



NEWS RELEASE

# TVI Pacific's 30.66% owned TVIRD Signs Definitive Agreement to Acquire Siana Gold Project from Red 5 Limited

7/28/2021

TSX-V: TVI; OTC Pink: TVIPF

CALGARY, AB, July 28, 2021 /CNW/ - TVI Pacific Inc. (TSXV: TVI) (OTC Pink: TVIPF) ("TVI" or the "Company") is pleased to announce that TVI Resource Development Phils., Inc. ("TVIRD"), a Philippines corporation in which TVI holds a 30.66% interest, has signed a binding agreement (the "GRC Agreement") with Red 5 Limited ("Red 5") (ASX: RED), a Perth, Western Australian-based gold company, the shares of which are listed on the Australian Securities Exchange, to acquire 100% of the outstanding equity in Red 5's Philippines affiliated company, Greenstone Resources Corporation ("GRC"), which is the owner and operator of the Siana Gold Project ("Siana") and the Mapawa Project ("Mapawa"), both of which are located in the southern Philippine island of Mindanao.

## Highlights:

- TVIRD has agreed to acquire 100% of the outstanding shares of GRC (the "GRC Shares"), for consideration that includes a cash payment of U.S. \$19 million. The GRC Agreement also provides for the grant, to Red 5, of a 3.25% net smelter return royalty ("NSR") payable on the sale of up to 619,000 oz. of gold produced from potential open-pit and underground operations at Siana. In the GRC Agreement, the ascribed value of the NSR is U.S. \$35 million (based on a U.S. \$1,750/oz. Au price).
- TVIRD has confirmed to TVI that it intends to fund the cash portion of the purchase price for the GRC Shares

from internal resources. TVI is not party to the GRC Agreement or related agreements and is not required to make any contribution to TVIRD to support the Acquisition (as defined below).

- The assets of GRC include a modern 1.1 million tonnes per annum ("mtpa") Outotec mill, gravity and Carbon-in-Leach ("CIL") facility, and all other key infrastructure together with the Siana, Mapawa and Ferrer tenements.
- Management and the directors of TVIRD believe that the Siana and Mapawa tenements have exploration potential with the currently defined Siana deposit open to depth and laterally and Mapawa and Ferrer in the early stages of exploration.
- Red 5 has confirmed to TVIRD that GRC has spent over U.S. \$200 million to date in its efforts to develop Siana.
- A combined historical Indicated JORC 2012 mineral resource estimate for the Siana open pit and underground mine of 4.3Mt @ 4.6 g/t Au and 6.8 g/t Ag and combined Inferred JORC 2012 mineral resource estimate for the Siana open pit and underground mine of 0.5Mt @ 8.9 g/t Au and 10.6 g/t Ag (source: Red 5 2020 Annual Report). TVI is not treating this as a current mineral resource under National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") as a qualified person has not done sufficient work to classify the historical estimate as current.
- TVIRD's plan is to recommence operations at Siana as soon as possible and TVIRD is presently developing plans in furtherance of this objective.
- TVIRD has also been advised that all required permits are in place to restart Siana from its current voluntary care and maintenance status, including an Environmental Compliance Certificate and an approved Declaration of Mining Project Feasibility, both from the Philippines government.

### The GRC Agreement :

TVIRD has signed a definitive agreement to acquire the GRC Shares (the "**Acquisition**"). GRC owns and operates the Siana Project and the Mapawa Project, both of which are located on the southern Philippines island of Mindanao.

The GRC Agreement provides for:

the payment of U.S. \$19 million in cash to Red 5 upon closing of the purchase and sale of the GRC Shares; and

the grant, to Red 5 of the NSR, which is to be paid, at the rate of 3.25%, from the sale of up to 619,000 oz. of gold produced from open-pit and underground operations of Siana. In the GRC Agreement, the ascribed value of the NSR is U.S. \$35 million (based on a U.S. \$1,750/oz Au price). Under the GRC Agreement, the NSR is to be paid to Red 5 as a factor of production within 30 days from the end of each calendar quarter, commencing from the first gold pour following resumption of mining and processing.

