TREVALI MINING CORPORATION

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three months ended March 31, 2021 and 2020

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CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in thousands of United States Dollars – unaudited)

	Notes		March 31, 2021		December 31, 2020
ASSETS					
Current					
Cash and cash equivalents		$	39,236	$	33,500
Restricted cash			85		170
Settlement and other receivables	**5**		43,476		63,231
Prepaids			7,054		3,322
Inventories	**6**		45,363		41,529
			135,214		141,752
Reclamation bonds and other			9,181		9,433
Value-added taxes receivable			4,885		9,966
Exploration and evaluation assets			30,263		28,579
Property, plant and equipment	**7**		385,164		382,294
		$	564,707	$	572,024
LIABILITIES AND SHAREHOLDERS' EQUITY					
Liabilities					
Current					
Accounts payable and accrued liabilities	**8**	$	52,566	$	51,866
Warrant liability	**9**		5,137		4,395
Debt	**10**		13,735		16,840
			71,438		73,101
Debt	**10**		118,099		121,692
Reclamation and rehabilitation provisions			62,319		62,886
Other provisions			3,079		3,136
Deferred income taxes			85,924		85,046
			340,859		345,861
Shareholders' equity					
Share capital			771,470		771,470
Other reserves	**11**		18,934		18,739
Deficit			(506,323)		(503,642)
Accumulated other comprehensive loss			(47,147)		(47,147)
			236,934		239,420
Non-controlling interests	**12**		(13,086)		(13,257)
			223,848		226,163
		$	564,707	$	572,024

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

Signed on behalf of the Board,

/s/ Mr. Russell Ball
Mr. Russell Ball, Director

/s/ Mr. Dan Isserow
Mr. Dan Isserow, Director

TREVALI MINING CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in thousands of United States Dollars except for share and per share amounts – unaudited)

	Notes		Three months ended March 31, 2021		2020
REVENUES	**13**	$	71,956	$	51,952
MINE OPERATING EXPENSES					
Production			37,498		50,823
Distribution			4,641		5,338
Royalties			2,250		560
Care and maintenance			386		–
Depreciation, depletion and amortization			14,278		13,714
			59,053		70,435
GROSS PROFIT (LOSS)			**12,903**		**(18,483)**
General and administrative			2,383		1,557
Share-based payments			307		320
Operating profit (loss)			**10,213**		**(20,360)**
OTHER					
Settlement mark-to-market (gain) loss			(83)		15,573
Mark-to-market loss on financial instruments			742		–
Foreign exchange loss (gain)			542		(3,836)
Interest expense			2,807		1,544
Restructuring expenses			–		5,428
Mine restart expenses			6,338		–
Impairment			–		153,419
Other expense (income)			1,008		(2,342)
Loss before taxes			**(1,141)**		**(190,146)**
Current income tax expense			491		549
Deferred income tax expense (recovery)			878		(15,090)
NET LOSS AND TOTAL COMPREHENSIVE LOSS		**$**	**(2,510)**	**$**	**(175,605)**
Owners of Trevali		$	(2,681)	$	(172,340)
Non-controlling interests			171		(3,265)
		$	**(2,510)**	**$**	**(175,605)**
Basic and diluted loss per share		$	0.00	$	(0.22)
Weighted average number of shares outstanding	**(000's)**				
Basic and diluted			989,093		802,562

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

TREVALI MINING CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of United States Dollars – unaudited)

