



Consolidated Financial Statements

**For the Years Ended
December 31, 2019 and 2018**



Independent auditor's report

To the Shareholders of TVI Pacific Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of TVI Pacific Inc. and its subsidiaries (together, the Company) as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2019 and 2018;
- the consolidated statements of comprehensive income (loss) for the years then ended;
- the consolidated statements of changes to equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to Note 1 in the consolidated financial statements, which describes events or 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. Our opinion is not modified in respect of this matter.

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



Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



The engagement partner on the audit resulting in this independent auditor's report is Courtney Kolla.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Calgary, Alberta
July 1, 2020

	Notes	December 31, 2019	December 31, 2018
Assets			
Current assets:			
Cash and cash equivalents	6	\$ 467,063	\$ 686,875
Accounts receivable	7	24,781	22,810
Due from related parties	9	7,452	19,664
Prepaid expenses		65,836	80,389
Derivative financial instrument	8	-	1,234,500
Investment in equity securities – current portion	10	81,857	269,556
Total current assets		646,989	2,313,794
Non-current assets:			
Investment in equity securities	10	1,708,498	4,534,411
Investment in joint venture	11	13,849,841	12,842,022
Property and equipment		16,485	19,795
Other assets		13,892	3,378
Total non-current assets		15,588,716	17,399,606
Total assets		\$ 16,235,705	\$ 19,713,400
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities	12	\$ 262,287	\$ 189,438
Due to related parties	9	850,067	549,899
Total current liabilities		1,112,354	739,337
Deferred tax liability	13	785,846	1,118,214
Total liabilities		1,898,200	1,857,551
Equity attributable to shareholders of the Company:			
Share capital	14(b)	32,974,070	32,974,070
Contributed surplus	14(d)	7,095,205	7,095,205
Deficit		(22,600,212)	(19,030,996)
Translation reserves		(3,131,558)	(3,182,430)
Total equity		14,337,505	17,855,849
Total liabilities and equity		\$ 16,235,705	\$ 19,713,400

Going concern (note 1)
Commitment (note 19)
Subsequent events (note 20)

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



	Notes	2019	2018
Expenses:			
Depreciation expense		\$ 5,512	\$ 9,116
Administrative and general costs	16	1,527,279	1,399,190
Total expenses		1,532,791	1,408,306
Operating loss		(1,532,791)	(1,408,306)
Other income (expenses):			
Interest income		3,343	5,401
Foreign exchange gain (loss)	18	(14,754)	2,491
Other gains (loss)	8	(1,727,544)	1,347,245
Fair market valuation of equity investment	10	(1,984,268)	4,810,218
Share of income of joint venture	11	1,374,327	915,385
Other income (expenses), net		(2,348,896)	7,080,740
Net income (loss) before income tax		(3,881,687)	5,672,434
Income tax recovery (expense)	13	312,471	(609,305)
Net income (loss)		(3,569,216)	5,063,129
Other comprehensive income (loss):			
Items that may be reclassified to profit or loss in subsequent periods:			
Foreign currency translation adjustment – foreign operations		18,040	(34,946)
Foreign currency translation adjustment – associate and joint venture		32,832	471,299
Comprehensive income (loss)		\$ (3,518,344)	\$ 5,499,482
Basic income (loss) per share	15	\$ (0.005)	\$ 0.008
Diluted income (loss) per share	15	(0.005)	0.008
Weighted average number of common shares	15	655,537,039	655,537,039

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

TVI Pacific Inc.
Consolidated Statements of Changes to Equity
December 31, 2019 and 2018
(in Canadian dollars)

	Share capital (Note 14b)	Contributed surplus (Note 14d)	Deficit	Accumulated other comprehensive income (loss) – Translation reserves	Total equity
January 1, 2019	\$ 32,974,070	\$ 7,095,205	\$ (19,030,996)	\$ (3,182,430)	\$ 17,855,849
Comprehensive income/(loss)					
Net loss	-	-	(3,569,216)	-	(3,569,216)
Other comprehensive loss:					
Foreign currency translation adjustment	-	-	-	50,872	50,872
Total comprehensive income (loss)	-	-	(3,569,216)	50,872	(3,518,344)
December 31, 2019	\$ 32,974,070	\$ 7,095,205	\$ (22,600,212)	\$ (3,131,558)	\$ 14,337,505
January 1, 2018	\$ 32,974,070	\$ 7,079,878	\$ (24,094,125)	\$ (3,618,783)	\$ 12,341,040
Transactions with owners					
Stock-based compensation	-	15,327	-	-	15,327
Total transactions with owners	-	15,327	-	-	15,327
Comprehensive income/(loss)					
Net income	-	-	5,063,129	-	5,063,129
Other comprehensive loss:					
Foreign currency translation adjustment	-	-	-	436,353	436,353
Total comprehensive income (loss)	-	-	5,063,129	436,353	5,499,482
December 31, 2018	\$ 32,974,070	\$ 7,095,205	\$ (19,030,996)	\$ (3,182,430)	\$ 17,855,849

