TREVALI MINING CORPORATION

Management Discussion and Analysis

For the three and nine months period ended September 30, 2015

Dated November 16, 2015

INTRODUCTION

This Management Discussion & Analysis ("MD&A") for Trevali Mining Corporation (the "Company" or "Trevali") for the three and nine months period ended September 30, 2015 has been prepared by Management, in accordance with the requirements of National Instrument 51-102 - Continuous Disclosure Obligations ("NI 51-102"), as of November 16, 2015, and compares its financial results for the three and nine months period ended September 30, 2014. This MD&A provides a detailed analysis of the business of Trevali and should be read in conjunction with the Company's audited consolidated financial statements for the years ended December 31, 2014 and 2013, which are prepared in accordance with International Financial Reporting Standards (IFRS) (the "Financial Statements"). The Company's reporting currency is the Canadian dollar, and all monetary amounts in this MD&A are expressed in Canadian dollars, unless otherwise stated. The Company is presently a "Non-Venture Issuer" as defined in NI 51-102.

This MD&A contains certain statements that may constitute "forward-looking statements". These forward-looking statements are based on the current beliefs and expectations of management and are subject to significant risks and uncertainties. If underlying assumptions prove inaccurate or unknown risks or uncertainties materialize, actual results may differ materially from current expectations and projections. These forward-looking statements include, but are not limited to, statements regarding future anticipated property acquisitions, the content, cost, timing and results of future anticipated exploration programs, the anticipated discovery and delineation of mineral resources/reserves, proposed business and financing plans (including private placements of equity securities), anticipated business trends and future operating revenues. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: "plans", "believes", "expects", "anticipates", "intends", "estimates", "postulates", "does not expect", "does not anticipate" and similar expressions or are those which, by their nature, refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward-looking statements as a result of various factors, including, but not limited to, the Company's inability to negotiate successfully for the acquisition of interests in mineral properties, the determination of applicable governmental agencies not to issue the exploration concessions applied for by the Company or excessive delay by applicable governmental agencies in connection with any such issuances, the Company's inability to identify one or more economic deposits on its properties, variations in the nature, quality and quantity of any mineral deposits that may be located, the Company's inability to obtain any necessary permits, consents or authorizations required for its activities, to continue to produce minerals from its mining assets successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its future business strategies.

Many of these factors are beyond the Company's ability to control or predict. These factors are not intended to represent a complete list of the general or specific factors that may affect the Company. The Company may note additional factors elsewhere in this MD&A and in any documents incorporated by reference into this MD&A. All forward-looking statements speak only as of the date made. All subsequent written and oral forward-looking statements attributable to the Company, or persons acting on the Company's behalf, are expressly qualified in their entirety by the cautionary statements. Except as required by law, the Company undertakes no obligation to update any forward-looking statements.

Historical results of operations and trends that may be inferred from this MD&A may not necessarily indicate future results from operations. Please see the "Risk Factors" section of this MD&A.

External Technical Reports and Experts

Estimates contained in the National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101") technical report for the Santander Property were prepared by Golder Associates Ltd. ("Golder"). Greg Greenough, P. Geo. is the Qualified Person (QP) responsible for the preparation of the technical report. To the best of our knowledge, as at the date hereof, neither Golder nor its officers, directors, employees or consultants beneficially own, directly or indirectly, any of the securities of the Company.

Estimates contained in the NI 43-101 technical reports prepared for each of the Halfmile and the Ruttan Properties were prepared by Wardrop Engineering Inc., a subsidiary of Tetra Tech ("Tetra Tech Wardrop"). The QPs' responsible for the preparation of the Halfmile and Ruttan reports were Tim Maunula, P. Geo. and Mike McLaughlin, P. Eng. Respectively. To the best of our knowledge, as at the date hereof, neither Tetra Tech Wardrop nor its officers, directors, employees or consultants beneficially own, directly or indirectly, any of the securities of the Company.

Estimates contained in the currently filed NI 43-101 technical report for the Caribou Property and the PEA were prepared by SRK Consulting (Canada) Inc. ("SRK") in January 2013 and May 2014. The QP persons list include: Yao Hua (Benny) Zhang, P. Eng., Gilles Arseneau, P. Geo., Leonard Holland, C. Eng., Jeffery Barrett, P.Eng. To the best of our knowledge, as at the date hereof, neither SRK nor its officers, directors, employees or consultants beneficially own, directly or indirectly, any of the securities of the Company.

Estimates contained in the currently filed NI 43-101 technical report for the Stratmat Property were prepared by SRK Consulting (Canada) Inc. ("SRK") in May 2015. Dr. Gilles Arseneau, P.Geo is the Qualified Person (QP) responsible for the preparation of the technical report. To the best of our knowledge, as at the date hereof, neither SRK nor its officers, directors, employees or consultants beneficially own, directly or indirectly, any of the securities of the Company. Furthermore given this most recent mineral resource estimate update for the Stratmat deposit and changes in key assumptions and other underlying information including but not limited to resource sector outlook, technical inputs, assumptions and background parameters, the Company's prior report entitled "Halfmile Lake-Stratmat Preliminary Economic Assessment" having an original effective date of February 17, 2009 (and filed by the Company on SEDAR on August 24, 2011), including associated amendments, authored by Tetra Tech Wardrop should no longer be relied upon. The Company plans to undertake a revised Halfmile-Stratmat Preliminary Economic Assessment ("PEA") study in due course.

All of 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.

Internal Qualified Person and Quality Control/Quality Assurance

Dr. Mark D. Cruise, Trevali's President and Chief Executive Officer, Paul Keller, Chief Operating Officer and Daniel Marinov, Vice President of Exploration are qualified persons as defined by NI 43-101, 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 Mark D. Cruise, President and Chief Executive Officer, Paul Keller, Chief Operating Officer, and Daniel Marinov, VP 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. In the case of the Company's properties in New Brunswick, samples are shipped to Bureau Veritas Minerals Laboratories (BVML – formally ACME) preparation facility in Val D'Or, Quebec, then forwarded to Vancouver, British Columbia for assay. SGS and BVMLs 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.

2015 – Highlights for the Quarter

Expressed in thousands of Canadian Dollars, except for share and per share amounts

<u>Santander Mine, Peru</u>

Production results for the third quarter ("Q3") ending September 30, 2015 were 14.8 million payable pounds of zinc, 7.8 million payable pounds of lead and 285,962 payable ounces of silver (Table 1).

The mill continued to perform at above design recoveries with Q3-2015 recoveries averaging 90% for zinc, 89% for lead and 77% for silver. Mill throughput for the quarter was 197,289 tonnes. Average head grades were 4.45% Zinc (Zn), 2.11% Lead (Pb) and 1.79 oz/ton Silver (Ag) with production of 15,954 tonnes of zinc concentrate averaging 50% Zn and 6,610 tonnes of lead-silver concentrate averaging 56% Pb and 42 oz/ton Ag.

All concentrates are purchased by Glencore International AG's Peruvian subsidiary, Empresa Minera Los Quenuales S.A. ("Glencore"), under our offtake agreement. Provisional realized commodity prices in USD for Q3 were $0.78 per pound zinc, $0.73 per pound lead and $14.80 per ounce silver respectively.

USD site cash operating costs during the third quarter were $0.28 per zinc equivalent pound produced, and USD $38.67 per tonne milled (please see non-IFRS measures at the end of this MD&A).

