TREVALI

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three and nine months ended September 30, 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		September 30, 2020		December 31, 2019
ASSETS					
Current					
Cash and cash equivalents		$	11,688	$	24,468
Restricted cash			170		85
Settlement and other receivables	6		56,987		55,866
Prepaids			2,957		3,837
Inventories	7		44,153		44,460
			115,955		128,716
Reclamation bonds and other			8,991		8,640
Value-added taxes receivable			12,140		11,373
Investment and advances			–		158
Exploration and evaluation assets	8		27,941		123,325
Property, plant and equipment	9		417,900		472,358
		$	582,927	$	744,570
LIABILITIES AND SHAREHOLDERS' EQUITY					
Liabilities					
Current					
Accounts payable and accrued liabilities	10	$	51,175	$	67,002
Due to related parties	13		23		73
Debt	11		18,819		11,850
			70,017		78,925
Debt	11		122,732		66,758
Reclamation and rehabilitation provisions			48,223		48,133
Other provisions			2,669		2,965
Deferred income taxes			84,306		99,340
			327,947		296,121
Shareholders' equity					
Share capital			748,731		748,731
Other reserves	12		18,553		18,158
Deficit			(452,469)		(264,315)
Accumulated other comprehensive loss			(47,147)		(47,147)
			267,668		455,427
Non-controlling interests	17		(12,688)		(6,978)
			254,980		448,449
		$	582,927	$	744,570

Basis of preparation and going concern (Note 2)
Contingencies (Note 16)
Subsequent events (Note 11 and 18)

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

		Three months ended September 30,		Nine months ended September 30,	
	Notes	2020	2019	2020	2019
REVENUES	14	$ 50,157	$ 87,135	$ 144,798	$ 294,644
MINE OPERATING EXPENSES					
Production		30,015	55,241	115,932	172,871
Distribution		4,049	6,563	13,845	21,796
Royalties		1,813	919	3,900	7,153
Care and maintenance		1,663	–	5,610	–
Depreciation, depletion and amortization		9,329	22,547	36,513	66,888
		46,869	85,270	175,800	268,708
GROSS PROFIT (LOSS)		3,288	1,865	(31,002)	25,936
General and administrative		1,403	1,925	6,652	6,324
Operating profit (loss)		1,885	(60)	(37,654)	19,612
OTHER					
Settlement mark-to-market (gain) loss		(9,891)	10,868	2,581	23,174
Loss (gain) on foreign exchange		850	(1,280)	483	1,137
Interest expense		3,038	2,156	7,454	6,466
Restructuring expense		–	718	5,428	7,550
Impairment	4	–	–	153,419	3,662
Other expense (income)		4,887	(764)	780	(1,199)
Income (loss) before taxes		3,001	(11,758)	(207,799)	(21,178)
Current income taxes expense		335	2,814	1,098	12,120
Deferred income taxes expense (recovery)		1,544	1,559	(15,033)	(1,720)
NET INCOME (LOSS)		$ 1,122	$ (16,131)	$ (193,864)	$ (31,578)
Other comprehensive income (loss)					
Unrealized loss on investments in equity securities		–	(336)	–	(336)
Total comprehensive income (loss)		1,122	(16,467)	(193,864)	(31,914)
Net income (loss) and total comprehensive loss attributable to:					
Owners of Trevali		$ 1,297	$ (15,617)	$ (188,154)	$ (29,891)
Non-controlling interests	17	(175)	(850)	(5,710)	(2,023)
		$ 1,122	$ (16,467)	$ (193,864)	$ (31,914)
Income (loss) per share					
Basic and diluted		$ 0.00	$ (0.02)	$ (0.24)	$ (0.04)
Weighted average number of shares outstanding	**(000's)**				
Basic and diluted		802,562	813,145	802,562	815,616

