TREVALI MINING CORPORATION

Management's Discussion and Analysis

For the year ended December 31, 2017

Dated March 12, 2018

INTRODUCTION

The Trevali Mining Corporation ("Trevali" or "Company") prepared this Management's Discussion & Analysis ("MD&A") for the year ended December 31, 2017, as a "Non-Venture Issuer", in accordance with the requirements of National Instrument 51-102 - Continuous Disclosure Obligations ("NI 51-102"), as of March 12, 2018. This MD&A provides a detailed analysis of the Company's financial results for the year ended December 31, 2017 and should be read in conjunction with the Company's audited consolidated financial statements for the years ended December 31, 2017 and 2016 ("Financial Statements") which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

All figures in this MD&A are expressed in thousands of United States Dollars except for share, per share, per pound and per ounce amounts, unless otherwise noted. References to "C$" are to Canadian dollars.

This MD&A contains certain "forward-looking information" within the meaning of Canadian securities legislation and "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 (collectively, "forward-looking statements"). These forward-looking statements are as of March 12, 2018 and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities legislation.

Forward-looking statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events including, but not limited to, statements with respect to the estimation of mineral reserves and mineral resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, future anticipated property acquisitions, the content, cost, timing and results of future anticipated exploration programs and limitations on insurance coverage. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "outlook", "guidance", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. In this MD&A, certain forward-looking statements are identified by words including "guidance", "may", "future", "expected", "intends" and "estimates". By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of mineral resources; possible variations in ore reserves, grade or recovery rates; accidents; assumptions related to geotechnical conditions of tailings facilities; dependence on key personnel; labour pool constraints; labour disputes; availability of infrastructure required for the development of mining projects; delays or inability to obtain governmental and regulatory approvals for mining operations or financing or in the completion of development or construction activities; counterparty risks associated with sales of our metals; increased operating and capital costs; operating in foreign jurisdictions with risk of changes to governmental regulation; impact of climatic conditions on the Company's Santander, Caribou, Rosh Pinah and Perkoa mining operations; compliance with debt covenants, and other risks of the mining industry as well as those factors detailed from time to time in the Company's interim and annual financial statements and management's discussion and analysis of those statements, all of which are filed and available for review under the Company's profile on SEDAR at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Historical results of operations and trends that may be inferred from this MD&A may not necessarily indicate future results from operations. The Company provides no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Please see the "Risk Factors" section of the Company's most recent Annual Information Form filed on SEDAR as well as additional risks in this MD&A.

Change of the Company's Canadian Operations Functional and Presentation Currency

Prior to January 1, 2017, the functional currency of the Company's Canadian operations and corporate office, which is based in Canada, was the Canadian dollar. The functional currency of its Peruvian entities was the United States dollar. Per IAS 21, The Effects of Changes in Foreign Exchange Rates, an entity's functional currency should reflect the underlying transactions, events, and conditions relevant to the entity. Determination of functional currency involves certain judgments to determine the primary economic environment and this is re-evaluated for each new entity or if conditions change. Based on management's evaluation, taking into consideration the currency of the main sources of income from the sale of concentrate from the Caribou mine, sources of funding, as well as the currency in which cash and cash deposits for the Caribou mine, along with the corporate office, are maintained, management determined the United States dollar as the functional currency of the Canadian operations and corporate office.

The change in functional currency has been accounted for prospectively with no impact of this change on prior year comparative information.

With all Trevali's operations having the United States dollar as its functional currency, the Company decided to change its presentation currency from the Canadian dollar to the United States dollar. The change in the financial statement presentation currency is considered an accounting policy change and has been accounted for retrospectively. From January 1, 2017, the US dollar presentation currency is consistent with the functional currency of the Company. For periods prior to January 1, 2017, the statements of financial position for each period presented have been translated from the Canadian dollar functional currency to the new US dollar presentation currency at the rate of exchange prevailing at the respective financial position date except for equity items, which have been translated at accumulated historical rates from the Company's date of incorporation. The statements of income and comprehensive income were translated at the average exchange rates for the reporting period, or at the exchange rate prevailing at the date of transactions. Exchange differences arising in 2016 on translation from the Canadian dollar functional currency to the US dollar presentation currency have been recognized in other comprehensive income and accumulated as a separate component of equity.

In prior reporting periods, the translation of the Company's Peruvian entities, which, as of January 1, 2013, had a United States dollar functional currency, into the Company's presentation currency of the Canadian dollar, gave rise to a translation adjustment which was recorded as a cumulative translation adjustment ("CTA"), a separate component of shareholders' equity. With the retrospective application of the change in presentation currency from the Canadian dollar to the US dollar, the CTA that was given rise to by the Peruvian entities since January 1, 2013, was eliminated. However, with the retrospective application of the change in presentation currency to the US dollar, the Company's Canadian operations and corporate office, and the Peruvian entities prior to January 1, 2013, all of which had a Canadian dollar functional currency until January 1, 2017, resulted in a CTA balance. The CTA balance will remain the same until the entities, which gave rise to the CTA balance, are disposed of, or retired.

COMPANY BUSINESS AND BACKGROUND

Trevali is a natural resource company engaged in the acquisition, exploration, development and production of mineral properties. The Company is actively producing zinc and lead-silver concentrates from its Santander Mine in Peru, its Caribou Mine in the Bathurst Mining Camp, northern New Brunswick, Canada, its Rosh Pinah Mine in Namibia and producing zinc concentrates from its Perkoa Mine in Burkina Faso. In addition, Trevali owns the Heath Steele option, Halfmile Mine, and the Stratmat and Restigouche polymetallic deposits located in New Brunswick, Canada, the Ruttan Mine in northern Manitoba, Canada and an effective 39% interest in the Gergarub project in Namibia.

Common shares of the Company are listed under the symbol (i) "TV" on the Toronto Stock Exchange ("TSX") and the 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 acquired the Santander zinc-lead-silver mine in Peru, through a 50-year assignment agreement dated December 11, 2007 with Compania Minerales Santander S.A.C. ("Santander"). The Santander Mine was formerly a producing mine which Trevali returned to commercial production in January 2014. The Property is approximately 215 kilometers by road from Lima via the town of Canta. The current infrastructure is comprised of a camp and associated support facilities, 2,000 tonne-per-day mill and processing plant and tailings impoundment.

In April 2011, the Company merged with Kria Resources Ltd. ("Kria"), a Toronto Venture Exchange listed Company with base metal properties in New Brunswick and Manitoba, Canada. Kria's properties included Halfmile and Stratmat in New Brunswick and the Ruttan property in northern Manitoba.

On November 5, 2012, the Company acquired Maple Minerals Corporation ("Maple") (now known as Trevali Mining (New Brunswick) Ltd.), a private company located in New Brunswick, by way of amalgamation. This acquisition provided Trevali with a 3,000 tonne-per-day processing plant, the former Caribou base metal mine, and a permitted tailings treatment facility. On July 1, 2016, the Caribou Mine commenced commercial production of zinc and lead-silver concentrates.

On August 31, 2017 the Company announced it had completed the acquisition (the "Transaction") of a portfolio of zinc assets from Glencore PLC ("Glencore"), and certain of its subsidiaries, including an 80% interest in the Rosh Pinah Mine in Namibia ("Rosh Pinah"), a 90% interest in the Perkoa Mine in Burkina Faso ("Perkoa"), an effective 39% interest in the Gergarub project in Namibia, an option to acquire 100% interest in the Heath Steele project in Canada along with related exploration properties and other assets. The aggregate purchase price totaled \$464,649 consisting of \$245,216 ("Cash Consideration") and the issuance of 193,432,310 Trevali common shares to Glencore with a value of \$219,443 (\$219,288 net of fees) based on the closing share price of C\$1.43 on August 31, 2017. After the completion of this transaction, Glencore became a 25.6% shareholder of Trevali.

The Cash Consideration was funded through a combination of: (i) the proceeds of the previously announced bought deal private placement (the " Subscription Receipt Offering") of subscription receipts ("Subscription Receipts") conducted by a syndicate of underwriters led by BMO Capital Markets and including Scotia Capital Inc., TD Securities Inc., Eight Capital, National Bank Financial Inc., Paradigm Capital Inc., Cormark Securities Inc., GMP Securities L.P., Haywood Securities Inc., and Raymond James Ltd. (collectively, the

"Underwriters") and (ii) advances under a $160,000 senior secured term loan (the "Term Facility") and a $30,000 senior secured revolving working capital loan (the " Revolving Facility" and together with the Term Facility, the "Facility"), in each case made available to the Company by The Bank of Nova Scotia and SG Americas Securities LLC, as co-lead arrangers and joint bookrunners, and The Bank of Nova Scotia, Société Générale, Export Development Canada, HSBC Bank Canada and The Toronto-Dominion Bank, as lenders. The Facility bears interest on a sliding scale: (i) at a rate of LIBOR plus between 3.00 percent to 4.00 percent or (ii) at a base rate plus between 2.00 percent to 3.00 percent and includes standard and customary finance terms and conditions including with respect to fees, representations, warranties, covenants and conditions precedent to additional draws under the Revolving Facility. In addition to funding a portion of the Cash Consideration, a portion of the Term Facility was used to refinance debt obligations of Trevali's wholly-owned subsidiary, Trevali Peru S.A., owing to Glencore and its affiliates.

As part of the Transaction and as announced by the Company on March 29, 2017 (see news release TV-NR-17-07) a total of 220,455,000 Subscription Receipts were issued, including 28,755,000 Subscription Receipts as a result of the Underwriters' full exercise of an underwriters' option, for gross proceeds of C$264,546, of which C$53,910 was used to redeem Trevali's 12.5% senior secured notes due May 30, 2019 in full. The Subscription Receipts were distributed by way of a private placement in each of the provinces and territories of Canada, in the United States pursuant to applicable exemptions, and in certain international jurisdictions pursuant to the Subscription Receipt Offering. As of August 31, 2017, the escrow release conditions for the Subscription Receipt Offering were satisfied and the Subscription Receipts converted into 220,455,000 Common Shares with no further action on the part of the holders of the Subscription Receipts.

As previously disclosed, subject to certain conditions set out in an investor rights and governance agreement (the "Investor Rights and Governance Agreement"), Glencore has been granted certain board nomination rights, the right to participate in future equity offerings by the Company to maintain its pro rata ownership in Trevali and consent rights on any future material asset sales. Pursuant to the Investor Rights and Governance Agreement, Glencore has agreed to a 36-month standstill (the "Standstill") and to hold the Share Consideration for a period of at least 24 months following the closing of the Transaction. The Standstill prohibits Glencore from taking certain specified actions without Trevali's approval, including, among other things, launching a takeover bid or increasing its ownership in Trevali.

Following the Transaction, Trevali implemented a new succession planning and board renewal policy to ensure Trevali's Board of Directors (the "Board") is comprised of individuals with a broad range of experience and expertise necessary for the Board to carry out its mandate effectively. As the first part of this strategy, the Board has been expanded from seven members to eight members with the appointment of Glencore representative Mr. Dan Myerson to the Board. Mr. Myerson currently manages Glencore's Canadian zinc business and has worked closely with Trevali at both the corporate and operations level, specifically facilitating technical support to its Caribou operations.

In addition, on October 12, 2017, the Company announced, that following an extensive and diligent search by global executive search consultants Egon Zehnder, each of Ms. Jessica L. McDonald and Messrs. Russell Ball and Dan Isserow have been appointed to the Board of Directors of Trevali following the voluntary resignations of Ms. Catherine Gignac and Messrs. David Huberman and David Korbin effective October 11, 2017. In addition, following the changes to the Board of Directors, Mr. Mike Hoffman has been appointed Chairman of the Board succeeding Mr. David Huberman. Following these board changes, five of the eight Board members are independent.

On November 28, 2017 the Company announced 3 senior executive appointments to strengthen its Corporate team. They include:

Paul Keller, who has served as Trevali's Chief Operating Officer since 2011, transitioned to the role of Senior Vice President – Major Projects & Technical Support and will continue to spearhead optimization and expansion initiatives at the Company's operations.

Bryant Schwengler has been appointed Chief Operating Officer following his role as General Manager at the Caribou mine in New Brunswick.

Gerbrand Van Heerden has been appointed as Senior Vice President Business Initiative / Development.

2017 Summarized Consolidated Financial Highlights

During the three-month period and year ended December 31, 2017, the Company:

- Earned revenues of $330,533 for the twelve months ended December 31, 2017 ($102,870 for the twelve months ended December 31, 2016) and $188,779 for the three months ended December 31, 2017 ($42,097 for the three months ended December 31, 2016),
- Generated a $86,087 gross profit for the twelve months ended December 31, 2017 ($28,372 for the twelve months ended December 31, 2016) and $37,903 for the three months ended December 31, 2017 ($13,205 for the three months ended December 31, 2016). The gross profit includes the amortization of the fair value acquisition bumps on inventory of $41,405 following the acquisition of Rosh Pinah and Perkoa mines.
- The Santander Mine generated a $23,067 gross profit for the twelve months ended December 31, 2017 ($22,332 for the twelve months ended December 31, 2016) and $6,567 for the three months ended December 31, 2017 ($8,634 for the three months ended December 31, 2016).
- The Caribou Mine generated a $44,780 gross profit for the twelve months ended December 31, 2017 ($6,017 for six months ended December 31, 2016 as the mine commenced commercial production on July 1, 2016) and $16,465 for the three months ended December 31, 2017 ($4,570 for the three months ended December 31, 2016).
- The Rosh Pinah Mine generated a $6,142 gross profit for the four months ended December 31, 2017 and $2,774 for the three months ended December 31, 2017. The gross profit includes the amortization of the fair value acquisition bumps on inventory for $18,694.
- The Perkoa Mine generated a $12,098 gross profit for the four and three months ended December 31, 2017. The gross profit includes the amortization of the fair value acquisition bumps on inventory for $22,351.
- Recorded net income before income tax of $39,919 for the twelve months ended December 31, 2017 ($14,423 for the twelve months ended December 31, 2016) and $31,334 for the three months ended December 31, 2017 ($8,733 for the three months ended December 31, 2016),
- Maintained a working capital position of $144,350 as of December 31, 2017 ($7,798 as of December 31, 2016).
- Record high EBIDTA* of $100,960 for the twelve months ended December 31, 2017 ($41,799 for the twelve months ended December 31, 2016) and $56,274 for the three months ended December 31, 2017 ($18,323 for the three months ended December 31, 2016)

The following two tables summarize the Company's key combined sales and production statistics for the three and twelve months ended December 31, 2017 and 2016. The Santander Mine is included in both the 2017 and 2016 results. The Caribou Mine is included in the 2017 results and the third and fourth quarter results of 2016 as the Caribou Mine did not commence commercial production until July 1, 2016. The Rosh Pinah and Perkoa Mines are included starting from September 1, 2017.

2017 Consolidated Sales Statistics and 2016 Comparison

	Q4-2017	Q4-2016	YTD-2017	YTD-2016
Zinc Concentrate (DMT)	151,173	44,415	271,043	106,609
Lead Concentrate (DMT)	20,701	12,588	59,518	33,303
Payable Zinc lbs	139,214,814	38,134,150	244,330,634	93,404,037
Payable Lead lbs	18,981,521	10,726,459	50,586,833	32,356,053
Payable Silver ozs	468,593	395,997	1,611,224	1,177,957
Average Realized Metal Price[1]				
Zinc ($/lb)	$ 1.44	$ 1.16	$ 1.38	$ 1.03
Lead ($/lb)	$ 1.13	$ 0.98	$ 1.07	$ 0.88
Silver ($/oz)	$ 16.42	$ 16.70	$ 16.99	$ 17.45
Revenues[2]	$ 188,779	$ 42,097	$ 330,533	$ 102,870
Mine Operation Expenses	$ 150,876	$ 28,892	$ 244,446	$ 74,498
Zinc Equivalent ("ZnEq") lbs Sold	160,116,696	53,047,314	306,200,705	142,385,949

2017 Consolidated Production Statistics and 2016 Comparison

	Q4-2017	Q4-2016	YTD-2017	YTD-2016
Tonnes Mined	832,878	415,523	2,128,018	1,166,381
Tonnes Milled	818,690	469,723	2,250,464	1,300,037
Payable Production				
Zinc lbs	104,756,770	36,757,268	225,077,204	97,962,891
Lead lbs	13,451,973	11,317,254	45,822,110	33,048,019
Silver ozs	396,899	409,653	1,561,508	1,215,874
Zinc Equivalent lbs Payable Produced	119,695,041	52,374,939	281,348,463	148,182,148
Site Cash Operating Cost per ZnEq Payable lbs Produced[3-4]	$ 0.47	$ 0.40	$ 0.46	$ 0.36
Total cash costs per ZnEq Payable lbs Produced[3]	$ 0.71	$ 0.49	$ 0.67	$ 0.49
Site Cash Operating Cost per Tonne Milled[4]	$ 68.17	$ 44.61	$ 57.36	$ 41.35

[1] Provisional Realized Metal Price.

[2] Revenues for the quarter includes the effects of settlement adjustments on sales from prior quarters.

[3] ZnEq Payable Pounds Produced=((Zn Payable lbs Produced*Zn Price)+(Pb Payable lbs Produced*Pb Price)+(Ag oz Payable Produced*Ag Price))/Zn Price.

[4] ZnEq Payable Pounds Sold=((Zn Payable lbs Sold*Zn Price)+(Pb Payable lbs Sold*Pb Price)+(Ag oz Payable Sold*Ag Price))/Zn Price.

*Please refer to non-IFRS measures at the end of this document.

OUTLOOK

Peru

The Company has completed the construction of its pumping infrastructure upgrade to facilitate long-range planning as mining transitions deeper in the Magistral zones, to reduce power requirements and improve overall mine efficiency. It is anticipated that the system will be commissioned in Q1 2018.

The 2018 revised production guidance estimate for Santander Mine is as follows:

- 54-57 million lbs. of payable zinc in concentrate
- 11.0-11.6 million lbs. of payable lead in concentrate; and
- 654,000-687,000 ozs of payable silver.

The December year-to-date site cash operating cost is $40.19 per tonne and is within the previously announced cost guidance range of $38-$42 per tonne milled (please see non-IFRS measures and at the end of this MD&A and the Cautionary Note on Forward Looking Statements at the beginning of this MD&A).

Mill maintenance in Q1-2018 (head of ball mill replacement on one of the four mills) is expected to result in lower mill throughput with mined ore stockpiled for processing in subsequent quarters.

In 2017, a combined surface and underground exploration and definition drilling campaign tested the down-plunge and lateral extension and continuity of Magistrales and Pipe deposits. The results will be incorporated into an updated resource-reserve statement which is anticipated to be completed in late Q1 2018. All deposits remain open for expansion and the Santander exploration team will continue to drill test the system in 2018 as part of its annual exploration campaign.

Canada

The **Caribou Mine** transitioned to owner-operated mining during 2017 with the successful commissioning of the new Sandvik-supported mine fleet. The anticipated improved operational efficiencies are now reflected in the downward cost trend from a high of $61.17 per tonne milled in Q1 to $55.14 per tonne milled in Q4.

