
Equity		15,959,823		16,539,867
Assets		13,615,263		15,783,724
Debt-to-equity		5%		6%
Debt-to-assets		6%		6%

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

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

	2017		2016	
Cash on hand	\$	729	\$	778
Cash in banks		881,341		376,109
Total cash on hand and in banks		882,070		376,887
Short-term deposits		869		720,243
	\$	882,939	\$	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. Short-term deposits at December 31, 2016 includes \$350,000 held for distribution as a death benefit in accordance with certain agreements, of which this amount and any interest earned thereon was not available for use by the Company.

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

	2017		2016	
Canadian Dollars	\$	83,803	\$	487,543
US Dollars		762,963		564,528
Philippine Pesos		36,173		45,059
	\$	882,939	\$	1,097,130

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

	2017		2016	
Canada	\$	761,202	\$	951,665
Philippines		78,453		98,986
Others		43,284		46,479
	\$	882,939	\$	1,097,130

TVI Pacific Inc.
Notes to the Consolidated Financial Statements
December 31, 2017 and 2016
(in Canadian dollars)

7. Accounts receivable:

Accounts receivable consists of:

	2017		2016	
Advances to employees	\$	18,157	\$	17,636
Goods and services tax receivable		4,802		5,452
	\$	22,959	\$	23,088

8. Derivative financial instrument:

As at December 31, 2017, 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 financial instrument and are separately accounted for at fair value. The conversion options are as follows:

	2017		2016	
Beginning balance	\$	798,705	\$	947,105
Gain (loss) on revaluation		(142,241)		(113,082)
Foreign currency translation		7,734		(35,318)
Ending balance	\$	664,198	\$	798,705

9. Related party transactions:

The 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)	
		2017	2016
Subsidiaries of TVI:			
TVI Limited	Anguilla	100%	100%
TG World Energy Corp	Canada	100%	100%
TVI Asia Pacific Resource 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)	
		2017	2016
Associates/Joint Venture:			
TVIRD and affiliates	Philippines	30.66%	30.66%
IGES	Australia	19.54%	25.50%
Mindoro	Canada	14.40%	14.40%

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

TVI Pacific Inc.
Notes to the Consolidated Financial Statements
December 31, 2017 and 2016
(in Canadian dollars)

9. Related party transactions (continued):

(a) Due from related parties

	2017	2016
TVIRD	\$ 28,646	\$ 102,293
IGES	31,368	32,235
Seajay Management Enterprises Ltd. ("Seajay Management")	4,381	15,145
Regent Parkway 3202 Management Inc. ("Regent Parkway")	2,777	8,275
	<u>\$ 67,172</u>	<u>\$ 157,948</u>

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 year ended December 31, 2017, the Company also incurred expenses of \$182,512 (December 31, 2016 - \$175,203) for administrative services provided by Regent Parkway, a corporation controlled by a director and officer of TVIRD. The receivable from Regent Parkway represents an advance payment of \$2,777 (December 31, 2016 - \$8,275) due back to TVI.

(b) Due to related parties

	2017	2016
Seajay Management	\$ 307,625	\$ 147,125
Director's fee	348,750	198,000
TVIRD	4,389	19,433
	<u>\$ 660,764</u>	<u>\$ 364,558</u>

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. Directors' fees of \$150,750 incurred during the year ended December 31, 2017, and \$198,000 incurred during the year ended December 31, 2016, remain payable.

(c) Key management compensation

Compensation of key management personnel composed of the officers and directors of the Company:

	2017	2016
Short-term employee benefits	\$ 328,804	\$ 602,038
Directors' fees	150,750	198,000
Stock options expense	60,278	185,053
	<u>\$ 539,832</u>	<u>\$ 985,091</u>

9. Related party transactions (continued):

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. As such, the management fee has been expensed as salary and reported here in short-term employee benefits, but has not yet been paid out. Short-term employee benefits also include termination allowances paid to various employees through 2016.

