



TREVALI

TREVALI MINING CORPORATION

**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

Three months ended March 31, 2022 and 2021



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

	Notes	March 31, 2022	December 31, 2021
ASSETS			
Current			
Cash and cash equivalents		\$ 29,513	\$ 30,724
Settlement and other receivables	3	96,099	52,470
Prepays		5,763	3,452
Inventories	4	38,280	35,339
		169,655	121,985
Reclamation bonds and other		11,059	10,230
Investment and other receivable		1,839	2,008
Exploration and evaluation assets		29,957	29,644
Property, plant and equipment	5	355,990	369,182
		\$ 568,500	\$ 533,049
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Current			
Accounts payable and accrued liabilities	6	\$ 61,035	\$ 45,806
Warrant liability	7	747	4,035
Debt	8	110,682	107,976
		172,464	157,817
Debt	8	649	768
Reclamation and rehabilitation provisions		47,567	46,253
Other provisions		3,755	3,575
Deferred income taxes		88,750	89,713
		313,185	298,126
Shareholders' equity			
Share capital		771,541	771,541
Other reserves	9	20,391	20,054
Deficit		(459,708)	(477,625)
Accumulated other comprehensive loss		(66,445)	(66,445)
		265,779	247,525
Non-controlling interests	10	(10,464)	(12,602)
		255,315	234,923
		\$ 568,500	\$ 533,049

Basis of preparation and going concern (Note 2)

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
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

(Expressed in thousands of United States Dollars except for share and per share amounts)

For the three months ended March 31, 2022 and 2021

	Notes	Three months ended March 31,	
		2022	2021
			Restated¹
REVENUES	11	\$ 93,111	\$ 53,655
MINE OPERATING EXPENSES			
Production		42,560	25,594
Distribution		4,286	4,079
Royalties		3,287	2,211
Care and maintenance			386
Depreciation, depletion and amortization		25,444	13,583
		75,577	45,853
GROSS PROFIT		17,534	7,802
General and administrative		1,261	2,383
Share-based payments		288	307
Operating profit		15,985	5,112
OTHER			
Settlement mark-to-market gain		(15,057)	(124)
Mark-to-market (gain) loss on financial instruments		(3,151)	742
Foreign exchange loss		2,423	650
Interest expense		2,363	2,767
Mine restart expenses		–	6,338
Other expense		2,367	1,000
Income (loss) from continuing operations		27,040	(6,261)
Current income tax expense		7,948	366
Deferred income tax (recovery) expense		(963)	878
Net income (loss) from continuing operations		20,055	(7,505)
Net income after tax from discontinued operations	15	–	4,995
NET INCOME (LOSS) AND TOTAL COMPREHENSIVE INCOME (LOSS)		\$ 20,055	\$ (2,510)
Attributable to:			
Owners of Trevali		\$ 17,917	\$ (2,681)
Non-controlling interests		2,138	171
		\$ 20,055	\$ (2,510)
Basic and diluted earnings (loss) per share		\$ 0.20	\$ (0.03)
Weighted average number of shares outstanding (000's)			
Basic and diluted		98,946	98,909

¹ The comparative figures have been represented to reflect the adjustment made relating to discontinued operations (Note 15), and therefore do not correspond to the consolidated statement of comprehensive income/(loss) report for the three months ended March 31, 2021

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)