The 2018 revised production guidance estimate for the Caribou Mine is:

- 86-90 million lbs. of payable zinc in concentrate
- 27.1-28.4 million lbs. of payable lead in concentrate
- 627,000-658,000 ozs. of payable silver

Site cash operating cost for December 2017 year-to-date was $58.57 per tonne and the annual 2018 guidance remains unchanged at $55-$61 per tonne milled (please see non-IFRS measures the at the end of this MD&A and the Cautionary Note on Forward Looking Statements at the beginning of this MD&A).

The Company received the Mine Lease for the Restigouche mine during the third quarter and completed a 3,269 metre, 19-hole, diamond drill program to confirm the historic resource estimate and provide material for metallurgical testing. Engineering studies are in progress to facilitate potential future production through the Caribou Mill complex.

The 2018 business improvement program anticipates increased production gains and efficiencies as improvements are made to the site power infrastructure, mill control systems, mining conversion of inferred tonnes into the mine plan, ground control management and ventilation.

Halfmile-Stratmat

The Company announced the results of a new PEA study on November 6, 2017. Please refer to the news release dated November 6, 2017 and the Exploration and Development section of this MD&A for further details.

Murray Brook

On March 2, 2018, Trevali announced that it had entered into a Letter of Intent with Puma Exploration Inc. for the acquisition of an option to acquire an interest in the Murray Brook Deposit and to form a proposed Strategic Exploration Alliance in the northern portion of the Bathurst Mining Camp in New Brunswick. The option is subject to certain standard terms and conditions which include receipt of all requisite regulatory approvals, including the acceptance of the TSX Venture Exchange. Trevali, at its option, will provide all or part of the remaining CDN$7,500 in funding to Puma in order for Puma to finalize the 100-percent acquisition of the Murray Brook Deposit ultimately leading to a 75:25 percent ownership interest between Trevali and Puma, respectively, and a 51:49 percent ownership in the Murray Brook East Property, respectively. Additionally, Trevali will subscribe for CDN$500 worth of units (the "Units") of Puma at an issue price equal to the five-day volume weighted average trading price of Puma's common shares ending on the date of announcement of the placement and terms of the letter agreement, subject to a permissible discount pursuant to the rules of the TSX Venture Exchange. Each Unit will consist of one common share and one-half of a warrant, with the warrants being fully transferrable, having a three-year term and an exercise price set 30% above the issue price of the common shares that form a part of the Units. The proceeds will be used to advance the Strategic Exploration Alliance (see March 2, 2018 News Release).

Africa

The **Rosh Pinah Mine** and the **Perkoa Mine** reflect four-month production only as Trevali acquired these mines on August 31, 2017.

The **Rosh Pinah Mine** 2018 production guidance estimate is:

- 105-115 million pounds of payable zinc in concentrate;
- 5.7-6.0 million pounds of payable lead in concentrate; and
- 123,000-129,000 ounces of payable silver

Site cash operating cost for December 2017 year-to-date was $56.09 per tonne and the annual 2018 guidance remains unchanged at $49-54 per tonne milled (please see non-IFRS measures the at the end of this MD&A and the Cautionary Note on Forward Looking Statements at the beginning of this MD&A).

During the quarter the site completed the construction and commenced commissioning of the Mill re-grind project. When fully commissioned it is anticipated to result in improved Zn and Pb recoveries in addition to higher grade concentrates. Improvement programs have been implemented to target key operational areas including production drilling support, introduction of raise-boring to improve the stope production cycle and mobile fleet optimization. These initiatives are improving mine site operational efficiencies and will continue throughout 2018.

The **Perkoa Mine** 2018 production guidance estimate is:

- 155-165 million pounds of payable zinc in concentrate;

Site cash operating costs for December 2017 year-to-date was $114.39 per tonne and the annual 2018 guidance is $103-113 per tonne milled (please see non-IFRS measures at the end of this MD&A and the Cautionary Note on Forward Looking Statements at the beginning of this MD&A).

A key initiative at Perkoa in 2017 was to re-commission the zinc regrind mill, which was completed in the fourth quarter, with positive impacts on recovery and concentrate grades. These benefits are expected to continue in 2018.

The Company has approved the procurement and installation of a more efficient site power generating system subsequent to the year-end. Phase I of the project will entail the installation of two 2.5Mw Heavy Fuel Oil (HFO) generators for a total estimated budget, including contingency, of $9.2 million. The project has an anticipated cost savings of approximately $7 per tonne milled. As the Company integrates the assets, further synergies are expected in supply and procurement, operational and technical support efficiencies.

Discussion of Mining Operations

Santander Mine, Peru

Santander 2017 Sales Statistics and 2016 Comparison

	Q4-2017	Q4-2016	2017 YTD	2016 YTD
Zinc Concentrate (DMT)	16,285	17,719	60,600	67,387
Lead Concentrate (DMT)	1,738	3,118	10,851	17,111
Payable Zinc lbs	13,959,470	15,570,810	52,196,896	59,757,298
Payable Lead lbs	1,698,687	3,085,499	10,551,510	19,263,824
Payable Silver oz's	96,633	178,643	596,376	799,740
Average Realized Metal Price[1]				
Zinc ($/lb)	$ 1.45	$ 1.20	$ 1.33	$ 0.99
Lead ($/lb)	$ 1.13	$ 1.00	$ 1.05	$ 0.85
Silver ($/oz)	$ 16.52	$ 16.73	$ 17.12	$ 17.09
Revenues[2]	$ 20,064	$ 19,377	$ 72,151	$ 66,685
Mining Operation Expenses	$ 13,498	$ 10,743	$ 49,084	$ 44,353
Zinc Equivalent lbs Sold	16,384,843	20,670,895	68,431,564	91,248,249

Santander 2017 Production Statistics and 2016 Comparison

	Q4-2017	Q4-2016	2017 YTD	2016 YTD
Tonnes Mined	201,198	171,084	681,785	716,893
Tonnes Milled	214,791	218,481	839,546	863,307
Average Head Grades %				
Zinc	4.12%	4.36%	3.94%	4.27%
Lead	0.49%	0.82%	0.75%	1.24%
Silver - Oz (ounces)/ton	0.76	1.18	1.06	1.27
Average Recoveries %				
Zinc	87%	89%	87%	89%
Lead	78%	83%	80%	86%
Silver	57%	66%	64%	71%
Concentrate Produced DMT (dry metric tonne):				
Zinc	16,286	17,553	60,841	67,397
Lead	1,712	3,111	10,792	17,189
Concentrate Grades %				
Zinc	47%	48%	48%	49%
Lead	48%	48%	47%	53%
Ag - Oz/ton	54.63	54.62	53.33	45.24
Payable Production				
Zinc lbs	14,096,539	15,826,253	53,063,810	61,255,238
Lead lbs	1,684,054	3,102,826	10,532,042	19,256,247
Silver oz's	97,941	177,931	602,680	813,807
Zinc Equivalent lbs Payable Produced	16,525,138	20,930,910	69,396,345	93,008,559
Site Cash Operating Cost per ZnEq Payable lbs Produced[3-4]	$ 0.62	$ 0.33	$ 0.49	$ 0.31
Total cash costs per ZnEq Payable lbs Produced[3]	$ 0.96	$ 0.50	$ 0.76	$ 0.45
Site Cash Operating Cost per Tonne Milled[4]	$ 47.44	$ 31.98	$ 40.19	$ 33.19

[1] Provisional Realized Metal Price

[2] Revenues for the quarter includes the effects of settlement adjustments on sales from prior quarters.

[3] ZnEq Payable Pounds Produced=((Zn Payable lbs Produced*Zn Price)+(Pb Payable lbs Produced*Pb Price)+(Ag oz Payable Produced*Ag Price))/Zn Price.

[4] ZnEq Payable Pounds Sold=((Zn Payable lbs Sold*Zn Price)+(Pb Payable lbs Sold*Pb Price)+(Ag oz Payable Sold*Ag Price))/Zn Price.

Please refer to non-IFRS measures at the end of this document.

Three months ended December 31, 2017 and 2016

All concentrates are purchased by Glencore International plc's Peruvian subsidiary, Empresa Minera Los Quenuales S.A. ("Glencore Peru"), under the Company's offtake agreement with Glencore Peru. During the quarter, the Company sold 13.9 million lbs of zinc (Q4-2016 – 15.6 million lbs), 1.7 million lbs. of lead (Q4-2016 – 3.1 million lbs.), and 96,633 ozs. of silver (Q4-2016 – 178,643 ozs). Revenues for the fourth quarter of 2017 were $20.1 million (Q4-2016 – $19.4 million), with the average realized metal prices of $1.45 (Q4-2016 – $1.20) per pound of zinc, $1.13 (Q4-2016 – $1.00) per pound of lead, and $16.52 (Q4-2016 – $16.73) per ounce of silver. Revenue during the fourth quarter of 2017 increased over the quarter of 2016 due to a lower payable metal sold, in particular lead and silver, as result of lower grades and tonnes milled, but significant lower smelting and refining charges.

Mine operating expenses for the three months ended December 31, 2017 at the Santander operation were $13,498 (Q4-2016 - $10,743).

During the three months ended December 31, 2017, the Company's Santander Mine produced 14.1 million payable lbs of zinc (Q4-2016 - 15.8 million lbs), 1.7 million payable lbs of lead (Q4-2016 – 3.1 million lbs) and 97,941 payable ozs of silver (Q4-2016 – 177,931 ozs).
During the three months ended December 31, 2017, the Santander mill continued to operate above its 2,000 tonne-per-day nameplate capacity, with 214,791 tonnes of mineralized material being milled (Q4-2016 – 218,481 tonnes). Underground production was 201,198 tonnes for the quarter (Q4-2016 – 171,084 tonnes). Average head grades were 4.12% zinc, 0.49% lead, and 0.76 oz/tonne silver, with production of 16,286 tonnes of zinc concentrate averaging 47% Zn, and 1,712 tonnes of lead-silver concentrate averaging 48% Pb and 54.63 oz/tonne Ag. Recoveries during the quarter averaged 87% for zinc, 78% for lead, and 57% for silver.

The fourth quarter mining activities focused on accessing production levels in Magistral South and Central which were delayed earlier in the year.

Site cash operating cost during the fourth quarter of 2017 was $47.44 per tonne milled, higher than guidance range of $35 to $40 per tonne milled (2016 - $31.98 per tonne milled), or $0.62 per zinc equivalent payable lbs produced (2016 - $0.33 per zinc equivalent payable lbs produced). The increase was the result of higher power requirements to pump water from the mine. During the quarter the upgrade of the pumping infrastructure was completed and it is anticipated to result in reduced power consumption and improve overall mine efficiency when fully commissioned.

Twelve months ended December 31, 2017 and 2016

During 2017, the Company sold 52.2 million lbs of zinc (2016 – 59.7 million lbs), 10.6 million lbs. of lead (2016 – 19.3 million lbs.), and 596,376 ozs. of silver (2016 – 799,740 ozs). Revenues for 2017 were $72.1 million (2016 – $66.7 million), with the average realized metal prices of $1.33 (2016 – $0.99) per pound of zinc, $1.05 (2016 – $0.85) per pound of lead, and $17.12 (2016 – $17.09) per ounce of silver. Revenue increased during 2017 compared to 2016 as a result of the rise of net realized metal prices and lower smelting and refining charges offset by the reduced number of zinc equivalent pounds sold

Total mine operating expenses for the twelve months ended December 31, 2017 at the Santander operation were $49,084 (2016 - $44,353). The increase was mainly the result of higher power consumption at the mine to pump water to the surface, and higher energy cost comparing to previous year.

During the twelve months ended December 31, 2017, the Company's Santander Mine produced 53.1 million payable lbs of zinc (2016 - 61.3 million lbs), 10.5 million payable lbs of lead (2016 – 19.3 million lbs) and 602,680 payable ozs of silver (2016 – 813,807 ozs). Zinc, lead and silver production was lower in 2017 due to a combination of lower throughput and lower grade lead zone production.

During the twelve months ended December 31, 2017, the Santander mill continued to operate above its 2,000 tonne-per-day nameplate capacity, with 839,546 tonnes of mineralized material being milled (2016 – 863,307 tonnes). Underground production was 681,785 tonnes for 2017 (2016 – 716,893 tonnes). Reduced mine tonnage was a result of delayed access to Magistral Central and South lower zones. The area was delayed approximately one quarter with the increased water ingress and ability to manage to plan until the new higher capacity pump system was in place later in the year.

Average head grades during 2017 were 3.94% zinc, 0.75% lead, and 1.06 oz/ton silver with production of 60,841 tonnes of zinc concentrate averaging 48% Zn, and 10,792 tonnes of lead-silver concentrate averaging 47% Pb and 53.33 oz/ton Ag.

Site cash operating cost during 2017 was $40.19 per tonne milled at the upper end of guidance range of $35 to $40 per tonne milled (2016 - $33.19 per tonne milled), or $0.49 per zinc equivalent payable lb produced (2016 - $0.31 per zinc equivalent payable lb). The increase is the result of fewer tonnes milled during the year (please see non-IFRS measures at the end of this MD&A for additional information).

Caribou Mine, Canada

The Caribou Mine commenced commercial production July 1, 2016. All operating costs, net of concentrate revenues, up to June 30, 2016 were capitalized to property, plant and equipment. The fourth quarter in 2017 is the second quarter with quarterly comparative 2016 sales and production statistics.

Caribou 2017 Sale Statistics and 2016 Comparison

	Q4-2017	Q4-2016	YTD-2017	YTD-2016
Zinc Concentrate (DMT)	28,408	26,696	94,240	39,221
Lead Concentrate (DMT)	10,699	9,471	40,402	16,192
Payable Zinc lbs	23,893,503	22,563,340	81,736,788	33,646,739
Payable Lead lbs	8,718,759	7,640,960	31,471,248	13,092,229
Payable Silver oz	252,116	217,354	895,004	378,216
Payable Gold oz	490	266	1,005	449
Average Realized Metal Price ($)/lbs[1]				
Zinc	$ 1.45	$ 1.13	$ 1.35	$ 1.10
Lead	$ 1.13	$ 0.97	$ 1.06	$ 0.93
Silver	$ 16.55	$ 16.67	$ 17.02	$ 17.82
Gold	$ 1,275.74	$ 1,199.46	$ 1,272.10	$ 1,253.50
Revenues[2]	$ 37,033	$ 22,720	$ 118,447	$ 36,185
Mining Operation Expenses	$ 20,568	$ 18,149	$ 73,667	$ 30,145
Zinc Equivalent lbs Sold	33,959,337	32,376,420	118,961,518	51,137,700

Caribou 2017 Production Statistics and 2016 Comparison

	Q4-2017	Q4-2016	YTD 2017	YTD 2016
Tonnes Mined	250,225	244,439	937,459	449,488
Tonnes Milled	252,857	251,242	945,436	436,730
Average Head Grades (%)				
Zinc	6.02%	6.01%	5.94%	5.97%
Lead	2.56%	2.68%	2.55%	2.66%
Silver - ozs/ton	2.32	2.32	2.23	2.29
Average Recoveries (%)				
Zinc	78%	76%	77%	77%
Lead	66%	60%	63%	58%
Silver	40%	36%	39%	36%
Concentrate Produced (DMT)				
Zinc	25,021	24,722	90,580	42,630
Lead	10,644	10,173	38,706	17,146
Concentrate Grades (%)				
Zinc	47%	46%	48%	47%
Silver - ozs/ton	3.77	4.02	3.81	4.21
Lead	40%	40%	39%	39%
Silver - ozs/ton	21.83	20.78	21.36	21.05
Payable Production				
Zinc lbs	21,657,238	20,931,015	79,926,385	36,707,653
Lead lbs	8,686,707	8,214,428	30,913,069	13,791,772
Silver ozs	249,643	231,722	890,295	402,067
Zinc Equivalent lbs Payable Produced	31,242,034	31,444,029	115,715,895	55,173,589
Site Cash Operating Cost per ZnEq Payable lbs Produced [3-4]	$ 0.45	$ 0.45	$ 0.48	$ 0.45
Total cash costs per ZnEq Payable lbs Produced [3]	$ 0.54	$ 0.49	$ 0.57	$ 0.57
Site Cash Operating Cost per Tonne Milled [4]	$ 55.14	$ 55.70	$ 58.57	$ 57.47

[1] Provisional Realized Metal Price.

[2] Revenues for the quarter includes the effects of settlement adjustments on sales from prior quarters.

[3] ZnEq Payable Pounds Produced=((Zn Payable lbs Produced*Zn Price)+(Pb Payable lbs Produced*Pb Price)+(Ag oz Payable Produced*Ag Price))/Zn Price.

[4] ZnEq Payable Pounds Sold=((Zn Payable lbs Sold*Zn Price)+(Pb Payable lbs Sold*Pb Price)+(Ag oz Payable Sold*Ag Price))/Zn Price.

Please refer to non-IFRS measures at the end of this document.

Three months ended December 31, 2017 and 2016

During the fourth quarter of 2017, the Caribou Mine sold 23.9 million lbs of zinc (Q4-2016-22.6 million lbs), 8.7 million lbs of lead (Q4-2016-7.6 million lbs), and 252,116 ozs of silver (Q4-2016-217,354 ozs). Zinc equivalent lbs sold in the fourth quarter of 2017 were 33.9 million lbs (Q4-2016-32.4 million lbs).

Revenues for the fourth quarter of 2017 were $37.0 million (Q4-2016-22.7 million), with average realized metal prices for the quarter of $1.45 per lb of zinc, $1.13 per lb of lead, $16.55 per oz of silver (Q4-2016-1.13 per lb of zinc, 0.97 per lb of lead, 16.67 per oz of silver). Revenue during the fourth quarter of 2017 increased over the quarter of 2016 due to the combined effect of higher realized Zinc prices, and lower smelting and refining charges.

Mine operation costs for the fourth quarter of 2017 were $20.6 million higher compared to the fourth quarter of 2016 ($18.1 million) due to the steady improvement in production efficiency. Site cash operating cost per tonne milled during the fourth quarter of 2017 was $55.14 per tonne milled, that is at the lower end of the guidance range of $55 to $60 per tonne milled (Q4-2016-$55.70 per tonne milled). Direct site cash cost per zinc equivalent payable lb produced was $0.45 per lb (Q4-2016-$0.45 per lb).

Production results from the Caribou Mine for the three months ended December 31, 2017 were 21.7 million payable lbs of zinc (Q4-2016-20.9 million), 8.7 million payable lbs of lead (Q4-2016-8.2 million) and 249,643 payable ozs of silver (Q4-2016-231,722 ozs). Zinc equivalent pounds produced for the three months ended December 31, 2017 was 31.2 million (Q4-2016-31.4 million).

Mill throughput for the quarter was 252,857 tonnes (Q4-2016-251,242 tonnes) with recoveries averaging 78% for zinc (Q4-2016-76%), 66% for lead (Q4-2016-60%), and 40% for silver (contained in lead concentrate Q4-2016-36%). Mill throughput for the quarter averaged 2,748 tonnes-per-day (Q4-2016-2,731 tonnes-per-day). Underground production was 250,225 tonnes for the quarter versus Q4 2016-244,439 tonnes due to the initial efficiency gains of the owner operated fleet.

Average head grades of the tonnes milled were 6.02% of Zn, 2.56% of Pb, and 2.32 oz/ton of Ag (Q4-2016-6.01% of Zn, 2.68% of Pb and 2.32 oz of Ag), with production of 25,021 tonnes of zinc concentrate (Q4-2016-24,722 tonnes) averaging 47% Zn and 10,644 tonnes (Q4-2016-10,173 tonnes) of lead-silver concentrate averaging 40% Pb and 21.83 oz/ton Ag.