10. Investment in associate:

	IGES	Mindoro	Total
January 1, 2016	\$ 972,106	\$ -	\$ 972,106
Share of net loss	(397,860)	-	(397,860)
Share of other comprehensive loss	(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	(1,388,766)	-	(1,388,766)
Share of other comprehensive loss	-	-	-
Dilution gain on investment in associate	751,965	-	751,965
December 31, 2017	\$ -	\$ -	\$ -

During 2017, the Company's remaining investment amounting to \$636,801 was fully written down due to recognition of the Company's share of IGES' losses during the period. The main driver of this was the Company's \$1.9 million share of mineral rights and exploration and evaluation assets impairment recorded by IGES in 2017. As at December 31, 2017, a further proportionate share of net losses of \$1,330,716 have been incurred by IGES and will offset any future proportionate share of net income that IGES may realize at a future date.

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.

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 17,592,908 shares and 9,158,621 options as at December 31, 2017.

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

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

Shareholder approval of the IGE transaction was received at an Extraordinary General Meeting held on November 15, 2016, and on September 12, 2017, IGES released its Replacement Prospectus in which it outlined plans for its international rollout of plastic-to-fuel facilities.

As at December 31, 2017, IGES had not yet met the requirements of certain ASX Listing Rules to complete its relisting plans which includes primarily satisfaction of Chapters 1 and 2, as defined by ASX Listing Rule 11.1 (see note 22).

10. Investment in associate (continued):

In addition to the issue of a prospectus, Chapter 1 requires that:

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

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

	2017	2016
Share of comprehensive loss	\$ (1,388,766)	\$ (418,426)
Share of total current assets	1,660,626	25,004
Share of total assets	1,666,795	3,900,010
Share of total current liabilities	2,424,015	539,399
Share of total liabilities	2,424,015	539,399

Below is the summarized financial information (100%) of IGES and reconciliation with the carrying amount of investment in the Company's consolidated financial statements:

	December 31, 2017	December 31, 2016
Total expenses	\$ (20,883,694)	\$ (1,438,848)
Exploration and evaluation expenditure		(38,589)
Other income	-	-
Net loss	(20,883,694)	(1,477,437)
Other comprehensive loss	(475,480)	(71,772)
Comprehensive loss	(21,359,174)	(1,549,209)
The Company's share of net loss	(1,388,766)	(397,860)
The Company's share of other comprehensive loss	-	(20,566)
Share of comprehensive loss of associate	(1,388,766)	(418,446)
Current assets	8,498,597	98,052
Non-current assets	31,574	15,195,504
Total assets	8,530,171	15,293,556
Current liabilities	12,405,399	2,115,206
Non-current liabilities	-	-
Total liabilities	12,405,399	2,115,206
Net assets	(3,875,228)	13,178,350
Adjustments and eliminations	3,875,228	(12,541,549)
Investment in associate	\$ -	\$ 636,801

10. Investment in associate (continued):

(a) Investment in Mindoro

Mindoro is a publicly listed company incorporated in Canada with shares listed on the NEX. Mindoro was previously listed on the TSX-Venture Exchange but it was announced on July 6, 2016, that Mindoro had been halted from trading for failure to pay their annual sustaining listing fees. The annual reporting period of Mindoro ends as at December 31.

As at December 31, 2017, TVI owns 42,779,353 common shares of Mindoro, representing 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, 2017, a further proportionate share of net losses of \$3,453,128 (December 31, 2016 - \$3,450,392) have been incurred by Mindoro and will offset any future proportionate share of net income that Mindoro may realize at a future date.

11. Investment in joint venture:

	December 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 on investment		(126,546)
Investment in joint venture at December 31, 2016		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 (loss)		(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

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.

