TREVALI

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three months ended March 31, 2020 and 2019

TABLE OF CONTENTS

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

	Notes		March 31, 2020		December 31, 2019
ASSETS					
Current					
Cash and cash equivalents		$	18,504	$	24,468
Restricted cash			85		85
Settlement and other receivables	6		37,241		55,866
Prepaids			8,516		3,837
Inventories	7		43,930		44,460
			108,276		128,716
Reclamation bonds and other			8,216		8,640
Value-added taxes receivables			12,576		11,373
Investment and advances			–		158
Exploration and evaluation assets	8		27,377		123,325
Property, plant and equipment	9		422,294		472,358
		$	578,739	$	744,570
LIABILITIES AND SHAREHOLDERS' EQUITY					
Liabilities					
Current					
Accounts payable and accrued liabilities	10	$	67,541	$	67,002
Due to related parties	14		40		73
Debt	11		103,953		11,850
			171,534		78,925
Debt	11		2,411		66,758
Reclamation and rehabilitation provision			44,933		48,133
Other provisions			2,712		2,965
Deferred income tax			84,251		99,340
			305,841		296,121
Shareholders' equity					
Share capital	12		748,731		748,731
Other reserves	13		18,212		18,158
Deficit			(436,655)		(264,315)
Accumulated other comprehensive loss			(47,147)		(47,147)
			283,141		455,427
Non-controlling interests	18		(10,243)		(6,978)
			272,898		448,449
		$	578,739	$	744,570

Basis of preparation and going concern (Note 2)
Events after the reporting period (Notes 2 and 11)
Contingencies (Note 17)

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) INCOME
(Expressed in thousands of United States Dollars – unaudited)

	Notes	Three months ended March 31, 2020	Three months ended March 31, 2019 (restated)[1]
REVENUES	15	$ 51,952	$ 125,213
MINE OPERATING EXPENSES			
Production		50,823	64,090
Distribution		5,338	8,399
Royalties		560	3,632
Depreciation, depletion and amortization		13,714	23,856
		70,435	99,977
GROSS (LOSS) PROFIT		(18,483)	25,236
General and administrative		1,877	2,636
Operating (loss) profit		(20,360)	22,600
OTHER			
Settlement mark-to-market		15,573	(5,569)
(Gain) loss on foreign exchange		(3,836)	1,719
Interest expense		1,544	2,207
Restructuring expenses		5,428	–
Impairment	4	153,419	3,662
Other income	15	(2,342)	(30)
(Loss) Income before taxes		(190,146)	20,611
Current income tax expense		549	7,461
Deferred income tax recovery		(15,090)	(2,966)
NET (LOSS) INCOME AND TOTAL COMPREHENSIVE (LOSS) INCOME		$ (175,605)	$ 16,116
Net (loss) income and total comprehensive (loss) income attributable to:			
Owners of Trevali		$ (172,340)	$ 15,469
Non-controlling interests	18	(3,265)	647
		$ (175,605)	$ 16,116
(Loss) Income per share			
Basic		$ (0.22)	$ 0.02
Diluted		$ (0.22)	$ 0.02
Weighted average number of shares outstanding	**(000's)**		
Basic		802,562	818,288
Diluted		802,562	819,003

[1] The comparative information has been restated as a result of the change in the accounting policy for revenue as described in Note 15.

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, 2020	Three months ended March 31, 2019
OPERATING ACTIVITIES		
Net (loss) income	$ (175,605)	$ 16,116
Items not affecting cash:		
Depreciation, depletion and amortization	13,714	23,856
Share-based payment expenses (recovery)	123	(50)
Unrealized (gain) loss on foreign exchange	(2,681)	749
Accrued interest and accretion	658	1,194
Deferred income tax	(15,090)	(2,966)
Impairment	153,419	3,662
Operating cash flows before working capital changes	(25,462)	42,561
Restricted cash	–	350
Settlement and other receivables	18,024	(33,712)
Prepaids	(4,679)	(767)
Inventories	(2,258)	10,382
Accounts payable and accrued liabilities	485	11,485
Due to related parties	(34)	(1,532)
Value-added taxes receivable	(621)	2,154
Net cash (used in) from operating activities	(14,545)	30,921
INVESTING ACTIVITIES		
Increase in reclamation bonds	–	(50)
Purchase of property, plant and equipment	(14,824)	(10,481)
Exploration and evaluation asset expenditure	(3,164)	(2,483)
Net cash used in investing activities	(17,988)	(13,014)
FINANCING ACTIVITIES		
Share units settled in cash	(69)	(85)
Drawdown (Repayment) of debt	30,000	(40,000)
Interest payments	(1,156)	(1,578)
Lease payments	(1,224)	(1,342)
Share buy-back	–	(253)
Net cash from (used in) financing activities	27,551	(43,258)
Effect of foreign exchange on cash	(982)	(379)
Decrease in cash and cash equivalents	(5,964)	(25,730)
Cash and cash equivalents, beginning of the period	24,468	65,462
Cash and cash equivalents, end of the period	$ 18,504	$ 39,732