Twelve months ended December 31, 2017

During the period of 2017, the Caribou Mine sold 94,240 DMT of zinc concentrate and 40,402 DMT of lead concentrate which contained 81.7 million lbs of zinc, 31.5 million lbs of lead, and 895,004 ozs of silver.

Revenues for the period of 2017 were $118.4 million, with average realized metal prices for the period of $1.35 per lb of zinc, $1.06 per lb of lead, $17.02 per oz of silver.

Mine operation cost for the period were $73.7 million and Zinc equivalent lbs sold for the period were 108.4 million lbs.

Production results from the Caribou Mine for the twelve months ended December 31, 2017 were 79.9 million payable lbs of zinc, 30.9 million payable lbs of lead and 890,295 payable ozs of silver.

Mill throughput for the period was 945,436 tonnes with recoveries averaging 77% for zinc, 63% for lead, and 39% for silver (contained in lead concentrate). Mill throughput for the period averaged 2,590 tonnes-per-day. Underground production was 937,459 tonnes for the period, averaging 2,568 tonnes-per-day,

Average head grades of the tonnes milled were 5.94% Zn, 2.55% Pb, and 2.23 oz/ton Ag, with production of 90,580 tonnes of zinc concentrate averaging 48% Zn and 38,706 tonnes of lead-silver concentrate averaging 39% Pb and 21.36 oz/ton Ag.

Site cash operating cost during the period of 2017 was $58.57 within the guidance range of $55 to $60 per tonne milled (2016 - $57.47) per tonne milled and direct site cash cost per zinc equivalent payable lb produced was $0.48 per lb (2016 - $0.45 per lb).

Rosh Pinah Mine, Namibia

The Company acquired the Rosh Pinah Mine on August 31, 2017. The sales and production statistics are for the four-month period ended December 31, 2017. During the quarter ended December 31, 2017, $18,694 of "fair value bump" on inventory, that was acquired at August 31, 2017, was sold during the quarter and recorded under mining operation expenses.

Rosh Pinah 4 months 2017 Sale Statistics

		Q4-2017		YTD 2017
Zinc Concentrate (DMT)		21,656		31,379
Lead Concentrate (DMT)		8,265		8,265
Payable Zinc lbs		20,664,934		29,700,042
Payable Lead lbs		8,564,075		8,564,075
Payable Silver oz		119,844		119,844
Average Realized Metal Price ($)/lbs[1]				
Zinc	$	1.46	$	1.44
Lead	$	1.14	$	1.14
Silver	$	16.06	$	16.06
Revenues[2]	$	37,379	$	45,632
Mining Operation Expenses	$	34,605	$	39,490
Zinc Equivalent lbs Sold		29,075,608		38,110,716

*Due to its relatively limited Lead concentrate production, the Rosh Pinah operation typically ships Lead concentrates approximately twice per year.

Rosh Pinah 4 months 2017 Production Statistics

		Q4-2017		YTD 2017
Tonnes Mined		177,820		237,865
Tonnes Milled		171,020		227,650
Average Head Grades (%)				
Zinc		8.40%		8.46%
Lead		1.45%		1.56%
Silver - ozs/ton		0.54		0.57
Average Recoveries (%)				
Zinc		80%		82%
Lead		60%		60%
Silver		52%		51%
Concentrate Produced (DMT)				
Zinc		23,399		31,239
Lead		3,086		4,286
Concentrate Grades (%)				
Zinc		49%		51%
Lead		48%		49%
Silver - ozs/ton		15.96		15.96
Payable Production				
Zinc lbs		21,336,745		29,311,339
Lead lbs		3,081,212		4,376,999
Silver ozs		49,316		68,533
Zinc Equivalent lbs Payable Produced		24,261,621		33,460,553
Site Cash Operating Cost per ZnEq Payable lbs Produced [3-4]	$	0.41	$	0.38
Total cash costs per ZnEq Payable lbs Produced [3]	$	0.90	$	0.83
Site Cash Operating Cost per Tonne Milled [4]	$	58.03	$	56.09

[1] Provisional Realized Metal Price.

[2] Revenues for the quarter includes the effects of settlement adjustments on sales from prior quarters.

[3] ZnEq Payable Pounds Produced=((Zn Payable lbs Produced*Zn Price)+(Pb Payable lbs Produced*Pb Price)+(Ag oz Payable Produced*Ag Price))/Zn Price.

[4] ZnEq Payable Pounds Sold=((Zn Payable lbs Sold*Zn Price)+(Pb Payable lbs Sold*Pb Price)+(Ag oz Payable Sold*Ag Price))/Zn Price.

Please refer to non-IFRS measures at the end of this document.

Three months ended December 31, 2017

During the fourth quarter of 2017, the Rosh Pinah Mine sold 20.7 million lbs of zinc, 8.6 million lbs of lead, and 119,844 oz of silver. Revenues for the period were $37.4 million, with average realized metal prices for the quarter of $1.46 per lb of zinc, $1.14 per lb of lead, $16.06 per oz of silver.

Mine Operation costs for the quarter were $34.6 million. Site cash operating cost per tonne milled during the period was $58.03, and direct site cash cost per zinc equivalent payable lb produced was $0.41 per lb. The zinc equivalent payable lbs produced was 24.3 million.

Production results from Rosh Pinah Mine for three months ended December 31, 2017 were 21.3 million payable lbs of zinc, 3.1 million payable lbs of lead and 49,316 payable ozs of silver. Zinc concentrate production was 23,399 tonnes averaging 49% Zn and 3,086 tonnes for lead averaging 48% Pb and 15.96 oz/ton Ag for the period.

Mill throughput for the quarter was 171,020 tonnes with recoveries averaging 80% for zinc, 60% for lead, and 52% for silver. Underground production was 177,820 tonnes for the quarter. Average head grades of the tonnes milled were 8.40% of Zn, 1.45% of Pb, and 0.54 oz/ton of Ag.

Four months ended December 31, 2017

During the period, the Rosh Pinah Mine sold 29.7 million lbs of zinc, 8.6 million lbs of lead, and 119,844 oz of silver. Revenues for the period were $45.6 million, with average realized metal prices for the month of $1.44 per lb of zinc, $1.14 per lb of lead, $16.06 per oz of silver.

Mine Operation costs for the period were $39.5 million. Site cash operating cost per tonne milled during the period was $56.09, and direct site cash cost per zinc equivalent payable lb produced was $0.38 per lb. The zinc equivalent payable lbs produced was 33.5 million.

Production results from Rosh Pinah Mine for four months ended December 31, 2017 were 29.3 million payable lbs of zinc, 4.4 million payable lbs of lead and 68,533 payable ozs of silver. Zinc concentrate production was 31,239 tonnes averaging 51% Zn and 4,286 tonnes for lead for the period averaging 49% Pb and 15.96 oz/ton Ag.

Mill throughput for the period was 227,650 tonnes with recoveries averaging 82% for zinc, 60% for lead, and 51% for silver. Underground production was 237,865 tonnes for the period. Average head grades of the tonnes milled were 8.46% of Zn, 1.56% of Pb, and 0.57 oz/ton of Ag.

Perkoa Mine, Burkina Faso

The Company acquired the Perkoa Mine on August 31, 2017. There are only three months sales and four months of production statistics available. During the quarter ended December 31, 2017, $22,351 of "fair value bump" on inventory, that was acquired at August 31, 2017, was sold during the quarter and recorded under mining operation expenses.

Perkoa Q4 2017 Sale Statistics

	Q4-2017	YTD 2017
Zinc Concentrate (DMT)	84,824	84,824
Lead Concentrate (DMT)	-	-
Payable Zinc lbs	80,696,907	80,696,907
Payable Lead lbs	-	-
Payable Silver oz	-	-
Average Realized Metal Price ($)/lbs[1]		
Zinc	1.43	1.43
Lead	-	-
Silver	-	-
Revenues[2]	$ 94,303	$ 94,303
Mining Operation Expenses	$ 82,205	$ 82,205
Zinc Equivalent lbs Sold	80,696,907	80,696,907

*Perkoa produces zinc only production

Perkoa December 2017 Production Statistics

	Q4-2017	YTD 2017
Tonnes Mined	203,635	270,909
Tonnes Milled	180,022	237,832
Average Head Grades (%)		
Zinc	15.04%	15.09%
Average Recoveries (%)		
Zinc	94%	94%
Concentrate Produced (DMT)		
Zinc	48,579	64,469
Concentrate Grades (%)		
Zinc	53%	52%
Payable Production		
Zinc lbs	47,666,248	62,775,671
Lead lbs	-	-
Silver ozs	-	-
Zinc lbs Payable Produced	47,666,248	62,775,671
Site Cash Operating Cost per Zn Payable lbs Produced[3-4]	$ 0.46	$ 0.43
Total cash costs per Zn Payable lbs Produced[3]	$ 0.64	$ 0.68
Site Cash Operating Cost per Tonne Milled[4]	$ 120.85	$ 114.39

[1] Provisional Realized Metal Price.

[2] Revenues for the quarter includes the effects of settlement adjustments on sales from prior quarters.

[3] ZnEq Payable Pounds Produced=((Zn Payable lbs Produced*Zn Price)+(Pb Payable lbs Produced*Pb Price)+(Ag oz Payable Produced*Ag Price))/Zn Price.

[4] ZnEq Payable Pounds Sold=((Zn Payable lbs Sold*Zn Price)+(Pb Payable lbs Sold*Pb Price)+(Ag oz Payable Sold*Ag Price))/Zn Price.

Please refer to non-IFRS measures at the end of this document.

Three month ended December 31, 2017

During the fourth quarter of 2017, Perkoa Mine sold 80.7 million lbs of zinc. Revenues for the quarter totalled $94.3 million with average realized metal prices for the month of $1.43 per lb of zinc.

Mine Operation costs for the quarter were $82.2 million. Site cash operating cost per tonne milled during the period was $120.85, and direct site cash cost per zinc equivalent payable lb produced was $0.46 per lb. There was a one time Value Added Tax of $1.5 million in production costs during the fourth quarter.

Production results from Perkoa Mine for the quarter ended December 31, 2017 was 47.7 million payable lbs of zinc. Mill throughput for the quarter was 180,022 tonnes with recoveries averaging 94% for zinc. Average head grades of the tonnes milled were 15.04% of Zn, with production of 48,579 tonnes of zinc concentrate, averaging 53% Zn. Underground production was 203,635 tonnes for the quarter.

Four month ended December 31, 2017

During 2017, Perkoa Mine sold 80.7 million lbs of zinc. Revenues for the period totalled $94.3 million, with average realized metal prices for the month of $1.43 per lb of zinc.

Mine Operation costs for 2017 were $82.2 million. Site cash operating cost per tonne milled during the period was $114.39, and direct site cash cost per zinc equivalent payable lb produced was $0.43 per lb.
Production results from Perkoa Mine for four months ended December 31, 2017 was 62.8 million payable lbs of zinc. Mill throughput for the quarter was 237,832 tonnes with recoveries averaging 94% for zinc. Average head grades of the tonnes milled were 15.09% of Zn, with production of 64,469 tonnes of zinc concentrate, averaging 52% Zn. Underground production was 270,909 tonnes for the period.

MINERAL RESOURCE AND RESERVE ESTIMATES

Internal Qualified Persons and Quality Control/Quality Assurance

Dr. Mark D. Cruise, Trevali's President; Paul Keller, Senior Vice-President and Daniel Marinov, Vice President of Exploration are qualified persons, as defined by NI 43-101, and have supervised the preparation of the scientific and technical information that form the basis for various news releases issued by the Company. Dr. Cruise is not independent of the Company as he is a senior officer, director and shareholder of the Company. Mr. Keller and Mr. Marinov are not independent of the Company as they are senior officers and shareholders of the Company.

The exploration, definition, construction, pre-production development and production work programs at the Company's properties were designed and supervised by the Company's President and Chief Executive Officer, Senior Vice-President – Major Projects & Technical Support, and Vice President of Exploration who together are responsible for all aspects of the work including the quality control/quality assurance programs. On-site personnel at the Company's respective projects rigorously collect and track samples which are then security sealed and shipped to internationally accredited geochemical assay laboratories. At Santander, production mine samples are assayed at the independent on-site SGS geochemical laboratory ("SGS"). In the case of the Company's properties in New Brunswick, samples are shipped to Bureau Veritas Minerals Laboratories ("BVML" – formerly ACME) preparation facility in Val D'Or, Quebec, then forwarded to Vancouver, British Columbia for assay. SGS and BVML's quality systems comply with the requirements for the International Standards ISO 17025 with CAN-P-1579 designation. Analytical accuracy and precision are monitored by the analysis of reagent blanks, reference material and replicate samples. Quality control is further assured by the use of international and in-house standards.

External Technical Reports and Experts

The mineral reserve and resource estimates for the Rosh Pinah and Perkoa mines were prepared by Roscoe Postle Associates Inc. The Santander mineral reserve and resource estimates and the Caribou, Halfmile and Stratmat mineral resource estimates were prepared by SRK Consulting Canada Inc. Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") definitions were followed for Mineral Reserves and Resources calculations. All the Company's public disclosure filings, including its most recent management information circular, annual information form, material change reports, press releases and other information, may be accessed at www.sedar.com and readers are urged to review these materials, including the technical reports as stated above, which are filed with respect to the Company's mineral properties. (Zn = Zinc, Pb = Lead, Cu = Copper, Ag = Silver (Oz/t = troy ounce/metric tonne)

Rosh Pinah Mine, Namibia

Rosh Pinah Mineral Resource Summary

Resource Category	Tonnes	Zn	Pb	Ag	Contained Metal	
	(Mt)	%		g/t	Zn(t)	Pb(t)
Measured	3.35	8.74	1.65	27.02	293,000	55,300
Indicated	6.59	7.40	1.44	22.77	487,500	94,900
Measured+Indicated	9.94	7.85	1.51	24.20	780,500	150,200
Inferred	2.93	5.96	1.06	30.04	174,600	31,000

Rosh Pinah Mineral Reserve Summary

Reserve Category	Tonnes	Zn	Pb	Ag	Contained Metal	
	(M)	(%)		(g/t)	Zn	Pb
Proven	1.61	9.88%	1.01%	17.19	159,100	16,300
Probable	3.47	8.29%	1.65%	22.32	287,700	57,200
Proven & Probable	5.08	8.78%	1.45%	20.75	446,700	73,500

Notes: Mineral reserves and mineral resources in above table derived from the technical report entitled "Technical Report on the Rosh Pinah Mine, Namibia" dated April 7, 2017 and effective December 31, 2016 prepared by Roscoe Postle Associates Inc.; Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") definitions were followed for Mineral Reserves and Resources; Mineral Reserves are estimated at various Net Smelter Return (NSR) cut-off values depending on required development; Mineral Reserves are estimated using average consensus forecast long-term prices of US$1.03/lb Zn, US$0.93/lb Pb, US$18.65/oz Ag and US$1,358/oz Au at an exchange rate of 17.71 NAD/US$; Mineral Resources are inclusive of Mineral Reserves; Mineral Resources are estimated at a cut-off grade of 4% Zn Equivalent; Shown at 100% ownership; Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.

Perkoa Mine, Burkina Faso

Perkoa Mineral Resource Summary

Resource Category	Tonnes (Mt)	Zn %	Contained Zn Tonnes
Measured	3.04	15.50	470,762
Indicated	1.22	12.40	151,054
Measured+Indicated	4.26	14.61	621,815
Inferred	1.64	12.90	211,012

Perkoa Mineral Reserve Summary

Reserve Category	Tonnes (M)	Zn (%)	Contained Zn Tonnes
Proven	1.70	15.80	268,600
Probable	0.78	13.70	106,860
Proven & Probable	2.48	15.14	375,460

Notes: Mineral reserves and mineral resources in above table derived from the technical report entitled "Technical Report on the Perkoa Mine, Burkina Faso" dated April 7, 2017 and effective December 31, 2016 prepared by Roscoe Postle Associates Inc.; CIM definitions were followed for Mineral Reserves and Resources; Mineral Reserves are estimated at an NSR cut-off value of $100/tonne inclusive of capital expenditure, incremental stopes greater than US$78/tonne are included based on individual financial analysis; Mineral Reserves are estimated using an average consensus forecast zinc price of US$0.99 per pound and a €/US$ exchange rate of 1.11; Shown at 100% ownership; Mineral Resources are inclusive of Mineral Reserves; Mineral Resources are estimated at a cut-off grade of 5% Zn; Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability).

Santander Mine, Peru

Santander Mineral Resource Estimate Effective November 6, 2016 at US$40.00 Cut-off

Resource Category	Tonnes	Zn	Pb	Cu	Ag	Zn	Pb	Cu	Ag
	(Mt)	%			Oz/t	M.lbs			M.Oz
Measured	0.74	4.10	0.68	0.07	1.10	66.8	11.0	1.2	0.8
Indicated	3.10	5.03	0.86	0.07	1.26	339.7	58.2	4.9	3.9
Measured+Indicated	**3.80**	**4.85**	**0.83**	**0.07**	**1.23**	**406.5**	**69.3**	**6.1**	**4.7**
Inferred	12.00	4.21	0.23	0.09	0.56	1,114.4	60.5	24.8	6.7

Notes: Ag = silver; Cu = copper; g/t = grams per tonne; Mt = million tonnes; Pb = lead; oz/t = ounces per tonne; Mlb = million pounds; Moz = million ounces; Zn = zinc; % = percent. Dollar Value Cut-off = ((Ag Price x Ag Recovery x Ag Grade) + (Pb Price x Pb Recovery x (Pb Grade) + (Zn Price x Zn Recovery x (Zn Grade)). Price for silver is (US$16.50/oz) and that for Pb (US$0.95), Zn (US$1.15) and Cu (US$2.50) is per pound. A recovery of 74% was applied to Ag, 85% for Pb, 89% for Zn, and 0% for Cu for calculating the dollar value formula. Block model quantities and grade estimates for the Santander Mine were classified according to the CIM *Definition Standards for Mineral Resources and Mineral Reserves* (May 2014) by Dr. Gilles Arseneau, P.Geo., of Arseneau Consulting Services Inc. ("**ACS**") under the supervision of Daniel Marinov, P.Geo., of Trevali. Both are Qualified Persons (QPs) as this term is defined in NI 43-101. Resource estimates for Santander Pipe and Puajanca South are unchanged from 2012 but have been updated to reflect 2016 metal prices.

The Tailings Impoundment Mineral Resource Effective 6 November 2016 at US$15.00 Cut-off

Resource Category	Tonnes (Mt)	Zn (%)	Zn (Mlb)
Indicated	3.6	1.98	156.6

Notes: Mlb = million pounds; Mt = million tonnes; US$ = United States Dollar; Zn = zinc; % = percent.
Dollar Value Cut-off = (Zn Price x Zn Recovery x (Zn Grade)). Zn price (US$1.15) and recovery of 89% for Zn was applied for calculating the dollar value formula. Mineral resources were estimated by inverse distance squared inside 10 m by 10 m by 5 m blocks. Assays were capped to a maximum of 5% Zn.