The Company's share of TVIRD's results of operations, assets and liabilities for the year ended December 31, 2017 is as follows:

	December 31, 2017		December 31, 2016	
Share of revenue	\$	18,706,412	\$	20,254,222
Share of comprehensive income (loss)		1,408,372		343,036
Share of total current assets		10,133,125		9,483,189
Share of total assets		20,834,756		21,592,203
Share of total current liabilities		3,801,805		4,225,310
Share of total liabilities		5,892,010		5,763,004

TVI Pacific Inc.
Notes to the Consolidated Financial Statements
December 31, 2017 and 2016
(in Canadian dollars)

11. Investment in joint venture (continued):

Summarized financial information (100% share) of the joint venture and reconciliation with the carrying amount of investment in the Company's consolidated financial statements are set out below:

	2017		2016	
Revenue from concentrate sales	\$	60,992,644	\$	66,008,609
Other revenues		19,790		52,127
Total revenues		61,012,434		66,060,736
Depreciation and amortization		(644,660)		(764,057)
Total expenses		(53,242,045)		(58,412,775)
Operating income (loss)		7,125,729		6,883,904
Finance cost		(71,381)		(407,939)
Interest income		274,981		146,531
Other (loss) income		(1,429,854)		(4,294,266)
Net income (loss) before tax		5,899,475		2,328,230
Income tax expense		(806,200)		(1,335,438)
Net income (loss)		5,093,275		992,792
Non-controlling interest		(340,601)		(145,141)
Net income		4,752,674		847,651
Other comprehensive income (loss) - TVIRD		(159,157)		271,187
Other comprehensive income (loss) - NCI		3,845		11,744
Comprehensive income (loss)		4,597,362		1,130,582
The Company's share in net income	\$	1,457,170	\$	259,890
The Company's share in other comprehensive income		(48,798)		83,146
Share of comprehensive income of joint venture		1,408,372		343,036
Cash and cash equivalents	\$	11,801,123		8,127,965
Current assets		33,050,017		30,930,165
Non-current assets		34,904,179		39,494,501
Total assets		67,954,196		70,424,666
Current financial liabilities		33,200		5,440,110
Current liabilities		12,399,887		13,781,180
Non-current financial liabilities		2,981		38,927
Non-current liabilities		6,817,366		5,015,311
Total liabilities		19,217,253		18,796,491
Net assets		48,736,943		51,628,175
Adjustments and eliminations		(36,901,766)		(38,790,613)
Investment in joint venture	\$	11,835,177		12,837,562

The joint venture had no contingent liabilities as at December 31, 2017. The information above reflects the amounts presented in the financial statements of the joint venture adjusted for differences in accounting policies between TVI and the joint venture.

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.

TVI Pacific Inc.
Notes to the Consolidated Financial Statements
December 31, 2017 and 2016
(in Canadian dollars)

11. Investment in joint venture (continued):

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

Date Received	Total TVIRD Dividend Declared		Total TVI International Marketing Share			
			Prior to Philippine Dividend Tax		Net of Philippine Dividend Tax	
	PHP (millions)	\$CAD (thousands)	PHP (millions)	\$CAD (thousands)	PHP (millions)	\$CAD (thousands)
Feb 22, 2017	30.0	\$ 789.1	9.2	\$ 242.0	7.8	\$ 205.7
May 15, 2017	30.0	\$ 821.4	9.2	\$ 251.9	7.8	\$ 214.1
Aug 14, 2017	40.0	\$ 1,000.6	12.3	\$ 306.8	10.5	\$ 260.8
Oct. 14, 2017	35.0	\$ 860.5	10.7	\$ 263.9	9.1	\$ 224.3
Dec. 13, 2017	50.0	\$ 1,270.5	15.3	\$ 389.6	13.0	\$ 331.2
Total Dividend	185.0	\$ 4,742.1	56.7	\$ 1,454.2	48.2	\$ 1,236.1

At December 31, 2016, TVIRD recorded an impairment with respect to the Agata processing project and the Pan de Azucar mining and processing joint ventures in a total amount of \$3,621,519, of which \$1,110,358 represents TVI's share, as these companies have not yet commenced commercial operations. No further impairments were recorded in 2017.