	Three months ended March 31, 2021	Three months ended March 31, 2020
OPERATING ACTIVITIES		
Net loss	$ (2,510)	$ (175,605)
Items not affecting cash:		
Depreciation, depletion and amortization	14,278	13,714
Share-based payments	307	320
Unrealized mark-to-market loss on financial instruments	742	–
Unrealized gain on foreign exchange	(835)	(2,681)
Accrued interest, accretion and other non-cash items	2,145	658
Deferred income tax expense (recovery)	878	(15,090)
Impairments	–	153,419
Loss on disposal of plant and equipment	447	–
Operating cash flows before working capital changes	15,452	(25,265)
Restricted cash	85	–
Settlement and other receivables	17,905	18,024
Prepaids	(3,730)	(4,679)
Inventories	(3,166)	(2,258)
Accounts payable and accrued liabilities	2,154	288
Due to related parties	–	(34)
Value-added taxes receivable	6,932	(621)
Net cash from (used in) operating activities	35,632	(14,545)
INVESTING ACTIVITIES		
Purchase of plant and equipment	(11,364)	(14,824)
Exploration and evaluation asset expenditures	(1,685)	(3,164)
Net cash used in investing activities	(13,049)	(17,988)
FINANCING ACTIVITIES		
Share units settled in cash	–	(69)
Net drawdown on revolving credit facility	–	30,000
Net repayment on other facilities	(13,354)	–
Interest payments	(1,733)	(1,156)
Lease payments	(1,348)	(1,224)
Net cash (used in) from financing activities	(16,435)	27,551
Effect of foreign exchange on cash	(412)	(982)
Increase (decrease) in cash and cash equivalents	5,736	(5,964)
Cash and cash equivalents, beginning of the period	33,500	24,468
Cash and cash equivalents, end of the period	$ 39,236	$ 18,504

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

TREVALI MINING CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in thousands of United States Dollars except for share amounts – unaudited)

	Notes	Number of shares	Share capital	Other reserves	Deficit	Accumulated other comprehensive loss	Non-controlling interests	Total equity
December 31, 2020		989,092,585	$ 771,470	$ 18,739	$ (503,642)	$ (47,147)	$ (13,257)	226,163
Net loss and total comprehensive loss		–	–	–	(2,681)	–	171	(2,510)
Share-based payments	11	–	–	195	–	–	–	195
March 31, 2021		**989,092,585**	**$ 771,470**	**$ 18,934**	**$ (506,323)**	**$ (47,147)**	**$ (13,086)**	**223,848**
December 31, 2019		802,561,585	$ 748,731	$ 18,158	$ (264,315)	$ (47,147)	$ (6,978)	448,449
Net loss and total comprehensive loss		–	–	–	(172,340)	–	(3,265)	(175,605)
Share-based payment	11	–	–	123	–	–	–	123
Share units settled in cash		–	–	(69)	–	–	–	(69)
March 31, 2020		**802,561,585**	**$ 748,731**	**$ 18,212**	**$ (436,655)**	**$ (47,147)**	**$ (10,243)**	**272,898**

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

(Expressed in thousands of United States Dollars – unaudited)

1. DESCRIPTION OF BUSINESS AND NATURE OF OPERATIONS

Trevali Mining Corporation ("Trevali" or the "Company") is a publicly listed company incorporated under the laws of British Columbia, Canada. The Company's common shares are listed under the symbol (i) "TV" on both the Toronto Stock Exchange ("TSX") and Bolsa de Valores de Lima in Peru, (ii) "TREVF" on the OTCQX International Quotation System in the United States, and (iii) "4T1" on the Frankfurt Stock Exchange. The Company's registered office is located at 1900 – 999 West Hastings Street, Vancouver, B.C., V6C 2W2, Canada.

The Company is a natural resource company engaged in the acquisition, exploration, development of, and production from, mineral properties. The Company produces zinc concentrate from the Perkoa mine in Burkina Faso, and zinc and lead-silver concentrates from the Rosh Pinah mine in Namibia and the Santander mine in Peru. Operations at the Caribou mine in New Brunswick, Canada were suspended and the mine was placed on care and maintenance effective March 26, 2020; on January 15, 2021, the Company announced that the operations were being restarted and full payable zinc production resumed on March 27, 2021. In addition, Trevali owns the Halfmile project and Restigouche polymetallic deposit in New Brunswick, Canada, the Ruttan deposit in northern Manitoba, Canada, an effective 44% interest in the Gergarub project in Namibia and an option to acquire a majority position in the Heath Steele deposit located in New Brunswick, Canada.