Non-cash investing transactions consist of additions to property, plant and equipment included in accounts payable and accrued liabilities of $5.9 million (three months ended March 31, 2019: $4.3 million)

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, 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	13	–	–	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
December 31, 2018		818,496,085	$ 763,596	$ 17,935	$ (242,551)	$ (46,766)	$ (4,970)	$ 487,244
Net income and total comprehensive income		–	–	–	15,469	–	647	16,116
Share-based payment	13	–	–	(50)	–	–	–	(50)
Share units settled in cash		–	–	(85)	–	–	–	(85)
Share buy-back		(900,000)	(840)	–	587	–	–	(253)
March 31, 2019		817,596,085	$ 762,756	$ 17,800	$ (226,495)	$ (46,766)	$ (4,323)	$ 502,972

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

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, the Caribou mine in New Brunswick, Canada and the Santander mine in Peru. Operations at the Caribou mine were suspended and the mine was put on a temporary care and maintenance program in Q1 2020. 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.

2. BASIS OF PREPARATION AND GOING CONCERN

Statement of compliance and going concern

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.

The financial position and liquidity of the Company has weakened significantly in Q1 2020 primarily as a result of the COVID-19 pandemic (Note 3) and resulting deterioration in the price of zinc and lead.

To avoid a breach of the Revolving Credit Facility's (the "Facility") covenants on March 31, 2020, prior to the end of the quarter the Company obtained a 30-day covenant waiver to April 30, 2020. A further waiver was obtained subsequent to the end of the quarter to waive the covenants of the Facility until May 31, 2020. Certain terms of the Facility were amended, including a reduction of the amount available under the Facility from $275.0 million to $125.0 million, additional reporting requirements, restrictions on certain investments and distributions, as well as a minimum liquidity covenant. The minimum liquidity covenant requires that the Company maintain minimum financial liquidity, defined as cash and cash equivalents plus amounts available under the Facility of $15.0 million.

The amount available to the Company under the Facility as of March 31, 2020 was $19.4 million. In April 2020, the Company drew a further $19.0 million under the Facility.

As the covenant waiver does not extend for a period of 12 months past March 31, 2020, the Facility balance was reclassified from non-current to current liabilities as at March 31, 2020. As of March 31, 2020, current liabilities of $171.5 million exceeded current assets of $108.3 million.

The Company is currently in compliance with the minimum liquidity covenant under the Facility. The Company will not generate sufficient funds from operations to repay the Facility upon expiration of the covenant waiver on May 31, 2020 and will need to generate funds from other sources to do so or will need an extension or refinancing of the Facility. To address the near-term liquidity requirements, the Company has been in discussions with its lenders to negotiate further amendments to the Facility to provide the Company with additional time to generate cash and/or access additional sources of debt and equity financing. There can be no assurance that these negotiations will be successful or that the Company will be able to raise additional sources of debt or equity on a timely basis. The Company has also taken a number of other steps to assist in meeting the repayment obligations, including reducing capital, operating and exploration spending, placing the Caribou mine on care and maintenance and cancelling the Normal Course Issuer Bid ("NCIB").

The ability to repay or refinance the Facility and maintain financial covenants depends on a number of factors, some of which are beyond the Company's control. These include general global economic, credit and capital market conditions, timing of receipt of payments for the sale of concentrate and the demand for and selling price of commodities, particularly zinc. There is no assurance that the expected cash flows from operations in combination with other steps being taken will allow the Company to meet these obligations as they become due, that we will continue to meet the covenants under the Facility, or that the Company will be successful in renegotiating or refinancing the Facility. Accordingly, it is possible that the Company could be in default of the Facility prior to May 31, 2020 based on the amended terms, which could result in outstanding obligations becoming immediately due and payable unless waivers can be obtained from its lenders.

