Trevali Releases First Quarter 2020 Results

May 13, 2020

Vancouver, British Columbia: Trevali Mining Corporation (“Trevali” or the “Company”) (TSX: TV, BVL: TV; OTCQX: TREVF, Frankfurt: 4TI) today released financial and operating results for the three months ended March 31, 2020. The Company reported production of 99 million pounds of zinc at an All-In Sustaining Cost[1] (“AISC”) of $1.10 per pound. A net loss of ($175.6) million was principally due to a non-cash impairment charge of $137.4 million being recorded relating to Caribou, Santander, and exploration properties. The adjusted net loss[1] for the quarter was ($7.3) million, or ($0.01) per share, primarily due to the decline in the zinc price and timing of concentrate shipments as a result of COVID-19.

FINANCIAL AND OPERATIONAL HIGHLIGHTS FOR THE FIRST QUARTER 2020

- **Total Recordable Incident Frequency has decreased 47%** to the comparative quarter in 2019 due to the focus on monitoring controls. Proactive measures have been taken at operations to safeguard employees and communities amidst the COVID-19 pandemic, allowing us to continue operating.
- **Mitigation strategies implemented at all operations ensured that production continued with minimal interruption** despite travel and government-imposed restrictions due to COVID-19.
- **Accelerated T90 business improvement program** targeting the overall reduction in AISC[1] to $0.90/lb by 2021, a year earlier than originally planned. Of the original target of $50 million in annualized sustainable efficiencies, the program has delivered $30 million at the end of the first quarter.
- **Undertaking immediate cost reductions that will preserve $41 million in liquidity in 2020** across sustaining and expansionary capital, exploration and operating expenditures.
- **Zinc payable production of 99 million pounds at a C1 Cash Cost[1] of $0.96/lb and AISC[1] of $1.10/lb.** Excluding Caribou, which was placed on care and maintenance in the quarter in response to the current business environment, zinc production of 83.6 million payable pounds at a C1 Cash Cost[1] of $0.86/lb and AISC[1] of $0.99/lb.
- **Fixed-pricing arrangement increased Q1 revenues by $8.0 million at Santander and Caribou**. A further gain of $2.3 million was recorded to Other Income in respect of Caribou’s April and May fixed-pricing quantities that will not be delivered and will be financially settled.
- **Adjusted EBITDA[1] of ($6.6) million** due to low zinc price (quarterly average of $0.97/lb) and reduced sales volumes at 91.1 million pounds of zinc payable due to the timing of shipments at Rosh Pinah.
- **A net non-cash impairment of $137.4 million was recorded relating to Caribou and Santander operations and exploration properties in Canada and Namibia** as a result of the adverse change to the business environment caused by COVID-19 and placing Caribou on care and maintenance.
- **Obtained a covenant waiver extension of existing financing covenants to May 31, 2020.** Engaged RBC Capital Markets to conduct a strategic review process that will explore financing alternatives.

Ricus Grimbeek, President and CEO stated, “Thank you to all those serving on the front lines of this pandemic who are keeping us healthy and safe and providing the essential services and products our communities need. We send you our gratitude for all that you have done and continue to do. And to our workforce - thank you for your resilience and commitment to health and safety and responsibly performing your roles. Because of your efforts we were able to produce 99 million pounds of payable zinc in the first quarter with all our operations contributing positively to this end.

We have taken major steps to optimize the business this year refining our operating platform and building off the transformation that began in 2019 under the T90 program. Because of the foundation we'd laid we were able to swiftly respond to the current economic downturn. We safely placed our Caribou mine on a care and maintenance program while delivering $30 million in sustainable efficiencies from our other three mines, supporting our goal to reduce the cost structure of our business to a targeted all-in-sustaining-cost of lower than $0.90 per pound. We've accelerated the delivery of this target by a full year, now expecting this achievement by the beginning of 2021. In addition, we've significantly reduced our discretionary spending for 2020 to preserve near term liquidity by decreasing our planned capital and exploration expenditures by $41 million.