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

TVI Pacific Inc.
Consolidated Statements of Cash Flows
December 31, 2019 and 2018
(in Canadian dollars)

	Notes	2019	2018
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES			
Net income (loss) before income tax		\$ (3,881,687)	\$ 5,672,434
Adjustments for:			
Depreciation expense		5,512	9,116
Stock based compensation	14(d)	-	15,327
Unrealized foreign exchange loss	18	2,649	11,624
Other (gains) loss	8	1,727,544	(1,347,245)
Fair market valuation of equity investment	10	1,984,268	(4,810,218)
Share of income of joint venture	11	(1,374,327)	(915,385)
Changes in non-cash working capital	17	383,103	(59,026)
Proceeds from sale of shares of equity investment	8	536,300	840,285
Distribution from investment in joint venture, net of tax	11	399,339	386,090
Net cash used in operating activities		(217,299)	(196,998)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES			
Change in short-term deposits		-	869
Expenditures on property and equipment and other assets		(2,201)	(1,854)
Net cash used in investing activities		(2,201)	(985)
Effect of foreign exchange rates on cash		(312)	2,788
Net decrease in cash and cash equivalents		(219,812)	(195,195)
Cash and cash equivalents at beginning of the year		686,875	882,070
Cash and cash equivalents at end of the year		\$ 467,063	\$ 686,875

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 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 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 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, 2019, TVI also holds a 3.11% equity interest in Integrated Green Energy Solutions Ltd ("IGES"), an Australian Stock Exchange (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 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. 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 June 30, 2020.

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 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.

As at December 31, 2019, the Company had a working capital deficit of \$0.5 million (2018 – working capital surplus \$1.6 million), including total cash and cash equivalents of \$0.5 million (2018 – \$0.7 million). During the year ended December 31, 2019, the Company realized a net loss of \$3.6 million (2018 – net income \$5.1 million). At December 31, 2019, the Company had an accumulated deficit of \$22.6 million (2018 – \$19.0 million). In addition, the Company recorded negative cash outflows from operations of \$0.2 million in each of the years ended December 31, 2019 and 2018. As at December 31, 2019, the Company had accounts payable and accrued liabilities of \$0.3 million (2018 - \$0.2 million) and a payable to related parties of \$0.9 million (2018 - \$0.6 million) but has no other outstanding loans payable or any annual expenditure obligations, apart from the Company's office lease.

These circumstances lend significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

During 2019, TVI received \$0.4 million (2018 – \$0.4 million) in dividends (net of tax) from TVIRD and gross proceeds of \$0.5 million from the sale of a portion of its investment in IGES shares (2018 - \$0.8 million). The Company's ability to continue as a going concern is presently dependent on the sale of portions of its interest in IGES shares although IGES' shares are currently suspended from trading on the ASX and possible distributions from its joint venture investment in TVIRD, which the Company does not control, to continue its operations and to fund expenses (see note 20, "Subsequent events"). These undertakings, while significant, are not sufficient in and of themselves to enable the Company to fund all aspects of its operations and, accordingly, management is pursuing other financing alternatives to fund the Company's operations 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 so it can continue as a going concern. Nevertheless, there is no assurance that these initiatives will be successful.

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

The Company's ability to continue as a going concern is dependent upon its ability to fund its operations, IGES' resumption of trading of its securities on the ASX and the Company's the ability to sell a portion of its investment in IGES shares, distributions from its joint venture investment in TVIRD and the ability of TVI to develop its resource projects and generate positive cash flows from operations. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company were 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 ("consolidated 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) Changes in accounting policies

i) IFRS 16 "Leases"

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 continues to be 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.

Under IFRS 16 lessees may elect not to recognize assets and liabilities for leases with a lease term of 12 months or less. In such cases a lessee recognizes the lease payments in profit or loss on a straightline basis over the lease term. The exemption is required to be applied by class of underlying assets.

The Company adopted IFRS 16 using a modified retrospective approach on January 1, 2019. Comparatives for the 2018 reporting period have not been restated as permitted under the specific transitional provisions in the standard. No reclassifications or adjustments to right-of-use assets or lease liabilities arising from the new leasing standard were recognized in the opening balance sheet as of January 1, 2019.

2. Basis of preparation (continued):

The Company's current office lease is for only a twelve-month period (see note 19) and does not contain any option to extend the lease and therefore lease costs continue to be recognized as incurred in the statement of comprehensive income (loss).

Practical expedients applied

In applying IFRS 16 for the first time the Company elected to apply the practical expedient to not reassess whether a contract is, or contains, a lease at the date of initial application, January 1, 2019, but instead: (a) to apply the requirements of the new leasing standard to contracts that were previously identified as leases under the previous standard, and (b) not to apply the requirements of the new leasing standard to contracts that were not previously identified as containing a lease under the previous leasing standard.

In addition to the above the Company has applied the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the accounting for leases with a remaining lease term of less than 12 months as short-term leases;
- the accounting for leases on which the underlying asset is of a low value; and,
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.