	Notes	Three months ended March 31,	
		2022	2021 Restated ¹
OPERATING ACTIVITIES			
Net income (loss) from continuing operations		\$ 20,055	\$ (7,505)
Net income from discontinued operations	15	–	4,995
Net income (loss)		20,055	(2,510)
Items not affecting cash:			
Depreciation, depletion and amortization		25,444	14,278
Share-based payments		337	307
Unrealized mark-to-market (gain) loss on financial instruments		(3,151)	742
Unrealized loss (gain) on foreign exchange		2,249	(835)
Accrued interest, accretion and other non-cash items		2,420	2,145
Deferred income tax (recovery) expense		(963)	878
Loss on disposal of plant and equipment		–	447
Operating cash flows before working capital changes		46,391	15,452
Settlement and other receivables		(42,775)	17,990
Prepays		(2,280)	(3,730)
Inventories		(3,228)	(3,166)
Accounts payable and accrued liabilities		15,004	2,154
Value-added taxes receivable		(886)	6,932
Net cash from operating activities		12,226	35,632
INVESTING ACTIVITIES			
Increase of reclamation bond		(898)	–
Purchase of plant and equipment		(12,531)	(11,364)
Exploration and evaluation asset expenditures		(313)	(1,685)
Net cash used in investing activities		(13,742)	(13,049)
FINANCING ACTIVITIES			
Repayment of revolving credit facility		(5,100)	–
Net drawdown/ (repayment) on settlement receivable factoring facility		8,834	(12,354)
Repayment of other facilities		–	(1,000)
Interest payments		(1,561)	(1,733)
Lease payments		(1,613)	(1,348)
Net cash (used in) from financing activities		560	(16,435)
Effect of foreign exchange on cash		(254)	(412)
Increase (decrease) in cash and cash equivalents		(1,211)	5,736
Cash and cash equivalents, beginning of the period		30,724	33,500
Cash and cash equivalents, end of the period		\$ 29,513	\$ 39,236

¹ The comparative figures have been represented to reflect the adjustment made relating to discontinued operations (Note 15), and therefore do not correspond to the consolidated statement of comprehensive income/(loss) report for the three months ended March 31, 2021

During the three months ended March 31, 2022, the Company paid income taxes of \$2.1 million (2021 – \$0.2 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, 2021		98,946,187	\$ 771,541	\$ 20,054	\$ (477,625)	\$ (66,445)	\$ (12,602)	234,923
Net income and total comprehensive income		–	–	–	17,917	–	2,138	20,055
Share-based payments	9	–	–	337	–	–	–	337
March 31, 2022		98,946,187	\$ 771,541	\$ 20,391	\$ (459,708)	\$ (66,445)	\$ (10,464)	255,315
December 31, 2020		98,909,258	\$ 771,470	\$ 18,739	\$ (503,642)	\$ (47,147)	\$ (13,257)	226,163
Net loss from continuing operations		–	–	–	(7,676)	–	171	(7,505)
Net profit from discontinued operations		–	–	–	4,995	–	–	4,995
Total net loss and comprehensive loss		–	–	–	(2,681)	–	171	(2,510)
Share-based payment	9	–	–	195	–	–	–	195
March 31, 2021		98,909,258	\$ 771,470	\$ 18,934	\$ (506,323)	\$ (47,147)	\$ (13,086)	223,848

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

TREVALI MINING CORPORATION

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of United States Dollars – unaudited)

For the three months ended March 31, 2022 and 2021

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) “TREV” 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 and the Santander mine in Peru (until it was sold on December 3, 2021). In addition, Trevali owns the Halfmile project and Restigouche polymetallic deposit in New Brunswick, Canada, the Ruttan deposit in northern Manitoba, Canada, an effective 44% interest in the Gergarub project in Namibia and an option to acquire a majority position in the Heath Steele deposit located in New Brunswick, Canada.

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

Legal name	Country	Ownership		Main activity
		2022	2021	
Nantou Mining Burkina Faso S.A.	Burkina Faso	90.0%	90.0%	Zinc production
Rosh Pinah Zinc Corporation (Proprietary) Ltd.	Namibia	90.0%	90.0%	Zinc, lead-silver production
Trevali Mining (New Brunswick) Ltd.	Canada	100.0%	100.0%	Zinc, lead-silver production
Trevali Mining (Maritimes) Ltd.	Canada	100.0%	100.0%	Exploration

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 also been omitted or condensed.

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.

