

Trevali Mining Corp.

(TV-T: C\$0.52)

BUY, High Risk, Top Pick

Dundee target: C\$1.00

June 2, 2016

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TV Announces Positive Drill Results As Zinc Market Heats Up.

Event: Results from four new drill holes at Santander

Impact: Positive – drilling continues to intersect multiple massive sulphide zones in both the main Magistral North body and the recently discovered Oyon mantos zone. The intercepts are close to existing mine infrastructure and will be quickly incorporated into the near term (2016-2017) mine plan, with no significant incremental capex requirements. Mineralization remains open for expansion in both zones and further underground drilling is ongoing.

Bottom Line: Another set of impressive drill results from Santander. With Santander performing very well and Caribou commercial production just around the corner in New Brunswick, TV should have two operating zinc mines on line by the time positive zinc S&D fundamentals take hold which we estimate to occur in H2/2016. **We are maintaining our BUY, Top Pick rating and \$1.00/sh target based on a 7.0x 2016E EV/EBITDA multiple.**

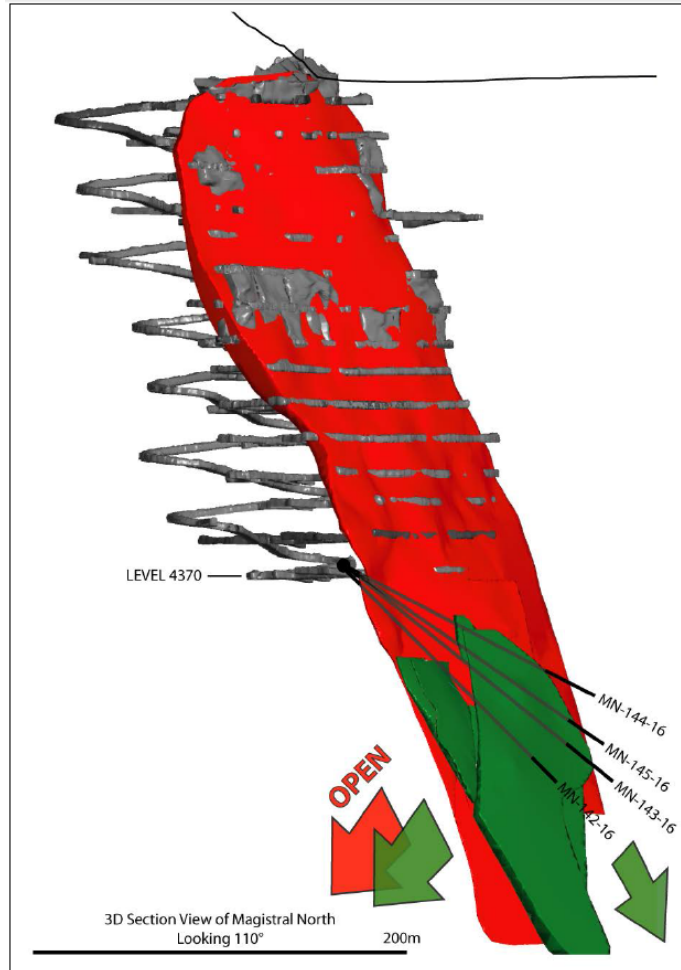
Drill Result Highlights:

- Latest underground drill results include:
 - MN-142-16: 14.75m at 5.21% Zn, 5.78% Pb & 2.11 oz/ton Ag including 7.20m at 7.37% Zn, 8.96% Pb and 2.66 oz/ton Ag.
 - MN-143-16: 24.55m at 5.74% Zn, 3.98% Pb & 6.00 oz/ton Ag.
 - MN-145-16: 18.95m at 4.11% Zn, 3.40% Pb & 3.47 oz/ton Ag.
- Average grades for zinc, lead and silver are all significantly higher than current Santander mill feed grades, and results suggest that significant additional depth potential remains.
- The higher grades are important for the operation not only to increase overall tonnages, but also for blending purposes to maintain a steady head grade across all three deposits at Santander. Higher lead & silver production will also help lower TV's ZnEq/lb cash costs.
- TV will likely begin accessing this new Oyon zone in the latter half of 2016 (Q3 or Q4) and will continue mining in the area into 2017, with no incremental capex.