(d) New and revised IFRS that have been issued but are not yet effective:

(i) IAS 12, Income Taxes

IAS 12 currently provides guidance on current and deferred tax assets and liabilities, however uncertainty may exist on how tax applies to certain transactions.

(ii) IAS 1, Presentation of Financial Statements

IAS 1 has amended the definition of material to "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The previous definition of IAS 1 was "omissions of misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of those financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor."

(iii) IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors

IAS 8, amended the definition of material to reflect the changes outlined above IAS1.

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

3. Significant accounting policies (continued):

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, TG World Energy Corp ("TG World"); 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.

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 becomes equal to 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 becomes equal to 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) as well as distributions. 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, as the Company is party to an agreement with the majority shareholder of TVIRD whereby unanimous consent from both parties is required on decisions concerning relevant activities and joint control is thereby practiced.

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

3. Significant accounting policies (continued):

assets are included in the consolidated financial statements in proportion to the Company's interest.

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.

(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.

(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.

3. Significant accounting policies (continued):

(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).

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

A contract is or contains a lease if the contract conveys the right to control the use of an identifiable asset for a period of time in exchange for consideration.

Prior to the 2019 financial year, leases of property, plant and equipment were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From January 1, 2019, qualifying leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. Lease payments are allocated between principal payments toward the obligation and interest expense using the effective interest rate method. The interest expense is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the lease payments.

3. Significant accounting policies (continued):

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Company's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. During 2019 \$94,901 was incurred in the statement of comprehensive income (loss) relating to short term leases (2018 - \$91,130).

(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.

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 liabilities 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) *Financial instruments*

Classification and measurement of financial assets

The initial classification of a financial asset depends upon the Company's business model for managing its financial assets and the contractual terms of the cash flows. There are three measurement categories into which the Company classified its financial assets:

3. Significant accounting policies (continued):

- Amortized Cost: Includes assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that represent solely payments of principal and interest;
- FVOCI: Includes assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, where its contractual terms give rise on specified dates to cash flows that represent solely payments of principal and interest; or
- FVTPL: Includes assets that do not meet the criteria for amortized cost or FVOCI and are measured at fair value through profit or loss. This includes all derivative financial instruments.

On initial recognition, the Company may irrevocably designate a financial asset that meets the amortized cost or FVOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch. On initial recognition of an equity investment that is not held-for-trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI.

At initial recognition, the Company measures a financial asset at its fair value and, in the case of a financial asset not at FVTPL, including transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are recorded as an expense in net income (loss).

Financial assets are reclassified subsequent to their initial recognition only if the business model for managing those financial assets changes. The affected financial assets will be reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is derecognized when the rights to receive cash flows from the asset have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Investments in equity securities

Investments in marketable equity securities are classified, at the Company's election, as subsequently measured at fair value through profit or loss. For new investments in equity securities, the Company can elect the same classification as subsequently measured at fair value through profit or loss, or the Company can elect to classify the investment at fair value through other comprehensive income. This election can be made on an investment-by-investment basis and is irrevocable. Investment transactions are recognized on the trade date with transaction costs included in the underlying balance. Fair values are determined by reference to quoted market prices at the balance sheet date. Dividends are recognized in profit and these investments are not assessed for impairment.

Expected credit losses

The Company recognizes loss allowances for expected credit losses ("ECLs") on its financial assets measured at amortized cost. Due to the nature of its financial assets, the Company measures loss allowances at an amount equal to expected lifetime ECLs. Lifetime ECLs are the anticipated ECLs that result from all possible default events over the expected life of a financial asset. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the related financial asset. The Company does not have any financial assets that contain a financing component.

3. Significant accounting policies (continued):

Classification and measurement of financial liabilities

A financial liability is initially classified as measured at amortized cost or FVTPL. A financial liability is classified as measured at FVTPL if it is held-for-trading, a derivative, or designated as FVTPL on initial recognition. The classification of a financial liability is irrevocable.

Financial liabilities at FVTPL (other than financial liabilities designated at FVTPL) are measured at fair value with changes in fair value, along with any interest expense, recognized in net income (loss). Other financial liabilities are initially measured at fair value less directly attributable transaction costs and are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in net income (loss). Any gain or loss on derecognition is also recognized in net income (loss).

A financial liability is derecognized when the obligation is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same counterparty with substantially different terms, or the terms of an existing liability are substantially modified, it is treated as a derecognition of the original liability and the recognition of a new liability. When the terms of an existing financial liability are altered, but the changes are considered non-substantial, it is accounted for as a modification to the existing financial liability. Where a liability is substantially modified it is considered to be extinguished and a gain or loss is recognized in net income (loss) based on the difference between the carrying amount of the liability derecognized and the fair value of the revised liability. Where a liability is modified in a non-substantial way, the amortized cost of the liability is remeasured based on the new cash flows and a gain or loss is recorded in net income (loss).