As at March 31, 2022, the Company had \$52.3 million of available liquidity, comprised of cash and cash equivalents of \$29.5 million and \$22.8 million of available liquidity from the Facility. As both the Facility and the Glencore Facility are due for repayment at maturity on September 18, 2022, a period of less than twelve months, these balances are classified as current liabilities. As at March 31, 2022, the Company’s current liabilities exceeded current assets by \$2.1 million and current liabilities excluding the debt facilities are expected to be funded from cash flows generated by operating activities.

The Company is engaged in advanced negotiations with current and prospective lenders to refinance current debt and future project debt requirements. As a consequence of the recent Perkoa flooding event on April 16, 2022 (Note 15), the quantum of the financing package and timing of completion is subject to an increased level of uncertainty. The financing package is subject to requisite consent of the existing lenders comprising the existing Revolving Credit Facility syndicate.

The Company’s ability to continue as a going concern is dependent upon its ability to generate cash flow from operations and 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,

TREVALI MINING CORPORATION**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in thousands of United States Dollars – unaudited)

For the three months ended March 31, 2022 and 2021

particularly with the current uncertainty surrounding the restart of the Perkoa mine, and the extent and duration of the impact of the flooding event on the Company's ability to obtain adequate funding.

Taking into consideration the Company's current financial position, operating plan and current forecast for key assumptions that impact 2022, the Company believes that it has sufficient liquidity to meet its minimum obligations and to satisfy the facilities' covenant requirements for a period of at least 12 months from the balance sheet date. However, the timing and completion of the required refinancing is subject to a higher level of uncertainty as a consequence of the recent Perkoa flooding event. There can be no assurance that the Company will be able to generate forecasted cash flows given the dependency on several factors, many of which are beyond the Company's control and are subject to the uncertainty surrounding the Perkoa mine's restart plan. These material uncertainties cast significant doubt upon the validity of the going concern assumptions.

These condensed interim 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

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, 2021 and 2020.

The condensed interim consolidated financial statements of Trevali Mining Corporation for the three months ended March 31, 2022 and 2021 were reviewed by the Audit Committee and approved for issuance by the Board of Directors on May 13, 2022.

3. SETTLEMENT AND OTHER RECEIVABLES

	March 31, 2022	December 31, 2021
Settlement receivables	\$ 77,800	\$ 35,531
Sales tax and income taxes	17,088	15,909
Other	1,211	1,030
	\$ 96,099	\$ 52,470

Settlement receivables include \$12.6 million (December 31, 2021 – \$nil) receivable in Burkina Faso that are subject to a receivable factoring arrangement (80% of the invoice factored). The Company has transferred the receivables in exchange for cash but since the Company has retained the risk of late payment and recoverability, the Company continues to recognize the transferred accounts receivables in their entirety. The amount repayable is recorded as debt and disclosed in Note 8.

4. INVENTORIES

	March 31, 2022	December 31, 2021
Mineralized stockpiles	\$ 1,376	\$ 1,317
Concentrates		
Site	2,788	2,856
In-transit	5,201	5,158
Port	9,054	7,178
Materials and supplies	19,861	18,830
	\$ 38,280	\$ 35,339

TREVALI MINING CORPORATION**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in thousands of United States Dollars – unaudited)

For the three months ended March 31, 2022 and 2021

5. PROPERTY, PLANT AND EQUIPMENT

	Buildings and infrastructure	Mine development	Equipment and other	Total
Net book value				
January 1, 2022	\$ 85,992	\$ 221,161	\$ 62,029	\$ 369,182
Additions	755	2,845	8,115	11,715
Depreciation	(13,335)	(6,756)	(5,067)	(25,158)
Reclassifications	137	4,634	(4,771)	–
Change in reclamation and rehabilitation provision	–	251	–	251
March 31, 2022	\$ 73,549	\$ 222,135	\$ 60,306	\$ 355,990
Gross carrying value	\$ 190,929	\$ 487,671	\$ 149,813	\$ 828,413
Accumulated depreciation and impairment	\$ (117,380)	\$ (265,536)	\$ (89,507)	\$ (472,423)

Equipment and other includes expenditure for construction in progress of \$22.9 million (December 31, 2021 – \$20.3 million).