Santander Mineral Reserve Estimate Effective October 31,2016

Reserve Category	Tonnes (Mt)	Zn	Pb	Cu	Ag	Zn	Pb	Cu	Ag
		%			Oz/t	M.lbs			M.Oz
Proven	0.40	3.90	0.67	0.07	1.07	34.37	5.89	0.61	0.43
Probable	2.14	4.63	0.69	0.07	1.10	218.42	32.62	3.18	2.35
Proven+Probable	**2.54**	**4.51**	**0.69**	**0.07**	**1.09**	**252.78**	**38.51**	**3.79**	**2.78**

Notes: Mineral Reserves included in Mineral Resources. All figures have been rounded to reflect the relative accuracy of the estimates. The Mineral Reserve estimates are prepared in accordance with the "CIM Definition Standards on Mineral Resources and Mineral Reserves", adopted by the CIM Council on May 10, 2014, and the "CIM Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines", adopted by CIM Council on November 23, 2003, using geostatistical and/or classical methods, plus economic and mining parameters appropriate to the deposit. Mineral Reserves are based on estimates of long-term metal prices of (US$): Zn = US$1.15/lb, Pb = US$0.95/lb, Cu = US$2.72/lb, Ag= US$19.00/Oz, and a US dollar exchange rate = 3.40 PEN. Mineral Reserves are the economic portion of the Measured and Indicated Mineral Resources. Mineral Reserve estimates include mining dilution at grades assumed to be zero. Mining dilution and recovery factors vary for specific reserve sources and are influenced by several factors including deposit type, deposit shape and mining method. Mining cut-off for Mineral Reserves has been determined from net smelter return (NSR) based on Trevali Off-take Agreement metal accountability and a three-year production history and 2017 production forecast in the Santander Mine.

Caribou Mine

Mineral Resource Statement*, Caribou Project, Bathurst, New Brunswick, SRK Consulting, May 13, 2014.

Resource Category	Tonnes (Mt)	Zn	Pb	Cu	Ag	Au	Zn	Pb	Cu	Ag	Au
		%			g/t		M.lbs			M.Oz	
Measured	5.61	6.9	2.9	0.4	84.6	0.8	855.36	362.6	56.9	15.2	0.1
Indicated	1.62	7.2	2.9	0.3	83.6	1.0	259.87	104.9	12.1	4.36	0.0
Measured+Indi	**7.23**	**6.9**	**2.9**	**0.4**	**84.4**	**0.8**	**1,115.2**	**467.6**	**69.0**	**19.6**	**0.2**
Inferred	3.66	6.9	2.8	0.3	78.3	1.2	560.44	226.6	25.8	9.21	0.1

Notes: Mineral resources are not mineral reserves and do not have demonstrated economic viability. All figures are rounded to reflect the relative accuracy of the estimate. All composites have been capped where appropriate Underground mineral resources are reported at a cut-off grade of 5% Zn equivalent. Cut-off grades are based on price for Au of US$1470 per ounce, Ag is US$26 per ounce, Cu is US$3.39 per pound, Pb is US$1.18 per pound, and Zn is US$1.14 per pound, and exchange rate US$1.00 per Canadian dollar. A recovery of 83% was applied to Zn, 71% was applied to Pb, 57% was applied to Cu, 45% was applied to Ag, and 40% was applied to Au.

Mineral Resource Statement*, Halfmile Deposit, New Brunswick (effective date of October 26, 2017)

Category Underground**	Quantity (Mt)	Grade					Metal				
		Au g/t	Ag g/t	Pb %	Zn %	Cu %	Au M oz	Ag M oz	Pb M lbs	Zn M lbs	Cu M lbs
Measured	0.4	0.60	40	1.99	5.92	0.46	0.01	0.52	18	54	4
Indicated	7.4	0.29	35	2.37	7.00	0.16	0.07	8.45	389	1,146	26
Measured & Indicated	7.8	0.30	36	2.35	6.94	0.18	0.08	8.98	407	1,199	31
Inferred	6.5	0.10	23	1.51	5.62	0.15	0.02	4.72	216	806	21

* Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. All figures are rounded to reflect the relative accuracy of the estimate. All composites have been capped where appropriate.

** Underground Mineral Resources are reported at a cut-off grade of 5% zinc equivalent. Cut-off grades are based on price for gold of US$1,250 per ounce, silver is US$20.00 per ounce, copper is US$3.00 per pound, lead is US$0.95 per pound, and zinc is US$1.05 per pound, and exchange rate US$0.80 per Canadian dollar. A recovery of 88% was applied to zinc, 72% was applied to lead, 50% was applied to copper, 45% was applied to silver, and 0% was applied to gold. The North Zone is reported at 100% although only 61.5% of interest owned by Trevali.

Mineral Resource Statement*, Stratmat Deposit, New Brunswick (effective date of July 6, 2015)

Category Underground**	Quantity (Mt)	Grade					Metal				
		Au g/t	Ag g/t	Pb %	Zn %	Cu %	Au M oz	Ag M oz	Pb M lbs	Zn M lbs	Cu M lbs
Indicated	4.7	0.6	49	2.1	5.3	0.4	0.09	7.3	214	550	43
Inferred	2.4	0.4	39	2.1	4.8	0.7	0.03	3.0	110	252	37

* Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. All figures are rounded to reflect the relative accuracy of the estimate. All composites have been capped where appropriate.

** Underground Mineral Resources are reported at a cut-off grade of 5% zinc equivalent. Cut-off grades are based on price for gold of US$1,300 per ounce, silver is US$21.15 per ounce, copper is US$3.00 per pound, lead is US$1.00 per pound, and zinc is US$1.00 per pound, and exchange rate US$0.85 per Canadian dollar. A recovery of 88% was applied to zinc, 72% was applied to lead, 50% was applied to copper, 45% was applied to silver, and 0% was applied to gold.

EXPLORATION AND DEVELOPMENT

Santander Exploration, Peru

The Company continued to execute its 2017 exploration program during the quarter. The aim of the program is to convert additional inferred tonnages into the rolling Santander mine plan and to continue to explore the depth extents of the Magistral–Santander systems and associated satellites, all of which remain open for expansion. Surface directional drilling of the advanced Santander Pipe target commenced in late 2017-Q1 and underground drill testing of the Magistral North-Central zones commenced in late 2017-Q2. Result of the work will support long-range mine planning, and follow up conversion and expansion drilling is planned for 2018.

Halfmile-Stratmat Project, Canada

The Company recently released the results of a jointly prepared Preliminary Economic Assessment ("PEA") led by SRK Consulting (Canada) Inc. ("SRK") for its wholly-owned Halfmile-Stratmat massive sulphide zinc-lead-silver deposits in the Bathurst Mining Camp of New Brunswick, Canada.

Under the base case PEA both the Halfmile and Stratmat deposits are fed to a new 3,000 tonne-per-day Concentrator plant located at the Stratmat site. Results indicate positive estimated economics with a pre-production capital expenditure of Cdn$231 million, a post-tax Internal Rate of Return ("IRR") of 19%, post-tax Net Present Value ("NPV") of Cdn$99 million at an 8% discount rate, a mine life of 13 years with peak annual payable production of approximately 117 million lbs. zinc, 35 million lbs. lead, 2 million lbs. copper and 766,000 oz. silver. The alternative case PEA examined the feasibility of transporting pre-concentrated dense media feed ("DMS") to the Company's Caribou concentrator plant. This study indicates estimated economic results with an estimated pre-production capital expenditure of Cdn$156 million, a post-tax IRR of 25%, post-tax NPV of Cdn$116 million at an 8% discount rate. SRK was retained by Trevali to prepare the technical report on its Halfmile-Stratmat massive sulphide integrated project located approximately 60 kilometers southwest of Bathurst, New Brunswick, Canada in accordance with Canadian National Instrument 43-101 ("NI 43-101"). SRK was the lead independent consultant for the PEA with contributions from Stantec Inc. (environmental) and Trevali personnel.

The project has been valued using a discounted cash flow (DCF) approach. This method of valuation requires projecting yearly cash inflows, or revenues, and subtracting yearly cash outflows such as operating costs, capital costs, royalties, and provincial and federal taxes. Cash flows are taken to occur at the middle of each period. The resulting net annual cash flows are discounted back to the date of valuation, mid-2019, and totaled to determine net present values (NPVs) at the selected 8 percent discount rates. The internal rate of return (IRR) is calculated as the discount rate that yields a zero NPV. The payback period is calculated as the time needed to recover the initial capital spent.

The PEA includes two options, a new concentrator complex at the Stratmat site to treat product from both mining operations and also development of the mining complexes to support feed to the Caribou Mining complex at the exhaustion of the Caribou underground resource. Both options consider Dense Media Separation, based on preliminary test work conducted on Halfmile mineral in 2012. The majority of costs are supported by Caribou actual cost data and supplier contractor quotations.

The Halfmile property Mineral Resource Estimate was updated as part of the PEA study, and the Stratmat property Mineral Resource Estimate that supports the PEA was previously updated by SRK in 2015 in the prior technical report titled "Independent Technical Report for the Stratmat Lead-Zinc Project, Bathurst, New Brunswick Canada", dated July 6, 2015. The Mineral Resource Estimates conform to the CIM Definition Standards for Mineral Resources and Mineral Reserves.

SRK cautions that the PEA is preliminary in nature and are partly based on Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves, and there is no certainty that the preliminary economic assessment based on these Mineral Resources will be realized. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. The results of the economic analyses represent forward-looking information, as defined under Canadian securities law that is subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those presented in the PEA. The results depend on inputs that are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those presented here. SRK is of the opinion that the accuracy of the results is in the range of industry wide commonly accepted scoping study level of accuracy.

Heath Steele Project, Canada

The Company, has an option to acquire a 100% interest in the former producing Heath Steele property and related exploration properties and assets in the Bathurst Mining Camp of New Brunswick, Canada.

On July 25, 2017, the Company announced the remaining test results from its drill program on the E-zone at Heath Steele project (an advanced-stage, near-surface target with a historic, non-National Instrument 43-101-compliant resource). Results from the additional drilling continue to validate the historic data intersecting broad intervals of polymetallic massive sulphide mineralization within which higher-grade intervals occur. Metallurgical testing commenced in the second half of 2017 and results will be released.

Restigouche Project, Canada

On July 27, 2017, the Company announced that it had acquired the Mining Lease for the former Restigouche zinc-lead-silver mine located approximately twenty kilometers west-southwest of the Company's Caribou mine in the Bathurst Mining Camp of New Brunswick, Canada. Furthermore, the Company entered into a Limited Environmental Liability Agreement ("Agreement") with the Province of New Brunswick ("Province") regarding historic environmental liabilities ("Historic Liabilities"). Under the Agreement, the Company will be responsible for all environmental liability and reclamation costs associated with the Restigouche mine on closure, other than in respect to any historic liabilities.

Gergarub Project, Namibia

As part of the recent Glencore transaction the Company acquired an effective 39% interest in the Gergarub Project, Namibia (preliminary 'fair values' have been assigned to Gergarub and Heath Steele as part of the 'purchase price allocation'). No work was conducted during the year ended December 31, 2017.

Carrying values of exploration and evaluation assets as at December 31, 2017:

	Gergarub Namibia	**Heath Steele Option** Canada	**Stratmat and Other** Canada and Burkina Faso	**Total**
Balance at December 31, 2017	$ 37,213	$ 13,228	$ 11,727	$ 62,168

SELECTED ANNUAL INFORMATION

The following table sets forth selected annual financial information extracted from the Company's audited consolidated financial statements for the years noted:

	December 31, 2017 $	**December 31, 2016 $**	**December 31, 2015 $**
Revenues	330,533	102,870	55,994
Mine operating expenses	244,446	74,498	50,736
General and administrative expenses	7,590	4,825	4,646
Income (loss) for the year	20,227	9,209	(11,184)
Income (loss) per share – basic and diluted	0.03	0.02	(0.04)
Total assets	1,180,159	409,646	373,928
Non-current financial liabilities	124,153	54,337	80,811
Cash dividends declared	-	-	-

The Company recognized $330,533 in revenues (2016 - $102,870) and $244,446 in mine operating expenses (2016 - $74,498). The increase is due to the addition of the Rosh Pinah and Perkoa mines on August 31, 2017 and Caribou Mine concentrate sales were recorded starting commercial production on July 1, 2016. The increase in revenues and mine operating expenses in 2016 compared to 2015 is largely related to the sale of concentrate from the Caribou Mine, which commenced commercial production in July 2016.

The net income for 2017 of $20,227, compared with $9,209 in 2016, and a loss of $11,184 in 2015, is the result of the acquisition of the Rosh Pinah and Perkoa Mines in 2017, stronger commodity prices since 2016, increased production, and reduced operating costs at the Santander Mine in Peru, and operating income provided from the Caribou Mine in Canada following its commencement of commercial production in mid-2016. In 2017, the Company recorded an amortization of $41,045 related to “fair value bumps” on inventories following the acquisition of the Rosh Pinah and Perkoa mines.

The acquisition of the Rosh Pinah Mine and Perkoa Mine at August 31, 2017 increased the total assets compared to 2016. The increase in 2017 was largely in property, plant and equipment, which increased to $760,746 (2016 - $333,909) and increase in current assets, which increased to $274,708 (2016 - $53,958) mainly from cash, accounts receivable and inventory. Total assets increased in 2016 compared to 2015 due to an increase in current assets, including cash of $11,136 (2015 - $4,578), accounts receivable of $29,219 (2015 – $17,524) and inventory of $7,183 (2015 – $2,153). The increase was also due to continued underground capitalized mine development at both the Santander and Caribou mines.

The increase in the non-current financial liabilities during 2017 is because the Company entered into a $190,000 senior secured credit facility in order to acquire the Rosh Pinah and Perkoa Mines. Non-current financial liabilities decreased in 2016 primarily due to C$15,000 of the Company’s Senior Secured Notes and C$14,476 of the Company’s finance leases being re-classed from long-term to current liabilities.

DISCUSSION OF OPERATIONS

Three months ended December 30, 2017 and December 31, 2016

During the three months ended December 31, 2017, the Company recorded after tax net income of $25,165 or $0.03 per share, compared to net income of $7,026, or $0.02 per share, in the same period of 2016. The higher net income primarily due to increased sales from the Rosh Pinah and Perkoa Mines. During the quarter, the Company sold 160.1 million equivalent payable lbs. of zinc and, produced 119.7 million equivalent payable lbs. of zinc compared to the fourth quarter of 2016, where the Company sold and produced 53.0 million and 52.4 million equivalent payable lbs. of zinc, respectively. Gross profit from mining operations was $37,903 during the fourth quarter of 2017 (Q4-2016 - $13,205).

The Company recorded revenues of $188,779 (Q4-2016 - $42,097) on the sale of 151,173 tonnes of zinc concentrate (Q4-2016 – 44,415 tonnes) containing 139.2 million lbs of payable zinc (Q4-2016 – 38.1 million lbs), and 20,701 tonnes of lead-silver concentrate (Q4-2016 – 12,588 tonnes) containing 18.9 million lbs of payable lead (Q4-2016 – 10.7 million lbs), and 468,593 oz of payable silver (Q4-2016 – 395,997). The revenues are net of smelting and refining costs of $46,260 (Q4-2016 - $21,762).

Provisional realized commodity prices were $1.44 per lb per zinc (Q4-2016 - $1.16/lb), $1.13 per lb lead (Q4-2016 - $0.98/lb), and $16.42 per ounce silver (Q4-2016 - $16.70/oz). The increase in revenues in the fourth quarter of 2017 was due to the acquisition of the Rosh Pinah & Perkoa mines on August 31, 2017 and an increase in metal prices compared to the same quarter in 2016.

Total mine operating expenses of $150,875 (Q4-2016 - $28,892) on the sale of concentrate were recorded for the quarter. Costs consisted of direct site production costs of $117,075 (Q4-2016 - $20,919) related to mining, milling, camp, lab, and surface maintenance facilities. Distribution/freight was $8,089 (Q4-2016 - $1,155). Royalty expense was $5,004 (Q4-2016 - $38). The Company recorded $20,709 of depreciation, depletion and amortization (Q4-2016 - $6,781). The increase in mine operating expenses was mainly due to the increased production at the Rosh Pinah and Perkoa mines.

The Company's site cash operating cost per tonne milled for the quarter was $68.17 per tonne or $0.47 cash cost per pound of payable zinc equivalent compared to $44.61 per tonne or $0.40 cash cost per pound of payable zinc equivalent during the same period last year. The increase was the result of the Rosh Pinah and Perkoa mines coming online, the latter one with planned higher costs than the other Trevali mines (please see non-IFRS measures at the end of this MD&A and the Cautionary Note on Forward Looking Statements at the beginning of this MD&A).

Interest expense of $4,230 (Q4-2016 - $2,810), largely due to the restructuring of the Company's debt. On August 31, 2017, Trevali refinanced its operations and retired the remaining senior secured notes, the concentration plant lease and the working capital facility. The Company paid a prepayment interest penalty totaling $5,213 and expensed all remaining deferred loan fees and bond discounts totaling $2,178. The Company incurred $3,231 of interest for the year due to the $190,000 senior secured credit facility signed on August 31, 2017.

A current tax expense of $5,305 (Q4-2016 - $778) for the fourth quarter is largely related to the New Brunswick Mining Tax and Namibia income tax.

Deferred tax expense of $865 (Q4-2016 - $929) was recorded during the fourth-quarter. The deferred tax expense reflects the changes in the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and is a non-cash expense.

Year ended December 31, 2017 and December 31, 2016

For the year ended December 31, 2017, the Company recorded after tax net income of $20,227, or $0.03 per share, compared to net income of $9,209 or $0.02 per share for the year ended December 31, 2016. The primary reason for the increase in net income was due to the addition of Rosh Pinah & Perkoa mines on August 31, 2017 and Caribou Mine in commercial production for the full year in 2017 (commenced commercial production in July 2016). Total one-time costs related to the African transaction amounted to approximately $61 million broken down as follows: business acquisition costs of $12,619 and one-time interest pre-payment penalty related to the early retirement of the Senior Secured Notes of $5,213 and related expense of the remaining deferred loan fees and bond discounts totaling $2,178 and an amortization of $41,045 related to "fair value bumps" on inventories following the acquisition of the Rosh Pinah and Perkoa mines which contributed to the decrease in net income for the year. During the year, the Company sold 306.2 million equivalent payable lbs. of zinc and, produced 281.3 million equivalent payable lbs. of zinc, compared to the same period of 2016, where the Company sold and produced 142.4 million and 148.1 million equivalent payable lbs. of zinc, respectively.

The Company recorded revenues of $330,533 (2016 - $102,870) on the sale of 271,043 tonnes of zinc concentrate (2016 – 106,609 tonnes) containing 244.3 million lbs of payable zinc (2016 – 93.4 million lbs) and 59,518 tonnes of lead-silver concentrate (2016 – 33,303 tonnes) containing 50.6 million lbs of payable lead (2016 – 32.4 million lbs), and 1,611,224 ozs of payable silver (2016 –1,177,957). Revenues are net of smelting and refining costs of $92,553 (2016 - $46,781).

Provisional realized commodity prices were $1.38 per lb per zinc (2016 - $1.03 /lb), $1.07 per lb. lead (2016 - $0.88 /lb), and $16.99 per ounce silver (2016 - $17.45/oz). The increase in revenues in 2017 was mainly the result of the Rosh Pinah & Perkoa Mines' revenues and the increase in metal prices compared to 2016.