The Company's principal subsidiaries and geographic locations are as follows:

Legal name	Country	Ownership 2021	Ownership 2020	Main activity
Nantou Mining Burkina Faso S.A.	Burkina Faso	90.0%	90.0%	Zinc production
Rosh Pinah Zinc Corporation (Proprietary) Ltd.	Namibia	90.0%	90.0%	Zinc, lead-silver production
Trevali Mining (New Brunswick) Ltd.	Canada	100.0%	100.0%	Zinc, lead-silver production
Trevali (Peru) S.A.C.	Peru	100.0%	100.0%	Zinc, lead-silver production
Trevali Mining (Maritimes) Ltd.	Canada	100.0%	100.0%	Exploration

2. BASIS OF PREPARATION

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements including International Accounting Standard 34: *Interim Financial Reporting* and follow the same accounting policies and methods of application as our most recent annual financial statements. Certain information and note disclosures, included in the annual audited financial statements, have also been omitted or condensed.

These condensed interim consolidated financial statements are prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business as they come due into the foreseeable future.

These condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the Company for the years ended December 31, 2020 and 2019.

Approval of the financial statements

The condensed interim consolidated financial statements of Trevali Mining Corporation for the three months ended March 31, 2021 and 2020 were reviewed by the Audit Committee and approved for issuance by the Board of Directors on May 12, 2021.

(Expressed in thousands of United States Dollars – unaudited)

3. COVID-19 ESTIMATION UNCERTAINTY

In March 2020, the World Health Organization declared a global pandemic related to COVID-19. To date there has been significant volatility in commodity and foreign exchange markets, restrictions on the conduct of business in many jurisdictions and disruption in stock markets while the global movement of people and some goods has become restricted.

There is significant ongoing uncertainty surrounding COVID-19 and the extent and duration of the impacts that it may have on the demand and the price of zinc and lead, suppliers, employees and on global financial markets. The Company continues to follow published guidance from governments and public health authorities to protect the safety and health of our employees, contractors and the communities in which we operate, while closely monitoring any potential impact on the Company's operations that may include the operating plans and production, supply chain or maintenance activities.

4. IMPAIRMENTS

The Company reviewed its plant and equipment and exploration and evaluation assets at the cash-generating unit ("CGU") level to determine whether there is any indication that these assets are impaired.

No impairment or impairment reversal indicators were identified during the three months ended March 31, 2021.

The following factors were considered impairment indicators as of March 31, 2020:

- The operational plan for Caribou changed significantly when it was placed on care and maintenance on March 26, 2020; and
- The deterioration in the near-term zinc price outlook resulted in an adverse change to Santander's economics, whose carrying value approximated the estimated recoverable amount as at December 31, 2019.

As a result of the impairment indicators identified above, the recoverable amounts of the Caribou and Santander CGUs were estimated and compared against their respective carrying values.

In addition, the carrying values of exploration and evaluation assets that would be dependent on processing ore at the Caribou mill and the Company's interest in the Gergarub project have also been reviewed for impairment.

The following impairment charges related to the quarter ended March 31, 2020 were recognized to record the CGUs and exploration and evaluation assets at their estimated recoverable amounts.

		March 31, 2020
Property, plant and equipment (Note 7)		
Caribou		34,641
Santander		15,544
Exploration and evaluation assets		99,112
Inventory		4,000
Investments		122
Impairment	$	153,419
Deferred income tax recovery		(15,984)
Impairment, net	$	137,435

The recoverable amounts of the CGUs are based on their projected after-tax cash flows expected to be derived from the Company's mining properties and represent each CGU's fair value less cost of disposal ("FVLCD"). The projected cash flows used in impairment testing are significantly affected by changes in assumptions for zinc prices, changes to production volumes, operating costs, capital expenditures and discount rates. The determination of FVLCD uses Level 3 inputs.

Caribou

On March 26, 2020, the Company announced that the Caribou mine would suspend operations and commence a care and maintenance program, effective immediately. The change to the operational mine plan resulted in a total $42.5 million impairment (comprised of $34.6 million in property, plant and equipment, $4.0 million of inventory and $3.9 million of near-mine exploration and evaluation assets) to its estimated recoverable amount of $12.6 million.