Based on year-to-date production the Company increased its 2015 production guidance estimate for the Santander business unit to approximately:

- 50-52 million pounds of payable zinc, up from 48-50 million pounds, in concentrate grading approximately 50 percent Zn and at an average head grade of 4.2-4.4 percent Zn.
- 29-31 million pounds of payable lead, up from 23-25 million pounds, in concentrate grading approximately 56-58 percent Pb and at an average head grade of 1.8-2.1 percent Pb.
- 1,000,000-1,050,000 ounces of payable silver, up from 850,000-950,000 ounces, at an average head grade of 1.5-1.8 ounces per ton Ag.

Cash costs for 2015 are now estimated at approximately US$46-US$48 per tonne milled, down from the previous estimate of US$48-US$51 per tonne milled, given the efficiencies and cost optimizations that have occurred throughout the year (please see Cautionary Note on Forward Looking Statements at the end of this document).

Table 1: 2015 Santander Production Statistics

	Q3-2015	Q3 2014	YTD 2015	YTD 2014
Tonnes Mined	175,560	164,911	549,077	473,674
Tonnes Milled	197,289	174,075	573,152	523,279
Average Head Grades %				
Zinc	4.45%	4.40%	4.26%	4.45%
Lead	2.11%	2.11%	2.24%	1.81%
Silver - Oz (ounces)/ton	1.79	1.61	1.77	1.67
Average Recoveries %				
Zinc	90%	88%	90%	88%
Lead	89%	83%	89%	84%
Silver	77%	74%	78%	73%
Concentrate Produced DMT (dry metric tonne):				
Zinc	15,954	13,466	44,091	42,154
Lead	6,610	5,370	19,616	13,560
Concentrate Grades %				
Zinc	50%	50%	50%	50%
Lead	56%	56%	58%	57%
Ag - Oz/ton	41.76	39.00	40.76	47.70
Payable Production:				
Zinc lbs (pounds)	14,848,026	12,589,624	41,069,796	39,232,097
Lead lbs (pounds)	7,785,192	6,307,263	23,899,613	16,194,041
Silver Oz	285,962	217,648	831,945	673,072

Santander Sales Summary:

Zinc Concentrate (NDMT)	16,694	14,834	44,089	41,643
Lead Concentrate (NDMT)	6,828	5,414	19,686	13,300
Payable Zinc lbs	15,215,705	13,593,266	40,237,835	38,050,167
Payable Lead lbs	7,996,297	6,381,882	23,949,152	15,758,145
Payble Silver Oz	290,228	228,219	825,440	658,439
Revenues (USD$)	20,595,060	25,651,095	66,296,182	65,743,416
Average Realized Metal Price:				
Zinc	$ 0.78	$ 1.02	$ 0.88	$ 0.96
Lead	$ 0.73	$ 1.00	$ 0.78	$ 0.98
Silver	$ 14.80	$ 19.79	$ 15.83	$ 19.94
Zinc Equivalent lb Sold	28,143,580	24,188,778	76,298,195	67,712,440
Zn Equivalent lbs Payable Produced	$ 27,473,893	22,898,043	$ 77,155,085	69,671,338
Cash Cost per Equivalent Payable Zinc lb Produced (USD$)	$ 0.28	$ 0.40	$ 0.33	$ 0.37
Cash Cost per Tonne Milled (USD$)	$ 38.67	$ 52.05	$ 44.06	$ 49.28

Caribou Mine, New Brunswick, Canada

The Company continued to advance on commissioning activities during the quarter. Given the complexity of the mineralization the Company elected to sequentially commission the various concentrate circuits using lower-grade feed as the operators familiarize themselves with the various recovery circuits and reagent characteristics. Commissioning commencing with Zn, then Pb and will ultimately culminate with Cu. The primary focus this quarter continued to be on the Zn and Pb circuits with Cu circuit commissioning deferred until both Zn and Pb have achieved design level recoveries and concentrate qualities.

For reference predictive design recoveries and concentrate grades using anticipated Run-Of-Mine (ROM) feed are as follows: zinc recoveries of 84% to produce a 50% Zn concentrate; lead recoveries of 65% to produce a 45% Pb concentrate; copper recoveries of 45% to produce a 20% Cu concentrate; and silver recoveries of 32.5% and 5% respectively into the Pb and Cu concentrates. (For full details please see the Company's filed NI 43-101 technical report for the Caribou Property and the PEA prepared by SRK Consulting (Canada) Inc. (“SRK”) in January 2013 and May 2014.)

Mill throughput for the quarter was 203,401 tonnes, with recoveries averaging 61% for zinc, 41% for lead and 21% for silver. Average head grades were 4.85% Zn, 1.82% Pb and 1.60 oz/ton Ag with production of 12,464 tonnes of zinc concentrate averaging 49% Zn and 4,240 tonnes of lead-silver concentrate averaging 36% Pb and 16.11 oz/ton Ag. See Table 2.

Underground mineral production during the quarter averaged approximately 1,270 tonnes per day (tpd), approximately 42% of mine design levels of 3,000tpd. With increasing mill throughput, mining will commence ramping-up to production levels of approximately 2,500 tpd over the fourth quarter in addition to increasing mill feed grades to run of mine design levels. Mobilization of additional personnel and equipment is currently underway to enable this to occur in a timely manner.

Table 2: 2015 Caribou Production Statistics

	Q3-2015	YTD
Tonnes Mined	114,386	114,386
Tonnes Milled	203,401	203,401
Average Head Grades %		
Zinc	4.85%	4.85%
Lead	1.81%	1.81%
Silver - Oz (ounces)/ton	1.60	1.60
Average Recoveries %		
Zinc	61%	61%
Lead	41%	41%
Silver (in Lead)	21%	21%
Concentrate Produced DMT (dry metric tonne):		
Zinc	12,464	12,464
Lead	4,240	4,240
Concentrate Grades %		
Zinc	49%	49%
Silver - Oz (ounces)/ton	3.86	3.86
Lead	36%	36%
Silver - Oz (ounces)/ton	16.11	16.11

Company Business & Background

The Company is a natural resource company engaged in the acquisition, exploration, development and production from mineral properties. The Company currently holds four properties in Canada and an interest in one producing property in Peru with an option on a second Peruvian property. The Company's common shares trade on the TSX under the symbol TV and are also listed for trading on the Lima Exchange under the symbol TV, on the Frankfurt Exchange under the symbol 4T1 and on the OTCQX under the TREVF trading symbol.

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 the Company returned to commercial production on January 31, 2014. For financial reporting purposes this date was January 1, 2014. The Property is accessible by road from Lima via the town of Canta to Santander, a distance of approximately 215 kilometres. The current infrastructure is comprised of a camp and associated support facilities, a 2,000 tonne processing per day zinc-lead-silver mine - concentrate processing plant and tailings impoundment.

In April 2011, the Company announced the successful merger 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 previously operating Ruttan mine in Northern Manitoba.

On November 5, 2012, the Company announced its acquisition of 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.

The Company's current resource statement as of September 30, 2015 is summarized in Table 1 below.