The Company's ability to continue as a going concern is dependent upon its ability to generate cash flow from operations and to agree on a revised Facility and to the extent that this is not sufficient, to obtain additional funding from loans, equity financings or asset sales. While the Company has been successful in arranging financing in the past, the success of such initiatives cannot be assured, particularly with the current uncertainty surrounding COVID-19 and the extent and duration of the impact on the ability to obtain funding. These material uncertainties cast significant doubt upon the validity of the going concern assumptions.

These consolidated financial statements do not reflect the adjustments to the carrying values of the assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption deemed to be inappropriate. Such adjustments could be material.

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, 2019 and 2018.

Approval of the financial statements

The condensed interim consolidated financial statements of Trevali Mining Corporation for the three months ended March 31, 2020 and 2019 were reviewed by the Audit Committee and approved for issuance by the Board of Directors on May 13, 2020.

3. COVID-19 ESTIMATION UNCERTAINTY

In preparing the condensed interim consolidated financial statements, management makes judgments in applying the Company's accounting policies. The areas of policy judgment are consistent with those reported in our 2019 annual consolidated financial statements. In addition, management makes assumptions about the future in deriving estimates used in preparing the condensed interim consolidated financial statements. As disclosed in the 2019 annual consolidated financial statements, sources of estimation uncertainty include estimates used to determine the recoverable amounts of long-lived assets, recoverable reserves and resources, the provision for income taxes and the related deferred tax assets and liabilities and the valuation of other assets and liabilities including reclamation and rehabilitation provisions.

(Expressed in thousands of United States Dollars – unaudited)

In March 2020, the World Health Organization declared a global pandemic related to COVID-19. The current and expected impacts on global commerce are anticipated to be far-reaching. To date there has been significant volatility in commodity and foreign exchange markets, restrictions on the conduct of business in many jurisdictions, disruption in stock markets and 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 demand and the zinc and lead prices, suppliers, employees and on global financial markets.

During Q1 2020, Trevali has made efforts to safeguard the health of our employees, while continuing to operate safely and responsibly, maintain employment and economic activity. These measures combined with commodity market fluctuations resulting from COVID-19 have affected financial results. While commodity prices have declined in U.S. dollar terms; our operations located in Canada, Peru and Namibia have benefited from the weakening of local currencies relative to the U.S. dollar.

The Company also implemented changes to operating procedures at all mines to safeguard the health of employees. These changes did not materially impact production levels or costs during the quarter but may result in changes to production, costs, and the net realizable value of inventory in future periods.

In the current environment, assumptions about future commodity prices, exchange rates and interest rates are subject to greater variability than normal, which could in future significantly affect the valuation of our assets, both financial and non-financial. Short-term prices for lead and zinc have declined in Q1 2020; however, given the relatively short duration of this market movement, market participant views of commodity prices over the medium- and long-term have remained largely unchanged. As an understanding of the longer-term impacts of COVID-19 on commodity, credit and equity markets develops, there is heightened potential for changes in these views over the balance of 2020.

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.

The operational plan for Caribou changed significantly when it was placed on care and maintenance on March 26, 2020. 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. These factors are considered to be impairment indicators as of March 31, 2020 and, accordingly, 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 (see Notes 8 and 9).

The following impairment charges have been recognized to record the CGUs and exploration and evaluation assets at their estimated recoverable amounts:

		2020		2019
Property, plant and equipment (Note 9)				
Caribou		34,641		–
Santander		15,544		–
Exploration and evaluation assets (Note 8)		99,112		917
Inventory		4,000		–
Investments		122		2,745
Impairment	$	153,419	$	3,662
Deferred income tax recovery		(15,984)		–
Impairment, net	$	137,435	$	3,662

(Expressed in thousands of United States Dollars – unaudited)

The recoverable amounts of the CGUs are based on their future 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 LME 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. The valuation remains sensitive to the key assumptions used and a further deterioration in the pricing outlook, decreases to reserves and resources or changes to assumptions about when operations could restart, may result in additional impairment. It is estimated that a change of $0.05 per pound in the long-term price of zinc assumption (keeping all other assumptions constant) would result in an additional impairment or impairment reversal 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. The valuation remains sensitive to the key assumptions used and further deterioration in the pricing outlook, decreases to reserves and resources or changes to the economic feasibility of the Santander Pipe may result in additional impairment. It is estimated that a change of $0.05 per pound in the long-term price of zinc assumption (keeping all other assumptions constant) would result in an additional impairment or impairment reversal of $9.5 million.

