



NEWS RELEASE

TVI PACIFIC ANNOUNCES FUNDING COMMITMENT, PROMISSORY NOTES AMENDMENTS, LIMITED STANDSTILL WAIVER AND SHARE PURCHASE

5/28/2024

CALGARY, AB, May 28, 2024 /CNW/ - TVI Pacific Inc. (TSXV: TVI) (OTC Pink: TVIPF) ("**TVI**" or the "**Company**") is pleased to announce that the Company has entered into a funding commitment agreement on May 27, 2024 (the "**Funding Commitment Agreement**") with Prime Resources Holdings, Inc. (the "**Lender**"), whereby the Lender has agreed to commit to fund Shortfall Amounts (as defined below) to the extent that the Issuer is unable to pay such amounts as they become due.

Pursuant to the terms of the Funding Commitment Agreement, the Lender has agreed to fund the (i) certain legacy expenses of the Company, provided that the aggregate amount of such expenses shall not exceed approximately \$3.3 million; and (ii) the costs and expenses of TVI incurred in the normal and ordinary course of its business which are necessary to enable TVI to continue its operations in the same manner and to the same extent as conducted immediately prior to the date of the Funding Commitment Agreement for a period of three (3) years and in an annual amount not to exceed approximately \$1.95 million (collectively, the "**Shortfall Amounts**"). The advances will be evidenced by the issuance of unsecured interest-bearing promissory notes, which are expected to accrue interest at a rate of prime plus 2.0% per annum and, subject to certain acceleration events, mature eighteen (18) months after the date of issuance.

Concurrently with entering into the Funding Commitment Agreement, the Lender advanced two (2) loans in the aggregate principal amounts of \$144,658 and \$110,301 by way of unsecured interest-bearing promissory notes (the "**Promissory Notes**"), each substantially on the above terms and which, subject to certain acceleration events,

mature in November 2025.

The Company intends to use the proceeds available from the Promissory Notes and the Funding Commitment Agreement to fund certain accrued expenses of the Company and for working capital and general corporate purposes.

Amending Agreements

Further to the Company's news release of April 16, 2024, TVI and the Lender also entered into an amending agreement dated effective as of May 15, 2024 (the "**Amending Agreement**") to amend: (i) the unsecured interest-bearing promissory note issued by the Lender dated effective as of April 8, 2024 ("**Promissory Note 1**") in the principal amount of \$171,732; and (ii) the unsecured interest-bearing promissory note issued by the Lender dated effective as of April 12, 2024 in the principal amount of \$71,196 ("**Promissory Note 2**", and together with Promissory Note 1, the "**Initial Notes**"). Pursuant to the terms of the Amending Agreement, the Company and the Lender agreed to extend the deadline by which certain acceleration events may occur from May 15, 2024 to May 24, 2024 (the "**First Amendment**" and together with the Funding Commitment Agreement and issuance of the Promissory Notes, the "**Transactions**"). The other terms of the Initial Notes remain unchanged.

On May 27, 2024, TVI and the Lender entered into a second amending agreement (the "**Second Amending Agreement**", and together with the First Amending Agreement, the "**Amending Agreements**") to further amend the Initial Notes (as amended by the First Amendment). Pursuant to the terms of the Second Amending Agreement, the Company and the Lender agreed to, among other things, further extend the deadline by which certain acceleration events may occur from May 24, 2024 to June 20, 2024 (the "**Second Amendment**" and together with the First Amendment, the Funding Commitment Agreement and issuance of the Promissory Notes, the "**Transactions**"). The other terms of the Initial Notes (as amended by the First Amendment) remain unchanged.

Limited Standstill Waiver and Share Purchase

TVI and the Lender are parties to a standstill agreement dated August 15, 2023 entered into in connection with the completion of a non-brokered private placement by TVI to the Lender. Pursuant to such agreement, among other things, prior to August 15, 2025, neither the Lender, nor any of its affiliates, may acquire any voting or equity securities of TVI without the prior written consent of TVI. Pursuant to a consent and limited waiver agreement dated as of the date hereof, TVI approved a limited waiver (the "**Limited Waiver**") of such restriction in connection with entering into the Share Purchase Agreement (as defined below) and the acquisition of any securities of TVI beneficially owned, or over which control or direction is exercised, directly or indirectly, by Mr. Clifford M. James ("**Mr. James**").