Table 1: Trevali 43-101 Compliant Resource Estimate

	Tonnes	%Zn	%Pb	% Cu	Ag (g/t)	Au (g/t)	Zn (Mlbs)	Pb (Mlbs)	Cu (Mlbs)	Ag (Moz)
Indicated Resources[1]							**Contained Metal**			
Santander	6,264,000	3.62	1.30	0.07	43	-	**500**	**180**	**10**	**8.7**
Halfmile	6,262,000	8.13	2.58	0.22	31	-	**1,122**	**356**	**30**	**6.2**
Caribou (Measured & Indicated)	7,230,000	6.99	2.93	0.43	84	0.89	**1,115**	**468**	**69**	**19.6**
Stratmat	4,700,000	5.3	2.1	0.4	49	0.6	**550**	**214**	**43**	**7.3**
Total Indicated	**24,456,000**						**3,287**	**1,218**	**152**	**41.8**
Inferred Resources[1]							**Contained Metal**			
Santander	13,845,000	4.62	0.40	0.11	21	-	**1,410**	**121**	**35**	**9.4**
Halfmile	6,078,000	6.69	1.83	0.14	21	-	**896**	**245**	**19**	**4.0**
Stratmat	2,400,000	4.8	2.1	0.7	39	0.4	**252**	**110**	**37**	**3**
Caribou	3,660,000	6.95	2.81	0.32	78	1.23	**560**	**227**	**26**	**9.2**
Ruttan	19,750,000	1.47	-	1.17	-	-	**640**	-	**509**	-
Total Inferred	**48,857,000**						**3,758**	**703**	**626**	**25.6**

Please refer to Disclosures for important items relating to the resource estimates.

Disclosure

Trevali's production plans at Santander and Caribou, are based only on Measured, Indicated and Inferred Mineral Resources for Caribou and Indicated and Inferred Mineral Resources for Santander and not Mineral Reserves and have not demonstrated economic viability. Inferred Mineral Resources 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 therefore no certainty that the conclusions of the production plans and Preliminary Economic Assessment (PEA) will be realized. Additionally, where Trevali discusses exploration/expansion potential, any potential quantity and grade is conceptual in nature as there has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the target being delineated as a mineral resource.

Santander's resource estimate was completed by Golder in July 2012. The tabled resource estimate utilizes a 3% zinc equivalent (ZnEQ) cut-off and is based on the Ordinary Kriging interpolation method and Silver, Lead, Zinc and Copper assay values. Minor capping was applied to the assays prior to estimation. The bulk density was also estimated using Ordinary Kriging. The tonnages for the footwall zones are also included, but those for the tailings are not included. The average interpolated bulk density for Magistral North was 2.88 g/cm3, Magistral Central 2.94 g/cm3, Magistral South 2.97 g/cm3, Puajanca South 2.76 g/cm3, and Santander Pipe (fixed) 3.4 g/cm3. The density of the minor footwall zones is similar to the Magistral zones. The contained oz. and lbs. in the table are in situ and have not had mill factors applied to them.

Santander ZnEQ = ((Ag Price(g) x Ag Recovery x Ag Grade) + (Pb Price(t) x Pb Recovery x (Pb Grade(%)/100)+(Zn Price(t) x Zn Recovery x (Zn Grade(%)/100)))/Zn Price(t). Golder utilized the US dollar three-year rolling average price for all three metals. Price for silver is ($25.99/oz) and that for Pb ($2,205), Zn ($2,094) and Cu ($7,782) is per tonne. A recovery of 85% was applied to Ag, 90% for Pb, 85% for Zn and 60% for Cu for calculating the ZnEQ formula. The pounds of metal are in-situ and have not had any mining factors applied to them.

Halfmile resource estimate was completed by Tetra Tech Wardrop in October 2010. The resource estimate utilized a 5% zinc equivalent (ZnEQ) cut-off. The following metallurgical recoveries were applied to the ZnEQ for the resource estimate: 89.7% zinc (Zn), 72% lead (Pb), 60% copper (Cu), and 48.6% silver (Ag).

Caribou's PEA was completed by SRK in May 2014. The tabled resource estimate utilizes a 5% zinc equivalent (ZnEQ) cut-off grade. ZnEq= ((Cu Grade*Cu Price*Cu Recovery)+(Pb Grade*Pb Price*Pb Recovery)+(Zn Grade*Zn Price*Zn Recover)+(Au Grade*Au Price*Au Recovery)+(Ag Grade*Ag Price*Ag Recovery))/Zn Price. In calculating ZnEq, SRK utilized the long term metal prices provide by Energy & Metals Consensus Forecast. Price for Au is $1470 per ounce, Ag is $26 per ounce, Cu is $3.39 per pound, Pb is $1.18 per pound, and Zn is $1.14 per pound. 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. The pounds of metal are in-situ and have not had any mining factors applied to them.

Stratmat's resource estimate was completed by SRK in May 2015. The table's resource estimate utilizes a 5% zinc equivalent (ZnEQ) cut-off grade. Cut-off grades are based on the following price assumptions: Au of $1300 per ounce, Ag $21.15 per ounce, Cu $3.00 per pound, Pb $1.00 per pound and Zn $1.00 per pound. A recovery of 88% was applied to Zn, 72% to Pb, 50% was applied to Cu, 45% to Ag and 0% was applied to Au. Based on the above assumptions, zinc equivalent estimated block grades were calculated from the following formula: ZnEq = ((zinc grade * zinc price * zinc recovery) + (lead grade * lead price * lead recovery) + (copper grade * copper price * copper recovery) + (silver grade * silver price * silver recovery))/(zinc price)

Ruttan's resource estimate was completed by Tetra Tech Wardrop in February 2008. The resource estimate utilized a 1% copper equivalent (CuEQ) cut-off.

OUTLOOK

In Peru the Santander operation is currently in steady state 2,000 tonne-per-day nameplate production. The Company continues to work with partner, Glencore's local subsidiary, Empresa Minera Los Quenuales S.A. ("Los Quenuales"), to maximize and improve operational efficiencies. An approximately 6,000 metre, predominantly underground, drill program commenced during the second quarter and will continue to the end of 2015 in order to convert inferred tonnes to a higher confidence category. This program will also to continue to define and potentially expand the newly discovered Rosa and Fatima lead-silver-zinc zones in addition to the Magistral zones which all remain open for expansion at depth.

Production guidance for 2015 from the Company's Santander mine has been increased to approximately 50-52 million pounds of payable zinc (in concentrate grading approximately 50% Zn), 29-31 million pounds of payable lead (in concentrate grading approximately 56-58% Pb) and 1,000,000-1,050,000 ounces of payable silver reporting to the Pb concentrates. Site cash costs for 2015 have been revised downwards and are now estimated at US$46-48 per tonne milled. Please also see the "Cautionary Note Regarding Forward-Looking Statements" in the Risk Factors section of this MD&A.

In Canada, the Company will continue to primarily focus on the commissioning of the Caribou mine and mill to achieve design throughputs from both the mine and mill including associated recoveries and concentrate quality. The Company will continue to provide regular updates until declaration of commercial production which based on progress to date is currently estimated to occur during Q1 2016.

At Stratmat the most recent resource estimate results and ongoing metallurgical testwork will be incorporated into a new Halfmile-Stratmat Preliminary Economic Assessment that will examine the potential for a stand-alone milling solution for the deposits. Given current priorities on Caribou commissioning, this study may be deferred into the latter half of 2016.

The Company continues to review the projects in its portfolio and assess the likely balance between risk and reward and to structure its planned spending on its mining and exploration assets. As well, the Company continues to review opportunities and submissions for potential opportunities to realize a significant increase in value for shareholders.

OPERATIONS

PERU

<u>Santander Mine</u>

Approximately 197,289 tonnes of mineralized material was processed through the mill in Q3-2015. Underground production was approximately 175,560 tonnes for the quarter, and was sourced primarily from the Magistral North-Rosa (~53% of feed), Magistral Central-Fatima (29% of feed) Magistral South (~18% of feed) zones.

Production results for the third quarter were 14.8 million payable pounds of zinc, 7.8 million payable pounds of lead and 285,962 payable ounces of silver (Please see previous Table 1).