The assets of GRC include:

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1. The Siana Project, as covered by Philippines Mineral Production Sharing Agreement ("MPSA") No. 184-2002-XIII covering 3,289 hectares, which includes the following project infrastructure:
  - A modern 1.1mtpa Outotec mill, gravity and CIL mill facility commissioned in 2012 at a capital cost of U.S. \$54 million that includes a single stage SAG mill and 6 CIL tanks;
  - Grid power with backup 8MW diesel fired power station; and
  - Administration building, warehouse, mess hall, camp facilities and accommodation, engineering building and maintenance facilities.
2. Mapawa Project, as covered by MPSA No. 280-2009-XIII covering 1,482 hectares.
3. The Ferrer Claim, as covered by the Application for Mineral Production Sharing Agreement No. A000046 and comprising of one Block of 595 hectares.
4. Established government approvals and relationships with key stakeholders.

Red 5 has advised TVIRD that GRC has spent over U.S. \$200 million, to date, in its efforts to develop Siana. TVIRD has also been advised that all of the mining and processing facilities and required permits are in place for re-commencement of operations. Siana has the only modern gold plant in the region with the potential to establish Siana as a processing centre for other nearby prospects/gold deposits.

Completion of the Acquisition is subject to the satisfaction or waiver of a number of conditions.

"This represents a strategic acquisition for TVIRD", said Mr. Cliff James, Chairman and CEO of TVI and Chairman of TVIRD, "Management and directors of TVIRD believe that the acquisition will expand TVIRD's resource base, especially its gold bearing resources, and further extend the life of TVIRD. Data reviewed by TVIRD to date suggests that the mineralised tenements at Siana have the potential for further mineral resource expansion. Management and the directors of TVIRD are excited about the Acquisition, which coincides with the anticipated start-up at Balabag and positive changes in the Philippines Government and financial community attitudes towards mining projects. TVIRD's management and directors also consider the Acquisition to be compatible with TVIRD's ongoing consideration of an initial public offering in the Philippines. Management of TVI anticipate that the Siana acquisition will be a unique opportunity that will add value for TVI and its shareholders through TVI's investment in

TVIRD and the opportunities provided by both Siana and Mapawa."

### Mining History at the Siana Gold Mine:

Siana is located in Tubod, Surigao del Norte, approximately 35 kilometers from Surigao City, and is covered by MPSA No. 184-2002-XIII covering 3,289 hectares of land near Lake Mainit in Surigao del Norte. The MPSA was granted on December 11, 2002 and registered with the Philippine Mines and Geoscience Bureau ("MGB") on December 27, 2002 for a term of 25 years. Siana is located along the Surigao Valley Fault, a major mineral structure, which is a part of the major Philippine Fault or Rift Zone. The Rift Zone constitutes multiple epithermal gold and porphyry-type copper-gold mineral deposits.

Mining operations have been conducted at Siana since the early 1900's, with major commercial underground mining conducted by the Philippine company, Suricon Consolidated Mining Company ("Suricon"), from 1938 to 1960 followed by open pit mining from 1980 to 1991.

Siana had produced nearly one million ounces of gold prior to its acquisition in 2003 by Red 5's Philippine affiliated company, GRC. GRC acquired 100% of Siana in 2003, commenced exploration work on Siana in 2004, completed a project feasibility study in 2009 and received all necessary permits to construct and operate by 2009.

Construction at the mine site commenced in 2010 and the inaugural gold pour was achieved in February 2012.

Siana was subsequently placed voluntarily by GRC on care and maintenance in April 2013, when a superficial crack was noted in the external wall of one of the tailings dams ("TSF4"). There was, however, no tailings spill and the incident was therefore considered environmentally benign. In order to mitigate any potential environmental risk, the MGB imposed a cease-and-desist order ("CDO") in June 2013, which could not be rescinded until completion of structural repairs and improvements to tailings storage facilities. These works were completed in January 2015. The MGB subsequently lifted the CDO in January 2015 and commercial operations resumed in February 2015.