Santander

During Q1 2020, the Company's near-term zinc price assumptions were revised as a direct result of the decline in the zinc price caused by COVID-19. Additionally, cash preservation initiatives resulted in feasibility activities related to the Santander Pipe being deferred and as such a delay in production from this potential source of ore has been incorporated into the estimate of recoverable amount. These changes resulted in a net $19.0 million impairment ($15.5 million property, plant and equipment write-down and $7.7 million near-mine exploration and evaluation assets net of a $4.2 million deferred income tax recovery) to its estimated recoverable amount of $17.3 million.

Following the completion of studies in December 2020, the life-of-mine plan for Santander was revised with mining operations at the Magistral deposit scheduled to complete at the end of 2021 and the economic feasibility of the Santander Pipe was re-evaluated because of updated capital and operating expenditure estimates and the possible development timeline. The Santander operation is expected to transition into an exploration phase to focus on the discovery and definition of new mineralization to complement existing mineral resources. As a result, a total impairment of $43.6 million to property, plant and equipment was recognized to its estimated recoverable amount of negative $10.2 million (the recoverable value of the Santander CGU is negative because the outflows associated with closure costs is included in the cash flow projection).

Halfmile, Restigouche and the Heath Steele Option

The Company performed a valuation review of its interests in exploration and evaluation assets in the Bathurst Mining Camp following the decision to place Caribou under care and maintenance. As a result, the following impairments were recognized against exploration and evaluation assets in addition to the impairment of near mine exploration and evaluation assets described above:

- $41.8 million relating to Halfmile following a valuation review. The FVLCD is based on a price per pound of zinc equivalent resources observed for publicly traded zinc exploration and development companies and its determination uses Level 3 inputs.
- $14.2 million representing the full carrying value of its option over the Heath Steele property and its interest in the Restigouche project which are no longer considered commercially viable.

Gergarub

The Company performed a valuation review of its interest in the Gergarub project following the suspension of operations at the nearby Skorpion Zinc mine, holder of a 51% interest in the Gergarub project, and the adverse change to the business environment caused by COVID-19. As a result, a net $19.7 million impairment ($31.5 million exploration and evaluation assets and $11.8 million deferred income tax recovery) to its estimated recoverable amount of $5.7 million was recognized. The FVLCD is based on a price per pound of zinc equivalent resources observed for publicly traded zinc exploration and development companies and its determination uses Level 3 inputs.

(Expressed in thousands of United States Dollars – unaudited)

5. SETTLEMENT AND OTHER RECEIVABLES

		March 31, 2021		December 31, 2020
Settlement receivables	$	32,842	$	51,311
Sales tax and income taxes		9,893		11,601
Other		741		319
	$	43,476	$	63,231

Settlement receivables as at December 31, 2020 included $15.5 million in Burkina Faso that were subject to factoring arrangements. The Company transferred the relevant receivables in exchange for cash and there are no amounts outstanding as at March 31, 2021.

6. INVENTORIES

		March 31, 2021		December 31, 2020
Mineralized stockpiles	$	6,486	$	7,647
Concentrates				
Site		3,758		2,169
In-transit		2,821		2,386
Port		8,288		5,329
Materials and supplies		24,010		23,998
	$	45,363	$	41,529

7. PROPERTY, PLANT AND EQUIPMENT

		Buildings and infrastructure		Mine development		Equipment and other		Total
Net book value								
January 1, 2021	$	104,114	$	226,544	$	51,636	$	382,294
Additions		807		4,708		13,113		18,628
Disposals		–		–		(447)		(447)
Depreciation		(7,222)		(4,134)		(3,590)		(14,946)
Reclassifications		336		(342)		6		–
Change in reclamation and rehabilitation provision		–		(365)		–		(365)
March 31, 2021	$	98,035	$	226,411	$	60,718	$	385,164
Gross carrying value	$	248,438	$	633,433	$	139,498	$	1,021,369
Accumulated depreciation and impairment	$	(150,403)	$	(407,022)	$	(78,780)	$	(636,205)

Equipment and other includes expenditure for construction in progress of $10.9 million.

