TREVALI MINING CORPORATION

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three and six months ended June 30, 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	June 30, 2022	December 31, 2021
ASSETS			
Current			
Cash and cash equivalents		$ **41,690**	$ 30,724
Settlement and other receivables	**4**	**23,457**	52,470
Prepaids		**4,682**	3,452
Inventories	**5**	**35,226**	35,339
		105,055	121,985
Reclamation bonds		**10,509**	10,230
Investment and other receivable		**1,733**	2,008
Exploration and evaluation assets		**26,439**	29,644
Property, plant and equipment	**6**	**339,849**	369,182
		$ **483,585**	$ 533,049
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Current			
Accounts payable and accrued liabilities	**7**	$ **45,877**	$ 45,806
Warrant liability	**8**	**–**	4,035
Debt	**9**	**100,590**	107,976
		146,467	157,817
Debt	**9**	**499**	768
Reclamation and rehabilitation provisions		**47,448**	46,253
Other provisions		**3,523**	3,575
Deferred income taxes		**92,298**	89,713
		290,235	298,126
Shareholders' equity			
Share capital		**771,541**	771,541
Other reserves	**10**	**20,635**	20,054
Deficit		**(518,110)**	(477,625)
Accumulated other comprehensive loss		**(66,445)**	(66,445)
		207,621	247,525
Non-controlling interests	**11**	**(14,271)**	(12,602)
		193,350	234,923
		$ **483,585**	$ 533,049

Basis of preparation and going concern (Note 2)
Subsequent events (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
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE (LOSS) INCOME
(Expressed in thousands of United States Dollars except for share and per share amounts)
For the three and six months ended June 30, 2022 and 2021

	Notes	Three months ended June 30, 2022	Three months ended June 30, 2021 Restated[1]	Six months ended June 30, 2022	Six months ended June 30, 2021 Restated[1]
REVENUES	**12**	$ **52,040**	$ 85,401	$ **145,151**	$ 139,056
MINE OPERATING EXPENSES					
Production		**36,388**	48,694	**78,948**	74,288
Distribution		**2,112**	2,836	**6,398**	6,915
Royalties		**1,630**	2,646	**4,917**	4,857
Care and maintenance		**–**	–	**–**	386
Depreciation, depletion and amortization		**12,599**	19,641	**38,043**	33,224
		52,729	73,817	**128,306**	119,670
GROSS (LOSS) PROFIT		**(689)**	11,584	**16,845**	19,386
General and administrative		**3,098**	1,288	**4,359**	3,671
Share-based payments		**(380)**	1,145	**(92)**	1,452
Operating (loss) profit		**(3,407)**	9,151	**12,578**	14,263
OTHER					
Settlement mark-to-market loss (gain)		**12,084**	592	**(2,973)**	468
Mark-to-market (gain) loss on financial instruments		**(644)**	456	**(3,795)**	1,198
Foreign exchange (gain) loss		**(1,116)**	1,532	**1,307**	2,182
Interest expense		**2,981**	2,531	**5,344**	5,298
Mine restart expenses		**–**	–	**–**	6,338
Perkoa flood-related costs		**15,226**	–	**15,226**	–
Impairment	**3**	**23,698**	–	**23,698**	–
Other expense (income)		**3,524**	(545)	**5,891**	455
(Loss) Income from continuing operations		**(59,160)**	4,585	**(32,120)**	(1,676)
Current income tax (recovery) expense		**(499)**	947	**7,449**	1,313
Deferred income tax expense		**3,548**	1,571	**2,585**	2,449
Net income (loss) from continuing operations		**(62,209)**	**2,067**	**(42,154)**	**(5,438)**
Net income after tax from discontinued operations	**16**	**–**	1,810	**–**	6,805
NET (LOSS) INCOME AND TOTAL COMPREHENSIVE (LOSS) INCOME		**$ (62,209)**	**$ 3,877**	**$ (42,154)**	**$ 1,367**
Attributable to:					
Owners of Trevali		$ **(58,402)**	$ 3,609	$ **(40,485)**	$ 928
Non-controlling interests		**(3,807)**	268	**(1,669)**	439
		$ (62,209)	**$ 3,877**	**$ (42,154)**	**$ 1,367**
Basic and diluted (loss) earnings per share		$ **(0.63)**	$ 0.04	$ **(0.43)**	$ 0.01
Weighted average number of shares outstanding	**(000's)**				
Basic and diluted		**98,946**	98,921	**98,946**	98,915