Total mine operating expenses of $244,446 (2016 - $74,498) on the sale of concentrate were recorded for the year. Costs consisted of direct site production costs of $185,688 (2016 - $50,317) related to mining, milling, camp, lab, and surface maintenance facilities. Distribution and freight was $11,631 (2016 - $4,437). Royalty expense was $6,595 (2016 - $1,510). The Company recorded $40,532 of depreciation, depletion and amortization (2016 - $18,234). The increase in mine operating expenses was due to the increased production at the Caribou Mine (full year in 2017 compared to six months in 2016) and the Rosh Pinah and Perkoa Mines production from September – December 2017.

The Company's site cash operating cost per tonne milled for the year was $57.36 per tonne or $0.46 cash cost per pound of payable zinc equivalent in line with guidance compared to $41.35 per tonne or $0.36 cash cost per pound of payable zinc equivalent last year. The increase was the result of the Rosh Pinah and Perkoa mines coming online, the latter one with planned higher costs than the other Trevali mines.

Foreign exchange loss increased to $6,917 (2016 – gain of $102) due to the increase in the $CAD dollar during the period compared to the previous period arising from foreign exchange losses from the revaluation of the senior secured notes liabilities and finance leases denominated in CAD. The strengthening of the Namibian dollar and the CFA contributed to a combined net foreign exchange loss of $967.

Interest expense increased to $20,509 (2016 - $9,142), largely due to the restructuring of the Company's debt through which the Company incurred $5,213 in prepayment interest penalty, expensed all remaining deferred loan fees and bond discounts of $2,178, and incurred $3,231 of interest due to the previously signed $190,000 senior secured credit facilities on August 31, 2017.

A current tax expense of $7,878 for the Namibia income tax and New Brunswick Mining Tax was recorded in the period, compared to $778 in same period of 2016. The mining tax is a profit-based tax which became positive in the current year for the Caribou mine and the addition of Rosh Pinah mine operations in September 2017.

Deferred tax expense of $11,814 (2016 - $4,436) was recorded during the year-ended December 31, 2017 largely from the Caribou mine. The deferred tax expense reflects the changes in the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and are a non-cash expense.

QUARTERLY FINANCIAL INFORMATION

The following tables provide highlights, extracted from the Company's financial statements, of quarterly results for the past eight quarters:

		Three Months Ended December 31, 2017		Three Months Ended September 30, 2017		Three Months Ended June 30, 2017		Three Months Ended March 31, 2017
Total assets	$	1,180,159	$	1,200,480	$	426,555	$	413,010
Total revenue	$	188,779	$	64,391	$	37,440	$	39,923
Working capital	$	144,350	$	135,469	$	12,529	$	9,181
Net income (loss) for the period	$	25,165	$	(7,746)	$	119	$	2,689
Basic and diluted earnings (loss) per share	$	0.03	$	(0.01)	$	0.01	$	0.01

		Three Months Ended December 31, 2016		Three Months Ending September 30, 2016		Three Months Ended June 30, 2016		Three Months Ended March 31, 2016
Total assets	$	409,646	$	411,023	$	407,752	$	411,341
Total revenue	$	42,097	$	31,163	$	16,375	$	13,235
Working capital	$	7,798	$	3,512	$	14,095	$	15,975
Net income (loss) for the period	$	7,026	$	1,814	$	(234)	$	603
Basic and diluted earnings (loss) per share	$	0. 02	$	0.01	$	-	$	-

The increase in total assets from the third quarter of 2017 to the fourth quarter of 2017 is the result of the acquisition of the Rosh Pinah and Perkoa mines on August 31, 2017. The increase in total assets from the first quarter of 2017 to the second quarter of 2017 comes from the delivery of the first half of the mining fleet at Caribou which is transitioning to owner operator. The increase from the third quarter of 2016 to the first quarter 2017 is a result of an increase in working capital through cash resulting from positive cash flow from operations. The Company raised approximately $16,449 during the first quarter of 2016 in equity financing, accounting for a portion of the increase in total assets. During 2016, additions and capitalized borrowing costs totaling $46,979 were added to property, plant and equipment. In the first half of 2016, the increase also relates to the capitalization of underground development at both the Caribou and Santander mines.

The increase in total revenue in the fourth quarter was mainly due to the addition of Perkoa and Rosh Pinah mines. Perkoa's revenues were first recorded in Q4-2017 while Rosh Pinah's revenues first recorded in Q3-2017. Revenues fluctuated from quarter-to-quarter due to metal price volatility throughout 2017 and 2016. In the third and fourth quarters of 2016, revenues increased due to higher metal prices than the first half of 2016 and the addition of the Company's Caribou Mine, which commenced commercial production on July 1, 2016.

The addition of the Rosh Pinah and Perkoa mines' positive working capital and the closing of the private placement left an ending cash balance of $94,135 on December 31, 2017. The Company's working capital increased to $160 million in the fourth quarter of 2016 through the fourth quarter of 2017 due to increased cash, accounts receivable and inventories, largely resulting from increased production, with the addition of Rosh Pinah, Perkoa and Caribou mines and rising zinc and lead prices. The Company's working capital decreased during the second quarter of 2016, as a result of an interest payment of C$3,763 on the Senior Secured Notes, and continued to decrease in the third quarter of 2016, as a result of the reclassification of the first repayment of C$15,000 on the Senior Secured Notes which was due on August 30, 2017.

The net income increased in Q4-2017 mainly due to the addition of Rosh Pinah and Perkoa mines. The net loss in Q3-2017 was primarily due to the business acquisition costs of $10,820 incurred in the Transaction during Q3, debt restructuring fees of $7,390 and limited scheduled sales from the African business units. Net income in the first and second quarter of 2017 decreased as a result of lower production and payable metals and increased expenses related to the Transaction. The net income in the third and fourth quarters of 2016 was mainly due to the increase in operating income at the Santander Mine and from the initial operating income from the Caribou Mine. The increase was partially offset by increased interest expense that, prior to the Caribou Mine entering its production phase, was capitalized to property, plant and equipment. The net loss in the second quarter of 2016 was mainly due to the increase in deferred tax expense as a result of an increase in the New Brunswick tax rate and changes in the carrying value of assets and liabilities.

LIQUIDITY AND CAPITAL RESOURCES

The Company's consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future, and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

As at December 31, 2017, the Company's working capital position totaled $144,350 (December 31, 2016 - $7,798) and the cumulative deficit totaled $37,114 (December 31, 2016 - $55,878).

During the year ended December 31, 2017, the following financing activities occurred:

(a) Issued 220,455,000 in a bought deal private placement of subscription receipts ("Subscription Receipts") at a price of C$1.20 per Subscription Receipt ("Offering") for gross proceeds of C$264,546 ($211,029) including the full exercise of an underwriters' option for 28,755,000 Subscription Receipts. The Company incurred share issuance fees totaling $10,655 for net proceeds totaling $200,374. The net proceeds of the Offering funded a portion of the cash consideration payable to Glencore for the purchase of the Rosh Pinah and Perkoa Mines and general working capital purposes.

(b) During August 2017, the Company entered into a $190,000 five-year senior secured credit facility comprised of a $160,000 senior-secured, amortizing non-revolving five-year credit facility ("Term Facility") and a $30,000 senior-secured, revolving three-year credit facility ("Revolving Facility"). The "Term Facility" is repayable on a quarterly instalment basis commencing December 31, 2017 and matures August 31, 2022. The advances under the Term Facility and Revolving Facility bear interest on a sliding scale: (i) at a rate of LIBOR plus between 3.00 to 4.00 percent or (ii) at a base rate plus between 2.00 percent to 3.00 percent. The Company has provided security on the credit facilities in the form of a general pledge of the Company's assets including unconditional joint and several guarantees by existing and future directly owned material subsidiaries and by an assignment of the Company's concentrate off-take contracts and various insurance policies.

    The Company has $27,876 (net of letters of credit issued) available on the 'Revolving Facility' for future draw-downs as of December 31, 2017.

(c) Signed finance leases with Sandvik for mining equipment for the Caribou Mine over a five-year term, totaling $13,212.

(d) The Company issued 7,274,121 shares from the exercise of stock options and warrants for aggregate gross proceeds of $2,752.

(e) The Company made finance lease payments of $25,991 and loan and interest payments on long-term debt of $112,272.

(f) The Company settled 2,576,430 restricted shares units in cash at a cost of $4,044.

(g) The security for a reclamation and environmental obligation was released in exchange for a performance guarantee in the amount of $4,471. The guarantee was provided in the form of an insurance surety bond.

(h) In March 2017, the Company signed a C$2,755 promissory note with Sandvik Customer Finance Canada to finance the Caribou Mine fleet. This promissory note carried a 5.4% annual interest rate with eighteen monthly repayments scheduled to August 1, 2018.

During November 2017, the company paid the remaining balance owing and retired this note.

As at December 31, 2017, the Company had an unrestricted cash balance of $94,135 and working capital of $144,350. Based on an anticipated positive cash flow from the Company's Santander, Caribou and Rosh Pinah and Perkoa mines, and the financings completed in 2017, the Company is expected to have sufficient resources to meet its committed expenditures for the next twelve months.

The Company has not entered into any significant long-term lease commitments other than the finance leases (Note 14), long-term debt (Note 16) and environmental rehabilitation obligations (Note 16) as outlined in the Company's consolidated financial statements for the year ended December 31, 2017 and in this MD&A. Additionally, the Company is not subject to any significant mineral property commitments.

The Company maintains cash reserves in Canada, Peru, Namibia and Burkina Faso. The Company's cash reserves are on demand deposits with well-established in-country banks. The Company does not believe that the credit, liquidity or market risks with respect thereto have increased as a result of the in-country or local market conditions.

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they fall due. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities.

The Company monitors its capital structure and, based on changes in operations and economic conditions, may adjust the structure by issuing new shares, issuing new debt or retiring existing debt. The Company prepares annual budgets approved by the Company's Board of Directors and quarterly forecasts to facilitate the management of its capital requirements.

In 2018, the Company intends to allocate its capital resources to the ongoing development of its current mining operations, exploration programs as discussed earlier, as well as debt repayment.

OFF-BALANCE SHEET ARRANGEMENTS

The Company currently has no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

During the year ended December 31, 2017, the Company entered into the following transactions with related parties:

Management compensation

Key management includes directors (executive and non-executive) and other key officers, including the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, SVP of Major Projects & Technical Support, VP of Investor Relations, VP of Exploration, and Corporate Secretary.

The compensation paid or payable to key management in salaries and directors' fees is shown below:

	December 31, 2017	December 31, 2016
Salaries and wages	1,138	748
Share-based payments	6,265	709
Total compensation	7,403	1,457

In addition, the Company previously had management consulting agreements which terminated on September 30, 2017, with the following entities and paid consulting fees as follows:

	December 31, 2017	December 31, 2016
Cruise Geoservices Ltd.	130	191
Ladd Mining Incorporated	145	180
Keller Consulting	72	108
Daniel Marinov Ltd.	76	89
Marval Office Management Ltd.	41	37
Total compensation	464	606

Other transactions

Glencore

On August 31, 2017, Glencore acquired 193,432,310 common shares as part of Trevali's acquisition of the Rosh Pinah and Perkoa mines. As of December 31, 2017, Glencore owns 210,835,925 Trevali common shares representing approximately 25.5% of the total issued and outstanding common shares.

Glencore purchases Trevali's concentrate production under each mine's off-take agreement and Glencore provides financing and mine-management services to Trevali at various commercial rates.

The Company entered into the following transactions during the year ended December 31, 2017 and 2016 with Glencore:

a) Earned revenue of $330,533 (2016 – $102,870) on concentrate sales (Note 20 of the Financial Statements).

b) Paid $24,963 (2016 – $5,933) in principal and interest to retire the finance lease (Note 14 of the Financial Statements).

c) Paid $16,431 (2016 – $4,342) in principal and interest to retire the working capital facility (Note 15 of the Financial Statements).

d) Paid or accrued production expenses of $18,326 (2016 - $20,664) and mine development expenses of $13,599 (2016 – $9,128) capitalized to property, plant and equipment.

As of December 31, 2017, amounts due from Glencore total $70,360 for concentrate sales (2016 - $22,552).

As of December 31, 2017, amounts due to Glencore include $2,768 of deferred revenue for advances made on provisional concentrate sales, $5,422 for management and other fees, and $217 (December 31, 2016 - $2,822) bearing approximately 8% interest for mine development and operation expenses.

At December 31, 2017, amounts due to related parties include $nil (December 31, 2016 - $60) due to directors and officers and $3 (December 31, 2016 - $660) due to companies related to officers for consulting fees. The amounts due to directors are unsecured, bear no interest and are payable on demand.

Total amount payable to Glencore $8,407 (December 31, 2016 - $2,822) and due to directors and officers $3 (December 31, 2016 - $660).

USE OF ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future years if the revision affects both current and future years.

These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and judgments

Significant assumptions and judgments about the future and other sources of estimation uncertainty that management has made at the end of the reporting year, which could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to the following significant areas:

a) Business Combinations

Business combinations are accounted for using the acquisition method whereby acquired assets and liabilities are recorded at fair value as of the date of acquisition with the excess of the purchase consideration over such fair value being recorded as goodwill. Non-controlling interest in an acquisition may be measured at either fair value or at the non-controlling interest's proportionate share of the fair value of the acquiree's net identifiable assets.

The excess of (i) total consideration transferred by the Company, measured at fair value, including contingent consideration, and (ii) the non-controlling interests in the acquiree's, over the acquisition-date fair value of the net of the assets acquired and liabilities assumed, is recorded as goodwill. If the fair value attributable to the Company's share of the identifiable net assets exceed the cost of acquisition, the difference is recognized as a gain in the consolidated statement of operations. Provisional fair values allocated at the reporting date are finalized within one year of the acquisition date with retroactive restatement to the acquisition date as required.

Transaction costs, other than those associated with the issue of debt or equity securities, which the Company incurs in connection with a business combination, are expensed as incurred.

b) Goodwill

Goodwill that may arise on the Company's acquisitions includes but is not limited to: (i) the ability of the Company to capture certain synergies through management of the acquired operation within the Company; (ii) the potential to increase reserves and resources through exploration activities; and (iii) the requirement to record a deferred tax liability for the difference between the assigned fair values and the tax bases of assets acquired and liabilities assumed.

Goodwill is not amortized. The Company performs an annual impairment test for goodwill and when events or changes in circumstances indicate that the related carrying amount may not be recoverable. If the carrying amount of a cash generating unit ("CGU") to which goodwill has been allocated exceeds the recoverable amount, an impairment loss is recognized for the amount in excess. The impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the CGU to $nil and then to the other assets of the CGU based on the relative carrying amounts of those assets. Impairment losses recognized for goodwill are not reversed in subsequent periods should its value recover.

Goodwill is allocated to CGUs for the purpose of impairment testing. The allocation is made to those CGUs, or groups of CGUs, that are expected to benefit from the business combination in which the goodwill arose. If the composition of one or more CGUs to which goodwill has been allocated changes due to a reorganization, the goodwill is re-allocated to the units affected.

c) Review of asset carrying values and impairment assessment

Each reporting period, assets or cash generating units are evaluated to determine whether there are any indications of impairment. If any such indication exists, which is often judgmental, an impairment test is performed and if indicated, an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or cash generating group of assets is measured at the higher of fair value less costs to sell or value in use. The recoverable amount of the Company's assets is calculated based on cash flow projections using several assumptions and estimates that represent management's best estimate of the range of economic conditions that will exist over the remaining useful lives of the assets. These calculations include key estimates such as future zinc, lead, copper and silver metal prices, recoverable resources and reserves, operating and capital costs which are subject to certain risk and uncertainties, inflation, discount rates, exchange rates, and estimated life-of-mines ranging from seven-to-twenty years. Although management has made its best estimate of these factors, it is possible that changes could occur in the near term that could adversely affect management's estimate of the net cash flows to be generated from its projects.

d) Deferred income taxes

The determination of the Company's tax expense or recovery for the year and deferred tax liabilities involves significant estimation and judgment by management. In determining these amounts, management interprets tax legislation in a variety of jurisdictions and makes estimates of the expected timing of the reversal of deferred tax assets and liabilities. Management also makes estimates of future earnings which affect the extent to which potential future tax benefits may be used. Estimates of future taxable income are based on forecasted cash flows from future operations and the application of existing tax laws in each jurisdiction. Forecasted cash flows are based on life of mine projections. To the extent that future cash flows from operations and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred income tax assets recorded on the balance sheet could be impacted. The Company is also subject to assessments by various taxation authorities, which may interpret legislation differently. These differences may affect the final amount or the timing of the payment of taxes. The Company provides for such differences, where known, based on management's best estimate of the probable outcome of these matters.

e) Provision for environmental rehabilitation

The Company recognizes a provision for environmental rehabilitation when the obligation occurs. Provisions for environmental rehabilitation are periodically reviewed to reflect known developments, including updated cost estimates. The calculation of the present value of the necessary costs to settle the obligation in the future includes assumptions regarding the risk-free interest rate for discounting future cash flows, inflation, foreign exchange rates, and estimates of the underlying currencies in which the provisions will ultimately be settled. Although the ultimate cost to be incurred is uncertain, the Company estimates its costs based on studies using current restoration standards and techniques.

f) Useful lives of mineral properties, plant and equipment

The estimate of the remaining lives of the Company's producing mineral properties is based on a combination of quantitative and qualitative factors including historical production and financial results, mineral resources reported under National Instrument 43-101 ("NI 43-101"), estimates of ore mineral feed production from areas not included in the NI 43-101 reports, and management's intent to operate the property. The estimated remaining lives of the producing mineral properties are used to calculate amortization and depletion expense, assess impairment charges and the carrying values of assets, and for forecasting the timing of the payment of reclamation and remediation costs.

There are numerous uncertainties inherent in the estimation of the remaining lives of the producing mineral properties, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, or production costs may change the economic status of the resources, estimates of production from areas not included in the NI 43-101 reports, and management's intent to operate the property, and may ultimately have a material impact on the estimated remaining lives of the properties.

g) Estimated Mineral Reserves and Resources

Mineral reserve and resource estimates are based on various assumptions relating to operating matters. These include production costs, mining and processing recoveries, cut-off grades, long term commodity prices and, in some cases, exchange rates, inflation rates and capital costs. Cost estimates are based on feasibility study estimates or operating history. Estimates are prepared by appropriately qualified persons, but will be affected by forecasted commodity prices, inflation rates, exchange rates, capital and production costs and recoveries amongst other factors. Estimated mineral recoverable reserves and resources are used to determine the depreciation of property, plant and equipment at operating mine sites, in accounting for deferred stripping costs, in performing impairment testing and in forecasting the timing of the payment of decommissioning and restoration costs. Therefore, changes in the assumptions used could affect the carrying value of assets, depreciation and impairment charges recorded in the income statement and the carrying value of the decommissioning and restoration provision.

The Caribou Mine does not have any proven or probable mineral reserves, as defined by NI 43-101, as of December 31, 2017

h) Functional currency

The functional currency of the Company is the United States dollar. Determination of the functional currency may involve certain judgments to determine the primary economic environment and this determination is re-evaluated for each new entity or if conditions change. Management has determined that the functional currency for the Canadian operations is the United States dollar – see "Change to the functional currency of Canadian operations and presentation currency" (Note 2 to the annual financial statements ended December 31, 2017). Management has determined that the functional currency for the operations based in Peru, Burkina Faso and Namibia is the United States dollar.

i) Achievement of production phase

Once a mine is ready for its intended use, depreciation of capitalized costs begins. Significant judgment is required to determine when certain assets of the Company reach this level. Management considers several factors including the completion of a reasonable period of commissioning and the achievement of consistent operating results based on the pre-determined level of design capacity.