The Company's impairment testing incorporated the following key assumptions:

a) *Zinc price*

Forecast LME zinc prices are based on management's estimates and are derived from long-term views of global supply and demand, building on experience of the industry, consistent with external sources.

	March 31, 2020			December 31, 2019		
	2020	2021	Long term (2022+)	2020	2021	Long term (2022+)
Zinc ($ per lb)	0.98	1.13	1.14	1.15	1.15	1.14

b) *Production volumes*

Estimated production volumes and timing are based on life-of-mine plans and internal management forecasts and consider development plans for the mines agreed as part of the long-term planning process. Production volumes are dependent on several variables, including the amount of recoverable resources, production and other cost estimates, future capital expenditures and exploration potential.

As each producing mine has specific resource characteristics and economic circumstances the cash flows of the mines are calculated using individual economic models. The production profiles used the most recent reserve and resource estimates and resource conversion rates based on historical conversion and future expectations determined by mineralogy specific to each of the mines.

c) *Operating costs and capital expenditure*

Operating cost (include care and maintenance costs) and capital expenditures are based on the most recent approved financial budgets, current operating costs and the nature and location of each operation. Operating cost and capital expenditure assumptions are continuously subjected to review.

d) *Weighted average cost of capital*

Projected cash flows for the Caribou and Santander CGUs were discounted using real post-tax discount rates of 8% (2019: 8%). This discount rate is derived from the Company's weighted average cost of capital, with appropriate adjustments made to reflect the risks specific to the CGU.

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.

5. 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, due to related parties 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 value of accounts payable and accrued liabilities, due to related parties and debt may be less than the carrying value as a result of the Company's credit and liquidity risk (Note 2).

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

(Expressed in thousands of United States Dollars – unaudited)

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.

6. SETTLEMENT AND OTHER RECEIVABLES

		March 31, 2020		**December 31, 2019**
Settlement receivables	$	13,966	$	32,472
Sales tax and income taxes		20,854		21,964
Other		2,421		1,430
	$	37,241	$	55,866

Sales tax and income taxes include approximately $8.1 million (2019: $9.8 million) of value-added taxes ("VAT") receivables in Burkina Faso that are subject to a factoring arrangement. The Company has transferred the relevant VAT receivables to the factor in exchange for cash and is prevented from pledging the receivables. However, as the Company has retained the risk of late payment and recoverability the Company continues to recognize the transferred VAT receivables in their entirety. The amount repayable under the factoring arrangement is presented as VAT factoring facility (Note 11).

7. INVENTORIES

		March 31, 2020		**December 31, 2019**
Mineralized stockpiles	$	5,014	$	5,358
Concentrates				
Site		3,050		3,409
In-transit		4,466		4,234
Port		5,209		1,536
Materials and supplies		26,191		29,923
	$	43,930	$	44,460

8. EXPLORATION AND EVALUATION ASSETS

		Perkoa, Burkina Faso		Gergarub and other, Namibia		Halfmile, Stratmat and other, Canada		Santander, Peru		Total
January 1, 2020	$	7,568	$	41,071	$	66,514	$	8,172	$	123,325
Additions		622		410		401		1,731		3,164
Impairment (Note 4)		–		(31,524)		(59,931)		(7,657)		(99,112)
March 31, 2020	$	8,190	$	9,957	$	6,984	$	2,246	$	27,377

The Company has an indirect effective 44% interest in the Gergarub project (Namibia) and a 100% interest in the Heath Steele Option (Canada) and various exploration properties in Burkina Faso.