[1] The comparative figures have been represented to reflect the adjustment made relating to discontinued operations (Note 16), and therefore do not correspond to the consolidated statement of comprehensive (loss) income originally reported for the three and six months ended June 30, 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 June 30, 2022	Three months ended June 30, 2021 Restated[1]	Six months ended June 30, 2022	Six months ended June 30, 2021 Restated[1]
OPERATING ACTIVITIES					
Net (loss) income from continuing operations		$ **(62,209)**	$ 2,067	$ **(42,154)**	$ (5,438)
Net income from discontinued operations	**16**	**–**	1,810	**–**	6,805
Net (loss) income		**(62,209)**	3,877	**(42,154)**	1,367
Items not affecting cash:					
Depreciation, depletion and amortization		**12,599**	20,707	**38,043**	34,985
Share-based payments		**(429)**	1,145	**(92)**	1,452
Unrealized mark-to-market (gain) loss on financial instruments		**(644)**	370	**(3,795)**	1,112
Unrealized (gain) loss on foreign exchange		**(823)**	2,902	**1,426**	2,067
Accrued interest, accretion and other non-cash items		**2,957**	2,958	**5,377**	5,103
Deferred income tax expense		**3,548**	1,571	**2,585**	2,449
Impairment	**3**	**23,698**	–	**23,698**	–
Loss on disposal of plant and equipment		**–**	–	**–**	447
Operating cash flows before working capital changes		**(21,303)**	33,530	**25,088**	48,982
Restricted cash		**–**	–	**–**	85
Settlement and other receivables		**72,481**	(40,955)	**29,706**	(23,050)
Prepaids		**883**	1,256	**(1,397)**	(2,474)
Inventories		**2,322**	4,807	**(906)**	1,641
Accounts payable and accrued liabilities		**(7,886)**	(1,857)	**7,118**	297
Value-added taxes receivable		**(1,215)**	4,571	**(2,101)**	11,503
Net cash (used in) from operating activities		**45,282**	1,352	**57,508**	36,984
INVESTING ACTIVITIES					
Increase of reclamation bond		**–**	(912)	**(898)**	(912)
Purchase of plant and equipment		**(19,492)**	(12,188)	**(32,023)**	(23,553)
Exploration and evaluation asset expenditures		**(471)**	(2,068)	**(784)**	(3,752)
Net cash used in investing activities		**(19,963)**	(15,168)	**(33,705)**	(28,217)
FINANCING ACTIVITIES					
Share units settled in cash		**–**	(14)	**–**	(14)
Stock options and warrants exercised		**–**	42	**–**	42
Repayment of revolving credit facility		**–**	(6,400)	**(5,100)**	(6,400)
Net (repayment) drawdown on settlement receivable factoring facility and other facilities		**(8,707)**	12,370	**127**	(984)
Interest payments		**(1,625)**	(1,799)	**(3,186)**	(3,532)
Lease payments		**(1,647)**	(2,069)	**(3,260)**	(3,417)
Net cash (used in) from financing activities		**(11,979)**	2,130	**(11,419)**	(14,305)
Effect of foreign exchange on cash		**(1,163)**	144	**(1,418)**	(268)
Increase (decrease) in cash and cash equivalents		**12,177**	(11,542)	**10,966**	(5,806)
Cash and cash equivalents, beginning of the period		**29,513**	39,236	**30,724**	33,500
Cash and cash equivalents, end of the period		$ **41,690**	$ 27,694	$ **41,690**	$ 27,694

[1] The comparative figures have been represented to reflect the adjustment made relating to discontinued operations (Note 16), and therefore do not correspond to the consolidated statement of comprehensive (loss) income originally reported for the three and six months ended June 30, 2021