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 September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
OPERATING ACTIVITIES				
Net income (loss)	$ 1,122	$ (16,131)	$ (193,864)	$ (31,578)
Items not affecting cash:				
Depreciation, depletion and amortization	9,329	22,547	36,513	66,888
Share-based payment expense	161	(3)	500	258
Unrealized loss (gain) on foreign exchange	1,715	(387)	404	220
Accrued interest and accretion	2,932	1,255	7,269	6,185
Deferred income tax expense (recovery)	1,544	1,559	(15,033)	(1,720)
Impairment	–	–	153,419	3,662
Loss on disposal of plant and equipment	344	–	344	–
Operating cash flows before working capital changes	17,147	8,840	(10,448)	43,915
Restricted cash	(85)	1,688	(85)	1,132
Settlement and other receivables	(15,382)	13,268	(5,574)	44,744
Prepaids	1,494	4,102	880	1,056
Inventories	(3,086)	2,050	(1,763)	8,594
Accounts payable and accrued liabilities	(1,368)	(11,665)	(15,427)	3,194
Due to related parties	(5)	22	(50)	(1,463)
Value-added taxes receivable	(1,142)	(1,451)	3,688	(4,382)
Net cash (used in) from operating activities	(2,427)	16,854	(28,779)	96,790
INVESTING ACTIVITIES				
(Increase) decrease in reclamation bonds	(180)	–	(180)	85
Proceeds on disposal of plant and equipment	–	–	532	–
Purchase of plant and equipment	(10,078)	(12,695)	(34,242)	(41,631)
Exploration and evaluation asset expenditure	(143)	(2,578)	(3,728)	(7,607)
Net cash used in investing activities	(10,401)	(15,273)	(37,618)	(49,153)
FINANCING ACTIVITIES				
Share units settled in cash	(8)	(234)	(105)	(335)
(Repayment) drawdown on revolving credit facility	(100)	(13,500)	48,900	(66,500)
Drawdown on Glencore facility	3,600	–	3,600	–
Net drawdown on other facilities	4,675	–	10,080	–
Interest payments	(1,828)	(1,583)	(4,447)	(3,863)
Lease payments	(1,323)	(1,292)	(3,768)	(3,984)
Share buy-back	–	(374)	–	(1,846)
Net cash from (used in) financing activities	5,016	(16,983)	54,260	(76,528)
Effect of foreign exchange on cash	179	(1,449)	(643)	(599)
Decrease in cash and cash equivalents	(7,633)	(16,851)	(12,780)	(29,490)
Cash and cash equivalents, beginning of the period	19,321	52,823	24,468	65,462
Cash and cash equivalents, end of the period	$ 11,688	$ 35,972	$ 11,688	$ 35,972

Additions to property, plant and equipment of $4.8 million at September 30, 2020 ($6.5 million at December 31, 2019 and $2.3 million at September 30, 2019) were acquired on normal course payment terms and their settlement was outstanding and included within accounts payable and accrued liabilities at each relevant period end.

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		–	–	–	(188,154)	–	(5,710)	(193,864)
Share-based payment	12	–	–	500	–	–	–	500
Share units settled in cash		–-	–	(105)	–	–	–	(105)
September 30, 2020		802,561,585	$ 748,731	$ 18,553	$ (452,469)	$ (47,147)	$ (12,688)	$ 254,980
December 31, 2018		818,496,085	$ 763,596	$ 17,935	$ (242,551)	$ (46,766)	$ (4,970)	$ 487,244
Net loss for the period		–	–	–	(29,555)	–	(2,023)	(31,578)
Unrealized loss on investment		–	–	–	–	(336)	–	(336)
Total comprehensive loss		–	–	–	(29,555)	(336)	(2,023)	(31,914)
Share-based payment	12	–	–	258	–	–	–	258
Share units settled in cash		–	–	(335)	–	–	–	(335)
Share purchase obligation		–	–	(2,000)	–	–	–	(2,000)
Share buy-back		(7,451,500)	(6,952)	374	5,106	–	–	(1,472)
September 30, 2019		811,044,585	$ 756,644	$ 16,232	$ (267,000)	$ (47,102)	$ (6,993)	$ 451,781

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 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. 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

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 been omitted or condensed.