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2022	December 31, 2021
Trade payables	\$ 21,678	\$ 10,610
Accrued payroll and other	23,792	26,245
DSU and PSU liability	1,280	1,339
Corporate income taxes	9,227	3,219
Burkina Faso royalty and community payable	5,000	4,308
Other	58	85
	\$ 61,035	\$ 45,806

7. WARRANT LIABILITY

On December 2, 2020, the Company closed a unit offering (the “Offering”) whose units included 93,265,000 common share purchase warrants (the “Warrants”), each with an exercise price of C\$0.23 and expiry date of June 2, 2022. As a result of the share consolidation completed on December 3, 2021, ten warrants will be exercisable into one post-consolidated share at an exercise price of C\$2.30 per share with an expiry date of June 2, 2022.

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

For the three months ended March 31, 2022, the Company recognized a \$3.2 million gain (Three months ended March 31, 2021 – \$0.7 million loss) on revaluation of the warrant liability based on the TSX-listed trading price.

TREVALI MINING CORPORATION**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in thousands of United States Dollars – unaudited)

For the three months ended March 31, 2022 and 2021

8. DEBT

	March 31, 2022	December 31, 2021
Revolving credit facility, net of fees	\$ 84,039	\$ 88,909
Glencore facility, net of fees	12,917	12,875
Receivables factoring facility (Note 5)	8,896	–
	105,852	101,784
Leases	5,479	6,960
Total debt	\$ 111,331	\$ 108,744
Current	110,682	107,976
Non-current	\$ 649	\$ 768

Revolving credit facility

The Company has a credit agreement with a syndicate of lenders for a \$135.0 million revolving credit facility (the “Facility”) that was last renegotiated on August 6, 2020 that bears interest at a rate of LIBOR plus between 5.5% and commitment fees for the undrawn portion of the Facility at 1.3%. The Facility was permanently reduced to \$111.9 million as at December 31, 2021, through mandatory repayments of \$16.3 million in 2021 and \$5.1 million in 2022. The Facility matures on September 18, 2022.

The Company has letters of credit, issued under the Facility, totaling \$4.6 million (December 31, 2021 – \$4.4 million) in various reclamation bonding requirements and the mining contractor for the Caribou mine.

As at March 31, 2022, the Company was in full compliance with all covenant obligations and in mid February 2022 completed another principal repayment of \$5.1 million, in accordance with the terms of the agreement requiring minimum repayments based on excess cash generated on a quarterly basis. Following this mandatory prepayment, the credit limit under the revolving facility will be permanently reduced by the payment amount to \$111.9 million. At March 31, 2022, the balance has been classified as current as the maturity date is less than one year.

The amount available to the Company under the Facility as of March 31, 2022 was \$22.8 million.

Glencore facility

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

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

The Glencore Facility was reduced by \$7.0 million as part of Glencore’s contribution to the Offering on December 2, 2020, including a resulting repayment of \$1.8 million on the facility. The amount available to the Company under the Glencore Facility as of March 31, 2022 was nil as the full \$13.0 million limit under the agreement has been drawn.

Financial guarantee

In addition to the guarantees linked to the Facility, Trevali has also arranged a \$5.3 million surety bond to support reclamation bonding requirements with its Caribou mine.

Leases

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

TREVALI MINING CORPORATION
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of United States Dollars – unaudited)

For the three months ended March 31, 2022 and 2021

9. OTHER RESERVES
Share-based payment reserve
Stock options

As at March 31, 2022 and December 31, 2021, the Company had outstanding stock options enabling the holders to acquire common shares as follows:

Expiry date	March 31, 2022			December 31, 2021		
	Exercise price (C\$)	Number of options	Vested and exercisable	Exercise price (C\$)	Number of options	Vested and exercisable
January 20, 2022	–	–	–	\$12.10	62,510	62,510
August 31, 2022	\$15.90	42,789	42,789	\$15.90	42,789	42,789
January 23, 2023	\$15.20	79,840	79,840	\$15.20	79,840	79,840
January 23, 2023	\$9.00	20,030	20,030	\$9.00	20,030	20,030
April 10, 2024	\$4.70	182,920	121,951	\$4.70	192,210	130,880
March 10, 2025	\$1.70	1,776,795	1,182,675	\$1.70	1,895,491	685,288
March 17, 2026	\$2.20	2,005,821	668,612	\$2.20	2,087,979	35,856
March 4, 2029	\$1.32	1,116,526	–	–	–	–
	\$2.27	5,224,721	2,115,897	\$2.64	4,380,849	1,057,193

At March 31, 2022, the weighted average remaining contractual life of the stock options was 4.1 years (December 31, 2021 – 3.5 years).

Stock option transactions are as follows:

	March 31, 2022		December 31, 2021	
	Number of options	Weighted average exercise price (C\$)	Number of options	Weighted average exercise price (C\$)
Opening balance	4,380,849	\$2.64	2,667,953	\$3.02
Granted	1,116,526	\$1.32	2,257,265	\$2.20
Exercised	–	–	(27,513)	\$1.70
Forfeited	(68,612)	\$2.05	(314,018)	\$1.99
Expired	(204,042)	\$5.11	(202,838)	\$3.94
Ending balance	5,224,721	\$2.27	4,380,849	\$2.64

On March 4, 2022, the Company granted 1,116,526 stock options with an exercise price of C\$1.32 per share that are exercisable for a period of seven years with a three-year vesting period. The aggregate estimated fair value of the stock options at the time of grant was \$1.0 million.

During the three months ended March 31, 2022, the Company recorded \$0.4 million in share-based payment expense (2021 – \$0.2 million) related to stock options.

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

	March 31, 2022	December 31, 2021
Risk-free interest rate	0.99%	0.99%
Expected life of options	5 years	5 years
Annualized volatility	74.67%	75.15%
Dividend rate	Nil	Nil
Forfeiture rate	11.97%	13.72%

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

During the three months ending March 31, 2022, Trevali recorded \$0.1 million in share-based payment recovery (2021 – \$0.2 million expense) related to the incentive plan for the grant of PSUs, RSUs and DSUs.

During the three months ended March 31, 2022, the Company granted 1,940,232 PSUs to key management and 1,186,634 RSUs to selected employees. Defined performance-based criteria determine the vesting number of PSUs which vest March 4, 2025 (the third anniversary of the grant date, with a performance period that covers the period from January 1, 2022 to December 31, 2024).

TREVALI MINING CORPORATION
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of United States Dollars – unaudited)

For the three months ended March 31, 2022 and 2021

PSU, DSU and RSU transactions are summarized as follows:

	PSUs		DSUs		RSUs	
	Number of units	Fair value (C\$)	Number of units	Fair value (C\$)	Number of units	Fair value (C\$)
January 1, 2021	2,795,387	\$1.10	702,642	\$2.00	90,265	\$2.00
Granted	1,070,084	\$1.90	227,388	\$2.06	384,691	\$1.86
Forfeited	(228,150)	\$1.41	–	–	(250,758)	\$1.83
Redeemed/ exercised	(11,113)	\$2.00	(121,474)	\$2.00	(65,725)	\$2.07
December 31, 2021	3,626,208	\$1.41	808,556	\$1.72	158,473	\$1.72
Granted	1,940,232	\$1.32	84,127	\$1.65	1,186,634	\$1.32
Cancelled/ forfeited	(1,111,714)	\$1.22	–	–	–	–
Redeemed/ exercised	–	–	–	–	(56,918)	1.38
March 31, 2022	4,454,726	\$1.08	892,683	1.45	1,288,189	1.45

10. NON-CONTROLLING INTERESTS

	Perkoa	Rosh Pinah	Total
January 1, 2022	\$ (30,463)	17,861	(12,602)
Net income attributable to non-controlling interests	1,230	908	2,138
March 31, 2022	(29,233)	18,769	(10,464)

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, 2022, no earnings are due to the Government of Burkina Faso.