12. Other assets:

Other assets are composed of:

	2017		2016	
Option to purchase TVIRD shares	\$	76,322	\$	142,603
Other		3,193		3,485
	\$	79,515	\$	146,088

In 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 March 31, 2019 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 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, 2017, 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'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, 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.

TVI Pacific Inc.
Notes to the Consolidated Financial Statements
December 31, 2017 and 2016
(in Canadian dollars)

12. Other assets (continued):

Adjustments in the fair value of the option to acquire the remaining Class B shares of TVIRD have contributed to Other Gains (Loss) as follows:

	2017	2016
Revaluation of TVIRD option to purchase	\$ (66,281)	\$ (453,577)
Revaluation of derivative financial instrument (note 8)	(142,241)	(113,082)
Dilution gain on investment in associate (note 10)	751,965	83,121
Write-down on investment in joint venture (note 11)	-	(126,547)
Other	(374)	(7,461)
Other gains (loss)	\$ 543,069	\$ (617,546)

13. Accounts payable and accrued liabilities:

Accounts payable consist of the following:

	2017	2016
Trade payables	\$ 52,926	\$ 63,289
Other accrued liabilities	95,371	490,462
	\$ 148,297	\$ 553,751

Accrued expenses include accruals of personnel expenses, consultancy and other professional fees. Other accrued liabilities at December 31, 2016 included \$350,000 held for distribution as a death benefit in accordance with certain agreements, which was held at that time in short-term deposits, but has been fully settled during 2017.

14. Income taxes:

	2017	2016
Current tax expense (recovery)	\$ -	\$ 724
Deferred tax expense (recovery)	(246,946)	(254,298)
Income tax expense (recovery)	(246,946)	(253,574)

The deferred tax liability of \$465,162 at December 31, 2017 is related to TVI Minerals' unrealized foreign exchange gains calculated on intercompany advances (December 31, 2016 – \$763,434).

The provision for income taxes differs from that which would be expected by applying the combined federal and provincial corporate statutory rates as follows:

	2017	2016
Weighted average applicable tax rate	48.8%	29.2%
Net loss before income tax	\$ (887,268)	\$ (3,359,945)
Expected recovery	(433,066)	\$ (981,316)
Change to income taxes resulting from:		
Nondeductible expenses	(1,061,382)	(1,193,072)
Non-taxable income	(68)	(82)
Net unrecognized (recognized) tax credit for losses	1,232,356	1,923,043
Rate change on valuation allowance	-	-
Other	15,214	(2,147)
Income tax expense	\$ (246,946)	\$ (253,574)

14. Income taxes (continued):

The Company did not recognize a deferred income tax recovery in respect of the Company's deferred income tax assets, the majority of which relates to exploration and evaluation expenses and non-capital losses.

The income tax recovery of \$246,946 recognized in the year ending December 31, 2017 relates to a Philippine entity. Philippine tax law only allows losses to be carried forward for a maximum of three years and does not allow losses to be carried back.

The weighted average applicable tax rate was 48.8% (2016 - 29.2%).

At December 31, 2017 and 2016, the Company has estimated capital losses for Canadian tax purposes of \$0.9 million that do not expire and may be utilized to reduce future capital gains, if any. The Company has estimated non-capital losses of \$27.3 million at December 31, 2017 which may be applied to reduce taxable income in future taxation years (2016 - \$26.40 million). The benefit of which has not been recorded in these consolidated financial statements. The benefit of which has not been recorded in these consolidated financial statements. The non-capital losses will expire between 2026 to 2037.

The aggregate outside basis differences (where no deferred tax liability has been recognized) being the difference between the carrying amount of investment in subsidiaries, associates and joint venture and their tax bases, as of December 31, 2017 amounted to \$2.6 million (2016 - \$2.5 million).