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.

Going concern

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 during the year primarily as a result of the COVID-19 pandemic and resulting deterioration in the price of zinc and lead.

Following the renegotiation of the revolving credit facility (the "Facility") and the newly agreed second lien secured facility agreement ("Glencore Facility") with Glencore Canada Corporation, an affiliate of the Company's largest shareholder, Glencore plc (collectively "Glencore"), both occurring on August 6, 2020, the Company has no covenant obligations to satisfy related to these two facilities until December 31, 2020. As a result, these facility balances have been classified as non-current liabilities as at September 30, 2020.

As at September 30, 2020, the Company had $37.3 million of available liquidity, comprised of cash and cash equivalents ($11.7 million), $25.6 million of available liquidity, split between the Facility ($9.2 million) and the Glencore Facility ($16.4 million). The Company's current assets exceeded current liabilities by $45.9 million and expects to fund its current liabilities from cash flows generated by operating activities.

The Company believes that it has enough liquidity to meet its minimum obligations for a period of at least 12 months from the balance sheet date. Taking into consideration the current forecast for key assumptions, there is no assurance that the Company will meet future covenant requirements under the facilities as the ability is dependent on a number of factors, many of which are beyond the Company's control. These include general global economic, credit and capital market conditions, timing of shipments and receipt of payments for the sale of concentrate and the demand for and selling price of commodities, particularly zinc.

The Company's ability to continue as a going concern is dependent upon its ability to generate cash flow from operations, comply with debt covenants, renegotiate debt facilities and obtain additional funding from loans, equity financings or asset sales. While the Company has been successful in renegotiating and arranging new 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 may 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.

Approval of the financial statements

The condensed interim consolidated financial statements of Trevali Mining Corporation for the three and nine months ended September 30, 2020 and 2019 were reviewed by the Audit Committee and approved for issuance by the Board of Directors on November 3, 2020.

3. COVID-19 ESTIMATION UNCERTAINTY

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 price of zinc and lead, suppliers, employees and on global financial markets.

During Q1 2020, non-cash, pre-tax asset impairments were recorded totaling $153.4 million ($137.4 million net of taxes) to the property, plant and equipment at the Caribou and Santander mines and the exploration and evaluation assets related to the Canadian, Peruvian and Namibian properties. 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 asset valuations. As an understanding of the longer-term impacts of COVID-19 on commodity, credit and equity markets continues to develop, there is heightened potential for changes in these estimates which could result in further impairments over the balance of 2020.

During Q2 and Q3 2020, milling operations at Santander were suspended for a period of time resulting in inefficiencies and affecting financial results.

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 were 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. No impairment indicators were identified as at September 30, 2020.

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).

No impairments were recorded during the three months ended September 30, 2020 and 2019.

(Expressed in thousands of United States Dollars – unaudited)

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

	Three months ended March 31,	
	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

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.

(Expressed in thousands of United States Dollars – unaudited)

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 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 September 30, 2020.

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.

6. SETTLEMENT AND OTHER RECEIVABLES

	September 30, 2020	December 31, 2019
Settlement receivables	$ 38,218	$ 32,472
Sales tax and income taxes	17,982	21,964
Other	787	1,430
	$ 56,987	$ 55,866

Settlement receivables and sales tax and income taxes include $8.7 million (2019: nil) and $7.4 million (2019: $9.8 million), respectively, of settlement receivables and value-added taxes ("VAT") receivable in Burkina Faso that are subject to factoring arrangements.

The Company has transferred the relevant settlement receivables and VAT receivables in exchange for cash and is prevented from pledging the receivables. However, due to the fact that the Company has retained the risk of late payment and recoverability, the Company continues to recognize the transferred accounts receivables in their entirety. The amounts repayable under each of the factoring arrangements are recorded as debt and disclosed in Note 11.