Concurrent with the completion of the Funding Commitment Agreement and approval of the Limited Waiver, the Lender, Mr. James, Seajay Management Enterprises Ltd. ("**Seajay**") and Regent Parkway 3202 Management Inc. ("**Regent**", and together with Mr. James and Seajay, the "**Vendors**") entered into a share purchase agreement (the "**Share Purchase Agreement**") dated May 27, 2024 and pursuant to which PRHI is expected to purchase an aggregate of 58,055,488 common shares in the capital of TVI (the "**Common Shares**") beneficially owned, directly or indirectly, by Mr. James (the "**Share Transfer**"), the Chairman, President and Chief Executive Officer of TVI.

In connection with the Share Transfer (i) the Lender, of 3L Starmall Las Pinas, CV Starr Avenue, Philamlife Village, Pamplona, Las Pinas City, Metro Manila, Philippines, intends to acquire ownership of 58,055,488 Common Shares, (ii) Mr. James, of 3202 Regent Parkway, 21st Drive, Bonifacio South District, Bonifacio Global City, Taguig City, Philippines 1634, intends to dispose of beneficial ownership in 58,055,488 Common Shares held by the Vendors, each requiring disclosure pursuant to National Instrument 62-104 – Take-Over Bids and Issuer Bids.

The Lender holds, directly or indirectly, an aggregate of 86,933,333 Common Shares (representing approximately 11.93% of the Common Shares). Immediately following completion of the Share Transfer, the Lender is expected to hold, directly and indirectly, an aggregate of 144,988,821 Common Shares (representing approximately 19.90% of the issued and outstanding Common Shares).

Mr. James holds, directly or indirectly, an aggregate of 83,264,419 Common Shares (representing approximately 11.43% of the Common Shares). Immediately following completion of the Share Transfer, Mr. James is expected to hold, directly or indirectly, an aggregate of 25,208,937 Common Shares (representing approximately 3.48% of the issued and outstanding Common Shares).

Copies of the early warning reports will be filed by the Lender and Mr. James under the Company's profile on SEDAR+ at www.sedarplus.ca or may be obtained by contacting the Company at the contact information provided below.

The Lender is a "related party" of the Company, and entering into of the Transactions and the matters relating thereto are considered to be "related party transactions" within the meaning of Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("**MI 61-101**") requiring the Company, in the absence of exemptions, to obtain a formal valuation and minority shareholder approval, of the related party transactions.

Pursuant to Sections 5.5(b) and 5.7(1)(f) of MI 61-101, the Company relied on exemptions from the formal valuation and minority shareholder requirements, respectively, as, in addition to no securities of the Company being listed or

quoted on certain specified exchanges, the Transactions and matters relating thereto are non-convertible loans obtained on reasonable commercial terms that are not less advantageous to the Company than if the Transactions and matters relating thereto were obtained from a person dealing at arm's length and not repayable, directly or indirectly, in equity or voting securities of the Company or a subsidiary.

The Transactions, the Limited Waiver and the matters relating thereto were each approved by the independent directors of the Company (the "**Independent Directors**"), being all directors other than Messrs. Clifford James, Manuel Paolo A. Villar and Michael G. Regino. An informal committee of the Independent Directors was established in connection with the Transactions and the Limited Waiver and all of the Independent Directors were engaged in respect thereof. No materially contrary view or abstention was expressed or made by any director of the Company in relation thereto. To the knowledge of the Company, there is no material information concerning the Company or its securities that has not been generally disclosed.

Neither the Company nor any director or senior officer of the Company has knowledge, after reasonable inquiry, of any prior valuation in respect of the Company that relates to the subject matter of or is otherwise relevant to the Transactions and the matters relating thereto, which has been made in the 24 months prior to the date of this News Release. The Company did not file a material change report more than 21 days before the expected closing as the details of the Transactions and the matters relating thereto were not finalized until immediately prior to its issuance, and the Company wished to close the Transactions and the matters relating thereto as soon as practicable for sound business reasons.