While we are focused on the costs we can control, the zinc market continues to be disrupted. After hitting 15-year lows, the zinc price decline has reversed and has been steadily rising while off-site costs including treatment charges and shipping costs have been decreasing as the impact of global mine curtailments has begun working its way through the supply chain.

Moving forward we will continue to operate with the health and wellbeing of our workers and communities at the front of mind while delivering on our T90 program and capturing the value of an improving zinc market."

This news release should be read in conjunction with Trevali's quarterly consolidated financial statements and management's discussion and analysis for the three months ended March 31st, 2020, which is available on Trevali's website and on SEDAR. Certain financial information is reported herein using non-IFRS measures; see Non-IFRS Financial Performance Measures below and in Trevali's accompanying Q1 2020 Management's Discussion and Analysis.

Q1 2020 SUMMARY RESULTS

		Q1'20	Q4'19	Q1'19	Q1'20 vs Q4'19	Q1'20 vs Q1'19
Zinc payable production	Mlbs	99.0	104.8	100.6	–6%	–2%
Lead payable production	Mlbs	10.7	13.8	11.5	–22%	–7%
Silver payable production	Moz	0.3	0.4	0.4	–25%	–25%
Revenue	$	51,952	91,466	125,213	–43%	–59%
Adjusted EBITDA[1]	$	(6,646)	20,364	52,025	–133%	–113%
Net (loss) income	$	(175,605)	(3,833)	16,116	4481%	–1190%
Net (loss) income per share	$	(0.22)	0.00	0.02	–100%	–1200%
C1 Cash Cost[1]	$/lb	0.96	0.86	0.95	12%	1%
AISC[1]	$/lb	1.10	1.02	1.07	8%	3%
Sustaining capital expenditure	$	12,628	15,752	10,238	–20%	23%
Exploration expenditure	$	3,164	2,755	2,484	15%	27%

Conversion of tonnes to pounds, 1 tonne = 2,204.62 pounds or lbs.

Q1'19 revenue has been restated to reflect the Company's change in accounting policy as disclosed in the December 31, 2019 Consolidated Financial Statements.

CORPORATE UPDATE

T90 PROGRAM

$50 MILLION in annual sustainable efficiencies T90 CENTS AISC by 2021

In November 2019, Trevali launched the T90 business improvement program which originally targeted a reduction in AISC[1] to $0.90 per payable pound of zinc by the beginning of 2022 through achieving annual sustainable efficiencies of $50 million. In response to current market conditions as a result of the COVID-19 pandemic, in the first quarter of 2020 the scope of cost benefits under the T90 business improvement program have been accelerated and expanded.

The result of the actions undertaken in response to the decline in the zinc price is an acceleration of the T90 business improvement program to reach an AISC[1] of $0.90 per pound by the beginning of 2021, a full year earlier than originally planned. As of the date of this MD&A, the program has delivered $30 million of annualized efficiencies.

2020 COST REDUCTIONS

In addition to the initiatives being pursued through the T90 business improvement program, Trevali is undertaking immediate cost reductions in 2020 that will preserve $41 million in liquidity. While the T90 business improvement program is focused on recurring annual efficiencies, these cost reductions are one-time events, including:

- **Sustaining and Expansionary Capital ($33 million):** Sustaining and expansionary capital expenditures in 2020 will be reduced to approximately $36 million. Trevali's operations have been well capitalized in recent years, creating an opportunity to defer $17 million in sustaining capital costs while ensuring operations are maintained to a high standard. $10 million relates to sustaining capital at Caribou that under care and maintenance will not be spent and expansionary capital will be reduced by $6 million.
- **Exploration Program ($8 million):** The 2020 exploration budget will be reduced to $4 million. The T3 drill program at Perkoa and the Santander Pipe infill drilling program, including the internal preliminary economic assessment, will be paused.
- **Development Project Capital**: Trevali expects to publish the Rosh Pinah 2.0 Expansion Project pre-feasibility study in Q2 2020. The investment decision initially planned for 2020 is being deferred and will be evaluated in the future.