During the six months ended June 30, 2022, the Company paid income taxes of $4.2 million (2021 – $5.2 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 loss and total comprehensive loss		–	–	–	(40,485)	–	(1,669)	(42,154)
Share-based payment	10	–	–	581	–	–	–	581
June 30, 2022		**98,946,187**	**$ 771,541**	**$ 20,635**	**$ (518,110)**	**$ (66,445)**	**$ (14,271)**	**$ 193,350**
December 31, 2020		**98,909,258**	**$ 771,470**	**$ 18,739**	**$ (503,642)**	**$ (47,147)**	**$ (13,257)**	**226,163**
Net loss from continuing operations		–	–	–	(5,877)	–	439	(5,438)
Net income from discontinued operations		–	–	–	6,805	–	–	6,805
Total net income and comprehensive income		–	–	–	928	–	439	1,367
Warrants exercised		9,700	18	–	–	–	–	18
Stock options exercised		16,717	30	(6)	–	–	–	24
Share-based payment	10	–	–	521	–	–	–	521
Share units settled in cash		–	–	(14)	–	–	–	(14)
June 30, 2021		**98,935,675**	**$ 771,518**	**$ 19,240**	**$ (502,714)**	**$ (47,147)**	**$ (12,818)**	**$ 228,079**

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

(Expressed in thousands of United States Dollars – unaudited)

1. DESCRIPTION OF BUSINESS AND NATURE OF OPERATIONS

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

The Company is a natural resource company engaged in the acquisition, exploration, development of, and production from, mineral properties. The Company produces zinc concentrate from the Perkoa mine in Burkina Faso, and zinc and lead-silver concentrates from the Rosh Pinah mine in Namibia, 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 2022	Ownership 2021	Main activity
Nantou Mining Burkina Faso S.A.	Burkina Faso	90.0%	90.0%	Zinc production
Rosh Pinah Zinc Corporation (Proprietary) Ltd.	Namibia	90.0%	90.0%	Zinc, lead-silver production
Trevali Mining (New Brunswick) Ltd.	Canada	100.0%	100.0%	Zinc, lead-silver production
Trevali 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 in the foreseeable future.

As at June 30, 2022, the Company had $64.7 million of available liquidity, comprised of cash and cash equivalents of $41.7 million and $23.0 million of available liquidity from the revolving credit facility (the "Facility"). As both the Facility and a second lien secured facility agreement with Glencore of $13.0 million (the "Glencore Facility") (together, the "Debt Facilities") are due for repayment at maturity on September 18, 2022, a period of less than twelve months, these balances are classified as current liabilities.

Continuation as a going concern is dependent upon the Company's ability to generate sufficient cash flows from operations to sustain working capital requirements, and to source external capital to refinance the Debt Facilities in order to avoid default on maturity. Alternatively, sufficient funding will be required until a strategic alternative can be arranged, if at all. As at June 30, 2022, the Company's total current liabilities exceeded its current assets by $41.4 million.

The Company appointed an external advisor in September 2021, with the objective of providing a competitive non-equity financing solution for the RP2.0 expansion project at Rosh Pinah and refinance the existing Debt Facilities (the "Financing Initiative"). The Company has been considering several opportunities for the financing package, including project finance debt, subordinated debt, and a silver stream on Rosh Pinah's silver production.

On April 16, 2022, a flash flood occurred at the Perkoa mine in Burkina Faso following a period of intense unseasonal rainfall. After dewatering and search efforts all eight workers' bodies that were trapped in the underground mine due to the flooding were recovered. The Company incurred $15.2 million of direct and indirect costs between April 16 and June 30, 2022 related to dewatering efforts, infrastructure refurbishment and construction linked to repairs and rehabilitation at the mine. Additional costs related to the flooding event subsequent to June 30, 2022, continue to be incurred.

As a result of the flooding event at Perkoa, the previously announced targeted financing amount of $200 million could no longer be relied upon and the total financing target was suspended as of May 16, 2022. In addition, the Caribou operation is under review following continued operational and financial performance issues due to low productivity rates and equipment and operator availability, from the mining contractor. The financing requirement is expected to exceed the previously targeted financing amount of $200 million.