Uncertainty surrounding the mining policy in the Philippines and difficulty obtaining environmental permit approvals led Red 5 to again suspend mining and processing activities at Siana and to place the site on temporary standby in April 2017. Red 5 stated in an ASX announcement on April 18, 2017 that it believed the suspension to be the best way to preserve "the significant inherent value of the large in-situ gold inventory and high-quality infrastructure" at the site and that the decision was made because of the operational impact "which the current uncertainty regarding regulatory and government mining policy in the Philippines has had on the group's operations." Ongoing activities through suspension have included dewatering of the open pit, infrastructure maintenance and monitoring of geotechnical issues.

After suspending Siana operations, Red 5 realigned its corporate strategy with a particular focus on channelling its financing with acquiring and developing two gold projects in Western Australia, Darlot and King of the Hills. As a consequence, the Red 5 board made the decision to dispose of the GRC/Siana assets.

TVIRD understands that, to date, Siana has produced 149,203 ounces of gold and 199,669 ounces of silver, in addition to nearly one million ounces of gold prior to its acquisition in 2003 by GRC. During its brief operating period, GRC has mined the Siana deposit by open pit methods with a plan that included a transition to underground mining following completion of open pit mining. Underground mine development has commenced with 445m of development completed, three portals developed and the establishment of several critical surface infrastructures for the mining operations. Material mined from the Siana open pit has been processed onsite at the Siana CIL gold processing plant that has a design capacity of 1.1 mtpa. TVIRD understands that processing recoveries reported have been between 75 to 85% for gold and 40 to 45% for silver. The plant comprises single stage crushing, SAG milling, gravity concentration and high intensity cyanidation, leaching and adsorption (CIL), followed by carbon elution and electrowinning to produce combined gold and silver doré. Tailings from the cyanide leach area are treated in a detoxification circuit to minimize cyanide concentration prior to discharge to the TSF. TVIRD intends to review historical processing operations with the objective of testing and optimising future performance.

### Siana Reported Resource and Reserves:

Red 5 has previously published underground and open pit mineral resource and mineral reserve estimates for Siana and mineral resource estimates for Mapawa. These estimates, detailed below, were prepared using the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code" or "JORC 2012"). No estimates for either Siana or Mapawa have been prepared using the 2014 definition standards published by the Canadian Institute of Mining Metallurgy and Petroleum ("CIM 2014 Standard") and no technical report supporting this estimate has been prepared in accordance with NI 43-101. A "qualified person" (as defined in NI 43-101) has not done sufficient work to classify any of these mineral resource or mineral reserve estimates as current. As a result, the Company is treating the following estimates as historical in nature and not current mineral resources or mineral reserves, and they should not be relied upon. There are certain differences between the JORC Code and the CIM 2014 Standard described further below.

Red 5 announced on February 23, 2016 that Mining One Pty Ltd had completed a JORC 2012 underground mineral resource and reserves estimate using a 2.4 g/t gold cut-off that has been subsequently reviewed annually by Red 5 and most recently confirmed in their Annual Report at June 30, 2020. Further to the ASX announcement released by Red 5 on January 11, 2016, the database for the Siana resource estimate included 109 holes and approximately 47,300 meters in addition to 79 historic holes drilled by Suricon between 1980 and 1990 for approximately 10,600

meters. The database also includes a further 10,417 grade control channel samples conducted by GRC prior to April 2013.

The Red 5 2020 Annual Report at June 30, 2020 reports the JORC 2012 underground mineral resource and reserves estimate to be:

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SIANA JORC 2012 UNDERGROUND MINERAL RESOURCE as at June 30, 2020:

Classification	Cut-off Gold	Tonnes	Gold	Silver	Contained Gold	Contained Silver
	(g/t)	(kt)	(g/t)	(g/t)	(koz)	(koz)
Indicated	2.4	3,400	5.2	7.2	566	779
Inferred	2.4	500	9.3	11.2	153	186
<b>Total Resource</b>	<b>2.4</b>	<b>3,900</b>	<b>5.7</b>	<b>7.7</b>	<b>719</b>	<b>965</b>