The net book value of right-of-use assets included in property, plant and equipment relates to the following types of assets:

		March 31, 2021
Buildings and infrastructure	$	1,686
Equipment and other		12,150
Total right-of-use assets	$	13,836

(Expressed in thousands of United States Dollars – unaudited)

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		March 31, 2021		**December 31, 2020**
Trade payables	$	32,087	$	31,508
Accrued payroll and other		15,199		12,002
Forward swaps and put options		1,185		4,084
DSU and PSU liability		1,813		1,648
Corporate income taxes		871		668
Burkina Faso royalty and community payable		1,362		1,793
Other		49		163
	$	52,566	$	51,866

9. WARRANT LIABILITY

On December 2, 2020, the Company closed a unit offering (the “Offering”) whose units included 93,265,000 common share purchase warrants (the “Warrants”), each with an exercise price of C$0.23 and expiry date of June 2, 2022.

The Warrants are classified as a warrant liability under the principles of IFRS 9 – *Financial instruments* and are considered a derivative financial instrument given that their exercise price is fixed in Canadian dollars while the functional currency of the Company is the US dollar. Accordingly, the outstanding Warrants are remeasured to fair value at each reporting date with changes in the fair value recorded to mark-to-market loss on financial instruments in the statement of operations.

For the three months ended March 31, 2021, the Company recognized a $0.7 million loss (Three months ended March 31, 2020 – $nil) on revaluation of the warrant liability to the TSX-listed trading price.

Warrant transactions are as follows:

	Number of Warrants
Granted – December 2, 2020	93,265,000
Exercised	(1,000)
December 31, 2020 and March 31, 2021	93,264,000

10. DEBT

		March 31, 2021		**December 31, 2020**
Revolving credit facility, net of fees	$	104,517	$	104,287
Glencore facility, net of fees		12,749		12,707
Other loans		2,711		3,810
Receivables factoring facility (Note 5)		–		12,650
		119,977		133,454
Leases		11,857		5,078
Total debt	$	131,834	$	138,532
Current		13,735		16,840
Non-current	$	118,099	$	121,692

Revolving credit facility

The Company has a credit agreement with a syndicate of lenders for a $135.0 million revolving credit facility (the “Facility”) that was last renegotiated on August 6, 2020 that bears interest at a rate of LIBOR plus between 5.5% and commitment fees for the undrawn portion of the Facility at 1.3%. The Facility matures on September 18, 2022.

The Company has letters of credit, issued under the Facility, totaling $7.0 million to support $4.5 million in various reclamation bonding requirements and the new mining contractor for the Caribou mine and to provide $2.5 million of financial security toward power transmission payments related to the Santander mine.

As at March 31, 2021, the Company was in full compliance with all covenant obligations and in early May 2021 completed a principal repayment of $6.4 million, in accordance with the terms of the agreement requiring minimum repayments based on excess cash generated on a quarterly basis. Following this mandatory prepayment, the credit limit under the revolving credit facility will be permanently reduced by the payment amount to $128.6 million.

The amount available to the Company under the Facility as of March 31, 2021 was $22.1 million.

Glencore facility

On August 6, 2020, the Company entered into a second lien secured facility agreement with Glencore up to a maximum of $20.0 million (the "Glencore Facility"). Under the terms of the agreement, Glencore would advance to the Company amounts equal to the volume of dry metric tonnes of zinc concentrate delivered to Glencore in a given month, up to December 2020, multiplied by the difference between the annual benchmark treatment charge ("TC") and the average monthly spot TC.

Advances under the Glencore Facility were applicable to deliveries of zinc concentrate between June 2020 and December 2020. Amounts outstanding under the Glencore Facility bear interest at the same rate as the Facility. The Glencore Facility ranks subordinate to the Facility and has a maturity date of September 18, 2022.

The Glencore Facility was reduced by $7.0 million as part of Glencore's contribution to the Offering on December 2, 2020, including a resulting repayment of $1.8 million on the facility. The amount available to the Company under the Glencore Facility as of March 31, 2021 was nil as the full $13.0 million limit under the agreement has been drawn.

Other loans

In June 2020, the Company received a $2.9 million loan for working capital requirements under the Peruvian government-backed liquidity program launched in response to the COVID-19 pandemic. The loan bears interest at 1.15% and is repayable over a 24-month period beginning in June 2021. In addition, Santander had drawn down $1.0 million on a 90-day revolving loan with a local financial institution in August 2020 that was renewed once before being repaid in March 2021.