The mill continued to perform at above design recoveries with Q3-2015 recoveries averaging 90% for zinc, 89% for lead and 77% for silver. Average head grades were 4.45% Zinc (Zn), 2.11% Lead (Pb) and 1.79 oz/ton Silver (Ag) with production of 15,954 tonnes of zinc concentrate averaging 50% Zn and 6,610 tonnes of lead-silver concentrate averaging 56% Pb and 42 oz/ton Ag.

During the quarter, the Company sold approximately 15.2 million pounds, 8.0 million pounds, and 290,228 ounces, of zinc, lead and silver respectively. Revenues for the third quarter were approximately $27 million dollars, with the average realized metal prices in USD for the quarter were $0.78 per pound of zinc, $0.73 per pound of lead, and $14.80 per ounce of silver. Cash costs in USD were approximately $38.67 per tonne well below annual 2015 cost guidance. This is primarily attributed to the increased production, thus a larger impact on fixed costs, as well as the efficiencies and cost cutting measures achieved to date. (Please see non-IFRS measures at the end of this MD&A).

The Company also received initial assay results from its 2015 resource definition and expansion program. This initial phase of drilling, designed to test the deeper levels of the Fatima and Magistral Central zones, intersected significant lead-silver-zinc mineralization which remains open for expansion: intercepts ranged from 2.7 to 42.15 metres downhole thickness (est. at 85-95% of true width) with grades ranging from 3.06 to 11.68% Zn, 0.17 to 2.93% Pb and 0.13 to 4.4 oz/ton Ag.

Significantly the results to date suggest that mineralization width and grade is increasing at depth and that the Magistral South and Central zones may merge into a single zone (at depth). The area sits above and is spatially associated with a very large, strong geophysical anomaly (Down-Hole Electromagnetic anomaly approximately 300-by-300 metre modelled conductive plate) that extends at least an additional 150-200 metres deeper than current drilling and remains open to the north, south, east and at depth. Drilling from both surface and underground is ongoing. Please see the Companies News Release dated September 25th 2015 for additional details.

CANADA

New Brunswick

Caribou Mill and Mine

By quarter end commissioning was primarily focused on increasing both the Zn and Pb circuit stability and progressing towards design capacity recoveries. The commissioning status of specific mill components is as follows:

Grinding: Modifications to the IsaMill circuit commenced during the latter portion of the quarter and is ongoing based on recommendations from specialist consultants including implementation of optimal media sizing, improved pump-delivery systems, grind optimization and feed density.

Recoveries: Both Zn and Pb continue to display positive trends during the period. The Company continues to remain focused on maintaining this trend over the coming months as it works to reach both Zn and Pb recovery design levels in a timely manner (as per the May 13, 2014 Preliminary Economic Assessment ("PEA") by SRK Consulting (Canada) Inc.).

Preliminary plant-based copper recovery tests by Trevali's consultant metallurgist, Holland and Holland, utilizing significantly larger samples than were available during the PEA laboratory test work also occurred during the month. The work, which is ongoing, sampled material from the Pb-cleaner tailings and subjected them to a 3-stage Cu cleaning process. The results (using reagents on-hand) recovered 65% of the Cu to produce a 25.5% Cu concentrate, significantly superior to the PEA results which model a 45% recovery to produce a 20% Cu concentrate. The Company cautions that the above plant-based test work is preliminary in nature and ongoing, final plant-scale recoveries may differ significantly from those above.

Mill operations are now primarily focused on both further increasing Zn and Pb recoveries and improving overall mill circuit stability. The site is currently incrementally increasing mill feed head-grades toward Run-Of-Mine design levels as the mill finishes processing the stockpiled lower grade feed.

With increasing mill throughput, mining will commence ramping-up to production levels of approximately 2,500 tonnes-per-day over the fourth quarter. Mobilization of additional personnel and equipment is currently underway to enable this to occur in a timely manner. Underground dewatering is 95% complete with only 36 vertical metres of former development drifts remaining to be dewatered. There is presently 10.7 km of development in place and available for mining operations. In detail, approximately 1.8-million tonnes are developed over eight mining zones, of which approximately 1 million tonnes of mill feed is fully refurbished and currently available to mine over four mining zones.

Halfmile Mine

At Halfmile the Company recently completed a geological confirmation drill program, the results of which will be utilized to revise the Halfmile geological model that will form the basis for future anticipated engineering studies.

Stratmat Deposit

During the quarter the Company competed initial metallurgical drilling and initial test work commenced September and will be ongoing during Q4-2015.

EXPLORATION

Ruttan Copper Project, Manitoba, Canada

There was no significant exploration activity at Ruttan during the quarter.

Huampar Project, Peru

There was no significant exploration activity at Huampar during the quarter.

Values of Exploration and Evaluation Assets as at September 30, 2015

Expressed in thousands of Canadian Dollars

	Stratmat (Canada)	Huampar (Peru)	Ruttan Bill Copper (Canada)	Other (Canada)	Exploration and evaluation assets
Net book value, September 30,2015	$ 9,097	$ 2,434	$ 1,235	$ 42	$ 12,808

SELECTED ANNUAL INFORMATION

See annual management discussion and analysis for the fiscal year ended December 31, 2014 dated March 30, 2015 and available at www.sedar.com.

DISCUSSION OF OPERATIONS

Three months ended September 30, 2015 compared with three months ended September 30, 2014

Expressed in thousands of Canadian Dollars, except for share, per share, per pound and per ounce amounts

During the three months ended September 30, 2015, the Company recorded a net loss of $3,420 compared to net income of $1,589 in the same period of the prior year, or loss of $0.01 per share (2014 – earnings of $0.01). This loss was primarily due to lower realized metal prices despite increased metal units sold as compared to the same quarter last year.

Revenues of $27,074 (2014 - $27,959) resulted from the sale of 16,694 (2014 – 14,834) tonnes of zinc concentrates containing 15.2 million (2014 - 13.6 million) pounds of payable zinc and 6,828 (2014 – 5,414) tonnes of lead-silver concentrates containing 8 million (2014 – 6.4 million) pounds of payable lead and 290,228 (2014 – 228,219) ounces of payable silver. Provisional realized commodity prices in USD were $0.78 (2014 - $1.02) per pound per zinc, $0.73 (2014 - $1.00) per pound lead and $14.80 (2014 - $19.79) per ounce silver at a USD to CAD foreign exchange of $1.3089 (2014 – 1.0942). Revenues were lower this quarter than the comparative quarter due to the decrease in commodity prices, which was offset by higher production, specifically due to more tonnes milled as well as increased grades and recoveries from lead and silver.

Total mine operating expenses of $25,618 (2014 - $22,988) related to the sale of concentrate to Glencore at market prices. Costs consisted of direct site production costs of $9,782 (2014 - $9,914) related to mining, milling and site camp, lab and surface maintenance facilities. The reduced costs is as a result of significant increased production over the same period last year, as well as see the effects of fixed costs and results of continued cost cutting initiatives. International benchmark smelting, refining, and freight costs were $10,975 (2014 - $9,553). Smelting and refining costs increased this quarter as compared to previous quarter in 2015 as there was a true up of actual 2015 terms settled during Q3-2015. Royalty expense was $851 (2014 - $790). The Company also recorded $4,010 (2014 - $2,731) of depreciation and amortization. The increased depreciation is due to 4 million additional zinc equivalent pounds sold and a significant increase in the foreign exchange rate. The Company's site operating cash cost for the quarter was USD $38.67 per tonne milled as compared to US$52.05 per tonne during the same period last year. The reduced cost is a function of continued cost optimization and operational efficiencies achieved throughout 2015 (please see non-IFRS measures at the end of this MD&A).

Income from mining operations was $1,456 during the third quarter (2014 - $4,971).