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SIANA JORC 2012 UNDERGROUND ORE RESERVE as at June 30, 2020:

Classification	Cut-off Gold	Tonnes	Gold	Silver	Contained Gold	Contained Silver
	(g/t)	(kt)	(g/t)	(g/t)	(koz)	(koz)
Probable	2.4	3,010	4.1	6.7	396	644
<b>Total Resource</b>	<b>2.4</b>	<b>3,010</b>	<b>4.1</b>	<b>6.7</b>	<b>396</b>	<b>644</b>

Source: Red 5 Limited 2020 Annual Report

In the Red 5 Annual Report at June 30, 2020, and due to what Red 5 has reported as pending construction of additional tailings storage capacity, no updated JORC 2012 reserve estimate is reported for the Siana open pit as at that date. As such, Red 5 has reported the open pit mineral resource and reserve estimate at June 30, 2020 to be:

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SIANA JORC 2012 OPEN PIT MINERAL RESOURCE as at June 30, 2020:

Classification	Cut-off Gold	Tonnes	Gold	Silver	Contained Gold	Contained Silver
	(g/t)	(kt)	(g/t)	(g/t)	(koz)	(koz)
Indicated	0.7	650	3.7	7.9	77	164
Inferred	0.7	30	2.8	1.2	3	1
ROM Stockpile	0.7	290	1.1	6.6	10	61
<b>Total Resource</b>	<b>0.7</b>	<b>970</b>	<b>2.9</b>	<b>7.3</b>	<b>90</b>	<b>226</b>

SIANA JORC 2012 OPEN PIT ORE RESERVE as at June 30, 2020:

Classification	Cut-off Gold	Tonnes	Gold	Silver	Contained Gold	Contained Silver
	(g/t)	(kt)	(g/t)	(g/t)	(koz)	(koz)
Probable	-	-	-	-	-	-
ROM Stockpile	0.7	290	1.1	6.6	10	61
<b>Total Resource</b>	<b>0.7</b>	<b>290</b>	<b>1.1</b>	<b>6.6</b>	<b>10</b>	<b>61</b>

Source: Red 5 Limited 2020 Annual Report

In summary, and further to the above tables as included in the Red 5 2020 Annual Report, the Siana open pit and underground mine have at June 30, 2020, a combined Indicated JORC 2012 mineral resource estimate of 4.3Mt @ 4.6 g/t Au and 6.8 g/t Ag and combined Inferred JORC 2012 mineral resource estimate of 0.5Mt @ 8.9 g/t Au and 10.6 g/t Ag. TVI is not treating this as a current mineral resource under NI 43-101 as a qualified person has not done sufficient work to classify the historical estimate as current, and the estimates should not be relied upon.

### Siana Open Pit and Underground Feasibility Study Results

Red 5, together with GRC, has engaged various mining engineering firms since 2009 to complete numerous Feasibility Studies that have been publicly disclosed. These studies were prepared using the JORC Code. Qualified persons have not done sufficient work under NI 43-101 to verify the results of these studies or render them current and complete under NI 43-101, and therefore details of these reports are not included in this news release.

TVIRD is presently assessing GRC's mine development and production plan for Siana in order to develop its own plan in furtherance of a potential recommencement of operations.

## Mining History at the Mapawa Gold Project :

GRC also holds a 100% interest in Mapawa under MPSA No. 280-2009-XIII covering 1,482 hectares and located as well in Surigao del Norte, Philippines. Mapawa is located 20 kilometers north of Siana and has the potential to be developed as a satellite source of mineralized feed for the Siana processing plant. Red 5 reported in the 2016 Annual Report that Mapawa hosts a known gold porphyry system with a number of significant gold occurrences throughout the project area and thereby considered the area to have significant potential.