Financial guarantee

In addition to the guarantees linked to the Facility, Trevali has also arranged a $11.5 million financial guarantee to support reclamation bonding requirements with its Santander mine and a $5.2 million surety bond to support reclamation bonding requirements with its Caribou mine.

Leases

In February 2021, a new lease was entered into with the mining contractor at the Caribou mine as part of the restart. The lease runs until December 31, 2022 and a corresponding lease liability of $7.5 million was recognized as the present value of future payments using an implied interest rate of 8%.

(Expressed in thousands of United States Dollars – unaudited)

11. OTHER RESERVES

Share-based payment reserve

Stock options

As at March 31, 2021 and December 31, 2020, the Company had outstanding stock options enabling the holders to acquire common shares as follows:

	March 31, 2021			December 31, 2020		
Expiry date	Exercise price (C$)	Number of options	Vested and exercisable	Exercise price (C$)	Number of options	Vested and exercisable
June 1, 2021	$0.45	1,576,600	1,576,600	$0.45	1,576,600	1,576,600
January 20, 2022	$1.21	625,100	625,100	$1.21	625,100	625,100
August 31, 2022	$1.59	427,890	427,890	$1.59	427,890	427,890
January 23, 2023	$1.52	798,400	798,400	$1.52	798,400	532,264
January 23, 2023	$0.90	200,300	200,300	$0.90	200,300	133,533
April 10, 2024	$0.47	1,974,533	661,461	$0.47	1,984,400	661,461
March 10, 2025	$0.17	20,585,712	6,861,890	$0.17	21,067,017	–
March 17, 2026	$0.22	22,572,807	–	–	–	–
	$0.27	48,761,342	11,151,641	$0.30	26,679,707	3,956,848

At March 31, 2021, the weighted average remaining contractual life of the stock options was 4.2 years (December 31, 2020 – 3.7 years).

Stock option transactions are as follows:

	March 31, 2021		December 31, 2020	
	Number of options	Weighted average exercise price (C$)	Number of options	Weighted average exercise price (C$)
Opening balance	26,679,707	$0.30	9,815,100	$0.83
Granted	22,572,807	$0.22	25,982,632	$0.17
Forfeited	(491,172)	$0.18	(5,306,242)	$0.20
Expired	–	–	(3,811,783)	$0.90
Ending balance	48,761,342	$0.27	26,679,707	$0.30

On March 17, 2021, the Company granted 22,572,807 stock options with an exercise price of C$0.22 per share that are exercisable for a period of five years with a three-year vesting period. The aggregate estimated fair value of the stock options at the time of grant was $1.7 million.

During the three months ended March 31, 2021, the Company recorded $0.2 million in share-based payment expense (2020 – $0.1 million) related to stock options.

The fair value of stock options granted was estimated using the Black-Scholes option pricing model with the following weighted average calculations:

	March 31, 2021	December 31, 2020
Risk-free interest rate	0.99%	1.29%
Expected life of options	5 years	5 years
Annualized volatility	75.15%	70.05%
Dividend rate	Nil	Nil
Forfeiture rate	13.72%	7.45%

Performance share units (“PSUs”), deferred share units (“DSUs”) and restricted share units (“RSUs”)

During the three months ending March 31, 2021, Trevali recorded $0.2 million in share-based payment expense (2020 – $0.2 million) related to the incentive plan for the grant of PSUs, RSUs and DSUs.

During the three months ended March 31, 2021, the Company granted 10,700,901 PSUs to selected employees. Defined performance-based criteria determine the vesting number of PSUs which vest March 17, 2024 (the third anniversary of the grant date, with a performance period that covers the period from January 1, 2021 to December 31, 2023).