Following recent developments, the Financing Initiative which had progressed with several capital providers, including Standard Bank, an Export Credit Agency, Glencore, and a metal streaming company, has not sufficiently advanced in a manner that will allow for the refinancing to be completed prior to the maturity of existing Debt Facilities, if at all.

In May 2022, in parallel with the Financing Initiative, the Company engaged a financial advisor to conduct a strategic review process (the "Strategic Review") in order to solicit proposals for a broad range of transaction alternatives including a potential investment in Trevali and the potential sale of all or part of the business and assets of Trevali. Following recent developments, there can be no assurance that the Strategic Review process will progress in a fashion that will allow for the culmination of a transaction in a timely manner or sufficient value to refinance the Debt Facilities.

Based on a review of its available liquidity, the Company anticipates that it will not be in a position to make the mandatory prepayment of approximately $7.5 million on its revolving credit facility when such payment is due on August 17, 2022. The Company remains in discussions with its senior lenders regarding this anticipated breach of the terms of the Facility.

The Company's ability to continue as a going concern is dependent upon its ability to generate cash flows from operations and to secure a financing package consisting of debt financing, equity financing and/or the sale of all or part of the business and assets of Trevali. While the Company has been successful in arranging financing in the past, it cannot be assured that the current Financing Initiative will be successful and there is no guarantee that the Company will ultimately be able to generate sufficient positive cash flow from operations or that the Company will find an acceptable strategic alternative. These circumstances indicate the existence of material uncertainties that create significant doubt as to the Company's ability to meet its obligations when due, and accordingly, continue as a going concern.

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 if the Company were unable to obtain adequate financing. 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 and six months ended June 30, 2022 and 2021 were reviewed by the Audit Committee and approved for issuance by the Board of Directors on August 15, 2022.

(Expressed in thousands of United States Dollars – unaudited)

3. IMPAIRMENT

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.

As a result of the flooding event of the Perkoa underground mine on April 16, 2022, all operations at the site have been suspended since that time. A restart plan is in place with a commencement date yet to be determined.. Caribou reported another successive quarter of negative cashflows in Q2 2022; a result of increased operating costs and ongoing operational challenges. These factors are considered to be impairment indicators as of June 30, 2022, and, accordingly, the recoverable amounts of the Perkoa and Caribou CGUs were estimated and compared against their respective carrying values.

In addition, the carrying values of exploration and evaluation assets that would be dependent on processing ore at the Perkoa mill, the T3 deposit, have also been reviewed for impairment.

The following impairment charges related to the quarter ended June 30, 2022 were recognized to record the CGU and exploration and evaluation assets at their estimated recoverable amounts.

		Three months ended, June 30, 2022
Property, plant and equipment – (Note 6)	$	
Caribou		6,153
Perkoa		13,558
Exploration and evaluation assets - Perkoa		3,987
Impairment	$	23,698

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

Perkoa

Following a suspension of operations due to the flooding event on April 16, 2022, a plan to restart is in place with a commencement date yet to be determined. Preliminary activities have taken place and the operation is in a state of readiness to restart. The state of readiness includes the delivery of replacement equipment that was damaged, re-establishing the electrical and communication systems, ventilation, egress and entrapment infrastructure, backfilling of voids, and inspecting the adequacy of ground support after the flooding event and ensuring that there are no underground stability concerns. Based on the updated operational plan with an assumed restart in August 2022, the estimated recoverable amount of $47.5 million has resulted in a net $17.5 million impairment ($13.6 million property, plant and equipment write-down and $3.9 million near-mine exploration and evaluation assets) to its estimated recoverable amount of $47.5 million. The valuation remains sensitive to the key assumptions used and further appreciation/ deterioration in the pricing outlook, increases/ decreases to reserves and resources or delays to the restart plan may result in additional impairment/ impairment reversal. It is estimated that a change of $0.10 per pound in the average zinc price assumption for the remaining life of mine (keeping all other assumptions constant) would result in an additional impairment of $9.8 million or an impairment reversal of $10.5 million and that any further delays in restarting the operations would result in an additional impairment of $3.0 million for each additional month delay.