(Expressed in thousands of United States Dollars – unaudited)

7. INVENTORIES

		September 30, 2020		December 31, 2019
Mineralized stockpiles	$	7,388	$	5,358
Concentrates				
Site		1,955		3,409
In-transit		1,696		4,234
Port		7,468		1,536
Materials and supplies		25,646		29,923
	$	44,153	$	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		894		536		407		1,891		3,728
Impairment (Note 4)		–		(31,524)		(59,931)		(7,657)		(99,112)
September 30, 2020	$	8,462	$	10,083	$	6,990	$	2,406	$	27,941

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 Peru and Burkina Faso.

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		6,815		15,342		12,415		34,572
Disposals		–		–		(877)		(877)
Depreciation		(14,454)		(13,770)		(10,216)		(38,440)
Impairment (Note 4)		(11,077)		(22,465)		(16,643)		(50,185)
Reclassifications		583		(137)		(446)		–
Change in reclamation and rehabilitation provision		–		472		–		472
September 30, 2020	$	106,137	$	251,258	$	60,505	$	417,900
Gross carrying value	$	235,985	$	616,918	$	129,400	$	982,303
Accumulated depreciation and impairment	$	(129,848)	$	(365,660)	$	(68,895)	$	(564,403)

Equipment and other includes expenditure for construction in progress of $9.0 million.

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

		September 30, 2020
Buildings and infrastructure	$	1,974
Equipment and other		6,381
Total right-of-use assets	$	8,355

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		September 30, 2020		December 31, 2019
Trade payables	$	33,726	$	43,835
Accrued payroll and other		12,011		15,636
Corporate income taxes		1,886		871
Burkina Faso royalty payable		905		1,718
Burkina Faso community payable		2,516		4,887
Other		131		55
	$	51,175	$	67,002

(Expressed in thousands of United States Dollars – unaudited)

11. DEBT

		September 30, 2020		December 31, 2019
Revolving credit facility, net of fees	$	114,056	$	63,730
Glencore facility, net of fees		3,264		–
Other loans		5,779		–
VAT factoring facility (Note 6)		7,259		7,822
Receivables factoring facility (Note 6)		5,357		–
		135,715		71,552
Leases		5,836		7,056
Total debt	$	141,551	$	78,608
Current		18,819		11,850
Non-current	$	122,732	$	66,758

Revolving credit facility

The Company has a credit agreement with a syndicate of lenders for a facility that bore 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 were on a sliding scale between 0.45% to 0.68%.

On August 6, 2020, certain terms of the Facility were amended, including an increase of the amount available under the Facility from $125.0 million to $135.0 million, a permanent reduction in the size of the Facility to $150.0 million, an increase in the interest rate and commitment fees payable to LIBOR plus 5.50% and 1.25% respectively, and the elimination of the minimum liquidity covenant. The Facility matures on September 18, 2022. These amendments to the Facility constituted a substantial modification of the Facility and resulted in the de-recognition of the original Facility. The new Facility was recorded at fair value and consequently a non-cash loss on extinguishment of $2.5 million and was recorded to other expense.

The Company has letters of credit, issued under the Facility, totaling $4.9 million to support $1.9 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.

The amount available to the Company under the Facility as of September 30, 2020 was $9.2 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. Under the terms of the agreement, Glencore will advance to the Company amounts equal to the volume of dry metric tonnes of zinc concentrate delivered to Glencore in a given month multiplied by the difference between the annual benchmark treatment charge ("TC") and the average monthly spot TC.

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

During October 2020, the Company drew a further $11.2 million on the Glencore Facility.

Other loans

In June 2020, the Company received a $2.9 million (PEN 10.0 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 has drawn down $1.0 million on a 90-day revolving loan with a local financial institution in August 2020 and a further 90-day loan of $2.0 million in September 2020.

(Expressed in thousands of United States Dollars – unaudited)

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 $4.7 million surety bond to support reclamation bonding requirements with its Caribou mine.