Derivative instruments

Derivative instruments, including embedded derivatives in executory contracts or financial liability contracts, are classified as at fair value through profit or loss and, accordingly, are recorded on the balance sheet at fair value. Unrealized gains and losses on derivatives not designated in a hedging relationship are recorded as part of other gains (loss) in net income (loss). Fair values for derivative instruments are determined using inputs based on market conditions existing at the balance sheet date or settlement date of the derivative. Derivatives embedded in non-derivative contracts are recognized separately unless they are closely related to the host contract.

(k) Events after the reporting date

Events after the reporting date are evaluated up to the date the consolidated 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 consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated 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.

4. Critical accounting estimates and judgments (continued):

(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 14c). The option to acquire

IGES shares was accounted for as a derivative financial instrument. The option to acquire IGES shares considered the estimated share price and expected volatility, through applying the Black-Scholes model (note 8).

TVI elected not to convert the IGES conversion options and they have expired as at December 31, 2019.

Recoverability of non-financial assets

The Company reviews and tests the carrying amounts of its investment in joint venture 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

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 13.

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.

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, 2019. The assessment of the Company's ability to execute its strategy to meet its future funding requirements involves judgement (note 1).

5. Financial risk management:

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

5. Financial risk management (continued):

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 its office in Canada (Canadian Dollar), while TVIRD is located in the Republic of the Philippines (Peso). The Company's equity securities of IGES held are denominated in Australian Dollars, which is reflected in the fair value of the investment. The Company has cash deposits denominated in US Dollar, which is revalued at spot rate.

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, 2019, 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 \$10,041.

The impact on net income (loss) if the Australian Dollar moved by 5% against the Canadian Dollar, with all other variables held constant, would be \$97,781.

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 \$1,451.

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

	Average rate		Spot rate as at December 31	
	2019	2018	2019	2018
Canadian Dollar/US Dollar	1.3269	1.2957	1.2988	1.3642
Canadian Dollar/ Australian Dollar	0.9228	0.9687	0.9122	0.9616
Canadian Dollar/ Philippine Peso	0.0256	0.0246	0.0256	0.0258

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 or liabilities, the Company's income (loss) and operating cash flows are not significantly impacted by changes in market interest rates.

iii) *Price risk*

Price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign currency risk) whether those changes are caused by factors specific to the individual financial instrument, its issuer or factors affecting all similar financial instruments in the market or a market segment. Exposure to other price risk is primarily in investment in equity securities of IGES where changes in quoted prices on investments in equity securities impact the underlying value of the investment (note 20).

iv) *Liquidity risk*

As at December 31, 2019, the Company has \$0.5 million working capital deficit, as compared to a working capital surplus of \$1.6 million at December 31, 2018.

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.

5. Financial risk management (continued):

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

	2019		2018	
Due within 12 months:				
Accounts payable and accrued liabilities	\$	262,287	\$	189,438
Due to related parties		850,067		549,899
	\$	1,112,354	\$	739,337

The Company remains focused upon conserving cash through reducing expenditures, possible distributions from its investment in joint venture and the sale of portions of its interest in IGES and/or other 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 1).

Note 12 includes a further breakdown and explanation of accounts payable and accrued liabilities.

v) *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, derivative financial instrument, accounts receivable, due from related parties and other assets. The Company manages credit risk associated with cash by maintaining its cash 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:

	2019		2018	
Advances to employees		71%		78%
Other receivables		29%		22%
		100%		100%

	2019		2018	
Neither past due nor impaired	\$	8,393	\$	6,422
Past due over 6 months but not impaired		16,388		16,388
	\$	24,781	\$	22,810

Note 7 includes a further breakdown and explanation of accounts receivable. The past due receivable as at December 31, 2019 and December 31, 2018 includes advances to employees that are more than 6 months past due.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan and a failure to make contractual payments for a period of greater than 120 days past due.

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

	2019		2018	
Due within 12 months:				
Due from related parties	\$	7,452	\$	19,664

The impairment of trade receivables was assessed at both December 31, 2019 and December 31, 2018 using the expected loss model that considers the likelihood of an event rather than if it has already occurred. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there

5. Financial risk management (continued):

was objective evidence that an impairment had been incurred but not yet identified. For these receivables the estimated impairment losses were recognized in a separate provision for impairment. The Company considered that there was evidence of impairment if any of the following indicators were present:

- significant financial difficulties of the debtor;
- probability that the debtor will enter bankruptcy or financial reorganization; and
- default or late payments (more than 30 days overdue).

Receivables for which an impairment provision was recognized were written off against the provision when there was no expectation of recovering additional cash.

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, 2019 and December 31, 2018 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 quoted 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 the investment in equity securities (note 10) was classified under Level 1.

During the year ended December 31, 2019, 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, 2019.

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, 2019 and December 31, 2018 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 (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.