(Expressed in thousands of United States Dollars – unaudited)

9. PROPERTY, PLANT AND EQUIPMENT

	Buildings and infrastructure	Mine development	Equipment and other	Total
Net book value				
January 1, 2020	$ 124,270	$ 271,816	$ 76,272	$ 472,358
Additions	2,426	7,829	5,209	15,464
Depreciation	(5,202)	(5,668)	(4,053)	(14,923)
Impairment (Note 4)	(11,077)	(22,465)	(16,643)	(50,185)
Change in reclamation and rehabilitation provision	–	(420)	–	(420)
March 31, 2020	$ 110,417	$ 251,092	$ 60,785	$ 422,294
Gross carrying value	$ 231,013	$ 609,070	$ 123,517	$ 963,600
Accumulated depreciation and impairment	$ (120,596)	$ (357,978)	$ (62,732)	$ (541,306)

Equipment and other includes expenditure for construction in progress of $3.9 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, 2020
Buildings and infrastructure	$ 2,263
Equipment and other	5,686
Total right-of-use assets	$ 7,949

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2020	**December 31, 2019**
Trade payables	$ 48,752	$ 43,835
Accrued payroll and other	14,295	15,636
Corporate income taxes	881	871
Burkina Faso royalty payable	91	1,718
Burkina Faso community payable	3,455	4,887
Other	67	55
	$ 67,541	$ 67,002

11. DEBT

	March 31, 2020	**December 31, 2019**
Revolving Credit Facility, net of fees	$ 94,036	$ 63,730
VAT factoring facility	6,519	7,822
	100,555	71,552
Leases	5,809	7,056
Total debt	$ 106,364	$ 78,608
Current	103,953	11,850
Non-current	$ 2,411	$ 66,758

Credit Facilities

The Company has a credit agreement with a syndicate of lenders for a $275.0 million Facility that bears interest on a sliding scale: (i) at a rate of LIBOR plus between 2.0% to 3.0%; or (ii) at a base rate plus between 1.0% to 2.0%, based on the Company's consolidated leverage ratio. Commitment fees for the undrawn portion of the Facility are on a sliding scale between 0.45% to 0.68%. The Facility matures on September 18, 2022.

The Company has letters of credit, issued under the Facility, totaling $9.1 million to support $6.1 million in various reclamation bonding requirements with its Caribou mine and to provide $3.0 million of financial security toward power transmission payments related to the Santander mine. Trevali has also arranged a $12.5 million financial guarantee to support reclamation bonding requirements with its Santander mine.

(Expressed in thousands of United States Dollars – unaudited)

As discussed in Note 2, the Company obtained a covenant waiver and amended certain terms of the Facility including a minimum financial liquidity covenant and a reduction of the amount available from $275.0 million to $125.0 million.

Lease liabilities

Contractual undiscounted cash flows		**March 31, 2020**		**December 31, 2019**
Less than one year	$	3,871	$	4,697
One to four years		2,847		2,789
Total undiscounted lease liabilities	$	6,718	$	7,486
Lease liabilities included in the statement of financial position				
Current	$	3,398	$	4,028
Non-current		2,411		3,028
	$	5,809	$	7,056

The Company recorded interest expense related to lease liabilities of $0.1 million (three months ended March 31, 2019: $0.2 million) in the statement of operations.

12. SHARE CAPITAL

Authorized: Unlimited number of common shares without par value.

During November 2019, the Company announced its renewal of the NCIB to purchase and cancel up to a total of an additional 50,000,000 common shares representing approximately 8.5% of the Company's public float of common shares, as calculated in accordance with the rules of the TSX, over a twelve month period commencing on December 3, 2019 and expiring no later than December 2, 2020. As at March 31, 2020, no shares had been repurchased and/or cancelled under the renewed NCIB, which was terminated effective March 26, 2020.

13. OTHER RESERVES

Share-based payment reserve

Stock options

As at March 31, 2020 and December 31, 2019, the Company had outstanding stock options enabling the holders to acquire common shares as follows:

	March 31, 2020			**December 31, 2019**		
Expiry date	Exercise price (C$)	Number of options	Vested and exercisable	Exercise price (C$)	Number of options	Vested and exercisable
January 30, 2020	–	–	–	$1.03	1,892,630	1,892,630
June 1, 2021	$0.45	1,699,142	1,699,142	$0.45	2,316,000	2,316,000
January 20, 2022	$1.21	910,500	910,500	$1.21	910,500	910,500
August 31, 2022	$1.59	475,970	317,313	$1.59	475,970	317,313
January 23, 2023	$1.52	1,174,800	783,200	$1.52	1,174,800	391,599
January 23, 2023	$0.90	200,300	133,533	$0.90	200,300	66,767
April 10, 2024	$0.47	2,844,900	–	$0.47	2,844,900	–
March 10, 2025	$0.17	25,649,115	–	–	–	–
	$0.31	32,954,727	3,843,688	$0.83	9,815,100	5,894,809

At March 31, 2020, the weighted average remaining contractual life of the stock options was 4.5 years (December 31, 2019 – 2.3 years).