Caribou

Caribou reported negative cash flows during the three months ended June 30, 2022, another successive quarter of losses as a result of increased operating costs due to inflation and ongoing operational challenges. Based on the operational plan, the estimated recoverable amount of $33.1 million has resulted in a net $6.2 million impairment on property, plant and equipment to its estimated recoverable amount of $33.1 million.

(Expressed in thousands of United States Dollars – unaudited)

The valuation remains sensitive to the key assumptions used and a further appreciation/ deterioration in the pricing outlook, increases/ decreases in reserves and resources, may result in additional impairment/ impairment reversal. It is estimated that a change of $0.10 per pound in the average zinc price assumption (keeping all other assumptions constant) would result in an additional impairment of $13.7 million or an impairment reversal of $13.2 million.

The Company's impairment testing of property, plant and equipment and near-mine exploration and evaluation assets incorporated the following key assumptions:

a) *Zinc price*

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

	June 30, 2022			
	2022	**2023**	**2024**	**2025+**
Zinc ($ per lb)	1.51	1.61	1.39	1.30

b) *Production volumes*

Estimated production volumes and timing are based on life-of-mine plans and internal management forecasts and consider the long-term development plans and expectations for the mines. 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 costs (including 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 Perkoa and Caribou CGUs were discounted using real post-tax discount rates of 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.

(Expressed in thousands of United States Dollars – unaudited)

4. SETTLEMENT AND OTHER RECEIVABLES

		June 30, 2022		**December 31, 2021**
Settlement receivables	$	5,522	$	35,531
Sales tax and income taxes		17,023		15,909
Other		912		1,030
	$	23,457	$	52,470

5. INVENTORIES

		June 30, 2022		**December 31, 2021**
Mineralized stockpiles	$	2,095	$	1,317
Concentrates				
Site		5,020		2,856
In-transit		802		5,158
Port		6,272		7,178
Materials and supplies		21,037		18,830
	$	35,226	$	35,339

6. 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		1,849		4,923		20,082		26,854
Depreciation		(17,352)		(10,692)		(8,980)		(37,024)
Impairment (Note 3)		(11,867)		(5,300)		(2,544)		(19,711)
Reclassifications		137		8,870		(9,007)		–
Change in reclamation and rehabilitation provision		–		548		–		548
June 30, 2022	$	58,759		219,510		61,580		339,849
Gross carrying value	$	192,023	$	494,282	$	157,544	$	843,849
Accumulated depreciation and impairment	$	(133,264)	$	(274,772)	$	(95,964)	$	(504,000)

Equipment and other includes expenditure for construction in progress of $30.2 million (December 31, 2021 – $20.3 million).

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		June 30, 2022		**December 31, 2021**
Trade payables	$	13,947	$	10,610
Accrued payroll and other		23,238		26,245
DSU and PSU liability		582		1,339
Corporate income taxes		4,299		3,219
Burkina Faso royalty and community payable		3,696		4,308
Other		115		85
	$	45,877	$	45,806

(Expressed in thousands of United States Dollars – unaudited)

8. WARRANT LIABILITY

On December 2, 2020, the Company closed a unit offering whose units included 93,265,000 common share purchase warrants (the "Warrants"), each with an exercise price of C$0.23 and as a result of the share consolidation completed on December 3, 2021, ten warrants were exercisable into one post-consolidated share at an exercise price of C$2.30 per share. The warrants expired on June 2, 2022 with no further warrants being exercised during 2022 and the liability was derecognized.

9. DEBT

		June 30, 2022		December 31, 2021
Revolving credit facility, net of fees	$	84,270	$	88,909
Glencore facility, net of fees		12,959		12,875
		97,229		101,784
Leases		3,860		6,960
Total debt	$	101,089	$	108,744
Current		100,590		107,976
Non-current	$	499	$	768

Revolving credit facility

The Company has a credit agreement with a syndicate of lenders for a $135.0 million Facility that was last renegotiated on August 6, 2020 and bears interest at a rate of LIBOR plus 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 $4.4 million (December 31, 2021 – $4.4 million) for various reclamation bonding requirements and for the mining contractor for the Caribou mine.