	2019	2018
Debt	\$ 1,112,354	\$ 739,337
Equity	17,469,063	21,038,279
Assets	16,235,705	19,713,400
Debt-to-equity	6%	4%
Debt-to-assets	7%	4%

6. Cash and cash equivalents:

Cash and cash equivalents consist of:

	2019		2018	
Cash on hand	\$	743	\$	745
Cash in banks		288,461		364,600
Money market funds		177,859		321,530
	\$	467,063	\$	686,875

Cash in banks and money market funds earn interest at the prevailing bank deposit rates. The carrying amounts of cash and cash equivalents approximate their fair value.

Cash and cash equivalents are denominated in the following currencies (Canadian Dollar equivalents):

	2019		2018	
US Dollars	\$	199,930	\$	239,025
AUD Dollars		165,267		3,900
Canadian Dollars		72,840		413,383
Philippine Pesos		29,026		30,567
	\$	467,063	\$	686,875

Cash and cash equivalents are held in the following countries:

	2019		2018	
Canada	\$	201,103	\$	518,853
Philippines		56,413		117,346
Australia		165,267		3,900
Singapore		44,280		46,767
	\$	467,063	\$	686,875

7. Accounts receivable:

Accounts receivable consists of:

	2019		2018	
Advances to employees	\$	16,738	\$	17,813
Goods and services tax receivable		8,043		4,997
	\$	24,781	\$	22,810

8. Other gains (losses):

The options to purchase IGES shares ("IGES conversion options") are accounted for as a derivative financial instrument and are separately accounted for at fair value. The conversion options are as follows:

	2019		2018	
Beginning balance	\$	1,234,500	\$	664,198
Gain (loss) on revaluation		(1,234,500)		582,839
Foreign currency translation		-		(12,537)
Ending balance	\$	-	\$	1,234,500

As the actual price of IGES shares was less than the A\$0.20 conversion price attached to IGES conversion options at the time of their maturity at December 31, 2019, TVI elected not to convert the IGES conversion options and they have expired as at December 31, 2019. Adjustments in the fair value of the IGES conversion options, gain (loss) on sale of IGES shares and revaluation of the TVIRD option to purchase have contributed to Other gains (losses) as follows:

8. Other gains (losses) (continued):

	2019		2018	
Revaluation of derivative financial instrument	\$	(1,234,500)	\$	582,839
Gain/(loss) on sale of investment in IGES		(493,044)		840,285
Fair market valuation of TVIRD options		-		(76,322)
Others		-		443
	\$	(1,727,544)	\$	1,347,245

During the year ended December 31, 2019, the Company sold of 3,345,153 IGES shares (2018 - 1,981,014) with a book value of \$1,029,344 (2018 - \$0) with net proceeds of \$536,300 (2018 - \$840,285).

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)	
		2019	2018
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%
Associates/Joint Venture:			
TVIRD and affiliates	Philippines	30.66%	30.66%
IGES ⁽¹⁾	Australia	3.11%	3.94%
Mindoro	Canada	14.40%	14.40%

(1) IGES was reclassified in January 2018 to investment in equity securities following the initial 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, IGES is no longer considered an associate.

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

	2019		2018	
TVIRD	\$	6,710	\$	19,664
Regent Parkway 3202 Management Inc. ("Regent Parkway")		742		-
	\$	7,452	\$	19,664

The Company's receivable from TVIRD relates to reimbursable expenses and services provided by TVI Pacific to TVIRD.

During the year ended December 31, 2019, the Company also incurred expenses of \$193,569 (December 31, 2018 - \$183,504) for administrative services provided by Regent Parkway, a corporation controlled by a director and officer of TVI. The receivable from Regent Parkway represented an advance payment of \$742 due back to TVI (December 31, 2018 payable to Regent Parkway of \$772).

9. Related party transactions (continued):

(b) Due to related parties

	2019		2018	
Seajay Management	\$	440,789	\$	266,350
Director's fees		405,750		279,250
Exploration Drilling Corporation		3,528		3,527
Regent Parkway		-		772
	\$	850,067	\$	549,899

Payment of management fees related to services of the President, and as charged by Seajay Management, were deferred as the Company is actively working to conserve cash. Deferred management fees of \$160,500 related to services of the President were incurred during the year ended December 31, 2019 (December 31, 2018 - \$160,500). Management fees related to calendar year 2016 were settled in 2018 while the balance of past years and current year charges continue to be deferred.

Payment of directors' fees was deferred as the Company is actively working to conserve cash. Deferred directors' fees of \$126,500 were incurred during the year ended December 31, 2019, (December 31, 2018 - \$128,500). Directors' fees related to calendar year 2016 were settled in 2018 while the balance of past years and current year charges continue to be deferred.

(c) Key management compensation

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

	2019		2018	
Short-term employee benefits	\$	355,869	\$	342,146
Directors' fees		126,500		128,500
Stock options expense		-		15,327
	\$	482,369	\$	485,973

Effective January 1, 2016, payment of all directors' fees and, 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, \$160,500 reflected as short-term employee benefits at December 31, 2019 (December 31, 2018 - \$160,500) and \$126,500 reflected as directors' fees at December 31, 2019 (December 31, 2018 - \$128,500) have been expensed but not yet paid out in cash (note 9(b)).