FINANCIAL POSITION AND STRATEGIC REVIEW PROCESS

The Company continues to engage with its syndicate of lenders on a solution to short-term financing and liquidity requirements and has been granted a waiver of compliance with the existing financial covenants until May 31, 2020.

The Company has also engaged RBC Capital Markets as its financial advisor to conduct a strategic review process that will extensively explore financing alternatives to enhance shareholder value. The strategic review process is comprehensive and could include, but not be limited to, a recapitalization of the Company, a strategic investment in the Company by a third-party, a business combination with another entity, a reduction of the principal outstanding under the Revolving Credit Facility due to mature in September 2022, or some combination of the preceding.

SUSTAINABILITY REPORT

The second annual sustainability report will be published in the second quarter. The report details Trevali's approach and progress to integrating sustainability into all aspects of the business. The Company has set

[1] *See "Use of Non-IFRS Financial Performance Measures".*

its first targets in both green house gas emissions and water and it is anticipated that both targets will help the Company to reduce costs and mitigate environmental risks. In addition, a target has been set for 30% of our Board and senior leadership team to be women, with the view that this increased diversity will bring fresh perspectives to solving problems and growing our business.

EXPLORATION AND DEVELOPMENT

With the implementation of cost reductions and reduced scope of activities implemented in Q1 2020 due to decreased metal prices related to the COVID-19 pandemic, drilling programs were halted across all jurisdictions in March 2020.

The updated Mineral Resource statements were disclosed on March 30, 2020 in the news release titled "Trevali Reports 2019 Mineral Reserves and Resources; Increases Reserves at Rosh Pinah Mine and Grows Global Resource Base". Exploration successfully replaced 2019 mining depletion and increased Measured and Indicated Mineral Resources by 9% as compared to December 31, 2018, with significant increases at Rosh Pinah and the Santander Pipe.

BOARD OF DIRECTORS

Dr. Mark Cruise has stepped down from Trevali's Board of Directors, effective immediately, due to his expanded role at New Pacific Metals as Chief Executive Officer. Trevali thanks Mark Cruise for his many years of service to the Company. Mark Cruise co-founded Trevali in 2007 and served as its President and CEO from February 2008 to April 2019 and oversaw the Company's growth from a single exploration project in Peru to a multi-jurisdictional operating company. Trevali wishes him well in his new role. A search to fill the vacant Board position will commence in due course.

FINANCIAL AND OPERATIONAL SUMMARY

The following table sets forth selected consolidated financial information and the payable sales of zinc for each of the eight most recently completed quarters:

	Q1'20	Q4'19	Q3'19	Q2'19	Q1'19	Q4'18	Q3'18	Q2'18
Revenues	51,952	91,466	87,135	82,297	125,213	121,763	73,095	151,593
Zinc sales (Mlbs payable)	91	110	111	93	125	124	76	114
EBITDA[1]	(174,888)	19,611	12,945	(7,443)	46,674	(271,499)	(22,401)	58,785
Adjusted EBITDA[1]	(6,646)	20,364	22,487	17,558	46,455	39,416	21,249	83,039
Net (loss) income	(175,605)	(3,833)	(16,131)	(31,563)	16,116	(251,778)	(30,846)	23,454
Net (loss) income per share - basic and diluted	(0.22)	0.00	(0.02)	(0.04)	0.02	(0.29)	(0.04)	0.03
Adjusted (loss) income per share[1]	(0.01)	0.00	(0.01)	(0.01)	0.02	0.01	(0.04)	0.02

Revenue for amounts in the table above have been restated for comparative periods to reflect the Company's change in accounting policy.

Revenues and Adjusted EBITDA[1] have declined over the last eight quarters, primarily due to the declining prices of zinc and lead. The significant effect of the COVID-19 pandemic on commodity prices negatively impacted Revenue and Adjusted EBITDA[1] in Q1 2020.

Adjusted EBITDA[1] was ($6.6) million in Q1 2020 compared to $20.4 million in the prior quarter, primarily due to sequencing changes in the mine plan at Caribou resulting in lower zinc and lead sales volumes, lower sales volumes at Rosh Pinah due to timing of shipments and declining commodity prices and increased concentrate treatment charges. The decline in Adjusted EBITDA[1] was partially offset by lower operating costs and royalties.