General and administrative (G&A) expenses were $1,689 (2014 - $1,410) and the increase consists of the following material costs: consulting expenses of $634 (2014 - $642); investor relations expenses of $156 (2014 - $104); and office expenses of $478 (2014 - $286). The increase in Q3-2015 G&A expenses versus the same quarter last year is primarily due to a one-time Peru input tax credit penalty imposed on prior year related filings.

Other items of totaling $1,508 (2014 - $1,628) decreased slightly mainly due to a gain on foreign exchange of $64 (2014 - loss of $43) as the result of the change in the value of Peruvian Nuevo Sol and Canadian dollar relative to the United States dollar.

Deferred income tax expense of $1,679 (2014 - $344) increased mainly due to Peruvian operations and the decreased tax basis of Peruvian assets from the weakening the Peruvian Soles versus the US dollar.

Nine months ended September 30, 2015 compared with nine months ended September 30, 2014

Expressed in thousands of Canadian Dollars, except for share and per share amounts

During the nine months ended September 30, 2015, the Company recorded a loss of $6,019 compared to a loss of $2,301 in the same period of prior year, or a loss of $0.02 per share (2014 - $0.01). The increase in the loss is a result of the following combining factors.

Revenues of $83,535 (2014 - $71,932) due to the sale of 44,089 (2014 - 41,643) tonnes of zinc concentrates containing 40.2 million (2014 - 38.1 million) pounds of payable zinc and 19,686 (2014 - 13,300) tonnes of lead-silver concentrates containing 23.9 million (2014 - 15.8 million) pounds of payable lead and 825,440 (2014 - 658,439) ounces of payable silver. Provisional realized commodity prices in USD were $0.88 (2014 - $0.96) per pound zinc, $0.78 (2014 - $0.98) per pound lead and $15.83 (2014 - $19.94) per ounce silver at a US to CAD foreign exchange of 1.2600 (2014 - 1.0942). Revenues were higher this period than the comparative period due to higher production, and increased grades and recoveries from lead and silver. The higher production partially offset the decrease in revenues due to significantly lower metal prices realized in year-to-date Q3-2015 versus Q3-2014.

Total mine operating expenses of $74,484 (2014 - $61,233) related to the sale of concentrate to Glencore and increased as a result of higher production. Costs consisted of direct site production costs of $31,515 (2014 - $28,218) related to mining, milling and camp, lab and surface maintenance facilities. Smelting, refining and freight costs were $29,682 (2014 - $23,464), which are settled at international benchmark terms. Royalty expense was $1,838 (2014 - $1,911). The Company also charged $11,449 (2014 - $7,640) of depreciation and amortization. The increased depreciation is due to 8.6 million additional zinc equivalent pounds sold and a significant increase in the foreign exchange rate. The Company's site operating cash cost was USD $44.06 / tonne milled (2014 - $49.28). The decrease in per tonne costs is due to higher mill throughput and continued cost optimization throughout 2015 versus 2014 Q3 year-to-date (please see non-IFRS measures at the end of this MD&A).

General and administrative expenses were $4,794 (2014 - $3,973) and the increase consists of the following material items:

Consulting expenses of $2,169 (2014 - $1,688) increased mostly due to an increase in share based compensation to management and directors of $1,261 (2014 - $836) as the result of additional grants during the year and true up of redeemed bonus shares in the quarter.

Investor relations expenses of $504 (2014 - $325) increased due to increased share based compensation of $152 (2014 - $22) as the result of additional grants during the year and true up of redeemed bonus shares and increased activity in the quarter.

Office expenses of $1,032 (2014 - $753) increased due to additional staff in the corporate office 2015 compared to 2014, as well as da one-time Peru input tax credit penalty imposed on prior year related filings.

Other items of $6,299 (2014 - $8,006) decreased primarily due to a loss incurred from the sale of the Company's hydroelectric asset through its wholly owned subsidiary of $3,219. This decrease was offset by litigation settlement of $1,285 (2014 - $Nil) related to the New Brunswick Action, consisting of $77 in legal fees and $1,208 for shares and warrants that were issued.

Deferred income tax expense of $3,977 (2014 - $1,021) increased mainly due to Peruvian operations and the decreased tax basis of Peruvian assets from the weakening the Peruvian Soles versus the US dollar.

QUARTERLY FINANCIAL INFORMATION

Expressed in thousands of Canadian Dollars, except for share and per share amounts

The Company's financial statements are reported under IFRS issued by the IASB. The following tables provide highlights, extracted from the Company's financial statements, of quarterly results for the past eight quarters:

	Three Months Ended September 30, 2015	**Three Months Ended June 30, 2015**	**Three Months Ended March 31, 2015**	**Three Months Ending December 31, 2014**
Total assets	$ 508,496	$ 489,291	$ 461,440	$ 437,276
Total revenue	27,074	30,547	25,914	22,249
Working capital	4,729	35,579	23,198	32,471
Net income (loss) for the period	(3,420)	207	(2,808)	(4,703)
Basic and diluted earnings (loss) per share	(0.01)	0.00	(0.01)	(0.02)

	Three Months Ended September 30, 2014	**Three Months Ended June 30, 2014**	**Three Months Ended March 31, 2014**	**Three Months Ended December 31, 2014**
Total assets	$ 429,025	$ 423,762	$ 423,762	$ 419,635
Total revenue	27,959	19,860	19,860	24,113
Working capital (deficiency)	45,254	54,607	54,607	(4,297)
Net income (loss) for the period	1,589	(4,138)	(4,138)	611
Basic and diluted earnings (loss) per share	0.01	(0.01)	(0.01)	(0.0)

Continued investment in the Company’s mining projects, specifically the Caribou project in 2015, accounts for the quarter to quarter increases in total assets. The increase in assets in 2014 relates to the recognition of the plant at Santander and in 2015, the increase relates to the capitalization of underground development, as well as capital costs related to the Caribou mine and mill located in New Brunswick.

Revenues commenced in 2014 at the Company’s Santander mine. Revenues continue to fluctuate from quarter to quarter due to metal price volatility. Specifically revenues were higher in the second quarter of 2015 due to higher production, despite the metal prices throughout 2015. In Q3-2015, despite the higher production output, revenues decreased significantly due to continued decline of metal prices realized.

During the Company’s first quarter of 2014, the Company carried a working capital deficiency as a result of the RMB Resources $30 million mezzanine bridge facility (now fully paid), the current portion of the Glencore USD $20 million working capital facility; and the current portion of the finance lease related to the plant recognition. As of December 31, 2014, the Company had a positive working capital following the closing of the long term $52.5 million 12.5% senior secured note offering (described in more detail below) in the second quarter of 2014, which allowed repayment of the loans owing to RMB Resources and a USD $2 million convertible debenture owing to Glencore.

Working capital continued to increase in the second quarter of 2015 when the Company closed a bought-deal offering of 30 million common shares of the Company at a price of $1.02 per share for aggregate gross proceeds of $30.6 million. Working capital declined in Q3-2015 as a result of the senior secured notes $7.5M repayment now due in August 2016. In addition, the Company continues commissioning activities at its Caribou mine site.

During the first quarter of 2014, the Company declared commercial production at its Santander mine and has recorded net income for the first and third quarters of 2014. The Company recognized a loss from the sale of its interests in its Tingo hydroelectric asset in second quarter of 2014, which resulted in a net loss in the second quarter of 2014. The net loss during the fourth quarter of 2014 is primarily the result of $3.3 million dollars in deferred income tax.