15. 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 December 31, 2017 was 655,537,039 (December 31, 2016 – 655,537,039 common shares) in the amount of \$32,974,070 (December 31, 2016 - \$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. Each share option converts into one ordinary share of TVI on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options generally vest over a period of up to three years, may be exercised at any time from the date of vesting to the date of their expiry and expire no more than 5 years from the date of grant.

There were no share options granted during the period ended December 31, 2017 and December 31, 2016.

TVI Pacific Inc.
Notes to the Consolidated Financial Statements
December 31, 2017 and 2016
(in Canadian dollars)

15. Share capital (continued):

	2017		2016	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of year	57,600,000	\$ 0.018	60,800,000	\$ 0.019
Issued	-	-	-	-
Exercised	-	-	(66,667)	0.015
Forfeited	(1,333,335)	0.016	(750,000)	0.017
Expired	(12,816,665)	0.026	(2,383,333)	0.063
Options outstanding, end of year	43,450,000	\$ 0.015	57,600,000	\$ 0.018
Options exercisable, end of year	38,449,997	\$ 0.015	35,749,999	\$ 0.019

Price range	Number outstanding	Weighted average remaining contractual life (years)	Number Exercisable
\$ 0.015 to 0.020	43,450,000	1.7961	38,449,997

(d) Stock-based compensation and contributed surplus

During the year ended December 31, 2017, \$72,756 (2016 - \$191,889) of stock-based compensation was charged to the consolidated statement of comprehensive income (loss), reduced by \$12,478 of employee options exercised and/or forfeited (2016 - \$7,761).

	2017	2016
Contributed surplus, beginning of year	\$ 7,019,600	\$ 6,835,472
Stock-based compensation	72,756	191,889
Employee options exercised	-	(925)
Options forfeited	(12,478)	(6,836)
Contributed surplus, end of year	\$ 7,079,878	\$ 7,019,600

16. Per share data:

	2017	2016
Net loss	\$ (640,322)	\$ (2,845,112)
Weighted average number of shares, basic and diluted	655,537,039	655,498,317
Basic and diluted loss per share	(0.001)	(0.004)

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

17. 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 Chief Executive Officer to make decisions about resource allocation and performance assessment of the operating segments.

TVI Pacific Inc.
Notes to the Consolidated Financial Statements
December 31, 2017 and 2016
(in Canadian dollars)

17. Segmented information (continued):

The Company has two reportable segments:

- mining exploration in Fiji and investments in associates and joint venture with mining activities in the Philippines; 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	
	2017	2016	December 31, 2017	December 31, 2016
Philippines	\$ -	\$ -	\$ -	\$ -
Canada	-	-	27,107	36,710
	\$ -	\$ -	\$ 27,107	\$ 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 11, interest in IGES and Mindoro (note 10), as well as the exploration costs incurred in Fiji.

17. Segmented information (continued):

	2017			2016				
	Mining	Petroleum Exploration	Corporate	Total	Mining	Petroleum Exploration	Corporate	Total
Administrative and general costs	\$ -	(42,381)	(1,419,964)	(1,462,345)	\$ -	(77,803)	(2,118,931)	(2,196,734)
Exploration costs	(4,074)	-	-	(4,074)	(28,289)	-	-	(28,289)
Depreciation expense	-	(160)	(10,760)	(10,920)	-	(229)	(13,524)	(13,753)
Interest income	(4,074)	(42,541)	(1,430,724)	(1,477,339)	(28,289)	(78,032)	(2,132,455)	(2,238,776)
Foreign exchange gains (loss)	-	130	1,866	1,996	-	131	3,424	3,555
Other gains (loss)	-	(6,046)	(17,352)	(23,398)	-	(5,716)	(102,233)	(107,949)
Share of income (loss) of associate and joint venture	685,684	(374)	(142,241)	543,068	(370,456)	(1)	(247,089)	(617,546)
Net income (loss) before income tax	68,404	-	-	68,404	(137,970)	-	-	(137,970)
Income tax recovery	750,014	(48,831)	(1,588,451)	(887,268)	(536,715)	(83,618)	(2,478,353)	(3,098,686)
Net income (loss)	\$ 750,014	(48,831)	(1,341,505)	(640,322)	\$ (536,715)	\$ (83,618)	\$ (2,224,779)	\$ (2,845,112)
Assets	11,914,692	145,140	1,555,431	13,615,263	\$ 13,620,452	\$ 164,108	\$ 1,999,164	\$ 15,783,724
Liabilities	-	1,745	1,272,478	1,274,223	-	916	1,680,827	1,681,743
Capital expenditures	-	-	1,992	1,992	-	-	1,198	1,198