Net loss in Q1 2020 was $175.6 million or ($0.22) per share, compared to a net income of $16.1 million or $0.02 per share for the same period a year ago. The increase in loss per share during Q1 2020 is largely attributable to the net non-cash impairment charge of $137.4 million related to the Caribou and Santander mines and exploration assets in Canada and Namibia.

[1] *See "Use of Non-IFRS Financial Performance Measures".*

		Q1'20	Q4'19	Q1'19	Q1'20 vs Q4'19	Q1'20 vs Q1'19
Production						
Ore mined	t	761,354	790,927	772,372	–4%	–1%
Ore milled	t	779,754	822,278	769,568	–5%	1%
Zinc head grade		7.9%	7.8%	8.2%	1%	–4%
Lead head grade		1.3%	2.0%	1.5%	–35%	–13%
Silver head grade	(ozs/t)	1.2	1.3	1.4	–8%	–14%
Zinc recovery		87.4%	88.2%	86.9%	–1%	1%
Lead recovery		68.8%	69.5%	65.0%	–1%	6%
Silver recovery		46.4%	47.4%	46.4%	–2%	0%
Zinc payable	Mlbs	99.0	104.8	100.6	–6%	–2%
Lead payable	Mlbs	10.7	13.8	11.5	–22%	–7%
Silver payable	Moz	0.3	0.4	0.4	–25%	–25%
Sales						
Zinc payable	Mlbs	91.1	110.4	125.4	–17%	–27%
Lead payable	Mlbs	5.8	14.8	10.0	–61%	–42%
Silver payable	Moz	0.2	0.3	0.4	–33%	–50%
Cost per unit						
C1 Cash Cost[1]	$/lb	0.96	0.86	0.95	12%	1%
AISC[1]	$/lb	1.10	1.02	1.07	8%	3%

Quarterly zinc payable production decreased by 6% to 99.0 million pounds compared to the prior quarter, and a 2% decrease from the comparative quarter in 2019. Ore tonnes milled at Rosh Pinah and Perkoa improved significantly, while lower grade ore was milled as lower grade material was mined in accordance with the mine plans. At Caribou, a change in the mine sequence following a fall of ground resulted in significantly lower production volumes in the quarter as compared to the prior quarter and Q1 2019. At Santander, higher grades were attributed to continued improvement with dilution control as well as higher grade ore access developed in accordance with the mine plan.

Sales in Q1 2020 were 91.1 million pounds of payable zinc, 27% lower than the comparative quarter in 2019 primarily due to the timing of shipments of concentrate from Rosh Pinah. Lead payable sales for Q1 2020 were 42% lower than the comparative quarter in 2019 primarily due to the timing of lead shipments at Caribou.

Q1 2020 C1 Cash Cost[1] and AISC[1] are broadly in line with the same period of the prior year. Decreases in operating costs as a result of reduced costs and greater efficiencies, including those realized as part of the T90 business improvement program offset the increase in zinc concentrate smelting and refining charges.

The increase in C1 Cash Cost[1] of $0.96 per pound as compared to $0.86 per pound in the prior quarter reflects lower production volumes, reduced by-product revenue attributed primarily to lower lead volumes due to timing of shipments at Caribou and Rosh Pinah, partially offset by reducing costs including those realized as part of the T90 business improvement program. AISC[1] in Q1 2020 was $1.10 per pound, a $0.08 per pound increase from the prior quarter for the same reasons explained for the C1 Cash Cost[1] partially offset by lower sustaining capital expenditures.

Excluding Caribou, zinc production in Q1 2020 was 83.6 million payable pounds at a C1 Cash Cost[1] of $0.86 per pound and AISC[1] of $0.99 per pound compared to $0.82 per pound C1 Cash Cost[1] and $0.98 per pound AISC[1] in the prior quarter and $0.93 per pound C1 Cash Cost[1] and $1.04 per pound AISC[1] in the comparative quarter in 2019, respectively. Zinc production excluding Caribou in the prior quarter and comparative quarter in 2019 was 85.9 and 82.8 million payable pounds, respectively.