The company incurred litigation fees in 2015 related to the New Brunswick Action, which resulted in a net loss during the first quarter of 2015. Net income during Q2-2015 is mainly due to an increase in income from mining operations due to increased revenues from higher production. This was offset by an increase in deferred income tax expense. Net loss in Q3-2015 is primarily due to a continued decline in metal prices, as well as $1.7 million dollars in deferred income tax expense.

LIQUIDITY AND CAPITAL RESOURCES

Expressed in thousands of Canadian Dollars, except for share and per share amounts

The Company’s 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 September 30, 2015, the Company had working capital of $4,729 (December 31, 2014 - $32,471) and a cumulative deficit of $62,580 (December 31, 2014 - $56,561).

During the nine month period ended September 30, 3015, the following financing activities occurred:

The Company closed a bought-deal offering of 30,000,000 common shares of the Company at a price of $1.02 per share for aggregate gross proceeds of $30,600 on June 11, 2015.

The Company also closed a flow-through private placement financing, issuing 5,000,000 common shares on a "flow-through" basis under the Income Tax Act (Canada) ("Flow-through Shares") at a price of $1.15 per Flow-through Share for aggregate gross proceeds of $5,103 on February 27, 2015,

1,500,000 warrants were exercised at an exercise price of $1.05 for gross proceeds of $1,575.

100,831 stock options were exercised at a weighted average price of $0.62 for gross proceeds of $63.

Subsequent to the quarters end, the Company also closed two flow-through private placement financings. It issued 5,053,846 common shares on a "flow-through" basis under the Income Tax Act (Canada) ("Flow-through Shares") at a price of $0.65 per Flow-through Share for aggregate gross proceeds of $3,285, as well as 900,000 common shares at a price of $0.55 per Flow-through Share for aggregate gross proceeds of $495.

During the twelve month period ended December 31, 2014, the following financing activities occurred:

1,000,000 warrants were exercised at an exercise price of $1.00 for gross proceeds of $1,000.

652,499 stock options were exercised at a weighted average price of $1.08 for gross proceeds of $704.

On May 30, 2014, the Company closed its offering of 52,500 units (each a “Unit”) consisting of 12.5% senior secured notes (“Notes”) due May 30, 2019 and common share purchase warrants at a price of C$980 per Unit, for aggregate proceeds of $51,450. Each Unit consisted of $1 principal amount of Notes and 123.2 warrants. Each whole warrant entitles the holder thereof, subject to certain conditions, to purchase one common share at an exercise price of $1.26 until May 30, 2019. The Company has provided security on the loan facility in the form of a charge over substantially all of the Company’s Canadian assets. The Notes bear annual compounded interest at a rate of 12.5% and must be repaid in installments between the second and fourth anniversaries of the closing date. With the proceeds from the Note offering, the Company repaid the RMB Resources bridge facility of $30 million and the US$2 million convertible debenture owing to Glencore.

The Company has relied, to date, principally upon the issuance of securities and debt financings and operating cash flow from its Santander mine to fund its operations. The Company intends to continue relying upon the issuance of equity or debt securities and revenues from production at its Santander mine in Peru to finance its future activities, but there can be no assurance that such equity and/or debt financings will be available on a timely basis under terms acceptable to the Company.

The business of mining and exploration involves a high degree of risk and there can be no assurance that the Company’s current exploration programs or development plans will result in profitable mining operations. The Company has revenues generated from its Santander Property in Peru to support its operations. The recoverability of amounts shown in the Company’s financial statements for its mineral properties is dependent on several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of mineral properties.

The Company has not entered into any significant long-term lease commitments nor is the Company subject to any mineral property commitments other than those outlined under Notes 14 and 16 in the Company's Financial Statements for the year ended December 31, 2014.

The Company has no exposure to any asset-backed commercial paper. Other than cash held by its subsidiary for their immediate operating needs in Peru, all of the Company's cash reserves are on deposit with a major Canadian chartered bank or invested in Government of Canada Treasury Bills or Banker's Acceptances issued by major Canadian chartered banks. The Company does not believe that the credit, liquidity or market risks with respect thereto have increased as a result of the current market conditions. However, in order to achieve greater security for the preservation of its capital, the Company has, by necessity, been required to accept lower rates of interest which has also lowered its potential interest income. Please also refer to Note 1 of the Company's Financial Statements for the year ended December 31, 2014.

OFF -BALANCE SHEET ARRANGEMENTS

The Company currently has no off balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Expressed in thousands of Canadian Dollars, except for share and per share amounts

During the period ended September 30, 2015, the Company entered into the following transactions with related parties:

Management compensation

(a) Paid or accrued consulting fees of $812 (2014 - $281) to companies related to officers of which $384 (2014 - $118) was capitalized to property, plant and equipment.

(b) Paid or accrued consulting and directors' fees of $946 (2014 - $505) to directors and officers. The Company recorded share-based compensation expense related to the vesting of issued stock options of $1,310 (2014 - $893) included in consulting fees, $498 (2014 - $107) capitalized to property, plant and equipment, $152 (2014 - $22) included in investor relations, $9 (2014 - $6) included in office and miscellaneous and $17 included in prepaid expenses (2014 - $15).

Other transactions

The Company also incurred the following transactions during the periods ended September 30, 2015 and 2014 with Glencore:

(a) Paid $4,072 (2014 - $Nil) on the finance lease (Note 14 of the Financial Statements).

(b) Paid $2,256 (2014 - $Nil) in principal and interest on the working capital facility (Note 15 of the Financial Statements).

(c) Earned revenue of $83,535 (2014 - $71,932) (Note 20 of the Financial Statements).

Paid or accrued production expenses of $24,294 and mine development expenses of $10,654 capitalized to property, plant and equipment in 2015.

Amounts due to related parties is comprised of $78 (December 31, 2014 - $723) due to directors and officers and $61 (December 31, 2014 - $79) due to companies related to officers for consulting fees, and $4,479 (2014 - $6,678) bearing approximately 8% interest due to Glencore for mine development and operation expenses.

The amounts due to directors are unsecured, bear no interest and are payable on demand.

The amounts due to directors are unsecured, bear no interest and are payable on demand. Please also refer to the Company's Management Information Circular filed on May 12, 2015 on SEDAR.

SUBSEQUENT EVENTS

Expressed in thousands of Canadian Dollars, except for share, per share and per tonne amounts

(a) Subsequent to the quarter's end, the Company closed two flow-through private placement financings. It issued 5,053,846 common shares on a "flow-through" basis under the Income Tax Act (Canada) at a price of $0.65 per Flow-through Share for aggregate gross proceeds of $3,285, as well as 900,000 common shares at a price of $0.55 per Flow-through Share for aggregate gross proceeds of $495.

(b) Subsequent to the quarter's end, the Company arranged a payment grace period with Glencore with regards to the finance lease (Note 14 of the Financial Statements). Under the grace period, repayment obligations have been suspended starting from October 30, 2015 and ending the earlier of: (i) October 31, 2016 and (ii) the last day of the month that comes before any month in which the price of Zinc reaches at least US$1,990.00 per tonne as an average for ten consecutive quotation days. The outstanding payment obligations will continue to accrue interest along with an additional compensatory interest that will accrue at a rate equivalent to LIBOR (one month) plus five percent during the grace period.

CRITICAL ACCOUNTING ESTIMATES

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 interim 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 based on future occurrences. 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.

Internal Control over Financial Reporting (ICFR)

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 quarter ended September 30, 2015.

DISCLOSURE OF OUTSTANDING SHARE DATA (as at November 16, 2015)

The Company's authorized capital consists of an unlimited number of common shares without par value, of which 319,639,231 are issued and outstanding as of the date of this MD&A. On a diluted basis the Company has 333,232,731 common shares outstanding, assuming the exercise of 6,968,000 outstanding warrants, and 6,625,500 outstanding stock options pursuant to the Company's stock option plan.