Red 5 announced on June 14, 2016 that an inaugural JORC 2012 mineral resource estimate had been completed for Mapawa by Optiro Pty. Ltd., an independent group of Australian geological consultants who reported the following on a dry tonne basis based on a 0.7g/t gold cut-off and taking into account historic mining depletion:

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### MAPAWA JORC 2012 OPEN PIT MINERAL RESOURCE as at June 30, 2020

Classification	Cut-off Gold	Tonnes	Gold	Silver	Contained Gold	Contained Silver
	(g/t)	(kt)	(g/t)	(g/t)	(koz)	(koz)
Indicated	0.7	3,270	1.0	3.5	103	371
Inferred	0.7	5,560	1.0	2.5	185	438
Total Resource	0.7	8,830	1.02	2.9	288	809

Source: Red 5 Limited 2020 Annual Report

Red 5 reported that the Mapawa JORC 2012 mineral resource estimate was calculated based on a total of 78 diamond core drill-holes totaling 13,798 meters of drilling, comprising 5,628 meters of historical drilling completed by Suricon and 8,170 meters of additional diamond drilling completed by GRC.

As noted above, TVI is not treating the estimates reported for Siana and Mapawa as current mineral resources as a qualified person acting in compliance with NI 43-101 reporting requirements has not done sufficient work to classify these estimates as current resources, has not verified this information and these estimates should not be relied upon. The historical estimates are believed to be based on reasonable assumptions, and neither the Company nor the qualified person responsible for the scientific and technical content of this news release has any reason to contest their relevance and reliability.



TVIRD currently does not plan to conduct any work to verify the historical estimates other than using them to guide its exploration, resource modeling and possible development work.

TVIRD is presently assessing the GRC resource model, mine development and production plan for Siana in order to develop its own plan in furtherance of a potential recommencement of operations. TVIRD is evaluating steps that would be required to upgrade or verify the foregoing historical estimates as current under NI 43-101 standards, which would include a review of past drill results and Quality Assurance/Quality Control procedures applied as well as possibly resource modeling with the involvement of a qualified person.

Additional information related to Siana and Mapawa may be found on the TVIRD website at <https://tvird.com.ph/>.

### Financing for the Acquisition :

TVIRD has confirmed to TVI that it intends to fund the cash portion of the purchase price for the GRC Shares from internal resources. TVI is not required to make any contribution to TVIRD to support the GRC acquisition; in effect, TVI is fully carried.

### Qualified Person

The Qualified Person responsible for the scientific and technical content of this news release is Mr. Michael James Bue, Bsc. Eng, M.Eng, P.Eng. Mr. Bue has acted as the Qualified Person in compliance with NI 43-101 reporting requirements by virtue of his membership in the Professional Engineers of Ontario and Canadian Institute of Mining and Metallurgy and has confirmed compliance of this news release with NI 43-101 requirements.

### JORC Reconciliation

The mineral resources and ore reserves detailed above were classified using the JORC Code and reported by Red 5 as per regulations under the JORC Code. In the Company's view, there are no material differences between the confidence categories assigned under the JORC Code and the equivalent confidence categories in the CIM 2014 Standard. Certain terminology from JORC 2012 is different to that used under CIM 2014 Standard. The JORC Code uses the term "Ore Reserves", which is equivalent to "Mineral Reserves" using the CIM 2014 Standard. The CIM 2014 Standard uses the term "Proven Mineral Reserves", which is equivalent to "Proved Ore Reserves" under the JORC Code. Additionally, NI 43-101 reporting requirements do not allow for "Inferred Mineral Resources" to be added to other Mineral Resource categories, and must be reported separately. The Inferred Resource category estimates above under JORC 2012 were reported separately in each instance. The Company will consider retaining qualified person(s) acting in compliance with NI 43-101 reporting requirements to complete a formal review of the

Red 5 mineral resources and ore reserves.

## About TVI Resource Development Phils., Inc.

TVIRD, a Philippine corporation in which TVI holds a 30.66% interest, is a diversified mining company that focuses on the acquisition, exploration, development and production of resource projects in the Philippines. TVIRD has a pool of highly competent managers, technical personnel and skilled workers with previous experience in gold-silver operation and owns 100% of the Balabag gold/silver project in addition to 60% interest in Agata Mining Ventures Inc. ("AMVI"), a direct shipping Nickel/Iron operation that commenced in October 2014 and in which TVIRD is operator. AMVI has shipped a total of 17.44 million wet metric tonnes of nickel laterite ore through 320 shipments through to June 30, 2021.