TVI Pacific Inc.
Notes to the Consolidated Financial Statements
December 31, 2017 and 2016
(in Canadian dollars)

18. Expenses by nature:

	2017	2016
Personnel costs	\$ 536,581	\$ 964,080
Contracted services	240,000	320,284
Professional fees	175,705	238,151
Travel and transportation	111,193	100,050
Rent	95,365	96,915
Investor relations	69,322	99,123
Stock-based compensation	60,278	185,053
Insurance	59,164	74,736
Taxes and licenses	13,635	23,096
Utilities	10,074	17,836
Materials and supplies	215	23,891
Bad debts	80,158	27,068
Other	10,655	26,451
Total administrative and general costs	\$ 1,462,345	\$ 2,196,734

Personnel costs in 2016 include a termination allowance for various employees and other employee costs.

19. Changes in working capital:

	2017	2016
Accounts receivable	\$ 196	\$ 61,562
Prepaid expenses	13,586	38,561
Trade accounts payables and accrued liabilities	(410,974)	233,386
Due to related parties	388,233	426,821
	\$ (8,959)	\$ 760,330

The change in trade accounts payables and accrued liabilities was due to the full payment of death benefit of \$350,000 while the change in due to related parties was due to the deferral of directors' fees and management fees as well as the write-off of amounts due from related parties.

20. Foreign exchange gain:

	2017	2016
Unrealized foreign exchange gain	\$ (1,922)	\$ (28,217)
Realized foreign exchange gain (loss)	(21,476)	(79,732)
	\$ (23,398)	\$ (107,949)

The unrealized foreign exchange gain during the year ended December 31, 2017 and 2016 includes the gains on the revaluation of USD-denominated short-term deposits and derivative financial instrument. The realized foreign exchange gain (loss) during the years ended December 31, 2017 and 2016 is attributable to the maturity of short-term deposits.

21. Commitment:

The Company entered into a lease contract with respect to its corporate office premises that 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 \$28,769 inclusive of base rent, estimated operating expenses and taxes.

22. Subsequent events:

On January 30, 2018, IGES has completed its relisting to the Australian Stock Exchange ("ASX"), thereby resulting in its securities being reinstated to official quotation from the commencement of trading on January 30, 2018. TVI's interest in IGES has been diluted at the time of relisting to 5.22 % 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, and 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. A further issue of 4,387,046 shares by IGES in March 2018 to retire debt has resulted in a further dilution of TVI's interest in IGES to 5.17%. The ASX has advised that all shares and unlisted options held by TVI are not subject to any ASX restrictions.

IGES announced also on March 8, 2018, that it has commenced site work on its Amsterdam project, which is expected to start producing road ready fuel by November 22, 2018, and further announced on April 18, 2018, the formation of a joint venture with Beautiful China Holdings Company Limited whereby IGES will hold an interest of 51% and plan to construct a facility to produce 70 million litres of road ready fuel per annum.

TVI divested of 145,000 shares of IGES through April 18, 2018 at an average share price of A\$0.39 to generate net proceeds of approximately \$55,000.

TVI Pacific Inc.
Notes to the Consolidated Financial Statements
December 31, 2017 and 2016
(in Canadian dollars)

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