RISK FACTORS

The Company is in the business of acquiring, exploring and, if warranted, developing and exploiting natural resource properties, currently in Peru and Canada. Due to the nature of the Company's proposed business and the present stage of exploration and development of its mineral properties, the following risk factors, among others, are noted:

Substantial Sums Owing to Glencore in relation to the Company's Santander Operations: In connection with the acquisition and development of the Santander Property, the Company has substantial indebtedness owing to Glencore and/or its Peruvian subsidiary, Los Quenuales. Such indebtedness includes the amounts (including debt service obligations) owing by Trevali to Glencore in respect to (i) the US$20 million Glencore working capital facility first made by Glencore to Trevali in October, 2012 and bearing interest at LIBOR plus 5%; and (ii) the cost US$44,224 including refundable Peruvian IGV of US$6,746 calculated at 18% of the Trevali plant constructed on the Santander Property under the supervision and direction of Glencore. The Trevali plant price above referred, which bears no interest, and the Glencore working capital facility, together with any default interest, as applicable, is to be paid by Trevali to Glencore on a monthly basis over a five year repayment term based on a fee schedule per ton of mineralized feed treated at the plant. Glencore and Los Quenuales hold real and personal property security over the indebtedness owed by Trevali to it. Accordingly, should Trevali fail to meet its obligations to Glencore and/or to Los Quenuales, such default could result in Glencore/Los Quenuales decision to realize on its security (please see Note 14 and 15 of the Financial Statements).

Indebtedness Owing Under Senior Secured Notes: As stated above in this MD&A, on May 30, 2014, the Company closed its offering of 52,500 units (each a "Unit") consisting of 12.5% senior secured notes ("Notes") due May 30, 2019 and common share purchase warrants at a price of C$980 per Unit, for aggregate proceeds of $51,450. Each Unit consisted of $1 principal amount of Notes and 123.2 warrants. Each whole warrant entitles the holder thereof, subject to certain conditions, to purchase one common share at an exercise price of $1.26 until May 30, 2019. The Company has provided security on the loan facility in the form of a charge over substantially all of the Company's Canadian assets. The Notes bear annual compounded interest at a rate of 12.5% and must be repaid in installments between the second and fourth anniversaries of the closing date. Should Trevali fail to meet its obligations to the holders of the Notes, such default could result in the Note holders' decision to realize on their security (please see Note 15 of the Financial Statements).

Additional Funding Requirements: The Company has generated funds through private placement financings, public offerings, and the exercise of outstanding warrants and options. During the nine month period ended September 30, 2015, 1,500,000 warrants were exercised at an exercise price of $1.05 for gross proceeds of $1,575. Additionally, 100,831 stock options were exercised at a weighted average price of $0.62 for gross proceeds of $63. In May 2014, the Company completed the Note offering referred to above. In addition, during the period ended June 30, 2015, the Company closed a bought-deal offering of 30,000,000 common shares of the Company at a price of $1.02 per share for aggregate gross proceeds of $30,600. The Company also closed a flow-through private placement financing, issuing 5,000,000 common shares on a "flow-through" basis under the Income Tax Act (Canada) ("Flow-through Shares") at a price of $1.15 per Flow-through Share for aggregate gross proceeds of $5,103. Subsequent to

September 30, 2015, the Company also closed two additional flow-through private placement financings. It issued 5,053,846 common shares on a "flow-through" basis at a price of $0.65 per Flow-through Share for aggregate gross proceeds of $3,285, as well as 900,000 common shares at a price of $0.55 per Flow-through Share for aggregate gross proceeds of $495.

There are a number of risks which may have a direct impact on the Company's revenue stream, including: (i) potential for delays in development activities; (ii) risks related to the inherent uncertainty of production and cost estimates, and the potential for unexpected costs and expenses; (iii) risks related to commodity prices, 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 continue operations to generate revenues or to obtain financing through joint ventures, debt financings, equity financings, 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. The Company's current priority is to continue to operate and optimize the Santander mine and mill operations, reach commercial production on the Caribou Property by Q1 2016, and advance the Halfmile and Stratmat Property to a production decision going forward.

Operating Cash Flow: The Company announced on February 20, 2014 that its Santander Property had achieved "commercial production" and accordingly, the sale of concentrates from Santander will contribute positive operating cash flow. Going forward, the Company expects to have sufficient funds to meet its construction, development and commissioning of the Caribou mine and mill. However, additional funds may be required to complete testing and commissioning, start-up and ramp-up of the Company's Caribou mine project and as such will contribute to negative cash flows in 2015.

Insufficient Financial Resources: The Company's ability to continue its exploration, assessment, and development activities depends primarily on the Company's ability to commence and continue operations to generate revenues at commercial production levels or to obtain financing through joint ventures, debt financings, equity financings, 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 can be obtained. There can be no assurance that the Company will continue to generate sufficient revenues to meet its obligations as they become due or will obtain necessary financing on acceptable terms, if at all should the metal prices decline. 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. The Company's priority is to continue to operate in a profitable manner its Peruvian zinc/silver property and to and to complete commissioning of its Caribou property in New Brunswick (now anticipated in the first quarter of 2016).

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. There are no known reserves on any of the Company's properties. 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 negative movement year-to-date and remain volatile 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 at a profit.

Global Financial Conditions: Market events and conditions, including disruptions in the Canadian, United States and international credit markets and other financial systems and the continued volatility 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. Notwithstanding various actions by the U.S. and foreign governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions continue to be volatile and unpredictable. In addition, general economic indicators have deteriorated, including declining consumer sentiment, increased unemployment and declining economic growth and uncertainty about corporate earnings. These disruptions in the current credit and financial markets have had, and could continue to have a material adverse impact on a number of financial institutions and have limited access to capital and credit for many companies, particularly junior resource exploration 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 has 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 entitles 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 is 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, 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.

Foreign Countries and Political Risk: The mineral properties held by the Company are located in Canada and Peru, 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 has 2 property interests in Peru: Santander mine and the Huampar project. The status of Peru as a developing country 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.
Any limitation on the transfer of cash or other assets between the parent corporation and such entities, or among such entities, could restrict the Company's ability to fund its operations efficiently. Any such limitations, or the perception that such limitations may exist now or in the future, could have an adverse impact on the Company's valuation and stock price.

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.

Currency Fluctuations: The Company presently maintains its accounts in Canadian dollars. Due to the nature of its operations in Peru, the Company also maintains accounts in U.S. dollars and Peruvian nuevo soles. The Company's operations in Peru and its proposed exploration expenditures in such countries are denominated in either local currencies or U.S. dollars, making it subject to foreign currency fluctuations. Such fluctuations are out of the Company's control and may materially 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. The Company has not yet been successful in negotiating any formal surface access agreements.

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 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.

Acquisition of Mineral Concessions under Agreements: The Company currently has one agreement related to the Huampar property in which it must issue 1.0 million shares by 2015. Failure by the Company to make ongoing monthly payments, issue such shares or make such expenditures in a timely fashion may result in the Company losing its interest in such property. There can be no assurance that the Company will have, or be able to obtain, the necessary financial resources to be able to maintain all of its property agreements in good standing, or to be able to comply with all of its obligations thereunder, with the result that the Company could forfeit its interest in one or more of its mineral properties.

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 Resource Estimates/Reserves: Unless otherwise indicated, mineralization figures presented in the Company's filings with securities regulatory authorities, press 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.