[1] *See "Use of Non-IFRS Financial Performance Measures".*

2020 GUIDANCE & OUTLOOK

With enhanced safety measures in place at Trevali's operations to mitigate the impacts of COVID-19, the governments of Burkina Faso, Namibia, and Peru have provided special dispensations to allow for their continued operation. Perkoa and Rosh Pinah are operating at full capacity while at Santander, mining continues but processing activities have been impacted due to supply chain constraints under the extension to the national emergency declared in Peru. Operations at Caribou was placed into care and maintenance on March 26, 2020 due to the weakened zinc market.

The extent and duration of impacts that COVID-19 may have on demand and prices for zinc and lead, on the Company's suppliers and employees and on global financial markets over the remainder of the year and going forward is not known at this time but could be material. As a result, all previously issued 2020 annual guidance has been and remains suspended.

In the context of COVID-19 and current market conditions, Trevali has intensified and accelerated the T90 business improvement program. In addition to the T90 business improvement program, Trevali is implementing further cost reductions in 2020, including reductions in sustaining and expansionary capital expenditures, exploration, operating costs, and development project capital.

The Santander Pipe infill drilling program, including the internal preliminary economic assessment, will be paused. Trevali still plans on publishing the RP2.0 Expansion Project pre-feasibility study in Q2 2020, though the investment decision initially planned for 2020 is being deferred and will be evaluated in the future.

The short-term outlook for the zinc market has changed significantly during Q1 2020. At the start of the year, it was expected that the concentrate market would be in surplus over the coming years with demand for refined metal growing slightly in 2020 and refined stocks remaining below historic levels, lending support to zinc prices.

During Q1 2020, the London Metals Exchange ("LME") zinc price averaged $0.97 per pound, a decline of 10% over the previous quarter and a reduction of 21% over the same quarter in 2019. As at March 31, 2020 the spot LME zinc price was $0.85 per pound, reflecting the rapid decline in economic industrial activity and demand for refined metal in the short term as a result of COVID-19.

The rapid rise of the COVID-19 pandemic in Asia resulted in extended shutdowns of smelters and Chinese mine production. As Q1 2020 progressed, Chinese smelting production and economic activity was reported to have increased from lows reached in February, while mine production curtailments resulting from measures to combat the spread of COVID-19 in Europe and the Americas accelerated. As a result, the concentrate market surplus has reduced more rapidly than expected and has led to reduced spot zinc concentrate treatment charges to date in Q2 2020.

During April, it is estimated that up to approximately 25% of global zinc mine supply was curtailed or suspended as a result of government restrictions and operating and supply chain disruptions due to COVID-19. In addition, according to data from Wood Mackenzie, approximately 20% of global mine production has a C1 cash cost above $0.85 per pound of zinc. The significant curtailment of global mine production should provide fundamental support for zinc prices over the course of 2020 and lower spot treatment charges than Q1 2020, as management believes demand will outweigh supply as global economic activity resumes.

In the first quarter of 2020, total global exchange inventories were up 154,000 tonnes to an estimated 6 days of global consumption, or 233,000 tonnes, well below historical averages of 18 days of consumption, which is also supportive of higher zinc prices.

Q1 2020 Financial and Operational Results Conference Call and Webcast Details

The Company will host a conference call and presentation webcast at 1:00PM Eastern Time on Thursday, May 14, 2020 to review the operating and financial results and Company's outlook. A presentation will be made available on the Company's website prior to the conference call.

Conference call dial-in details:
Date: Thursday, May 14, 2020 at 1:00PM Eastern Time
Toll-free (North America): 1 (877) 291-4570
International: +1 (647) 788-4919
Webcast: http://www.gowebcasting.com/10633

ABOUT TREVALI

Trevali is a global base-metals mining company, headquartered in Vancouver, Canada. The bulk of Trevali's revenue is generated from base-metals mining at its three operational assets: the 90%-owned Perkoa Mine in Burkina Faso, the 90%-owned Rosh Pinah Mine in Namibia, and the wholly-owned Santander Mine in Peru. In addition, Trevali owns the Caribou Mine, Halfmile and Stratmat Properties and the Restigouche Deposit in New Brunswick, Canada, and the past-producing Ruttan Mine in northern Manitoba, Canada. Trevali also owns an effective 44%-interest in the Gergarub Project in Namibia, as well as an option to acquire a 100% interest in the Heath Steele deposit located in New Brunswick, Canada.