11. REVENUES

	Three months ended		
	March 31, 2022		
	Zinc	Lead-Silver	Total
Concentrate sales	\$ 106,531	17,272	123,803
Smelting and refining charges	(26,661)	(4,031)	(30,692)
Revenues	\$ 79,870	13,241	93,111
	Three months ended		
	March 31, 2021		
	Zinc	Lead-Silver	Total
Concentrate sales	\$ 71,754	–	71,754
Smelting and refining charges	(18,088)	(11)	(18,099)
Revenues	\$ 53,666	(11)	53,655
Revenue from discontinued operations	14,714	3,587	18,301
Revenues from both continuing and discontinued operations	68,380	3,576	71,956

TREVALI MINING CORPORATION**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in thousands of United States Dollars – unaudited)

For the three months ended March 31, 2022 and 2021

12. 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 three operating segments: Perkoa mine (Burkina Faso), Rosh Pinah mine (Namibia) and Caribou mine (Canada). Corporate and other includes the Company's head office, general corporate administration and activity, group eliminations, discontinued operation (Santander mine), the Halfmile-Stratmat project and Heath Steele option in Canada.

On December 3, 2021, Trevali completed the transaction with Cerro de Pasco Resources Inc ("CDPR"), a TSX-listed company, to sell its 100% equity interest in Trevali (Peru) S.A.C., the entity that owns and operates the Santander mine in Peru. The Santander mine operation represents the entire Santander operating segment and has been determined to be a discontinued operation and has been disclosed as such.

	Three month period ended March 31, 2022				
	Perkoa mine	Rosh Pinah mine	Caribou mine	Corporate and other	Total
Revenues	\$ 50,786	\$ 32,489	\$ 9,836	\$ –	\$ 93,111
Mine operating expenses	23,880	13,183	13,070	–	50,133
General and administration	–	–	–	1,261	1,261
Stock-based compensation	–	–	–	288	288
Adjusted EBITDA	26,906	19,306	(3,234)	(1,549)	41,429
Depreciation, depletion and amortization	16,931	5,810	2,337	366	25,444
Adjusted EBIT	9,975	13,496	(5,571)	(1,915)	15,985
Settlement mark-to-market gain					(15,057)
Mark-to-market gain on financial instruments					(3,151)
Loss on foreign exchange					2,423
Interest expense					2,363
Other income, net					2,367
Income tax recovery					6,985
Net loss					20,055
Capital expenditures	1,997	6,645	3,754	370	12,766
Exploration expenditures					313
Assets	296,904	296,196	67,126	(91,726)	568,500
Liabilities	(143,357)	(158,736)	(197,255)	186,163	(313,185)
Net assets (liabilities)	\$ 153,547	\$ 137,460	\$ (130,129)	\$ 94,437	\$ 255,315

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	Three month period ended March 31, 2021					Total
	Perkoa mine	Rosh Pinah mine	Caribou mine	Corporate and other		
Revenues	\$ 36,410	\$ 17,245	\$ –	\$ –	\$ –	53,655
Mine operating expenses	21,939	10,230	102	–	–	32,271
General and administration	–	–	–	2,383	–	2,383
Stock-based compensation	–	–	–	307	–	307
Discontinued operation – Adjusted EBITDA	–	–	–	(5,797)	–	(5,797)
Adjusted EBITDA	14,471	7,015	(102)	3,107	–	24,491
Depreciation, depletion and amortization	8,237	3,860	1,288	198	–	13,583
Discontinued operation – depreciation	–	–	–	695	–	695
Adjusted EBIT	6,234	3,155	(1,390)	2,214	–	10,213
Settlement mark-to-market gain	–	–	–	–	–	(124)
Loss on foreign exchange	–	–	–	–	–	742
Interest expense	–	–	–	–	–	650
Impairment	–	–	–	–	–	2,767
Restructuring expense	–	–	–	–	–	1,000
Other income, net	–	–	–	–	–	6,338
Income tax recovery	–	–	–	–	–	1,244
Discontinued operation – other expenses	–	–	–	–	–	106
Net loss						(2,510)
Capital expenditures	3,274	4,458	8,918	1,978	–	18,628
Exploration expenditures	–	–	–	–	–	1,685
Assets	296,927	267,921	58,449	(58,590)	–	564,707
Liabilities	(160,033)	(147,394)	(173,561)	140,129	–	(340,859)
Net assets (liabilities)	\$ 136,894	\$ 120,527	\$ (115,112)	\$ 81,539	\$ –	\$ 223,848

13. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

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

Fair value of financial instruments

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

Trade receivables from provisionally priced concentrate sales are referred to as settlement receivables and are included in Level 2 of the fair value hierarchy as the basis of valuation uses quoted commodity prices. The fair value of cash and cash equivalents, restricted cash, the Facility and the Glencore Facility approximate carrying values due to the immediate or short-term maturities of these financial instruments.

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.

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14. RELATED PARTY TRANSACTIONS AND BALANCES**Glencore**

As of March 31, 2022, Glencore owned 25,983,592 Trevali common shares representing approximately 26.3% of the total issued and outstanding common shares. In addition, there were 24,500,000 common share purchase warrants outstanding with an exercise price of C\$0.23 each. Ten warrants are exercisable into one share at an exercise price of C\$2.30 per share with an expiry date of June 2, 2022.

Glencore purchases all of the Company's concentrate production under separate off-take agreements with each of its mines which were entered into before Glencore became a related party of the Company. Trevali entered into the following transactions during the three months ending March 31, 2022 and 2021:

	Three ended March 31,	
	2022	2021
Net revenue on concentrate sales	\$ 93,111	\$ 71,956
Settlement mark-to-market on concentrate sales gain (loss)	(15,057)	83
Interest expense on Glencore Facility	\$ 183	\$ 183
	March 31,	March 31,
	2022	2021
Settlement receivable from Glencore (Note 3)	\$ 77,800	\$ 32,842
Payable to Glencore	1,610	304
Glencore Facility (Note 8) ¹	\$ 13,001	\$ 13,001

¹ Balance excludes capitalized transaction fees.

15. DISPOSAL OF BUSINESS

On December 3, 2021, Trevali completed the transaction with Cerro de Pasco Resources In ("CDPR"), a TSX-listed company, to sell its 100% equity interest in Trevali (Peru) S.A.C., the entity that owns and operates the Santander mine in Peru.

The Santander mine operations represents the entire Santander operating segment and has been determined to be a discontinued operation and has been disclosed as such.

TREVALI MINING CORPORATION**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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The results of the Santander mine for the period ended March 31, 2021 are presented below:

	Notes	Three months ended March 31, 2021
REVENUES	11	\$ 18,301
MINE OPERATING EXPENSES		
Production		11,904
Distribution		562
Royalties		39
Depreciation, depletion and amortization		695
		13,200
GROSS PROFIT		5,101
OTHER		
Settlement mark-to-market loss		41
Gain on foreign exchange		(108)
Interest expense		40
Impairments		–
Other expense		8
Income before tax from discontinued operations		5,120
Current income tax expenses		125
Deferred income tax recovery		–
Income after tax for the year from discontinued operations		4,995
Income from discontinued operations		\$ 4,995
Earnings per share from discontinued operations		
Basic and diluted		0.05

The net cash flows for Santander were as follows:

	Three months ended March 31, 2021
Net cash provided by operating activities	\$ 3,589
Net cash used in investing activities	(1,453)
Net cash used in provided by financing activities	(1,710)
Net cash inflows	\$ 426

16. SUBSEQUENT EVENT

On April 16, 2022, a flash flood occurred at the Perkoa mine in Burkina Faso following a period of intense rainfall. All underground mining and surface activities at the mine were suspended as the search for 8 unaccounted workers continues and the Company and authorities continue to investigate. The requirements for infrastructure refurbishment and construction linked to repairs and rehabilitation at the mine remain unknown, as does the timing for a potential restart of mining and processing activities.