Lease liabilities

Contractual undiscounted cash flows		**September 30, 2020**		**December 31, 2019**
Less than one year	$	3,275	$	4,697
One to four years		3,182		2,789
Total undiscounted lease liabilities	$	6,457	$	7,486
Lease liabilities included in the statement of financial position				
Current	$	2,843	$	4,028
Non-current		2,993		3,028
	$	5,836	$	7,056

During the three months ended September 30, 2020, the Company recorded interest expense related to lease liabilities of $0.2 million (three months ended September 30, 2019: $0.2 million) in the statement of operations.

12. OTHER RESERVES

Share-based payment reserve

Stock options

As at September 30, 2020 and December 31, 2019, the Company had outstanding stock options enabling the holders to acquire common shares as follows:

	September 30, 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	1,587,900	1,587,900	$0.45	2,316,000	2,316,000
January 20, 2022	$1.21	633,900	633,900	$1.21	910,500	910,500
August 31, 2022	$1.59	427,890	427,890	$1.59	475,970	317,313
January 23, 2023	$1.52	802,666	536,530	$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	1,994,633	671,694	$0.47	2,844,900	–
March 10, 2025	$0.17	21,545,336	63,713	–	–	–
	$0.30	27,192,625	4,055,160	$0.83	9,815,100	5,894,809

At September 30, 2020, the weighted average remaining contractual life of the stock options was 4.0 years (December 31, 2019 – 2.3 years).

Stock option transactions are as follows:

	September 30, 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	(4,558,119)	$0.21	(753,616)	$0.69
Expired/ cancelled	(3,713,471)	$0.91	(2,923,618)	$1.03
Ending balance	27,192,625	$0.30	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 at the time of grant was $1.7 million.

During the three months ended September 30, 2020, the Company recorded $0.2 million in share-based payment expense (2019 – $0.3 million share-based payment recovery) related to stock options.

(Expressed in thousands of United States Dollars – unaudited)

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

	September 30, 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

There have been no warrant transactions during the nine months ended September 30, 2020 or the year ending December 2019. As of September 30, 2020, there are 714,560 warrants outstanding with a weighted average exercise price of C$0.35. 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 September 30, 2020, Trevali recorded $0.4 million in share-based payment expense (2019 – $0.1 million) 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
- 16,841,247 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).

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	–	–	5,511,277	$0.11
Forfeited/ cancelled	(2,199,294)	$0.04	(244,965)	$0.13	–	–
Redeemed	(18,494)	$0.04	(990,756)	$0.15	–	–
September 30, 2020	28,174,734	$0.04	902,683	$0.14	6,351,502	$0.14

(Expressed in thousands of United States Dollars – unaudited)

13. RELATED PARTY TRANSACTIONS AND BALANCES

Glencore

As of September 30, 2020, Glencore owned 210,835,925 Trevali common shares representing approximately 26.3% of the total issued and outstanding common shares.

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 and nine months ended September 30, 2020 and 2019:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Net revenue on concentrate sales	$ 50,157	$ 87,135	$ 144,796	$ 294,644
Settlement mark-to-market on concentrate sales gain (loss)	9,891	(10,868)	(2,581)	(23,174)
Other income[1]	–	–	3,075	–
Interest expense	57	–	57	–

	September 30, 2020	December 31, 2019
Settlement receivable from Glencore (Note 6)	$ 38,218	$ 32,472
Payable to Glencore	23	73
Glencore Facility (Note 11)[2]	$ 3,600	$ –

[1] Relates to the settlement of the fixed-pricing arrangement for the Caribou and Santander mines (Note 14).
[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. A notification of preparedness to renew the mining licence has been received from the Ministry of Mines and Energy in Namibia on October 19, 2020. The issuing of the licence with a 15-year extension is expected before the expiry date of November 12, 2020.