As at June 30, 2022, the Company was in full compliance with all covenant obligations and 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 June 30, 2022 was $23.0 million.

Based on a review of its available liquidity, the Company anticipates that it will not be in a position to make a mandatory prepayment of approximately $7.5 million on the Facility when such payment is due on August 17, 2022. The Company remains in discussions with its senior lenders regarding this anticipated breach of the terms of the Facility

Glencore facility

On August 6, 2020, the Company entered into the Glencore Facility up to a maximum of $20.0 million. 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 unit 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 June 30, 2022 was nil as the full $13.0 million limit under the agreement has been drawn. At June 30, 2022, the balance has been classified as current as the maturity date is less than one year.

Financial guarantee

In addition to the guarantees linked to the Facility, Trevali has also arranged a $5.1 million surety bond to support reclamation bonding requirements with its Caribou mine.

(Expressed in thousands of United States Dollars – unaudited)

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 $3.9 million was recognized as the present value of future payments using an implied interest rate of 8%.

10. OTHER RESERVES

Share-based payment reserve

Stock options

As at June 30, 2022 and December 31, 2021, the Company had outstanding stock options enabling the holders to acquire common shares as follows:

	June 30, 2022			**December 31, 2021**		
Expiry date	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	182,920	$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	1,116,346	–	–	–	–
	$2.27	5,224,541	2,176,866	$2.64	4,380,849	1,057,193

At June 30, 2022, the weighted average remaining contractual life of the stock options was 3.4 years (December 31, 2021 – 3.5 years).

Stock option transactions are as follows:

	June 30, 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	1,116,346	$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	5,224,541	$2.27	4,380,849	$2.64

On March 4, 2022, the Company granted 1,116,346 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 June 30, 2022, the Company recorded $0.2 million in share-based payment expense (2021 – $0.3 million) 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:

	June 30, 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 June 30, 2022, Trevali recorded $0.6 million in share-based payment recovery (2021 – $0.6 million expense) related to the incentive plan for the grant of PSUs, RSUs and DSUs.

During the six months ended June 30, 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).

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	172,811	$1.54	1,186,634	$1.32
Forfeited	(1,183,142)	$1.36	–	–	–	–
Redeemed	–	–	–	–	(90,699)	1.48
June 30, 2022	4,383,298	$0.21	981,367	$0.47	1,254,408	$0.47

11. NON-CONTROLLING INTERESTS

		Perkoa	**Rosh Pinah**	**Total**
January 1, 2022	$	(30,463)	17,861	(12,602)
Net income attributable to non-controlling interests		(2,711)	1,042	(1,669)
June 30, 2022		(33,174)	18,903	(14,271)

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 June 30, 2022, no earnings are due to the Government of Burkina Faso.

(Expressed in thousands of United States Dollars – unaudited)

12. REVENUES

		Three months ended June 30, 2022			Three months ended June 30, 2021		
		Zinc	**Lead-Silver**	**Total**	**Zinc**	**Lead-Silver**	**Total**
Concentrate sales	$	56,424	15,032	71,456	96,081	17,974	114,055
Smelting and refining charges		(15,338)	(4,078)	(19,416)	(24,458)	(4,196)	(28,654)
Revenues	$	41,086	10,954	52,040	71,623	13,778	85,401
Revenue from discontinued operations		–	–	–	11,948	3,756	15,704
Revenues from both continuing and discontinued operations	**$**	**41,086**	**10,954**	**52,040**	**83,571**	**17,534**	**101,105**

		Six months ended June 30, 2022			Six months ended June 30, 2021		
		Zinc	**Lead-Silver**	**Total**	**Zinc**	**Lead-Silver**	**Total**
Concentrate sales	$	162,955	32,304	195,259	167,835	17,974	185,809
Smelting and refining charges		(41,999)	(8,109)	(50,108)	(42,546)	(4,207)	(46,753)
Revenues	$	120,956	24,195	145,151	125,289	13,767	139,056
Revenue from discontinued operations		–	–	–	26,662	7,343	34,005
Revenues from both continuing and discontinued operations	**$**	**120,956**	**24,195**	**145,151**	**151,951**	**21,110**	**173,061**

13. 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.