The Company's Caribou Mine reached production phase on July 1, 2016.

j) Revenue recognition

Revenue arising from the sale of concentrate is recognized when the significant risks and rewards of ownership of the concentrate have been transferred. Transfers of risks and rewards vary depending on individual contract terms.

The sale of concentrate is "provisionally priced" as the sales prices are subject to final adjustment based on quoted market prices during the quotational period specified in the individual concentrate off-take contract. Revenue is recognized when the above criteria are met, using weight and assay results and forward market prices to estimate the fair value of the total consideration receivable.

The provisional sale contains an embedded derivative that is recorded in accounts receivable and marked-to-market each period until final settlement occurs. These sales adjustments (both gains and losses) are recorded in revenue in the consolidated income statements and in trade and other receivables on the consolidated balance sheets.

CHANGES IN ACCOUNTING POLICIES

NEW ACCOUNTING STANDARDS

The accounting policies adopted in the preparation of the Company's consolidated financial statements have been prepared based on all IFRS and interpretations effective as at December 31, 2017.

The following new standards, amendments to standards and interpretations are not yet effective or have otherwise not yet been adopted by the Company:

a) IFRS 9 Financial Instruments ("IFRS 9")

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities and was issued in July 2014. It replaces the guidance in International Accounting Standard ("IAS") 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income ("OCI") and fair value through profit and loss ("FVTPL"). There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designated as FVTPL.

The standard is effective for accounting periods beginning on or after January 1, 2018. . The Company completed a review of the new standard and did not identify any areas of significant difference. No significant changes are expected to be required in the Company's process for managing and estimating provisions for credit loss on trade receivables. Accordingly, the Company does not expect IFRS 9 to have a material effect on its financial statements or a significant disclosure impact.

b) IFRS 15 Revenue from Contracts with Customers ("IFRS 15")

IFRS 15 was issued by the IASB in May 2014 and replaces IAS 18 Revenue, IAS 11 Construction Contracts and several revenue-related interpretations. IFRS 15 deals with revenue recognition and establishes a single five-step framework for the recognition of revenue when control of goods is transferred to, or services are performed, for the customer. The five steps include (1) identification of the contract/contracts with customers; (2) identification of the performance obligations under the contract; (3) determination of the transaction price; (4) allocation of the transaction price and (5) recognition of revenue when the performance obligation is satisfied. The standard also requires enhanced disclosures to help investors better understand the nature, amount, timing and uncertainty of revenue and cash flows from the Company's contracts with customers.

The new standard is effective for periods beginning on or after January 1, 2018. The Company has several existing revenue contracts at its four operating mines and has completed an evaluation of these contracts under the IFRS 15 framework. No areas of change have been identified that would require changes in the Company's revenue recognition or measurement. IFRS 15 will require additional financial statement disclosures than currently required and the Company has the necessary systems and processes to facilitate these additional requirements.

c) IFRS 16 Leases ("IFRS 16")

IFRS 16 was issued by the IASB in January 2016. IFRS 16 will result in all leases being recognized on the statement of financial position of lessees, except those that meet the limited exception criteria.

The standard is effective for annual periods beginning on or after January 1, 2019. The Company is currently evaluating the impact of adopting IFRS 16 on the consolidated financial statements.

RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company's financial assets and liabilities consist of cash and cash equivalents, restricted cash, accounts receivable, reclamation bonds and other, long-term receivable, accounts payable and accrued liabilities, due to related parties, finance leases and long-term debt. Please refer to Note 5 of the accompanying audited financial statements for December 31, 2017 and December 31, 2016.

INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)

The CEO and the CFO, with the assistance of management, conducted an evaluation of the effectiveness of the Company's internal control over financial reporting as at December 31, 2017. Based on the evaluation, the CEO and the CFO have concluded that as at December 31, 2017, the Company's internal control over financial reporting is effective, based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) on Internal Control — Integrated Framework (2013).

Our internal control system over disclosure controls and procedures is designed to provide reasonable assurance that material information relating to the Company is made known to management and disclosed to others and information required to be disclosed by the Company in our annual filings, interim filings or other reports filed or submitted by us under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation.

As discussed above, the inherent limitations in all control systems are such that they can provide only reasonable, not absolute, assurance that all control issues and instances of fraud or error, if any, within the Company have been detected. Therefore, no matter how well-designed, ICFR has limitations and can provide only reasonable assurance with respect to financial statement preparation and may not prevent and detect all misstatements.

As of the end of the period covered by this MD&A and accompanying Financial Statements, Trevali's management evaluated the effectiveness of its disclosure controls. Based on that evaluation, the CEO and the CFO have concluded that Trevali's disclosure controls and procedures and internal controls over financial reporting, provide reasonable assurance that they were effective. There have been no changes in our internal control over financial reporting during the year ended December 31, 2017 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

Management is responsible for establishing and maintaining adequate ICFR. Any system of ICFR, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. There were no material changes in the Company's ICFR during the year ended December 31, 2017.

SUBSEQUENT EVENTS

a) On January 24, 2018, the Company granted 1,351,200 stock options, 739,500 RSUs and 269,800 DSUs.

b) On February 21, 2018, Rosh Pinah Zinc Corporation (Proprietary) Limited ("Rosh Pinah") declared a $10,000 dividend payment of which 19.91% is attributable to the non-controlling interests.

c) On March 2, 2018, Trevali announced that it had entered into a Letter of Intent with Puma Exploration Inc. for the acquisition of an option to acquire an interest in the Murray Brook Deposit and to form a proposed Strategic Exploration Alliance in the northern portion of the Bathurst Mining Camp in New Brunswick. The option is subject to certain standard terms and conditions which include receipt of all requisite regulatory approvals, including the acceptance of the TSX Venture Exchange. Trevali, at its option, will provide all or part of the remaining CDN$7,500 in funding to Puma in order for Puma to finalize the 100-percent acquisition of the Murray Brook Deposit ultimately leading to a 75:25 percent ownership interest between Trevali and Puma, respectively, and a 51:49 percent ownership in the Murray Brook East Property, respectively. Additionally, Trevali will subscribe for CDN$500 worth of units (the "Units") of Puma at an issue price equal to the five-day volume weighted average trading price of Puma's common shares ending on the date of announcement of the placement and terms of the letter agreement, subject to a permissible discount pursuant to the rules of the TSX Venture Exchange. Each Unit will consist of one common share and one-half of a warrant, with the warrants being fully transferrable, having a three-year term and an exercise price set 30% above the issue price of the common shares that form a part of the Units. The proceeds will be used to advance the Strategic Exploration Alliance (see March 2, 2018 News Release).

DISCLOSURE OF OUTSTANDING SHARE DATA

As at March 12, 2018, the Company's authorized capital consists of an unlimited number of common shares without par value, of which 828,516,353 are issued and outstanding as of the date of this MD&A. On a diluted basis, the Company has 841,492,479 common shares outstanding, assuming the exercise of 2,286,592 outstanding warrants, and 10,689,534 outstanding stock options pursuant to the Company's stock option plan.

RISK FACTORS

Trevali is subject to a number of significant risks due to the nature of its business which includes the acquiring, exploring and, if warranted, development and exploiting of natural resource properties, currently in Peru, Canada and South Africa. The risks and uncertainties described below could have a material adverse effect on the Company's business, financial condition or results of operations, and the trading price of the Company's common shares may decline, and investors may lose all or part of their investment. Trevali cannot give assurance that it can control or will successfully address these risks or other unknown risks that may affect its business. Additional risks or uncertainties not presently known to Trevali or that Trevali currently considers immaterial may also impair the Company's business operations. A further discussion of risk factors the Company is subject to can be found in its Annual Information Form which is filed, under the Company's profile, on SEDAR at www.sedar.com.

There are a number of risks which may have a direct impact on the Company's potential revenue stream, including: (i) potential for delays in development activities; (ii) risks related to the inherent uncertainty of production and cost estimates, shipping and transportation of concentrates, and the potential for unexpected costs and expenses; (iii) risks related to commodity price, smelting and refining charges and foreign exchange rate fluctuations. In the future, the Company's ability to continue its development activities depends primarily on the Company's ability to commence and continue operations to generate revenues or to obtain financing through joint ventures, debt financing, equity financing, production sharing arrangements, sale of assets or some combination of these or other means. There can be no assurance that any such arrangements will be concluded and the associated funding obtained. There can be no assurance that the Company will generate sufficient revenues to meet its obligations as they become due or will obtain necessary financing on acceptable terms, if at all. The failure of the Company to meet its on-going obligations on a timely basis will likely result in the loss or substantial dilution of the Company's interests (as existing or as proposed to be acquired) in its Properties. In addition, should the Company incur significant losses in future periods, it may be unable to continue as a going concern, and realization of assets and settlement of liabilities in other than the normal course of business may be at amounts significantly different from those reflected in its current financial statements.

Resource Exploration and Development is Generally a Speculative Business: Resource exploration and development is a speculative business and involves a high degree of risk, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in size to return a profit from production. The marketability of natural resources that may be acquired or discovered by the Company will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, the proximity and capacity of natural resource markets, government regulations, including regulations relating to prices, taxes, royalties, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. The vast majority of exploration projects do not result in the discovery of commercially mineable deposits of mineralized material. Substantial expenditures are required to establish mineralized material reserves through drilling and metallurgical and other testing techniques, determine metal content and metallurgical recovery processes to extract metal from the mineralized material, and construct, renovate or expand mining and processing facilities. No assurance can be given that any level of recovery of mineralized material reserves will be realized or that any identified mineral deposit, even if it is established to contain an estimated resource, will ever qualify as a commercial mineable mineralized material body which can be legally and economically exploited.

Fluctuation of Metal Prices: Even if commercial quantities of mineral deposits are discovered by the Company, there is no guarantee that a profitable market will continue for the sale of the metals produced. Factors beyond the control of the Company may affect the marketability of any substances discovered. The prices of various metals have experienced significant movement over short periods of time, and are affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. The supply of and demand for metals are affected by various factors, including political events, economic conditions and production costs in major producing regions. There can be no assurance that the price of any commodities will be such that any of the properties in which the Company has, or has the right to acquire, an interest may be mined, or continued to be mined, at a profit.

Future Acquisitions: As part of the Company's business strategy, it may seek to grow by acquiring companies, assets or establishing joint ventures that it believes will complement its current or future business. The Company may not effectively select acquisition candidates or negotiate or finance acquisitions or integrate the acquired businesses and their personnel or acquire assets for its business. The Company cannot guarantee that it can complete any acquisition it pursues on favourable terms, or that any acquisitions completed will ultimately benefit its business.

Global Financial Conditions: Market events and conditions, including disruptions in the Canadian, United States and international credit markets and other financial systems and the deterioration of the Canadian, United States and global economic conditions, could, among other things, impede access to capital or increase the cost of capital, which would have an adverse effect on the Company's ability to fund its working capital and other capital requirements. These unprecedented disruptions in the current credit and financial markets have had a significant material adverse impact on a number of financial institutions and have limited access to capital and credit for many companies, particularly junior natural resource companies, such as the Company. These disruptions could, among other things, make it more difficult for the Company to obtain, or increase its cost of obtaining, capital and financing for its operations. The Company's access to additional capital may not be available on terms acceptable to the Company or at all.

Worldwide securities markets, particularly those in the United States and Canada, have continued to experience a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploration or development stage companies, have experienced unprecedented declines in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Most significantly, the share prices of junior natural resource companies have experienced an unprecedented decline in value and there has been a significant decline in the number of buyers willing to purchase such securities. In addition, significantly higher redemptions by holders of mutual funds have forced many of such funds (including those holding the Company's securities) to sell such securities at any price. As a consequence, despite the Company's past success in securing significant equity financing, market forces may render it difficult or impossible for the Company to secure places to purchase new share issues at a price which will not lead to severe dilution to existing shareholders, or at all. Therefore, there can be no assurance that significant fluctuations in the trading price of the Company's common shares will not occur, or that such fluctuations will not materially adversely impact on the Company's ability to raise equity funding without significant dilution to its existing shareholders, or at all.

Mining Industry is Competitive**:** The Company's business of the acquisition, exploration and development of mineral properties is intensely competitive. The Company may be at a competitive disadvantage in acquiring additional mining properties because it must compete with other entities and companies, many of which have greater financial resources, operational experience and technical capabilities than the Company. The Company may also encounter increasing competition from other mining companies in efforts to hire experienced mining professionals. Increased competition could adversely affect the Company's ability to attract necessary capital funding or acquire suitable producing properties or prospects for mineral exploration in the future.

Permits and Licenses: The operations of the Company require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects, on reasonable terms, or at all. Delays or a failure to obtain such licenses and permits or a failure to comply with the terms of any such licenses and permits that the Company does obtain, could have a material adverse effect on the Company.

Government Regulation: Any exploration, development or mining operations carried on by the Company are subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. In addition, the profitability of any mining prospect is affected by the market for precious and/or base metals which is influenced by many factors including changing production costs, the supply and demand for metals, the rate of inflation, the inventory of metal producing corporations, the political environment and changes in international investment patterns.

Environmental Restrictions**:** The activities of the Company are subject to environmental regulations promulgated by government agencies in different countries from time to time. Environmental legislation generally provides for restrictions and prohibitions on spills, releases or emissions into the air, ability to use water, discharges into water, management of waste, management of hazardous substances, protection of natural resources, antiquities and endangered species and reclamation of lands disturbed by mining operations. Certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. In the event that a significant mineralized zone is identified, detailed environmental impact studies will need to be completed prior to initiation of any advanced exploration or mining activities. There is no guarantee that areas for potential mine waste disposal or areas for processing plants will be available within the properties.

Foreign Countries and Political Risk: The mineral properties held by the Company are located in Canada, Peru, West and Southern Africa, where mineral exploration and mining activities may be affected in varying degrees by political instability, expropriation of property and changes in government regulations such as tax laws, business laws, environmental laws and mining laws, affecting the Company's business in that country. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business, or if significant enough, may make it impossible to continue to operate in that country. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, foreign exchange restrictions, export controls, income taxes, and expropriation of property, environmental legislation and mine safety.

The Company currently owns and operates the Santander Mine in Peru, the Rosh Pinah Mine in Namibia and the Perkoa Mine in Burkina Faso. The status of Peru, Namibia and Burkina Faso as developing countries may make it more difficult to obtain any required exploration financing for projects. The effect of all of these factors cannot be accurately predicted. There is the risk of political violence and increased social tension in Peru as a result of the increased civil unrest, crime and labour unrest. Roadblocks by members of the local communities, unemployed people and unions can occur on most national and provincial routes without notice.

Dependence Upon Others and Key Personnel: The success of the Company's operations will depend upon numerous factors, many of which are beyond the Company's control, including: (i) the ability to design and carry out appropriate exploration programs on its mineral properties; (ii) the ability to produce minerals from any mineral deposits that may be located; (iii) the ability to attract and retain additional key personnel in exploration, marketing, mine development and finance; and, (iv) the ability and the operating resources to develop and maintain the properties held by the Company. These and other factors will require the use of outside suppliers as well as the talents and efforts of the Company and its consultants and employees. There can be no assurance of success with any or all of these factors on which the Company's operations will depend, or that the Company will be successful in finding and retaining the necessary employees, personnel and/or consultants in order to be able to successfully carry out such activities.

***Maintenance of Satisfactory Labor Relations*: **While the Company has successfully negotiated a 5 year a collective bargaining agreement with the Caribou mine, additional groups of non-union employees may seek union representation in the future. Further, relations with employees may be affected by changes in the scheme of labor relations that may be introduced by the relevant governmental authorities in jurisdictions where the Company conducts business. Changes in such legislation or otherwise in our relationship with our employees may result in higher ongoing labor costs, employee turnover, strikes, lockouts or other work stoppages, any of which could have a higher material adverse effect on our business, results of operations and financial condition.

Currency Fluctuations: The Company presently maintains its accounts in US dollars. Due to the nature of its operations in different countries, the Company also maintains accounts and has exposure in Canadian dollars, Peruvian nuevo soles, Namibian Dollars, Eurodollar and West African CFA francs. The Company's operations in Canada, Peru, Namibia and Burkina Faso and its proposed exploration expenditures in such countries are denominated in either local currencies or US dollars, making it subject to foreign currency fluctuations. Such fluctuations are out of its control and may materially adversely affect the Company's financial position and results.

Surface Rights and Access: Although the Company acquires the rights to some or all of the minerals in the ground subject to the tenures that it acquires, or has a right to acquire, in most cases it does not thereby acquire any rights to, or ownership of, the surface to the areas covered by its mineral tenures. In such cases, applicable mining laws usually provide for rights of access to the surface for the purpose of carrying on mining activities, however, the enforcement of such rights can be costly and time consuming. In areas where there are no existing surface rights holders, this does not usually cause a problem, as there are no impediments to surface access. However, in areas where there are local populations or land owners (as with many of the Company's properties), it is necessary, as a practical matter, to negotiate surface access. There can be no guarantee that, despite having the right at law to access the surface and carry on mining activities, the Company will be able to negotiate a satisfactory agreement with any such existing landowners/occupiers for such access, and therefore it may be unable to carry out mining activities. In addition, in circumstances where such access is denied, or no agreement can be reached, the Company may need to rely on the assistance of local officials or the courts in such jurisdiction.

Title Matters: Although the Company has taken steps to verify the title to the mineral properties in which it has, or has a right to acquire, an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee title (whether of the Company or of any underlying vendor(s) from whom the Company may be acquiring its interest). Title to mineral properties may be subject to unregistered prior agreements or transfers, and may also be affected by undetected defects or the rights of indigenous peoples. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties for which titles have been issued are in good standing. The process of acquiring exploration concessions involves an application process (which can be quite lengthy) and, until title to an exploration concession is actually granted, there can be no assurance that an exploration concession which has been applied for will be granted (especially as it is not always possible to determine if there are prior applications over the same ground). Many of the exploration concessions for which the Company (or the optionee(s) from whom it holds an option to acquire an interest in an exploration concession) has applied for in Peru and the Company cannot provide any estimate of the time likely to complete any such applications or the likelihood of any of such applications being granted.

***Exploration and Mining Risks*:** Fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs. Substantial expenditures are required to establish reserves through drilling, to develop metallurgical processes, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing mineral properties is affected by many factors including the cost of operations, variations of the grade of mineralized material mined, fluctuations in the price of gold or other minerals produced, costs of processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. Short-term factors, such as the need for orderly development of mineralized material bodies or the processing of new or different grades, may have an adverse effect on mining operations and on the results of operations. There can be no assurance that minerals recovered in small scale laboratory tests will be duplicated in large scale tests under on-site conditions or in production scale operations. Material changes in geological resources, grades, stripping ratios or recovery rates may affect the economic viability of projects.