(Expressed in thousands of United States Dollars – unaudited)

Stock option transactions are as follows:

	March 31, 2020		**December 31, 2019**	
	Number of options	Weighted average exercise price (C$)	Number of options	Weighted average exercise price (C$)
Opening balance	9,815,100	$0.83	10,016,534	$1.00
Granted	25,649,115	$0.17	3,475,800	$0.47
Forfeited	(616,858)	$0.45	(753,616)	$0.69
Expired/ cancelled	(1,884,920)	$1.03	(2,923,618)	$1.03
Ending balance	32,962,437	$0.31	9,815,100	$0.83

On March 10, 2020, the Company granted 25,649,115 stock options with an exercise price of C$0.17 per share exercisable for a period of five years with a three-year vesting period. The aggregate of the estimated fair value of the options granted is $2.3 million.

During the three months ended March 31, 2020, the Company recorded $0.1 million in share-based payment expense (2019 – $0.3 million share-based payment recovery) 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, 2020	**December 31, 2019**
Risk-free interest rate	1.29%	1.59%
Expected life of options	5 years	5 years
Annualized volatility	70.05%	66.74%
Dividend rate	Nil	Nil
Forfeiture rate	7.45%	4.92%

Warrants

Warrant transactions are summarized as follows:

	March 31, 2020		**December 31, 2019**	
	Number of warrants	Weighted average exercise price (C$)	Number of warrants	Weighted average exercise price (C$)
Opening balance	714,560	$0.35	714,560	$0.35
Exercised	–	–	–	–
Ending balance	714,560	$0.35	714,560	$0.35

No warrants were exercised during the three months ended March 31, 2020 or the year ended December 31, 2019. All warrants expire on December 31, 2020.

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

During the three months ended March 31, 2020, Trevali recorded $0.2 million in share-based payment recovery (2019 – $0.1 million of share-based payment expense) related to the incentive plan for the grant of PSUs, RSUs and DSUs.

During the three months ended March 31, 2020, the Company granted PSUs to selected employees. Defined performance-based criteria determine the vesting number of PSUs which vest as follows:

- 12,836,989 PSUs vest March 10, 2022 (the second anniversary of the grant date, with a performance period that covers the period from January 1, 2019 to December 31, 2021); and
- 16,841,248 PSUs vest March 10, 2023 (the third anniversary of the grant date, with a performance period that covers the period from January 1, 2020 to December 31, 2022).

(Expressed in thousands of United States Dollars – unaudited)

RSU, DSU and PSU transactions are summarized as follows:

	PSUs		**RSUs**		**DSUs**	
	Number of units	Weighted average fair value (C$)	Number of units	Weighted average fair value (C$)	Number of units	Weighted average fair value (C$)
January 1, 2019	–	–	1,138,528	$1.40	719,260	$1.00
Granted	1,428,572	$0.35	1,925,963	$0.47	1,300,325	$0.43
Forfeited	(714,286)	$0.35	(459,905)	$0.71	–	–
Redeemed	–	–	(466,182)	$0.33	(1,179,360)	$0.73
December 31, 2019	714,286	$0.35	2,138,404	$0.94	840,225	$0.50
Granted	29,678,236	$0.04	–	–	3,365,445	$0.13
Forfeited/ cancelled	(105,994)	$0.04	(208,964)	$0.13	–	–
Redeemed	–	–	(530,266)	$0.17	–	–
March 31, 2020	30,286,528	$0.04	1,399,174	$0.09	4,205,670	$0.09

14. RELATED PARTY TRANSACTIONS AND BALANCES

Glencore

As of March 31, 2020, Glencore owned 210,835,925 Trevali common shares representing approximately 26.3% of the total issued and outstanding common shares.