## About TVI Pacific Inc.

TVI Pacific Inc. is a Canadian resource company focused on the acquisition of resource projects in the Asia Pacific region. TVI currently holds a 30.66% equity interest in TVIRD and a 2.95% equity interest in Integrated Green Energy Solutions Ltd., a publicly listed company incorporated in Australia with shares listed on the ASX (but currently suspended since January 2020 and subject to an order for winding up). Integrated Green Energy Solutions Ltd. is engaged in the commercialization of technologies to convert waste plastics to fuel in Australia and internationally. TVI's other holdings include a 14.4% equity interest in Mindoro Resources Ltd. and a 100% investment in shares of TG World Energy Corp. As at the date of this announcement, TVI has 656,987,039 outstanding common shares and 696,887,039 fully diluted including the currently issued outstanding options of 39,900,000.

## 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. The forward-looking statements contained in this News Release include: (1) reference to a gold production volume of 619,000 oz. and a gold price of U.S. \$1,750 upon which the NSR is to be based, both of which may not be realized; (2) statements related to exploration at Siana and Mapawa, both of which are not guaranteed and require further review and analysis by TVIRD to review and determine and may be affected by factors beyond the control of TVIRD; (3) the stated Indicated and Inferred JORC 2012 mineral resource estimate for the Siana open pit and underground mine, as well as the JORC 2012 open pit mineral resource for the Mapawa Project as included in the Red 5 2020 Annual Report, for which actual volumes produced may vary. The estimation of mineral reserves and mineral resources is inherently uncertain and involves subjective judgments about many relevant factors; and, (4) any reference to when mining and processing operations at Siana may recommence.

Forward-looking statements in this News Release are based upon the opinions and expectations of management of the Company as at the effective date of such statements and, in certain cases, information supplied by third parties. Although the Company believes that the expectations reflected in such forward-looking statements are based upon reasonable assumptions, 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 and should not be read as guarantees of future performance or results.** These factors include, but are not limited to, such things as: (i) general economic conditions in Canada, the Philippines and elsewhere; (ii) volatility of prices for precious metals, base metals, and other commodities; (iii) commodity supply and demand; (iv) fluctuations in currency and interest rates; (v) inherent risks associated with the exploration and development of mining properties, including but not limited to geological characteristics, metallurgical characteristics of the mineralization, the availability of equipment and facilities necessary to complete development and the ability to develop adequate processing capacity; (vi) the cost of consumables and mining and processing equipment; (vii) unforeseen technological and engineering problems; (viii) ultimate recoverability of reserves; (ix) production, timing, results and costs of exploration and development activities; \* political factors, political stability or civil unrest, including but not limited to acts of sabotage or terrorism; (xi) availability of financial resources or third-party financing; (xii) changes in laws or regulations (domestic or foreign); (xiii) changes in administrative practices; (xiv) changes in exploration plans or budgets; (xv) the availability of skilled labour; (xvi) the failure of parties to contracts with the Company to perform as agreed, including its joint venture partners; (xvii) the impact of the COVID-19 pandemic; and (xviii) extreme weather conditions and forces of nature (i.e. typhoons, heavy rains, earthquakes, and the like) that may disrupt operations and explorations.

The Company does not have control over TVIRD nor does it have any involvement in the management or decisions of TVIRD or control over financial reporting and internal controls of TVIRD. The Company relies on the internal controls and financial reporting controls of TVIRD and their failure to maintain effectiveness or comply with applicable standards may adversely affect TVI.

**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.**

Various risks to which the Company is exposed in the conduct of its business (including mining activities) are described in detail in the Company's Annual Information Form for the year ended December 31, 2020, which was filed on SEDAR on April 28, 2021 and is available under the Company's profile at [www.SEDAR.com](http://www.SEDAR.com).

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 release.

SOURCE TVI Pacific Inc.