10. Investment in equity securities:

	IGES	
January 1, 2018	\$	-
Fair market valuation of equity investment		4,803,967
December 31, 2018	\$	4,803,967
Adjustment in fair market valuation of equity investment		(1,984,268)
Book value of sold shares of investment in IGES		(1,029,344)
December 31, 2019	\$	1,790,355

	IGES shares		IGES shares	
	2019		2018	
Current portion	560,847	\$ 81,857	876,000	\$ 269,556
Non – current portion	11,705,894	1,708,498	14,735,894	4,534,411
	12,266,741	\$ 1,790,355	15,611,894	\$ 4,803,967

10. Investment in equity securities (continued):

(a) Investment in Integrated Green Energy Solutions Ltd

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 12,266,741 shares as at December 31, 2019 representing a 3.11% holding (December 31, 2018 – 15,611,894 IGES shares held representing a 3.94% interest).

TVI has continued to reduce its equity interest in IGES during 2018 and 2019 (see note 20, "Subsequent events").

TVI adopted IFRS 9 'Financial Instruments' on January 1, 2018, which has had the effect of TVI reporting its investment in IGES as an investment in equity securities commencing in 2018, measured at Fair Value Through Profit or Loss ("FVTPL").

Adjustments in the fair value of the investment in equity securities of IGES have contributed to Other Gains (Loss) as follows:

	2019	2018
Adjustments in fair market value of investment in equity securities	\$ (1,984,268)	\$ 4,803,967
Reclassification of cumulative OCI previous years	-	6,251
	\$ (1,984,268)	\$ 4,810,218

(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 December 31, 2019, 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, 2019, a proportionate share of net losses in excess of \$3.5 million 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, 2019	
Investment in joint venture at January 1, 2018	\$	11,835,177
Share of net income		915,385
Share of other comprehensive loss		(26,058)
Foreign exchange revaluation of other comprehensive income		503,608
Cash distribution from joint venture received, net of taxes of \$68,133		(386,090)
Investment in joint venture at December 31, 2018		12,842,022
Share of net income		1,374,327
Share of other comprehensive loss		(58,716)
Foreign exchange revaluation of other comprehensive income		91,547
Cash distribution from joint venture received, net of taxes of \$70,472		(399,339)
Investment in joint venture at December 31, 2019	\$	13,849,841

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 mining projects.

11. Investment in joint venture (continued):

The Company's share of TVIRD's results of operations, assets and liabilities for the year ended December 31, 2019 is as follows:

	December 31, 2019		December 31, 2018	
Share of revenue	\$	14,147,723	\$	11,525,344
Share of comprehensive income (loss)		1,315,661		889,327
Share of total current assets		16,314,787		9,732,302
Share of total assets		31,055,363		21,002,958
Share of total current liabilities		6,420,846		3,378,602
Share of total liabilities		13,959,270		5,151,442

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

	2019		2018	
Revenue from concentrate sales	\$	46,143,910	\$	37,590,816
Other revenues		-		-
Total revenues		46,143,910		37,590,816
Depreciation and amortization		(153,115)		(138,643)
Total expenses		(38,066,935)		(33,762,256)
Operating income		7,923,860		3,689,917
Finance cost		(76,036)		(6,886)
Interest income		212,232		251,609
Other (loss) income		(551,135)		(336,316)
Net income (loss) before tax		7,508,921		3,598,324
Income tax expense		(1,756,948)		(432,865)
Net income		5,751,973		3,165,459
Non-controlling interest		(1,269,498)		(179,860)
Net income		4,482,475		2,985,599
Other comprehensive income (loss) - TVIRD		(191,506)		(84,992)
Other comprehensive income (loss) - NCI		(25,738)		15,227
Comprehensive income	\$	4,265,231	\$	2,915,834

	2019		2018	
The Company's share in net income	\$	1,374,327	\$	915,385
The Company's share in other comprehensive income (loss)		(58,716)		(26,058)
Share of comprehensive income of joint venture		1,315,611		889,327

Cash and cash equivalents	\$	22,165,682	\$	6,926,702
Current assets		53,211,960		31,742,668
Non-current assets		48,077,547		36,760,132
Total assets		101,289,507		68,502,800
Current financial liabilities		35,078		12,617
Current liabilities		20,942,094		11,019,577
Non-current financial liabilities		15,840,362		103,325
Non-current liabilities		24,587,162		5,782,255
Total liabilities		45,529,256		16,801,832
Net assets		55,760,251		51,700,968
Adjustments and eliminations		(41,910,410)		(38,858,946)
Investment in joint venture	\$	13,849,841	\$	12,842,022

The joint venture had no material contingent liabilities as at December 31, 2019. The information above reflects the amounts presented in the financial statements of TVIRD accounted for using the equity method in TVI.