Zinc Market Heating Up:

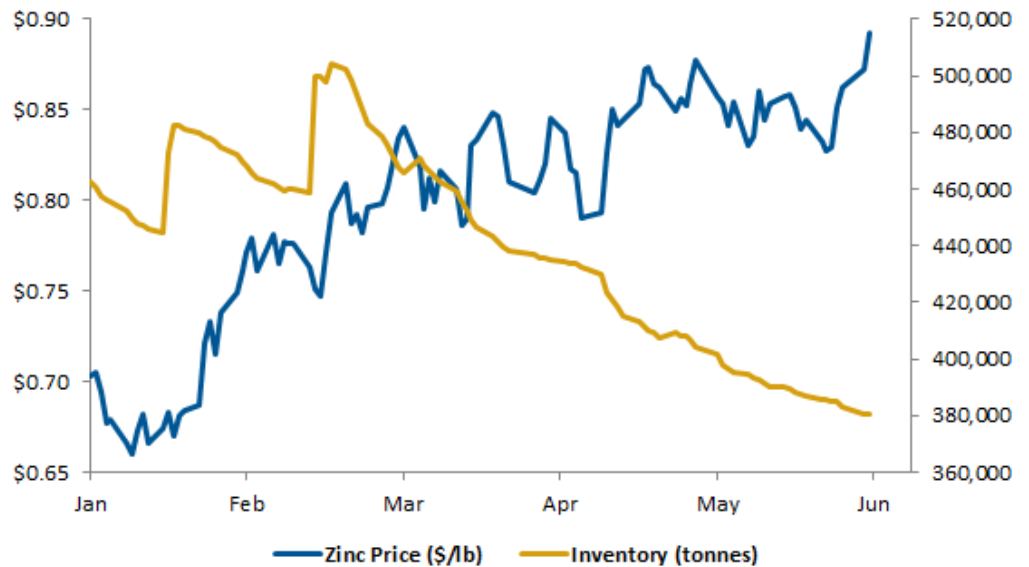
- Zinc hit a 10-month high yesterday, closing at \$0.89/lb as supply shortages continue to push the market into a deficit. We believe zinc represents the best fundamentals in the base metals universe. There are no new zinc mines being built in the world at the moment, and no projects are expected to come on-stream in the near term that would be able to make up for the supply deficit.
- Zinc inventories have been steadily trending downwards since the beginning of the year, down roughly 18% YTD (see chart on page 2).

3D Section View of Magistral North



Sources: Company Documents

2016 Zinc Price & Inventories



Source: Bloomberg

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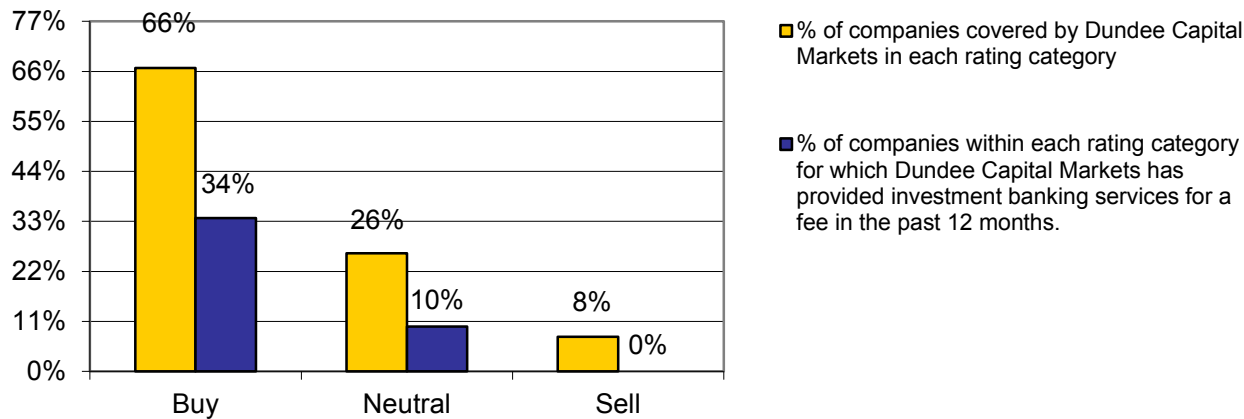
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Dundee Capital Markets Equity Research Ratings



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