***Regulatory Requirements*:** As stated above, the activities of the Company are subject to extensive regulations governing various matters, including environmental protection, management and use of toxic substances and explosives, management of natural resources, exploration, development of mines, production and post-closure reclamation, exports, price controls, taxation, regulations concerning business dealings with indigenous peoples, labour standards on occupational health and safety, including mine safety, and historic and cultural preservation. Failure to comply with applicable laws and regulations may result in civil or criminal fines or penalties, enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions, any of which could result in the

Company incurring significant expenditures. The Company may also be required to compensate those suffering loss or damage by reason of a breach of such laws, regulations or permitting requirements. It is also possible that future laws and regulations, or more stringent enforcement of current laws and regulations by governmental authorities, could cause additional expense, capital expenditures, restrictions on or suspension of the Company's operations and delays in the exploration and development of the Company's properties.

Uncertainty of Mineral Resource Estimates/Reserves: Unless otherwise indicated, mineralization figures presented in the Company's filings with securities regulatory authorities, news releases and other public statements that may be made from time to time are based upon estimates made by Company personnel and independent geologists. These estimates are imprecise and depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis, which may prove to be unreliable. There can be no assurance that:

- these estimates will be accurate;
- reserves, resource or other mineralization figures will be accurate; or
- this mineralization could be mined or processed profitably.

The Company does not have any proven or probable reserves at its Caribou property and the mineralization estimates for this property may require adjustments or downward revisions based upon further exploration or development work or actual production experience. In addition, the grade of mineral ultimately mined, if any, may differ from that indicated by drilling results. There can be no assurance that minerals recovered in small-scale tests will be duplicated in large-scale tests under on-site conditions or in production scale. The resource estimates contained in the Company's filings with securities regulatory authorities, news releases and other public statements that may be made from time to time have been determined and valued based on assumed future prices, cut-off grades, recoveries and operating costs that may prove to be inaccurate. Extended declines in market prices for zinc, lead, silver, copper, gold or other metals may render portions of the Company's mineralization uneconomic and result in reduced reported mineralization. Any material reductions in estimates of mineralization, or of the Company's ability to extract this mineralization, could have a material adverse effect on the Company's results of operations or financial condition.

No Assurance of Profitability: Due to the nature of its business there can be no assurance that the Company can sustain any earnings. The Company has not paid dividends on its shares since incorporation and does not anticipate doing so in the short-term. The Company intends to continue relying upon the issuance of equity or debt securities to finance its future activities, and revenues from production at its mines in Peru, Canada and Africa to finance future growth plans; however, there can be no assurance that such financings will be available on a timely basis under terms acceptable to the Company.

Adequate insurance coverage: Although Trevali maintains insurance to protect against certain risks in such amounts as Trevali considers to be reasonable, the Company's insurance will not cover all the potential risks associated with its operations and insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. It is not always possible to obtain insurance against all risks and Trevali may decide not to insure against certain risks because of high premiums or other reasons. Moreover, insurance against risks such as loss of title to mineral property, environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its business, financial condition and results of operations.

***Enforcement of Civil Liabilities*:** As part of the assets of the Company and its subsidiaries are located outside of Canada and the United States, and certain of the directors and officers of the Company are resident outside of Canada and/or the United States, it may be difficult or impossible to enforce judgments granted by a court in Canada or the United States against the assets of the Company and its subsidiaries or the directors and officers of the Company residing outside of such country.

Corruption and Bribery Risk: The Company is required to comply with anti-corruption and anti-bribery laws of various countries including, Namibia, Burkina Faso, Canada and Peru. In recent years, there has been an increase in enforcement and severity of penalties under such laws. A company may be found liable for violations by employees, contractors and third-party agents. The Company has implemented policies and taken measures including training to mitigate the risk of non-compliance, however, such measures are not always effective in ensuring that the Company, its employees, contractors and third-party agents comply strictly with such laws. If the Company is found to be in violation of such laws, this may result in significant penalties, fines and/or sanctions resulting in a material adverse effect on the Company's reputation and financial results.

Information systems or information security threats: Trevali has entered into agreements with third parties for hardware, software, telecommunications and other information technology ("IT") services in connection with its operations. The Company's operations depend, in part, on how well Trevali and its local suppliers protect networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, terrorism, fire, power loss, hacking, computer viruses, vandalism and theft. Trevali's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses, which may adversely impact the Company's reputation and results of operations.

Although to date Trevali has not experienced any known material losses relating to cyber-attacks or other information security breaches, there can be no assurance that it will not incur such losses in the future. Trevali's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access remain a priority. As cyber threats continue to evolve, Trevali may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities. Any of these factors could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

Surety Bonding Risks: The Company secures its obligations for reclamation and closure costs with surety bonds provided by a leading global insurance company in favour of regulatory authorities in Peru. These surety bonds include the right of the surety bond provider to terminate the relationship with the Company on providing notice of up to 90 days. The surety bond provider would, however, remain liable to the regulatory authorities for all bonded obligations existing prior to the termination of the bond in the event the Company failed to deliver alternative security satisfactory to the regulator.

Taxation: The Company is subject to taxation in Canada, Peru, Namibia and Burkina Faso. Adverse changes to the taxation laws of such jurisdictions or unanticipated tax consequences of corporate reorganizations, interpretation of existing and contemplated taxation laws could have a material adverse effect on Trevali's profitability.

These taxation laws are complicated and subject to changes and are subject to review and assessment in the ordinary course. Any such changes in taxation law or reviews and assessments could result in higher taxes being payable by us, which could adversely affect the Company's profitability. Taxes may also adversely affect the Company's ability to repatriate earnings and otherwise invest in its assets or future Company growth plans.

$30 Million Working Capital Facility and $160 Million Secured Loan: The Company may be unable to generate sufficient cash to service its debt, the terms of the agreements governing its debt may restrict the Company's current or future operations and the indebtedness may have a material adverse effect on the Company's financial condition and results of operations.

The Company's ability to make scheduled payments on the Credit Facility and any other indebtedness will depend on its financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business, legislative, regulatory and other factors beyond its control. If the Company's cash flows and capital resources are insufficient to fund its debt service obligations, the Company could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, seek additional debt or equity capital or restructure or refinance the Company's indebtedness, including indebtedness under the Credit Facility. The Company may not be able to effect any such alternative measures on commercially reasonable terms or at all and, even if successful, those alternatives may not allow the Company to meet its scheduled debt service obligations.

In addition, a breach of the covenants, including the financial covenants under the Credit Facility or the Company's other debt instruments from time to time could result in an event of default under the applicable indebtedness. Such a default may allow the creditors to impose default interest rates or accelerate the related debt, which may result in the acceleration of any other debt to which a cross acceleration or cross default provision applies. In the event a lender accelerates the repayment of the Company's borrowings, the Company may not have sufficient assets to repay its indebtedness.

The Credit Facility contains a number of covenants that impose operating and financial restrictions on the Company and may limit the Company's ability to engage in acts that may be in its long term best interest. In particular, the Credit Facility restricts the Company's ability to dispose of assets to make dividends or distributions and to incur additional indebtedness and grant security interests or encumbrances. As a result of these restrictions, the Company may be limited in how it conducts its business, may be unable to raise additional debt or equity financing, or may be unable to compete effectively or to take advantage of new business opportunities, each of which restrictions may affect the Company's ability to grow in accordance with its strategy.

Political & Economic Risk – Rosh Pinah and Perkoa Operations: Trevali's exploration and development activities and production operations across its recently acquired African Assets in Namibia and Burkina Faso are subject to various levels of political, economic and other risks and uncertainties that could negatively impact Trevali's operations and financial condition. These risks and uncertainties vary significantly from country to country and include, but are not limited to, the existence or possibility of terrorism; hostage taking; military repression; extreme fluctuations in currency exchange rates; high rates of inflation; labour unrest; the risks of war or civil unrest; coups and counter coups; expropriation and nationalization; uncertainty as to the outcome of any litigation in foreign jurisdictions; uncertainty as to enforcement of local laws; arbitrary changes in law or policy; environmental controls and permitting; restrictions on the use of land and natural resources; renegotiation or nullification of existing government orders, concessions, licenses, permits and/or contracts; delays in obtaining permits or licenses; illegal mining; sabotage, theft, robbery, vandalism, lack of civil services such as utilities (electricity and water), hospitals, ambulances, police departments and fire departments; disease and other potential endemic health issues; changes in taxation policies; difficulty obtaining key equipment or key components; restrictions on foreign exchange and repatriation; corruption; bribery; inadequate infrastructure; unstable legal systems; changing political conditions; changes in mining and social policies; opposition to mining by non-governmental organizations or environmental groups; limits on foreign ownership; child labour; child slavery; forced labour; social unrest on account of poverty or unequal income distribution; "black economic empowerment" legislation; currency controls and governmental regulations that favor or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction or require equity participation by local citizens; income repatriation and capital recover; import and export restrictions; and other risks arising out of foreign sovereignty issues. The Company may also be exposed to situations or persons that may pose security threats to personnel and facilities. The occurrence of any of these events may have a material adverse effect on the Company's business, financial condition or results of operations.

Trevali's mineral exploration and mining activities may be affected in varying degrees by political instability and governmental legislation and regulations relating to foreign investment and the mining industry. In particular, Burkina Faso has experienced varying degrees of civil unrest. See "Burkina Faso political, economic and other uncertainties" below. Threats or instability in a country caused by political events including elections, change in government, changes in personnel or legislative bodies, foreign relations or military control present serious political and social risk and instability causing interruptions to the flow of business negotiations and influencing relationships with government officials. Changes in policy or law may have a material adverse effect on the Company's business, financial condition or results of operations.

Operations may be affected in varying degrees by: (i) government regulations with respect to, but not limited to, restrictions on production, price controls, permitting for explosives exchange controls, export controls, currency remittance, income or other taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, hiring quotas local content and ownership (such as "black economic empowerment" laws), water use and mine safety; and (ii) the lack of certainty with respect to foreign legal systems, which may not be immune from the influence of political pressure, corruption or other factors that are inconsistent with the rule of law.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have a material adverse effect on the Company's business, financial condition and results of operations.

While the governments of Burkina Faso and Namibia generally considered by the Company to be mining friendly, no assurances can be provided that this will continue in the future. It is possible that a current or future government may adopt substantially different policies or take arbitrary action which might halt exploration development or production, nationalize assets or cancel contracts and/or mining and exploration rights and/or make changes in taxation treatment any of which could have a material and adverse effect on the Company's business financial condition or results of operations.

Exposure of the Company's projects and operations to political risk comprises part of the evaluations, perceptions and sentiments of investors. An adverse change in investors' or potential investors' tolerance of political risk could have a material adverse effect on the Company. In addition, perception of political risk or foreign operations or changes and instability may make it more difficult for the Company to obtain required financing. Although Trevali believes it has good relations with each of these African governments, there can be no assurance that the actions of present or future governments in Burkina Faso or Namibia will not materially adversely affect the Company's business, financial condition or results of operations.

Namibian political*, *economic and other uncertainties: The Company's Rosh Pinah mine in Namibia is subject to the risks of operating in a foreign country, as detailed under "Political and Economic – Risk-Rosh Pinah and Perkoa Operations" above, as well as laws, regulations and policies of Canada affecting foreign trade, investment and taxation. The Namibian economy is highly dependent on the mining sector, which, in 2016, was estimated at approximately 13% of the gross domestic product. Namibia is also highly dependent on foreign imports, including fuel. These factors make the Namibian economy particularly vulnerable to adverse commodity price fluctuations, which could have a material adverse effect on the Company's business.

In addition, Namibia is a member of the Southern African Customs Union ("SACU"), which provides for a common external tariff and guarantees free movement of goods between its member states. A high proportion of Namibia's trade is conducted with SACU members and, in its 2016 budget, the Namibian Ministry of Finance stated that a significant risk for revenue growth is the projected reduction of SACU revenue. The Namibian Government is highly dependent on SACU revenue, but Namibia's share of the SACU revenue is expected to decline in the foreseeable future, as a result of which the Namibian government may be compelled to introduce additional taxes or increase current tax rates. The introduction of additional taxes or any increase in current tax rates could have a material adverse effect on the Company.

In 2015, as amended, and in 2016, Namibia released the so-called Namibia Equitable Economic Empowerment Framework bill (the "NEEEF Bill"), a controversial bill which in effect proposed the forced transfer of 25% of the shares or economic interest in any business enterprise conducting business in Namibia to certain designated persons, being persons of colour, women and disabled persons. Whilst the NEEEF Bill contained various controversial provisions which may render it unconstitutional, the NEEEF Bill caused considerable uncertainty in the Namibian business community and the investor community, on account of which it is still under discussion and revision. It is not clear when, if ever, the NEEEF Bill will become law, and in any event, there would need to be regulations to be operative. As it is only a bill, it is entirely speculative at this time to determine the extent to which the NEEEF Bill would affect the Company's operations in Namibia.

In 2016, the Namibian parliament passed a new investment law termed the Namibia Investment Promotion Act, 2016, which has not yet come into force. If enacted, the Namibia Investment Promotion Act, 2016 would materially change the legal basis on which foreign investments are to be made, maintained and withdrawn from Namibia. In essence, the law provides not only for reservation of certain businesses to Namibians, but also requires the approval of the Minister of Industrialisation, Trade and SME Development prior to making an investment, when expanding an investment and when disinvesting, on a discretionary basis. The law would also abolish the recourse of foreign investors to international tribunals by requiring any disputes be exclusively dealt with under Namibian law and by the Namibian courts. If enacted, the Namibia Investment Promotion Act, 2016, may have a negative effect on investor security and new investments into Namibia. In the absence of regulations or guidelines with respect to the approval process, it is entirely at the discretion of the Minister to determine what type of foreign investments, disinvestments or changes to current investments will be allowed, and it is entirely speculative at this time to determine the extent to which the Namibia Investment Promotion Act, 2016 would affect the Company.

In Namibia, due to high levels of unemployment, and restrictive immigration policies applied by the Namibian Ministry of Home Affairs, it may be difficult for the Company to obtain employment permits for skilled personnel that may be required in exploration or mining operations. In addition, Namibia suffers from high levels of poverty. Although the Namibian government spends a significant proportion (the highest single budget amount) on education, education initiatives and programs may take time to take effect. Currently, a significant proportion of the Namibian work-force can be classified as unskilled or semi-skilled labourers, as a result of which it may be difficult for employers to find skilled personnel for specialized tasks. Shortages of suitably qualified personnel in Namibia could have a material adverse effect on the Company's business, financial condition and results of operations. The Rosh Pinah mine is currently renegotiating a new collective labour agreement and may face tougher negotiations or higher wage demands than would be the case for non-unionized labour.

Namibia is part of the South African Rand Common Monetary Area ("CMA"). Exchange controls in the CMA require that dividends, loans, repayment of loans and payment of all invoices to parties outside the

CMA by companies registered in the CMA require prior approval. The controls, as they relate to Namibia, are applied by the Bank of Namibia. There can be no assurance that the Company will obtain the requisite approvals in the future to repay loans or pay invoices to parties outside the CMA, including companies within the Company's corporate group not resident in the CMA. Thus, exchange controls may restrict the Company from repatriating funds and using those funds for other purposes.

Namibia's status as a developing country may also make it more difficult for the Company to obtain required financing for its projects. Although resource-based businesses have a long history in Namibia and to date have not been adversely impacted by unreasonable or arbitrary government action, there can be no assurance that the Company's business, operations and affairs will not be materially adversely effected by unreasonable or arbitrary applications of Namibian laws and regulations or changes in the political and economic status of Namibia.

Burkina Faso political*, *economic and other uncertainties: The Company's Perkoa zinc mine in Burkina Faso is subject to the risks of operating in a foreign country, as detailed under "Political and Economic – Risk-Rosh Pinah and Perkoa Operations" above, as well as laws, regulations and policies of Canada affecting foreign trade, investment and taxation.

As the government of Burkina Faso continues to struggle with deficits and a depressed economy, the strength of commodity prices has resulted in the mining sector being targeted as a source of revenue. This may result in potential delay in receiving VAT (input tax) refunds. The government of Burkina Faso are continually assessing and/or revising the terms under which mining companies may extract resources in their country and unilateral renegotiations by the government of Burkina Faso against one company, may affect all companies in the country. In addition, the enforcement by the Company of its legal rights to develop its properties or to utilize its permits and licenses may not be recognized by the court systems in Burkina Faso, although in certain circumstances the Company and State may agree to submit their dispute to an international court of arbitration. Burkina Faso's status as a developing country may also make it more difficult for the Company to obtain required financing for its projects.

The new mining code adopted by Burkina Faso in July 2015 introduced changes to the mining legislation, including changes affecting taxation, licensing, the requirement to pay a preferred dividend to the state, requirements for employments of local personnel or contractors and other benefits to be provided to local residents. The trend in resource nationalism could have a material adverse impact upon the Company.

In connection with Perkoa zinc mine, applicable legislation requires Trevali to open and fund a bank account in Burkina Faso with joint signature with the State of Burkina Faso, to create a fund to be used to pay the costs of implementation of the environmental preservation and rehabilitation program. The annual contribution is equal to the total forecasted rehabilitation budget as stated in the environmental impact study divided by the number of years of the life of mine. Further, the Perkoa zinc mine is subject to a government equity interest. The mining laws of Burkina Faso stipulate that when an economic ore body is discovered on a property subject to an exploration permit, a mining permit that allows processing operations on that property to be undertaken must be issued, or transferred, to a new mining company in which the company may hold a majority interest and the government retains a minority "free-carried interest" free of any financial obligation, of at least 10%, in any mining project. Such legislation entitles the government of Burkina Faso to maintain the same percentage of equity interest in the event of capital increases and to increase its participation in any mining company. Any failure to comply with requirements in Burkina Faso may have a material adverse effect on the Company.

Furthermore, the Company requires consultants and employees to work in Burkina Faso to carry out its planned exploration and development programs. In addition, Burkina Faso has recently announced a 1% community development royalty. It may be difficult from time to time to find or hire qualified people in the mineral exploration industry who are situated in Burkina Faso, or to obtain all of the necessary services or expertise in Burkina Faso, or to conduct operations on its projects at reasonable rates. If qualified people and services or expertise cannot be obtained in Burkina Faso, the Company may need to seek and obtain those services from service providers located outside of Burkina Faso which could result in delays and higher costs to the Company.

Infrastructure in West and Southern Africa: Trevali's operations in Namibia and Burkina Faso depend on adequate infrastructure, which is underdeveloped in certain parts of West Africa, and the uninterrupted flow of materials, supplies, and services. Mining, processing, development, concentrate shipping and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants which affect capital and operating costs. The lack of availability on acceptable terms or the delay in the availability of any one or more of these items could prevent or delay exploitation and/or development of the Company's projects. If adequate infrastructure is not available in a timely manner, there can be no assurance that the continued development of the Company's projects will be commenced or completed on a timely basis, if at all, or that the resulting operations will achieve the anticipated production volume, or that construction costs and ongoing operating costs will not be higher than anticipated. In addition, unusual or infrequent weather phenomena, sabotage or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's business, financial condition and results of operations.

Trevali's mining interests are located in remote locations and depend on an uninterrupted flow of materials, supplies and services to those locations. Any interruptions to the procurement of equipment or the flow of materials, supplies and services to these properties could have an adverse impact on Trevali's business, financial condition and results of operations.