14. REVENUES

	Three months ended September 30, 2020			Three months ended September 30, 2019		
	Zinc	Lead-Silver	Total	Zinc	Lead-Silver	Total
Concentrate sales	$ 70,530	5,704	76,234	116,771	17,198	133,969
Smelting and refining charges	(24,825)	(1,252)	(26,077)	(42,946)	(3,888)	(46,834)
Revenues, net	$ 45,705	4,452	50,157	73,825	13,310	87,135

	Nine months ended September 30, 2020			Nine months ended September 30, 2019		
	Zinc	Lead-Silver	Total	Zinc	Lead-Silver	Total
Concentrate sales	$ 225,300	23,335	248,635	379,754	49,061	428,815
Smelting and refining charges	(97,764)	(6,073)	(103,837)	(123,333)	(10,838)	(134,171)
Revenues, net	$ 127,536	17,262	144,798	256,421	38,223	294,644

A fixed zinc pricing arrangement was entered into in November 2019 for 70% of the zinc concentrate produced at Caribou and Santander for the six-month period covering December 2019 to May 2020 at a price of $1.10 per pound. As a direct result of COVID-19 and suspension of milling and transportation at Santander in April, less zinc concentrate was produced at Santander during April and May 2020 than was agreed to be delivered as part of the fixed-pricing arrangement, resulting in the financial settlement of a $0.8 million benefit that has been recorded to other income during Q2 2020. Further, in Q1 2020 with Caribou being placed on care and maintenance on March 26, 2020, zinc concentrate was not 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 to other income.

(Expressed in thousands of United States Dollars – unaudited)

15. 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 September 30, 2020	Perkoa mine	Rosh Pinah mine	Caribou mine	Santander mine	Corporate and other	Total
Revenues	$ 23,410	$ 13,216	$ 1,852	$ 11,679	$ –	$ 50,157
Mine operating expenses	18,411	8,314	1,653	9,169	(7)	37,540
General and administration	4	–	–	–	1,399	1,403
Adjusted EBITDA	4,995	4,902	199	2,510	(1,392)	11,214
Depreciation, depletion and amortization	4,937	3,136	–	1,039	217	9,329
Adjusted EBIT	58	1,766	199	1,471	(1,609)	1,885
Settlement mark-to-market						(9,891)
Loss on foreign exchange						850
Interest expense						3,038
Other expense, net						4,887
Income tax expense						1,879
Net income						1,122
Capital expenditures						10,767
Exploration expenditures						142
Assets	299,168	263,394	44,017	70,556	(94,208)	582,927
Liabilities	(171,253)	(143,229)	(144,732)	(58,872)	190,139	(327,947)
Net assets (liabilities)	$ 127,915	$ 120,165	$ (100,715)	$ 11,684	$ 95,931	$ 254,980

Three-month period ended September 30, 2019	Perkoa mine	Rosh Pinah mine	Caribou mine	Santander mine	Corporate and other	Total
Revenues	$ 34,861	$ 16,030	$ 19,235	$ 17,009	$ –	$ 87,135
Mine operating expenses	22,116	11,425	17,917	11,265	–	62,723
General and administration	–	–	–	–	1,925	1,925
Adjusted EBITDA	12,745	4,605	1,318	5,744	(1,925)	22,487
Depreciation, depletion and amortization	9,954	5,995	4,683	1,674	241	22,547
Adjusted EBIT	2,791	(1,390)	(3,365)	4,070	(2,166)	(60)
Settlement mark-to-market						10,868
Gain on foreign exchange						(1,280)
Interest expense						2,156
Restructuring expense						718
Other income, net						(764)
Income tax expense						4,373
Net loss						(16,131)
Capital expenditures						13,900
Exploration expenditures						2,576
Assets	304,997	291,852	99,763	86,985	(57,687)	725,910
Liabilities	(156,126)	(155,415)	(121,361)	(52,507)	211,280	(274,129)
Net assets (liabilities)	$ 148,871	$ 136,437	$ (21,598)	$ 34,478	$ 153,593	$ 451,781

(Expressed in thousands of United States Dollars – unaudited)