(Expressed in thousands of United States Dollars – unaudited)

PSU, DSU and RSU transactions are summarized as follows:

	PSUs		DSUs		RSUs	
	Number of units	Fair value (C$)	Number of units	Fair value (C$)	Number of units	Fair value (C$)
January 1, 2020	714,286	$0.35	840,225	$0.50	2,138,404	$0.94
Granted	29,855,721	$0.04	6,186,278	$0.11	-	
Forfeited/ cancelled	(2,597,418)	$0.04	–	–	(244,965)	$0.13
Redeemed	(18,494)	$0.04	–	–	(990,756)	$0.15
December 31, 2020	27,954,095	$0.11	7,026,503	$0.20	902,683	$0.20
Granted	10,700,901	$0.19	506,250	$0.20	1,684,124	$0.20
Forfeited	(256,133)	$0.11	–	–	(5,467)	$0.19
Redeemed	–	–	(1,214,746)	$0.20	(169,636)	$0.21
March 31, 2021	38,398,863	$0.13	6,318,007	$0.20	2,411,704	$0.20

12. NON-CONTROLLING INTERESTS

		Perkoa	Rosh Pinah	Total
January 1, 2021	$	(30,024)	16,767	(13,257)
Net (loss) gain attributable to non-controlling interests		(36)	207	171
March 31, 2021		(30,060)	16,974	(13,086)

The Mining Convention between Nantou Mining and the Government of Burkina Faso (the "Convention"), signed by the Minister of Mines of Burkina Faso on August 27, 2008, sets out the fiscal and legal terms with respect to the operation of the Perkoa Exploitation Permit, including taxation rates applicable to the project, per the 2003 Mining Code. The Convention is valid for 20 years commencing on the date of the grant and may be renewed for subsequent periods of five years. The Government of Burkina Faso holds a 10% interest in accordance with the Mining Code.

The payments of the 10% earnings to the Government of Burkina Faso shall only start once all investments have been recovered by the majority shareholder. As of March 31, 2021, no earnings are due to the Government of Burkina Faso.

13. REVENUES

		Three months ended March 31, 2021		
		Zinc	Lead-Silver	Total
Revenues	$	90,801	4,094	94,895
Smelting and refining charges		(22,421)	(518)	(22,939)
Revenues, net	$	68,380	3,576	71,956

		Three months ended March 31, 2020		
		Zinc	Lead-Silver	Total
Revenues	$	88,439	8,390	96,829
Smelting and refining charges		(42,161)	(2,716)	(44,877)
Revenues, net	$	46,278	5,674	51,952

(Expressed in thousands of United States Dollars – unaudited)

14. SEGMENTED INFORMATION

The Company's executive management team manages its business, including the allocation of resources, on a project-by-project basis, except where the Company's projects are substantially connected and share resources and administrative functions. The Company has four operating segments: Perkoa mine, Burkina Faso; Rosh Pinah mine, Namibia; Caribou mine, Canada and Santander mine, Peru. Corporate and other includes the Company's head office, general corporate administration and activity, group eliminations and the Halfmile-Stratmat project and Heath Steele option in Canada.

Three-month period ended March 31, 2021	Perkoa mine	Rosh Pinah mine	Caribou mine	Santander mine	Corporate and other	Total
Revenues	$ 36,410	$ 17,245	$ –	$ 18,301	$ –	$ 71,956
Mine operating expenses	21,939	10,230	102	12,504	–	44,775
General and administration	–	–	–	–	2,383	2,383
Stock-based compensation	–	–	–	–	307	307
Adjusted EBITDA	14,471	7,015	(102)	5,797	(2,690)	24,491
Depreciation, depletion and amortization	8,237	3,860	1,288	695	198	14,278
Adjusted EBIT	6,234	3,155	(1,390)	5,102	(2,888)	10,213
Settlement mark-to-market						(83)
Mark-to-market loss on financial instruments						742
Loss on foreign exchange						542
Interest expense						2,807
Other income, net						1,008
Mine restart expenses						6,338
Income tax expense						1,369
Net loss						(2,510)
Capital expenditures	3,274	4,458	8,918	783	1,195	18,628
Exploration expenditures						1,685
Assets	296,927	267,921	58,449	30,009	(88,599)	564,707
Liabilities	(160,033)	(147,394)	(173,561)	(56,895)	197,024	(340,859)
Net assets (liabilities)	$ 136,894	120,527	(115,112)	(26,886)	108,425	$ 223,848