Violations of applicable anti-corruption laws: Trevali conducts business in countries where there is a risk of corruption. Acts and payments that may be considered illegal under applicable local and/or extraterritorial anti-corruption, anti-bribery, anti-money laundering or export control regulations and related laws may be considered an acceptable part of business culture in those countries. The Company is committed to doing business in accordance with all applicable local and/or extraterritorial anti-corruption laws and economic sanctions programs. Trevali believes that it has a strong culture of compliance and an adequate system of internal controls and continuously seeks to re-evaluate and improve such controls. Trevali currently has a Code of Conduct and Ethics Policy in place. Nevertheless, there is a risk that the Company, or its affiliated entities or respective officers, directors, employees or agents may act in violation of its policies and applicable laws, including the *Canadian Corruption of Foreign Public Officials Act*, the *U.S. Foreign Corrupt Practices Act* or other similar legislation. Trevali also has adopted a whistleblower policy which is available to all employees and contractors. Violations of applicable local and/or extraterritorial anti-corruption, anti-bribery, anti-money laundering and export control regulations and related laws are punishable by civil penalties, including fines, denial of export privileges, injunctions, asset seizures, debarment from government contracts, termination of existing contracts, and revocations or restrictions of licenses, as well as criminal fines and imprisonment. In addition, any such violations could result in damage to the Company's reputation and might materially adversely affect the Company's business, financial condition and results of operations.

West and Southern African Laws: Operations in Burkina Faso and Namibia are governed by mineral agreements with local governments that establish the terms and conditions under which the Company's affairs are conducted. These agreements cover a number of items, including the duration and renewal terms of exploration permits and mining licenses/operating permits; supply and repayment of funds for capital investments; the right to export production; distribution of dividends; shareholder rights and obligations for the Company and the government in respect of their ownership; labour matters; the right to hold funds in foreign bank accounts and in foreign currencies; taxation rates; and the right to repatriate capital and profits.

In addition, uncertainties in the interpretation and application of laws and regulations in the West African jurisdictions in which the Company operates may affect its ability to comply with such laws and regulations, which may increase the risks with respect to its operations. In the event of a dispute arising from the Company's activities, the Company may be subject to the exclusive jurisdiction of courts or arbitral proceedings outside of North America or may not be successful in subjecting persons to the jurisdiction of courts in North America, either of which could unexpectedly and adversely affect the outcome of a dispute. The courts in Burkina Faso and Namibia may offer less certainty as to the judicial outcome or a more protracted judicial process than is the case in more established economies. Businesses can become involved in lengthy court cases over simple issues when rulings are not clearly defined, and the poor drafting of laws and excessive delays in the legal process for resolving issues or disputes compound such problems. Accordingly, Trevali could face risks such as: (i) effective legal redress in the courts of Burkina Faso or Namibia being more difficult to obtain, whether in respect of a breach of law or regulation, or in a contract or an ownership dispute, (ii) a higher degree of discretion on the part of governmental authorities and therefore less certainty, (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations, (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions, or (v) relative inexperience of the judiciary and courts in such matters.

Enforcement of laws in Burkina Faso or Namibia may depend on and be subject to the interpretation placed upon such laws by the relevant local authority, and such authority may adopt an interpretation of an aspect of local law which differs from the advice that has been given to Trevali by local lawyers or even previously by the relevant local authority itself. Furthermore, there is limited relevant case law providing guidance on how courts would interpret such laws and the application of such laws to Trevali's contracts, joint ventures, licenses, license applications or other arrangements. Thus, there can be no assurance that contracts, joint ventures, licenses, license applications or other legal arrangements will not be adversely affected by the actions of government authorities and the effectiveness of and enforcement of such arrangements.

Integration of African Assets: The Company may not be able to successfully integrate and combine the operations, personnel and infrastructure of African Assets with the Company's existing operations. The challenges involved in the integration and operation may include, among other things, the following: (i) defects in title and expired permits; (ii) imprecise mineral reserve and resource estimates retaining key personnel; (iii) the ability to obtain and complete technical reports, if required; (iv) inaccurate production and cost estimates; and (v) unplanned costs required to integrate and operate the Rosh Pinah and Perkoa zinc mines and the Gergarub Project into the business of the Company. If integration is not executed successfully by management, the Company may experience interruptions in business activities, a deterioration in the Company's employee and commercial relationships, increased costs of integration and harm to Company's reputation, all of which could have a material adverse effect on Company's business, financial condition and results of operations. The integration and operation of the Rosh Pinah and Perkoa zinc mines as well as the Gergarub Project with the Company may impose substantial demands on the Company's management. There is no assurance that improved operating results will be achieved by the Company or that the businesses of the Company will be successful in integrating and operating such mines and projects.

Stakeholder expectations: Trevali's stakeholders, and the communities in which the Company operates, increasingly expect the Company to apply stringent internationally recognized environmental, health and safety benchmarks to its operations, in addition to complying with local laws and regulations. In addition, Trevali has obtained financing from institutions that are that are signatories to the Equator Principles. In addition, the Company must also continually engage with stakeholders, local communities and other interested parties such as non-governmental organizations regarding the environmental and social impact of its operations and undertake steps to mitigate such impact where feasible. The Company's failure to meet any of the environmental, health and safety expectations of these various stakeholders may harm its reputation, as well as its ability to bring projects into production, which could in turn adversely affect its business, financial condition and results of operations.

***Community risk*:** Surrounding communities may affect or threaten the security of the mining operations through the restriction of access of supplies and the workforce to the mine sites or the conduct of artisanal and illegal mining at or near the mine sites. Certain of the material properties of the Company may be subject to the rights or asserted rights of various community stakeholders, including aboriginal and indigenous peoples, through legal challenges relating to ownership rights or rights to artisanal mining.

Artisanal miners may make use of some or all of the Company's properties. To date the Company is not aware of any such activity impacting its mining operations. Existing legislation in Burkina Faso, Namibia are outdated with respect to the management of illegal miners and this, when combined with law enforcement of the current legislation, has a negative impact on the Company's operations. It is difficult for the Company to control access to concessions due to the size of the Company's operations and the geographical characteristics and topography of the site.

Further, the unstable political environment in Burkina Faso has previously led to turmoil in the surrounding communities, protests and destabilization of the country. In addition, there are artisanal miners operating in the vicinity of the Perkoa mine, which also could present challenges for the Company.

Health Risks: The Company is exposed to pandemics like malaria and other diseases, such as dengue, chikungunya, Zika and other flu like viruses (e.g. avian, swine). Such pandemics and diseases represent a serious threat to maintaining a skilled workforce in the mining industry in Africa and in South America and is a major healthcare challenge for the Company. Further, Ebola, HIV and other diseases represent a serious threat to maintaining a skilled workforce in the mining industry throughout Africa and are a major healthcare challenge to Trevali's operations in Africa. The epidemic of the Ebola virus disease in 2014 in parts of West Africa resulted in a substantial number of deaths and the World Health Organization declared it a global health emergency. This outbreak did not affect the operations of the previous owner of the African Assets, Glencore, but had it spread further, the workforce may have been adversely affected. Should there be an epidemic in the countries in which Trevali operates, which is not satisfactorily contained, its workforce may be adversely impacted and the Company may face difficulties securing transportation of supplies and equipment essential to its mining operations. As a result, the Company's exploration, development and production plans could be delayed, or interrupted after commencement. Any changes to these operations could significantly increase costs of operations and have material adverse effect on the Company's business, results of operations, and future cash flow.

In addition, unsafe work conditions or equipment, transportation of personnel or insufficient worker training may expose personnel to potentially serious occupational and workplace accidents causing injuries and or potential fatalities while working at, or travelling to or from, an operating mine.

Please also refer to the Company's most recent Annual Information Form filed on SEDAR.

NON-IFRS MEASURES

This MD&A refers to 'site cash operating cost per pound of payable zinc equivalent produced', 'total_cash cost per pound of payable zinc equivalent produced', and 'site cash operating cost per tonne milled' and none of these measures are recognized under IFRS. Such non-IFRS financial measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. Management uses these measures internally to evaluate the underlying operating performance of the Company for the reporting periods presented. The use of these measures enables management to assess performance trends and to evaluate the results of the underlying business of the Company. Management understands that certain investors, and others who follow the Company's performance, also assess performance in this way. Management believes that these measures reflect the Company's performance and are useful indicators of its expected performance in future periods. This data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

The following production and financial tables reconcile these non-IFRS measures to the most directly comparable IFRS measures. (For the Perkoa and Rosh Pinah Mines, costs are zinc only pounds as there were no lead production or sales at those mines in the current reporting period):

Site cash operating cost per pound of payable zinc equivalent produced:

'Site cash operating cost per pound of zinc equivalent pound produced' includes mine site operating production costs such as mining, processing, administration, indirect charges as surface maintenance and camp expenses, and inventory sales adjustments but does not include smelting, refining and freight costs, royalties, depreciation, depletion, amortization, reclamation, and capital and exploration costs.

										Three months ended Dec 31, 2017
		Santander		**Caribou**		**Rosh Pinah**		**Perkoa**		**Total**
Expressed in thousands of US dollars, except pounds and per pounds amounts										
Production costs	$	9,478	$	15,721	$	29,316	$	62,560	**$**	**117,075**
Inventory sales adjustment		711		(1,777)		(19,392)		(40,805)		**(61,263)**
Site cash operating costs	$	10,189	$	13,944	$	9,924	$	21,755	**$**	**55,812**
Divided by pounds of payable zinc equivalent produced		16,525,138		31,242,034		24,261,621		47,666,248		**119,695,041**
Site cash operating cost per pound of payable zinc equivalent produced	$	0.62	$	0.45	$	0.41	$	0.46	**$**	**0.47**

										Three months ended Dec 31, 2016
		Santander		**Caribou**		**Rosh Pinah**		**Perkoa**		**Total**
Expressed in thousands of US dollars, except pounds and per pounds amounts										
Production costs	$	6,976	$	13,943	$	-	$	-	**$**	**20,919**
Inventory sales adjustment		(15)		51		-		-		**37**
Site cash operating costs	$	6,961	$	13,995	$	-	$	-	**$**	**20,956**
Divided by pounds of payable zinc equivalent produced		20,930,910		31,444,029		-		-		**52,374,939**
Site cash operating cost per pound of payable zinc equivalent produced	$	0.33	$	0.45	$	-	$	-	**$**	**0.40**

Site cash operating cost per pound of payable zinc equivalent produced (Continued):

										Twelve months ended Dec 31, 2017
		Santander		**Caribou**		**Rosh Pinah**		**Perkoa**		**Total**
Expressed in thousands of US dollars, except pounds and per pounds amounts										
Production costs	$	33,704	$	57,740	$	31,684	$	62,560	**$**	**185,688**
Inventory sales adjustment		35		(2,360)		(18,916)		(35,355)		**(56,596)**
Site cash operating costs	$	33,739	$	55,380	$	12,768	$	27,205	**$**	**129,092**
Divided by pounds of payable zinc equivalent produced		69,396,345		115,715,895		33,460,553		62,775,671		**281,348,463**
Site cash operating cost per pound of payable zinc equivalent produced	$	0.49	$	0.48	$	0.38	$	0.43	**$**	**0.46**

										Twelve months ended Dec 31, 2016
		Santander		**Caribou**		**Rosh Pinah**		**Perkoa**		**Total**
Expressed in thousands of US dollars, except pounds and per pounds amounts										
Production costs	$	28,347	$	21,970	$	-	$	-	**$**	**50,317**
Inventory sales adjustment		306		3,131		-		-		**3,437**
Site cash operating costs	$	28,653	$	25,101	$	-	$	-	**$**	**53,754**
Divided by pounds of payable zinc equivalent produced		93,008,559		55,173,589		-		-		**148,182,148**
Site cash operating cost per pound of payable zinc equivalent produced	$	0.31	$	0.45	$	-	$	-	**$**	**0.36**

Total cash cost per pound of payable zinc equivalent produced:

'Total cash cost per pound of payable zinc equivalent produced' includes mine site operating production costs as calculated above and smelting, refining and freight costs royalties, capital sustaining costs, and inventory sales adjustments but does not include, depreciation, depletion, amortization, reclamation, and exploration costs.

Three months ended Dec 31, 2017

	Santander	Caribou	Rosh Pinah	Perkoa	Total
Expressed in thousands of US dollars, except pounds and per pounds amounts					
Production Costs	$ 9,478	$ 15,721	$ 29,316	$ 62,560	**$ 117,075**
Distribution costs	569	431	893	6,194	**8,089**
Royalty expense	322	-	1,992	2,690	**5,004**
Capital sustaining costs	4,791	2,378	8,985	1,823	**17,977**
Inventory sales adjustment	711	(1,777)	(19,392)	(42,715)	**(63,173)**
Total cash cost	$ 15,871	$ 16,753	$ 21,794	$ 30,552	**$ 84,972**
Divided by pounds of payable zinc equivalent produced	16,525,138	31,242,034	24,261,621	47,666,248	**119,695,041**
Total cash cost per pound of payable zinc equivalent produced	$ 0.96	$ 0.54	$ 0.90	$ 0.64	**$ 0.71**

Three months ended Dec 31, 2016

	Santander	Caribou	Rosh Pinah	Perkoa	Total
Expressed in thousands of US dollars, except pounds and per pounds amounts					
Production costs	$ 6,976	$ 13,943	$ -	$ -	**$ 20,919**
Distribution costs	645	508	-	-	**1,155**
Royalty expenses	231	(193)	-	-	**38**
Capital sustaining costs	2,729	973	-	-	**3,702**
Inventory sales adjustment	(15)	51	-	-	**37**
Total cash cost	$ 10,566	$ 15,283	$ -	$ -	**$ 25,851**
Divided by pounds of payable zinc equivalent produced	20,930,910	31,444,029	-	-	**52,374,939**
Total cash cost per pound of payable zinc equivalent produced	$ 0.50	$ 0.49	$ -	$ -	**$ 0.49**

Total cash cost per pound of payable zinc equivalent produced (Continued):

	Santander	Caribou	Rosh Pinah	Perkoa	Twelve months ended Dec 31, 2017 Total
Expressed in thousands of US dollars, except pounds and per pounds amounts					
Production Costs	$ 33,704	$ 57,740	$ 31,684	$ 62,560	**$ 185,688**
Distribution costs	2,274	1,955	1,208	6,194	**11,631**
Royalty expense	1,416	-	2,489	2,690	**6,595**
Capital sustaining costs	15,057	8,149	11,202	6,807	**41,215**
Inventory sales adjustment	35	(2,360)	(18,916)	(35,355)	**(56,596)**
Total cash cost	$ 52,486	$ 65,484	$ 27,667	$ 42,896	**$ 188,533**
Divided by pounds of payable zinc equivalent produced	69,396,345	115,715,895	33,460,553	62,775,671	**281,348,463**
Total cash cost per pound of payable zinc equivalent produced	$ 0.76	$ 0.57	$ 0.83	$ 0.68	**$ 0.67**

	Santander	Caribou	Rosh Pinah	Perkoa	Twelve months ended Dec 31, 2016 Total
Expressed in thousands of US dollars, except pounds and per pounds amounts					
Production costs	$ 28,347	$ 21,970	$ -	$ -	**$ 50,317**
Distribution costs	2,693	1,744	-	-	**4,437**
Royalty expenses	1,510	-	-	-	**1,510**
Capital sustaining costs	9,253	4,380	-	-	**13,633**
Inventory sales adjustment	306	3,131	-	-	**3,437**
Total cash cost	$ 42,108	$ 31,225	$ -	$ -	**$ 73,333**
Divided by pounds of payable zinc equivalent produced	93,008,559	55,173,589	-	-	**148,182,148**
Total cash cost per pound of payable zinc equivalent produced	$ 0.45	$ 0.57	$ -	$ -	**$ 0.49**

Site cash operating cost per tonne milled:

'Site cash operating cost per tonne milled' includes mine site operating production costs such as mining, processing, administration, indirect charges as surface maintenance and camp expenses, and inventory sales adjustments but does not include, smelting, refining and freight costs, royalties, depreciation, depletion, amortization, reclamation, and capital and exploration costs.

Three months ended Dec 31, 2017

	Santander	Caribou	Rosh Pinah	Perkoa	Total
Expressed in thousands of US dollars, except pounds and per pounds amounts					
Production costs	$ 9,478	$ 15,721	$ 29,316	$ 62,560	**$ 117,075**
Inventory sales adjustment	711	(1777)	(19,392)	(40,805)	**(61,263)**
Site cash operating costs	$ 10,189	$ 13,944	$ 9,924	$ 21,755	**$ 55,812**
Divided by tonnes milled	214,791	252,857	171,020	180,022	**818,690**
Site cash operating cost per tonne milled	$ 47.44	$ 55.14	$ 58.03	$ 120.85	**$ 68.17**

Three months ended Dec 31, 2016

	Santander	Caribou	Rosh Pinah	Perkoa	Total
Expressed in thousands of US dollars, except pounds and per pounds amounts					
Production costs	$ 6,976	$ 13,943		$ -	**$ 20,919**
Inventory sales adjustment	(15)	51		-	**37**
Site cash operating costs	$ 6,961	$ 13,995		$ -	**$ 20,956**
Divided by tonnes milled	218,481	251,242		-	**469,723**
Site cash operating cost per tonne milled	$ 31.98	$ 55.70		$ -	**$ 44.61**

Site cash operating cost per tonne milled (Continued):

					Twelve months ended Dec 31, 2017
	Santander	Caribou	Rosh Pinah	Perkoa	Total
Expressed in thousands of US dollars, except pounds and per pounds amounts					
Production costs	$ 33,704	$ 57,740	$ 31,684	$ 62,560	**$ 185,688**
Inventory sales adjustment	35	(2,360)	(18,916)	(35,355)	**(56,596)**
Site cash operating costs	$ 33,739	$ 55,380	$ 12,768	$ 27,205	**$ 129,092**
Divided by tonnes milled	839,546	945,436	227,650	237,832	**2,250,464**
Site cash operating cost per tonne milled	$ 40.19	$ 58.57	$ 56.09	$ 114.39	**$ 57.36**

					Twelve months ended Dec 31, 2016
	Santander	Caribou	Rosh Pinah	Perkoa	Total
Expressed in thousands of US dollars, except pounds and per pounds amounts					
Production costs	$ 28,347	$ 21,970	$ -	$ -	**$ 50,317**
Inventory sales adjustment	306	3,131	-	-	**3,437**
Site cash operating costs	$ 28,653	$ 25,101	$ -	$ -	**$ 53,754**
Divided by tonnes milled	863,307	436,730	-	-	**1,300,037**
Site cash operating cost per tonne milled	$ 33.19	$ 57.47	$ -	$ -	**$ 41.35**

One time 2017 adjusted earnings per share:

Net income for the year attributable to Owners of Trevali	**$ 18,764**
Additions to Income Before Taxes:	
Fair Value Inventory Bump - Rosh Pinah Mine	18,694
Fair Value Inventory Bump - Perkoa Mine	22,351
One-time business acquisition costs	12,619
One-time Sr. Secured Notes Penalty	7,391
	79,819
Current income tax affected approximated	(7,010)
Deferred income tax affected approximated	(9,114)
Less Rosh Pinah Mine NCI portion approximated	(2,326)
Less Perkoa Mine NCI portion approximated	(1,844)
Total "Adjusted" After Tax Earnings	**$ 59,525**
Basic Weighted Average Shares OS	544,451,290
2017 Adjusted Basic Income Per Share	$ 0.11