(Expressed in thousands of United States Dollars – unaudited)

Three-month period ended June 30, 2022	Perkoa mine	Rosh Pinah mine	Caribou mine	Corporate and other	Total
Revenues	$ 12,155	$ 28,548	$ 11,337	$ –	$ 52,040
Mine operating expenses	6,336	15,412	18,382	–	40,130
General and administration	–	–	–	3,098	3,098
Stock-based compensation	–	–	–	(380)	(380)
	5,819	13,136	(7,045)	(2,718)	9,192
Depreciation, depletion and amortization	5,387	4,015	2,833	364	12,599
	432	9,121	(9,878)	(3,082)	(3,407)
Settlement mark-to-market loss					12,084
Mark-to-market gain on financial instruments					(644)
Gain on foreign exchange					(1,116)
Interest expense					2,981
Perkoa flood-related costs					15,226
Impairment					23,698
Other expense, net					3,524
Income tax expense					3,049
Net loss					(62,209)
Capital expenditures					15,139
Exploration expenditures					469
Assets	206,560	287,468	56,239	(66,682)	483,585
Liabilities	(106,350)	(144,141)	(205,915)	166,171	(290,235)
Net assets (liabilities)	$ 100,210	$ 143,327	$ (149,676)	$ 99,489	$ 193,350

Three-month period ended June 30, 2021	Perkoa mine	Rosh Pinah mine	Caribou mine	Corporate and other	Total
Revenues	$ 39,304	$ 27,906	$ 18,191	$ –	$ 85,401
Mine operating expenses	26,701	14,666	12,828	(20)	54,175
General and administration	–	–	–	1,288	1,288
Stock-based compensation	–	–	–	1,145	1,145
Discontinued operation	–	–	–	3,249	3,249
	12,603	13,240	5,363	836	32,042
Depreciation, depletion and amortization	10,135	5,836	3,482	188	19,641
Discontinued operation – depreciation	–	–	–	1,066	1,066
	2,468	7,404	1,881	(418)	11,335
Settlement mark-to-market loss					592
Mark-to-market loss on financial instruments					456
Loss on foreign exchange					1,532
Interest expense					2,531
Other income, net					(545)
Income tax expense					2,518
Discontinued operation – other expenses					374
Net income					3,877
Capital expenditures					12,828
Exploration expenditures					2,068
Assets	298,975	272,423	67,388	(59,790)	578,996
Liabilities	(167,401)	(148,294)	(183,785)	148,563	(350,917)
Net assets (liabilities)	$ 131,574	$ 124,129	$ (116,397)	$ 88,773	$ 228,079

(Expressed in thousands of United States Dollars – unaudited)

Six-month period ended June 30, 2022	Perkoa mine	Rosh Pinah mine	Caribou Mine	Corporate and other	Total
Revenues	$ 62,941	$ 61,037	$ 21,173	$ –	$ 145,151
Mine operating expenses	30,216	28,595	31,452	–	90,263
General and administration	–	–	–	4,359	4,359
Stock-based compensation	–	–	–	(92)	(92)
	32,725	32,442	(10,279)	(4,267)	50,621
Depreciation, depletion and amortization	22,318	9,825	5,170	730	38,043
	10,407	22,617	(15,449)	(4,997)	12,578
Settlement mark-to-market gain					(2,973)
Mark-to-market gain on financial instruments					(3,795)
Loss on foreign exchange					1,307
Interest expense					5,344
Perkoa flood-related costs					15,226
Impairment					23,698
Other expense, net					5,891
Income tax expense					10,034
Net loss					(42,154)
Capital expenditures					26,854
Exploration expenditures					782
Assets	206,560	287,468	56,239	(66,682)	483,585
Liabilities	(106,350)	(144,141)	(205,915)	166,171	(290,235)
Net assets (liabilities)	$ 100,210	$ 143,327	$ (149,676)	$ 99,489	$ 193,350