Three-month period ended March 31, 2020	Perkoa mine	Rosh Pinah mine	Caribou mine	Santander mine	Corporate and other	Total
Revenues	$ 20,048	$ 8,924	$ 10,122	$ 12,858	$ –	$ 51,952
Mine operating expenses	20,613	9,118	16,516	10,474	–	56,721
General and administration	3	–	–	–	1,874	1,877
Adjusted EBITDA	(568)	(194)	(6,394)	2,384	(1,874)	(6,646)
Depreciation, depletion and amortization	5,387	3,945	2,379	1,750	253	13,714
Adjusted EBIT	(5,955)	(4,139)	(8,773)	634	(2,127)	(20,360)
Settlement mark-to-market						15,573
Gain on foreign exchange						(3,836)
Interest expense						1,544
Impairment						153,419
Restructuring expense						5,428
Other income, net						(2,342)
Income tax recovery						(14,541)
Net loss						(175,605)
Capital expenditures	2,130	6,160	3,183	3,271	720	15,464
Exploration expenditures						3,164
Assets	283,621	261,502	53,556	59,855	(79,795)	578,739
Liabilities	(151,444)	(139,837)	(146,622)	(49,649)	181,711	(305,841)
Net assets (liabilities)	$ 132,177	121,665	(93,066)	10,206	101,916	$ 272,898

(Expressed in thousands of United States Dollars – unaudited)

15. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company's financial assets and liabilities consist of cash and cash equivalents, restricted cash, settlement receivables, reclamation bonds, accounts payable and accrued liabilities, warrant liability and debt.

Fair value of financial instruments

Fair value represents the price at which a financial instrument could be exchanged in an active market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act.

Trade receivables from provisionally priced concentrate sales are referred to as settlement receivables and are included in Level 2 of the fair value hierarchy as the basis of valuation uses quoted commodity prices. The fair value of cash and cash equivalents and restricted cash approximate carrying values due to the immediate or short-term maturities of these financial instruments. The fair values of the Facility and the Glencore Facilities approximate their carrying values as these are floating rate instruments and no significant changes in the Company's credit and liquidity risk have occurred between the recognition of the debt on August 6, 2020 and March 31, 2021.

The reclamation bonds are interest bearing and the carrying values represent fair values.

Capital risk management

The Company's capital risk management objectives include continuing to operate as a going concern while maximizing the return to shareholders. The main risks that could adversely affect the Company's financial assets, liabilities or future cash flows are market risks comprising commodity price risk, cash flow interest rate risk and foreign currency risk; liquidity risk; and credit risk. The Company manages its exposure to key financial risks in accordance with its financial risk management policy. The capital structure of the Company includes shareholders' equity and debt.

16. RELATED PARTY TRANSACTIONS AND BALANCES

Glencore

As of March 31, 2021, Glencore owned 259,835,925 Trevali common shares representing approximately 26.3% of the total issued and outstanding common shares. In addition, there were 24,500,000 common share purchase warrants outstanding with an exercise price of C$0.23 each and expiry of June 2, 2022, see Note 9 for more information on these instruments.

Glencore purchases all of the Company's concentrate production under separate off-take agreements with each of its mines which were entered into before Glencore became a related party of the Company. Trevali entered into the following transactions during the three months ending March 31, 2021 and 2020:

		Three ended March 31,		
		2021		**2020**
Net revenue on concentrate sales	$	71,956	$	51,952
Settlement mark-to-market on concentrate sales gain (loss)		83		(15,573)
Other income[1]		–		2,300
Interest expense on Glencore Facility	$	183	$	–
		March 31, 2021		**December 31, 2020**
Settlement receivable from Glencore (Note 5)	$	32,842	$	51,311
Payable to Glencore		304		48
Glencore Facility (Note 10)[2]	$	13,001	$	13,001

1 Relates to the settlement of the fixed-pricing arrangement for the Caribou and Santander mines.
2 Balance excludes capitalized transaction fees.

P.E. Minerals Namibia (Proprietary) Limited

P.E. Minerals Namibia (Proprietary) Limited is a minority shareholder of Rosh Pinah and is the holder of the mining licence for the Rosh Pinah mine, with the Company paying a market rate lease. The Ministry of Mines and Energy in Namibia approved the application for a 15-year extension of the mining licence on December 2, 2020.