Nine-month period ended September 30, 2020	Perkoa mine	Rosh Pinah mine	Caribou mine	Santander mine	Corporate and other	Total
Revenues	$ 60,868	$ 37,682	$ 11,917	$ 34,331	$ –	$ 144,798
Mine operating expenses	60,608	27,382	22,096	29,183	18	139,287
General and administration	7	–	–	–	6,645	6,652
Adjusted EBITDA	253	10,300	(10,179)	5,148	(6,663)	(1,141)
Depreciation, depletion and amortization	15,427	13,460	2,764	4,157	705	36,513
Adjusted EBIT	(15,174)	(3,160)	(12,943)	991	(7,368)	(37,654)
Settlement mark-to-market						2,581
Gain on foreign exchange						483
Interest expense						7,454
Impairment						153,419
Restructuring expense						5,428
Other income, net						780
Income tax recovery						(13,935)
Net loss						(193,864)
Capital expenditures						34,572
Exploration expenditures						3,727
Assets	299,168	263,394	44,017	70,556	(94,208)	582,927
Liabilities	(171,253)	(143,229)	(144,732)	(58,872)	190,139	(327,947)
Net assets (liabilities)	$ 127,915	$ 120,165	$ (100,715)	$ 11,684	$ 95,931	$ 254,980

Nine-month period ended September 30, 2019	Perkoa mine	Rosh Pinah mine	Caribou mine	Santander mine	Corporate and other	Total
Revenues	$ 118,615	$ 65,400	$ 58,135	$ 52,494	$ –	$ 294,644
Mine operating expenses	81,404	37,252	51,979	31,185	–	201,820
General and administration	–	–	–	–	6,324	6,324
Adjusted EBITDA	37,211	28,148	6,156	21,309	(6,324)	86,500
Depreciation, depletion and amortization	27,933	17,895	12,462	7,894	704	66,888
Adjusted EBIT	9,278	10,253	(6,306)	13,415	(7,028)	19,612
Settlement mark-to-market						23,174
Loss on foreign exchange						1,137
Interest expense						6,466
Restructuring expenses						7,550
Impairment						3,662
Other income, net						(1,199)
Income tax expense						10,400
Net loss						(31,578)
Capital expenditures						38,178
Exploration expenditures						7,607
Assets	304,997	291,852	99,763	86,985	(57,687)	725,910
Liabilities	(156,126)	(155,415)	(121,361)	(52,507)	211,280	(274,129)
Net assets (liabilities)	$ 148,871	$ 136,437	$ (21,598)	$ 34,478	$ 153,593	$ 451,781

16. CONTINGENCIES

The Company and its subsidiaries are subject to routine legal proceedings and tax audits. Although management cannot predict the result of any legal proceeding or tax filing, management 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.

(Expressed in thousands of United States Dollars – unaudited)

17. NON-CONTROLLING INTERESTS

		Perkoa	Rosh Pinah	Total
January 1, 2020	$	(25,695)	18,717	(6,978)
Net loss attributable to non-controlling interests		(3,351)	(2,359)	(5,710)
September 30, 2020		(29,046)	16,358	(12,688)

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 September 30, 2020, no earnings are due to the Government of Burkina Faso.

18. SUBSEQUENT EVENTS

In early October 2020, the Company entered into zinc price forward swaps for 3.75 Mlbs of payable zinc per month (approximately 15% of zinc production across the group) for six months from October 1, 2020 to March 31, 2021 at a price of $1.10 per pound. In late October, the Company entered into additional zinc price forward swaps for 2.50 Mlbs of payable zinc per month (approximately 10% of zinc production across the group) for five months from November 1, 2020 to March 31, 2021 at a price of $1.12 per pound.

In addition, zinc price put options at $1.04 per pound for 6.25 Mlbs of payable zinc at a price of $0.03 per pound (approximately 25% of zinc production across the group) were entered into for the same six-month period, providing downside zinc price protection.

These forward swaps and put options combine to provide stability and insurance, respectively, in the volatile zinc price environment for approximately 50% of the Company's payable zinc production during the terms of the forward swaps and put options.