About TVI Pacific Inc.

TVI Pacific Inc. is a Canadian resource company focused on mining projects in the Philippines, one of the most prolifically mineralized countries in the world. TVI maintains a strong presence in the Philippines through its 30.66% equity interest in TVI Resource Development Phils, Inc. ("**TVIRD**"), a Philippines corporation. Through TVIRD, TVI has ownership in TVIRD's 100%-owned Balabag gold/silver mine, a currently producing mine, and is focused on ramping-up to commercial production at TVIRD's recently restarted 100%-owned Siana gold mine. TVIRD also has in its portfolio of projects its 100%-owned Mapawa project (gold), a 60% indirect interest in the Mabilo project (a copper-gold-iron skarn deposit that offers potential for multi-metal products, namely copper, gold and silver, with by-products magnetite and pyrite), and a 60% interest in Agata Mining Ventures Inc. (nickel/iron DSO mine).

IMPORTANT INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

Certain information set out in this News Release constitutes forward-looking information. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue",

"estimate", "expect", "may", "will", "intend", "could", "might", "should", "believe", "scheduled", "to be", "will be" and similar expressions. Forward-looking statements in this News Release include, but are not limited to: statements and information concerning the Company's intended use of the proceeds from the Funding Commitment Agreement and the Promissory Notes; the Transactions; the completion of the transactions contemplated by the Share Purchase Agreement and the timing thereof; the Company's future activities and operations; the availability of future draw-downs under the Funding Commitment Agreement and use of proceeds thereof; and the terms of the Promissory Notes, including acceleration thereof.

Forward-looking statements in this News Release are based upon the opinions and expectations of management of the Company and, in certain cases, information supplied by third parties as at the effective date of such statements. Although the Company believes that the expectations reflected in such forward-looking statements are based upon reasonable assumptions and that information received from third parties is reliable, it can give no assurance that those expectations will prove to have been correct.

Forward-looking statements are subject to certain risks and uncertainties (known and unknown) that could cause actual outcomes to differ materially from those anticipated or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to, the Company being unable to use the proceeds of the Promissory Notes as described; legal or regulatory impediments regarding the Initial Notes and the Promissory Notes, accrued and unpaid interest thereon; the Company defaulting on the Initial Notes, the Promissory Notes or the Funding Commitment Agreement and consequences thereof; the proceeds being insufficient for the Company's purposes; the acceleration of maturity of the Initial Notes or the Promissory Notes in accordance with the terms thereof upon the occurrence of certain events; the Company's inability to repay the Initial Notes or the Promissory Notes on their respective maturity dates or at all; the Company being unable to raise additional funds on terms acceptable to the Company or at all; the availability of future drawn-downs under the Funding Commitment Agreement; the value of the Company's assets; the availability of distributions to the Company from its joint venture interest in TVIRD and results of operations thereof; liquidity and results of operations; and general risks such as changes in commodities and base metal prices general economic conditions in the Philippines and elsewhere, litigation, legislative, environmental and other judicial, regulatory, political and competitive developments, geopolitical risk, delays or failures to receive Board, shareholder or regulatory approvals, operational risks, risks related to meeting the continued listing requirements of the TSX Venture Exchange, those additional risks described in detail in the Company's Annual Information Form for the year ended December 31, 2023, which was filed on SEDAR+ on April 29, 2024, and is available under the Company's profile at www.sedarplus.ca, and other matters discussed in this News Release.

Accordingly, readers should not place undue reliance upon the forward-looking statements contained in this News Release and such forward-looking statements should not be

interpreted or regarded as guarantees of future outcomes.

The forward-looking statements contained in this News Release are made as of the date hereof and the Company does not undertake any obligation to update or to revise any of the included forward-looking statements, except as required by applicable securities laws in force in Canada. The forward-looking statements contained herein are expressly qualified by this cautionary statement.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this News Release.

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