Six-month period ended June 30, 2021	Perkoa mine	Rosh Pinah mine	Caribou mine	Corporate and other	Total
Revenues	$ 75,714	$ 45,151	$ 18,191	$ –	$ 139,056
Mine operating expenses	48,640	24,896	12,930	(20)	86,446
General and administration	–	–	–	3,671	3,671
Stock-based compensation	–	–	–	1,452	1,452
Discontinued operation	–	–	–	9,046	9,046
	27,074	20,255	5,261	3,943	56,533
Depreciation, depletion and amortization	18,372	9,696	4,770	386	33,224
Discontinued operation – depreciation	–	–	–	1,761	1,761
	8,702	10,559	491	1,796	21,548
Settlement mark-to-market gain					468
Mark-to-market loss on financial instruments					1,198
Loss on foreign exchange					2,182
Interest expense					5,298
Mine restart expenses					6,338
Other expense, net					455
Income tax expense					3,762
Discontinued operation – other expenses					480
Net income					1,367
Capital expenditures					31,456
Exploration expenditures					3,752
Assets	298,975	272,423	67,388	(59,790)	578,996
Liabilities	(167,401)	(148,294)	(183,785)	148,563	(350,917)
Net assets (liabilities)	$ 131,574	$ 124,129	$ (116,397)	$ 88,773	$ 228,079

(Expressed in thousands of United States Dollars – unaudited)

14. 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.

15. RELATED PARTY TRANSACTIONS AND BALANCES

Glencore

As of June 30, 2022, Glencore owned 25,983,592 Trevali common shares representing approximately 26.3% of the total issued and outstanding common shares. 24,500,000 common share purchase warrants outstanding with an exercise price of C$0.23 each expired on 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 and six months ending June 30, 2022 and 2021:

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Net revenue on concentrate sales	$ 52,040	$ 101,105	$ 145,151	$ 173,061
Settlement mark-to-market on concentrate sales loss (gain)	12,084	348	(2,973)	265
Interest expense on Glencore Facility	$ 207	$ 184	$ 390	$ 367

	June 30, 2022	June 30, 2021
Settlement receivable from Glencore (Note 4)	$ 5,522	$ 70,067
Payable to Glencore	224	–
Glencore Facility (Note 9)[1]	$ 13,001	$ 13,001

[1] Balance excludes capitalized transaction fees.

(Expressed in thousands of United States Dollars – unaudited)

16. 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 represent the entire Santander operating segment and have been determined to be a discontinued operation.

The results of the Santander mine for the period ended June 30, 2021 are presented below:

	Notes	Three months ended June 30, 2021	Six months ended June 30, 2021
REVENUES	**12**	$ 15,704	$ 34,005
MINE OPERATING EXPENSES			
Production		12,027	23,931
Distribution		389	951
Royalties		38	77
Depreciation, depletion and amortization		1,066	1,761
		13,520	26,720
GROSS PROFIT		**2,184**	**7,285**
OTHER			
Settlement mark-to-market gain		(244)	(203)
Loss (gain) on foreign exchange		97	(11)
Interest expense		256	296
Other expense		42	50
Income before tax from discontinued operations		**2,033**	**7,153**
Current income tax expense		223	348
Income after tax from discontinued operations		1,810	6,805
Income from discontinued operations		**$ 1,810**	**$ 6,805**
Earnings per share from discontinued operations			
Basic and diluted		0.02	0.07

The net cash flows for Santander were as follows:

	Three months ended June 30, 2021	Six months ended June 30, 2021
Net cash provided by operating activities	$ 3,787	$ 9,220
Net cash used in investing activities	(923)	(2,376)
Net cash used in financing activities	(18,994)	(20,703)
Net cash outflows	**$ (16,130)**	**$ (13,859)**