The shares of Trevali are listed on the TSX (symbol TV), the OTCQX (symbol TREVF), the Lima Stock Exchange (symbol TV), and the Frankfurt Exchange (symbol 4TI). For further details on Trevali, readers are referred to the Company's website (www.trevali.com) and to Canadian regulatory filings on SEDAR at www.sedar.com.

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Cautionary Note Regarding Forward–Looking Information and Statements

This news release contains "forward–looking information" within the meaning of Canadian securities legislation and "forward–looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 (collectively, "forward–looking statements"). Forward–looking statements are based on the beliefs, expectations and opinions of management of the Company as of the date the statements are published, and the Company assumes no obligation to update any forward–looking statement, except as required by law.

Forward–looking statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events including the impacts of the ongoing and evolving COVID–19 pandemic, including but not limited to the effects of COVID–19 on the Company's liquidity position and ability to continue as a going concern as described herein. Forward-looking statement also include statements with respect to the Company's growth strategies, expected annual savings from capital projects, anticipated effects of commodity prices on revenues, estimation of mineral reserves and mineral resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production and capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, future anticipated property acquisitions, the content, cost, timing and results of future exploration programs and life of mine expectancies. The potential effects of COVID–19 on the Company's business are unknown at this time, including the Company's ability to manage restrictions and other challenges in the jurisdictions in which it operates and continue to safely operate and, in due course, return to normal operating status. The impact of COVID–19 is dependent on many factors outside the Company's control, including measures taken by public health and government authorities, global economic uncertainties and outlook due to the pandemic, and evolving restrictions relating to mining activities and to travel and transport of goods in certain jurisdictions where the Company operates. In certain cases, forward–looking statements can be identified by the use of words such as "plans", "expects", "outlook", "guidance", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. By their very nature, forward–looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward–looking statements. Such factors include, among others, risks related to actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of zinc, lead, silver and other minerals and the anticipated sensitivity of our financial performance to such prices; possible variations in ore reserves, grade or recoveries; dependence on key personnel; potential conflicts of interest involving our directors and officers; labour pool constraints; labour disputes; availability of infrastructure required for the development of mining projects; delays or inability to obtain governmental and regulatory approvals for mining operations or financing or in the completion of development or construction activities; counterparty risks; increased operating and capital costs; foreign currency exchange rate fluctuations; operating in foreign jurisdictions with risk of changes to governmental regulation; compliance with governmental regulations; compliance with environmental laws and regulations; land reclamation and mine closure obligations; challenges to title or ownership interest of our mineral properties; maintaining ongoing social license to operate; impact of climatic conditions on the Company's mining operations; risks relating to epidemics or pandemics such as COVID–19 including the impact of COVID–19 on our business, financial condition and results of operations; corruption and bribery; limitations inherent in our insurance coverage; compliance with financial covenants; our ability to raise capital; competition in the mining industry; our ability to integrate new acquisitions into our operations; cybersecurity threats; litigation; and other risks of the mining industry including, without limitation, other risks and uncertainties that are more fully described in the "Risks and Uncertainties" section of the corresponding Q1 2020 MD&A and the "Risk Factors" section of our most recently filed Annual Information Form. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward–looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Trevali provides no assurance that forward–looking statements will prove to be accurate, as actual results and future events may differ from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward–looking statements.

Non-IFRS Financial Performance Measures

The items marked with a "1" are non-IFRS measures and readers should refer to "Use of Non-IFRS Financial Performance Measures" in the Company's Management's Discussion and Analysis for the three months ended March 31, 2020.

Source: Trevali Mining Corporation