Glencore purchases 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 ended March 31, 2020 and 2019:

	Three months ended March 31,	
	2020	**2019**
Net revenue on concentrate sales	$ 51,952	$ 125,213
Settlement mark-to-market	(15,573)	5,569
Other income[1]	2,300	–

	March 31, 2020	**December 31, 2019**
Settlement receivable from Glencore (Note 6)	$ 13,966	$ 32,472
Payable to Glencore	$ 40	$ 73

[1] Relates to the settlement of the fixed pricing arrangement for the Caribou mine (Note 15).

P.E. Minerals Namibia (Proprietary) Limited

P.E. Minerals Namibia (Proprietary) Limited is a minority shareholder of Rosh Pinah and owns the right to use the Rosh Pinah Mine Grant Number ML39 with the Company paying a market rate lease. This mining licence expires during 2020 and negotiations with the Ministry of Mines and Energy in Namibia to renew the license commenced in 2018. Management does not foresee any reason for the license application to be denied.

(Expressed in thousands of United States Dollars – unaudited)

15. REVENUES

		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

		Three months ended March 31, 2019 (restated)[1]		
		Zinc	**Lead-Silver**	**Total**
Revenues	$	154,749	15,643	170,392
Smelting and refining charges		(42,130)	(3,049)	(45,179)
Revenues, net	$	112,619	12,594	125,213

[1] Revenues for the three months ended March 31, 2019 have been restated as a result of the change in accounting policy implemented effective July 1, 2019. The Company revised its accounting policy to record settlement mark-to-market in other items that were previously recognized as an adjustment to revenue in order to enhance the relevance, comparability and understandability of disclosures. Refer to Note 3 of the Company's audited consolidated financial statements for the years ended December 31, 2019 and 2018 for more details.

A fixed zinc pricing arrangement was entered into in November 2019 for 70% of the zinc concentrate produced at Caribou and Santander and for a six–month period covering December 2019 to May 2020 at a price of $1.10 per pound. As a result of the move to care and maintenance status at Caribou, zinc concentrate will not be delivered into the above fixed pricing arrangement for April and May 2020 and the arrangement was financially settled resulting in a $2.3 million benefit that has been recorded in Other Income.

16. 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, 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												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)

	Three-month period ended March 31, 2019					
	Perkoa mine	Rosh Pinah mine	Caribou mine	Santander mine	Corporate and other	Total
Revenues	$ 52,975	$ 33,382	$ 20,159	$ 18,697	$ –	$ 125,213
Mine operating expenses	33,814	15,246	17,509	9,552	–	76,121
General and administration	–	–	–	–	2,636	2,636
Adjusted EBITDA	19,161	18,136	2,650	9,145	(2,636)	46,456
Depreciation, depletion and amortization	9,838	6,302	3,770	3,922	24	23,856
Adjusted EBIT	9,323	11,834	(1,120)	5,223	(2,660)	22,600
Settlement mark-to-market						(5,569)
Loss on foreign exchange						1,719
Interest expense						2,207
Impairment						3,662
Other income, net						(30)
Income tax expense						4,495
Net loss						16,116
Capital expenditures						10,481
Exploration expenditures						2,484
Assets	350,478	306,184	118,628	92,338	(51,375)	816,253
Liabilities	(431,514)	(167,314)	(126,044)	(56,170)	467,761	(313,281)
Net (liabilities) assets	$ (81,036)	$ 138,870	$ (7,416)	$ 36,168	$ 416,386	$ 502,972

17. CONTINGENCIES

The Company and its subsidiaries are subject to routine legal proceedings and tax audits. Although the Company cannot predict the result of any legal proceeding or tax filing, the Company believes that the likelihood of any liability arising from any such claim is remote and that the liability, if any, arising from any litigation or tax filing assessment, individually or in aggregate, will not have a significant effect on the financial position or profitability of the Company and its subsidiaries.

18. NON-CONTROLLING INTERESTS

	Perkoa	Rosh Pinah	Total
January 1, 2020	$ (25,695)	18,717	(6,978)
Net loss attributable to non-controlling interests	(804)	(2,461)	(3,265)
March 31, 2020	(26,499)	16,256	(10,243)

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, 2020, no earnings are due to the Government of Burkina Faso.