11. Investment in joint venture (continued):

TVIRD has issued the following cash dividends through 2019, all of which have been received by TVI Marketing, a subsidiary of TVI, as the direct shareholder of TVI's 30.66% interest of TVIRD:

Date Received	Total TVIRD Dividend Declared		Total TVI International Marketing Share			
			Prior to Philippine Dividend Withholding Tax		Net of Philippine Dividend Withholding Tax	
	PHP (millions)	\$CAD (thousands)	PHP (millions)	\$CAD (thousands)	PHP (millions)	\$CAD (thousands)
Mar. 25, 2019	30.0	\$ 768.4	9.2	\$ 235.6	7.8	\$ 200.3
Oct. 18, 2019	30.0	763.7	9.2	\$ 234.2	7.8	\$ 199.0
Total Dividend	60.0	\$ 1,532.1	18.4	\$ 469.8	15.6	\$ 399.3

12. Accounts payable and accrued liabilities:

Accounts payable consist of the following:

	2019	2018
Trade payables	\$ 165,166	\$ 87,449
Other accrued liabilities	97,121	101,989
	\$ 262,287	\$ 189,438

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

13. Income taxes:

	2019	2018
Current tax expense (recovery)	\$ -	\$ -
Deferred tax expense (recovery)	(312,471)	609,305
Income tax expense (recovery)	(312,471)	609,305

Deferred tax liability of \$785,846 at December 31, 2019 (2018 - \$1,118,214) as follows:

	2019	2018
TVI Minerals	\$ 560,079	\$ 558,334
TVI Asia-Pacific Corp	239	654
TG World BVI Corp	225,528	559,226
Deferred Tax Liability	785,846	1,118,214

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

	2019	2018
Weighted average applicable tax rate	25.6%	28.6%
Net income (loss) before income tax	\$ (3,881,687)	\$ 5,672,434
Expected expense (recovery)	\$ (991,981)	\$ 1,622,926
Change to income taxes resulting from:		
Nondeductible expenses	(576,159)	523,293
Non-taxable income	(130)	(53)
Difference in tax rates between foreign jurisdictions and Canada		(1,604,316)
Net unrecognized (recognized) tax credit for losses	1,255,800	67,455
Other	(1)	(43)
Income tax expense (recovery)	\$ (312,471)	\$ 609,305

13. Income taxes (continued):

The deferred tax recovery of \$312,471 recognized in the year ending December 31, 2019 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 25.6% (2018 – 28.6%).

At December 31, 2019 and 2018, the Company has estimated capital losses for Canadian tax purposes of \$6.3 million that do not expire and may be utilized to reduce future capital gains, if any. The Company has estimated non-capital losses of \$30.0 million at December 31, 2019 which may be applied to reduce taxable income in future taxation years (2018 - \$28.6 million), 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, being the difference between the carrying amount of investment in subsidiaries, equity securities and joint venture and their tax bases, as of December 31, 2019 amounted to \$6.9 million (2018 - \$2.9 million). The benefit of which has not been recorded in these consolidated financial statements.

14. 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, 2019 up to December 31, 2019 was 655,537,039 (December 31, 2018 – 655,537,039 common shares) in the amount of \$32,974,070 (December 31, 2018 - \$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 years ended December 31, 2019 and December 31, 2018.

	2019		2018	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of period	43,450,000	\$ 0.015	43,450,000	\$ 0.015
Issued	-	-	-	-
Exercised	-	-	-	-
Forfeited	-	-	-	-
Expired	2,100,000	0.015	-	-
Options outstanding, end of period	41,350,000	\$ 0.015	43,450,000	\$ 0.015
Options exercisable, end of period	41,350,000	\$ 0.015	43,450,000	\$ 0.015

Price range	Number outstanding	Weighted average remaining contractual life (years)	Number Exercisable
\$ 0.015	41,350,000	0.800	41,350,000

14. Share capital (continued):

(d) *Stock-based compensation and contributed surplus*

During the year ended December 31, 2019, no stock-based compensation was charged to the consolidated statement of comprehensive income/(loss) (2018 - \$15,327). No employee options were exercised and/or forfeited in 2019 (2018 - nil).

	2019		2018	
Contributed surplus, beginning of year	\$	7,095,205	\$	7,079,878
Stock-based compensation		-		15,327
Contributed surplus, end of year	\$	7,095,205	\$	7,095,205

15. Per share data:

	2019		2018	
Net income (loss)	\$	(3,569,216)	\$	5,063,129
Weighted average number of shares, basic		655,537,039		655,537,039
Weighted average number of shares, diluted		655,537,039		698,987,039
Basic income (loss) per share		(0.005)		0.008
Diluted income (loss) per share		(0.005)		0.008

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.