Because the Company has not commenced production at all of its properties, and has not defined or delineated any proven or probable reserves on any of its properties, mineralization estimates for the Company's properties may require adjustments or downward revisions based upon further exploration or development work or actual production experience. In addition, the grade of mineralized material 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, press 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 and operating costs that may prove to be inaccurate. Extended declines in market prices for zinc, silver, copper, iron 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. The Company has not established the presence of any proven or probable reserves at any of its mineral properties. There can be no assurance that subsequent testing or future studies will establish any proven or probable reserves at the Company's properties. The failure to establish proven or probable reserves could restrict the Company's ability to successfully implement its strategies for long-term growth.

No Assurance of Profitability: The Company has had over one year of continuous earnings and, due to the nature of its business there can be no assurance that the Company can sustain its earnings. The Company has not paid dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. 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 mine in Peru; however, there can be no assurance that such financings will be available on a timely basis under terms acceptable to the Company.

Uninsured or Uninsurable Risks: The Company may become subject to liability for pollution or hazards against which it cannot insure or against which it may elect not to insure where premium costs are disproportionate to the Company's perception of the relevant risks. The payment of such insurance premiums and of such liabilities would reduce the funds available for exploration and production activities.

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.

Cautionary Note Regarding Forward Looking Statements

Statements contained in this MD&A that are not historical facts are forward-looking statements (within the meaning of the Canadian securities legislation and the *U.S. Private Securities Litigation Reform Act of 1995*) that involve risks and uncertainties. Forward-looking statements include, but are not limited to, statements with respect to the future price of metals; the estimation of mineral reserves and resources, the realization of mineral reserve estimates; the timing and amount of estimated future production, costs of production, and capital expenditures; costs and timing of the development of new deposits; success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and the timing and possible outcome of pending litigation. In certain cases, forward-looking statements can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved”. 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 risks and other factors include, among others, risks related to the integration of acquisitions; risks related to operations; risks related to joint venture operations; actual results of current exploration activities; actual results of current reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of metals; possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, as well as those factors discussed in the sections entitled “Risk Factors” in this document. Although the Company has attempted to identify important factors that could affect the Company and may 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. There can be 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. The forward-looking statements in this MD&A speak only as of the date hereof.

Forward-looking statements and other information contained herein concerning the mining industry and general expectations concerning the mining industry are based on estimates prepared by the Company using data from publicly available industry sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While the Company is not aware of any misstatements regarding any industry data presented herein, the industries involve risks and uncertainties and are subject to change based on various factors.

Various factors or assumptions are typically applied by the Company in drawing conclusions or making the forecasts, projections, predictions or estimations set out in forward-looking statements based on information currently available to the Company. These factors and assumptions include, but are not limited to:

- the success of the Company’s operations;
- prevailing commodity prices and exchange rates;
- the availability of capital to fund future capital requirements relating to the Company’s existing assets and projects, including but not limited to future capital expenditures relating to expansion, upgrades and maintenance shutdowns;

- future operating costs of the Company's assets; and
- prevailing regulatory, tax and environmental laws and regulations.

Mineral resources are not mineral reserves and do not have demonstrated economic viability. Inferred mineral resources are estimated on limited information not sufficient to verify geological and grade continuity or to allow technical and economic parameters to be applied. Inferred mineral resources are too speculative geologically to have economic considerations applied to them to enable them to be categorized as mineral reserves. There is no certainty that mineral resources can be upgraded to mineral reserves through continued exploration.

Please also refer to the Company's 2014 Annual Information Form filed on SEDAR.

NON-IFRS MEASURES

This MD&A refers to site cash operating costs per pounds of payable zinc produced and total cash operating costs, which are not recognized measures 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. The use of these measures enables management to better assess performance trends. Management understands that a number of 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 better indications 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 Company uses those measures internally to evaluate the underlying operating performance of the Company for the reporting periods presented. The Company believes that providing site cash operating and total cash cost per zinc equivalent pounds of payable produced allows the ability to better evaluate the results of the underlying business of the Company.

The following tables reconcile these non-IFRS measures to the most directly comparable IFRS measures:

<u>Site cash operating cost per ZnEq Payable Pounds Produced</u>

Site cash operating cost per zinc equivalent pounds of payable produced include mine site operating costs such as mining, processing, administration, and indirect charges as surface maintenance and camp expenses, but are exclusive of royalties, smelting, refining and freight costs, depreciation, amortization, reclamation, and capital and exploration costs.

	Three months ended September 30		Nine months ended September 30	
	2015	**2014**	**2015**	**2014**
Expressed in thousands of dollars except pounds and per pounds amounts				
Production Costs	$ 9,782	$ 9,914	$ 31,515	$ 28,218
Inventory Sales Adjustment	263	-	302	-
Cash production costs	$ 10,045	$ 9,914	$ 31,817	$ 28,218
Divided by pounds of payable zinc equivalent produced	27,473,893	22,898,043	77,155,085	69,671,338
Site cash operating cost per pounds of payable zinc equivalent produced (CAD$)	$ 0.36	$ 0.43	$ 0.41	$ 0.41
Average exchange rate (CAD$1 – US$)	0.79	0.91	0.79	0.91
Site cash operating cost per pounds of payable zinc equivalent produced (US$)	$ 0.28	$ 0.40	$ 0.33	$ 0.37

Total cash costs per ZnEq Payable Pounds Produced:

Total cash costs per zinc equivalent pounds of payable produced include mine site operating costs as calculated above, royalties, smelting, refining and freight costs, but are exclusive of depreciation, amortization, reclamation, and exploration costs.

	Three months ended September 30		Nine months ended September 30	
	2015	**2014**	**2015**	**2014**
Expressed in thousands of dollars except pounds and per pounds amounts				
Production Costs	$ 9,782	$ 9,914	$ 31,515	$ 28,218
Smelting, refining and freight	10,975	8,620	29,682	22,498
Royalty expenses	851	793	1,838	1,911
Capital sustaining costs	3,948	3,287	10,412	9,808
Inventory Sales Adjustment	263	-	302	-
Total site cash operation cost	$ 21,871	$ 22,614	$ 73,749	$ 62,435
Divided by pounds of payable zinc equivalent produced	27,473,893	22,898,043	77,155,085	69,671,338
Total cash cost per pounds of payable zinc equivalent produced (CAD$)	$0.80	$ 0.99	$0.96	$ 0.90
Average exchange rate (CAD$1 – US$)	0.79	0.91	0.79	0.91
Total cash cost per pounds of payable zinc equivalent produced (US$)	$ 0.63	$ 0.90	$ 0.76	$ 0.82

Site cash operating cost per tonne milled:

Site cash operating cost per tonne milled include mine site operating costs such as mining, processing, administration, and indirect charges as surface maintenance and camp expenses, but are exclusive of royalties, smelting, refining and freight costs, depreciation, amortization, reclamation, and capital and exploration costs.

	Three months ended September 30		Nine months ended September 30	
	2015	**2014**	**2015**	**2014**
Expressed in thousands of dollars except tonnes and per tonnes amounts				
Production Costs	$ 9,782	$ 9,914	$ 31,515	$ 28,218
Inventory Sales Adjustment	263	-	302	-
Cash production costs	$ 10,045	$ 9,914	$ 31,817	$ 28,218
Divided by tonnes milled	197,289	174,075	573,152	523,279
Site cash operating cost per tonnes milled (CAD$)	$ 50.92	$ 56.95	$ 55.51	$ 53.93
Average exchange rate (CAD$1 – US$)	0.79	0.91	0.79	0.91
Site cash operating cost per tonnes milled (US$)	$ 38.67	$ 52.05	$ 44.06	$ 49.28