16. Expenses by nature:

	2019		2018	
Personnel costs	\$	596,153	\$	586,752
Contracted services		316,316		232,002
Professional fees		234,737		216,005
Travel and transportation		111,901		103,544
Rent		94,901		91,130
Insurance		69,539		65,323
Investor relations		57,714		47,857
Bad debts		12,740		8,610
Utilities		12,050		11,715
Taxes and licenses		8,482		9,673
Materials and supplies		3,847		3,198
Stock-based compensation		-		15,327
Other		8,899		8,054
Total administrative and general costs	\$	1,527,279	\$	1,399,190

17. Changes in working capital:

	2019	2018
Accounts receivable	\$ (1,971)	\$ 149
Prepaid expenses	14,548	(44,233)
Trade accounts payables and accrued liabilities	60,794	47,502
Due to related parties	309,732	(62,444)
	<u>\$ 383,103</u>	<u>\$ (59,026)</u>

18. Foreign exchange gain (loss):

	2019	2018
Unrealized foreign exchange loss	\$ (2,649)	\$ (11,624)
Realized foreign exchange gain (loss)	(12,105)	14,115
	<u>\$ (14,754)</u>	<u>\$ 2,491</u>

The unrealized foreign exchange gain (loss) during the period ended December 31, 2019 and 2018 pertains to the conversion of \$US bank accounts.

19. Commitment:

The Company has entered in an agreement with respect to its corporate office premises through which \$66,047 has been committed at December 31, 2019 and is payable through to December 31, 2020 (December 31, 2018 - \$57,538 reported commitment through to December 31, 2019 and \$55,898 actual paid). These committed amounts are inclusive of base rent, estimated operating expenses and taxes. The Company has continued to sublet a portion of its corporate office premises through to December 31, 2019 as it continues to focus to reduce expenditures and to conserve cash.

20. Subsequent events:

TVI divested of a further 560,847 shares of IGES through June 30, 2020 at an average share price of \$0.207 (A\$0.228) to generate net proceeds of approximately \$115,985 reducing TVI's equity interest in IGES to 2.97%. TVI continues to hold 11,705,894 IGES shares.

The securities of IGES were suspended from trading on the ASX on January 20, 2020, under Listing Rule 17.3 pending further enquiries by the ASX on issues of funding. ASX Listing Rule 17.3 indicates a suspension may be necessary to prevent a disorderly or uninformed market. The IGES share price at time of suspension of trading was A\$0.13 as compared to A\$0.16 at December 31, 2019. As at June 30, 2020, the securities of IGES continue to be suspended from trading and there is no certainty or timeline as to when the shares will resume trading, if at all.

On June 19, 2020, IGES announced that Mac Wealth Holdings Pte Ltd ("MWH"), a foreign entity that invested A\$10 million into the IGES Amsterdam project, had received a consent judgement through the Supreme Court of NSW (Australia) on May 27, 2020 for A\$12.5 million plus costs. MWH subsequently served a creditor's statutory demand on IGES on June 4, 2020, for which the final date to settle is December 4, 2020. This follows an earlier announcement by IGES on April 6, 2020, that all matters had been resolved between the parties on mutually beneficial terms at mediation held on April 2, 2020 and detailed in a Deed of Settlement and Release. IGES has further announced in their press release of June 19, 2020 that they expect the amount payable through the creditor's statutory demand will be covered by their loan funding arrangements, both in terms of timing and amount.

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus ("COVID-19") a global pandemic and recommended containment and mitigation measures worldwide. On March 16, 2020, the Philippine President issued Proclamation No. 929 declaring a state of calamity through the whole of the country for a period of six (6) months starting March 16, 2020, and imposed an Enhanced Community Quarantine ("ECQ") throughout the island of Luzon initially from March 17, 2020, to April 13, 2020. On April 7, 2020 the ECQ was extended until April 30, 2020, and was further

20. Subsequent events (continued):

extended to May 15, 2020 on April 24, 2020. Under the ECQ, mandatory quarantine was imposed and movement was restricted to only essential activities. Business establishments, including the TVIRD main office, were closed except for businesses that provide basic utilities, critical services, production, processing, and distribution of basic necessities, and the operation of mass transport was also suspended. On May 12, the government announced that quarantine measures in Metro Manila and Laguna in Luzon would continue but be changed to a modified ECQ status through to May 31 and further changed the level of quarantine to General Community Quarantine ("GCQ") on May 28, 2020, thereby allowing again the movement of people but in a limited manner, including access to essential goods and services and for work in the offices or industries permitted to operate.

The inability to access the TVIRD office through the ECQ period did not allow for the provision of audited information required by the Company through National Instrument 51-102 – Continuous Disclosure Obligations ("NI 51-102"). The Company has relied on blanket orders and similar instruments (including Alberta Securities Commission Blanket 51-517 – Temporary Exemption from Certain Corporate Finance Requirements) granted by various securities regulatory authorities in Canada, which has provided temporary relief to reporting issuers from certain requirements of NI 51-102 including, in particular, the requirement to file and deliver (i) the Annual Financial Statements (under Sections 4.2 and 4.6(3) of NI 51-102, respectively) and (ii) the Management Discussion & Analysis ("MD&A") (under Sections 5.1(2) and 5.6(1) of NI 51-102, respectively) by April 29, 2020, which is the filing deadline prescribed by NI 51-102.

As of the date of this filing, neither the Company or TVIRD could yet reasonably estimate the length or severity of this pandemic or the extent to which the disruption may materially impact the Company's financial position, results of operations, and cash flows for the year 2020.

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