

Trevali Mining Corp.

(TV-T: C\$0.39)

BUY, High Risk, Top Pick

Dundee target: C\$1.00

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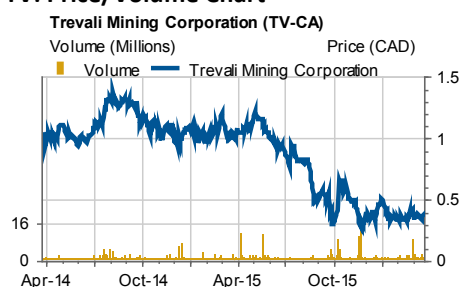
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Santander Claus Still Giving Gifts - 2015 Drill Program Was A Success

TV-T	New	Last	
Rating	--	BUY	
Target Price	--	\$1.00	
Risk	--	High	
Projected return	156.4% ▼	185.7%	
NAV/share	--	\$1.61	
Target/NAV multiple	--	0.6x	
Share Data			
Current price		\$0.39	
52-week high/low	H-\$1.24	L-\$0.25	
Market Cap (MM)		\$135	
EV (MM)		\$195	
Shares Outstanding - Basic		346.9 MM	
Shares Outstanding - FD		356.5 MM	
Avg. Trading Volume - One month		1.1 MM	
Net Debt (net cash) (\$M)		\$59	
Dividend per share		\$0.0	
Dividend yield		0.0%	
Operations			
Locations	Canada, Peru		
Main Commodities	Zn, Pb, Ag		
Resource	6.5B lbs Zn		
2015 Production (Payable Zn)	53.5 Mlbs		
Sustaining Capex	\$35M/year		
Avg. Cash Costs (\$/lb ZnEq)	\$0.66		
NAV/share	\$1.61		
P/NAV	0.24x		
Forecast			
Year	2014A	2015E	2016E
Zinc Price (US\$/lb)	\$0.98	\$0.88	\$0.80
Payable Zn Prod (Mlbs)	49.6	54.1	149.0
Revenue (\$M)	\$94.18	\$106.52	\$219.33
EPS	(\$0.02)	(\$0.02)	(\$0.03)
P/E	NM	NM	NM
EBITDA	\$16.2	\$16.7	\$51.4
EV/EBITDA	23.3x	11.65x	3.79x
CF (\$M)	\$7.9	\$16.6	\$39.6
CF/share	\$0.03	\$0.05	\$0.11
Capex (\$M)	\$46.3	\$50.8	\$22.7
FCF (\$M)	(\$16.0)	(\$34.2)	\$16.9

*All figures are in US\$ unless otherwise stated
Source: Factset, DCM, Company Documents*

TV: Price/Volume Chart



Source: Factset

Company Description

Trevali Mining is a Vancouver-based mining corporation focused on advancing its two polymetallic projects, located in New Brunswick, Canada and Peru, towards commercial production.

TV announced results from the remaining drill holes from its 2015 Santander exploration program this morning. The holes were designed to test the deeper levels of the region, below the currently defined resources of the Magistral deposits. The results were very positive, with the bulk of the drill holes returning intercepts showing zinc grades materially higher than those modelled in current mining operations. The three Magistral deposits all remain open for expansion and TV believes there is significant resource potential remaining in all three zones. Management believes the 2015 exploration program has added tangible, near-term value to the Santander mine, and looks to expand on these drill results through a modest 2016 exploration program.

Known mineralization extended by 100-150m at Magistral Central-South. The 2015 drilling program intersected high grade mineralization and extended the sulphide shell in the region below the Magistral Central (MC) and Magistral South (MS) zones. SAN-0216 through to SAN-0222 extended known mineralization roughly 100-150m below the previously modeled Magistral South limit. Underground drilling further proved the continuity between the Magistral Central and Magistral South deposits around the 4380-mine level.

Potential down-dip continuation of silver rich Rosa structure. At Magistral North (MN), hole MN-127 intersected high grade silver-lead mineralization in the hanging wall, which is interpreted to represent down-dip continuation of the high-silver Rosa structure. Additional drilling will be required to confirm this interpretation.

Impressive high-grade intercepts from both surface and underground drilling. Some of the best results from TV's drill results include:

- SAN-0219 (MS): 31.25m at 6.52% Zn, 0.02% Pb & 0.16 oz/ton Ag.
- SAN-0220 (MS): 17.65m at 7.22% Zn, 0.18% Pb & 0.17 oz/ton Ag.
- SAN-0221 (MS): 20.50m at 4.74% Zn, 0.11% Pb & 0.31 oz/ton Ag.
- MS-122 (MS-MC): 35.08m at 5.13% Zn, 0.09% Pb & 0.76 oz/ton Ag.
- MN-127 (MN): 33.00m at 2.52% Zn, 1.81% Pb & 2.93 oz/ton Ag and 19.30m at 4.35% Zn, 1.99% Pb and 3.57 oz/ton Ag.

2015 financial results to be released March 30, 2016. TV announced that it will release its 2015 year-end financials on March 30, 2016 after market hours. A conference call to discuss the results will be held at 10:30am EST on Thursday, March 31, 2016.

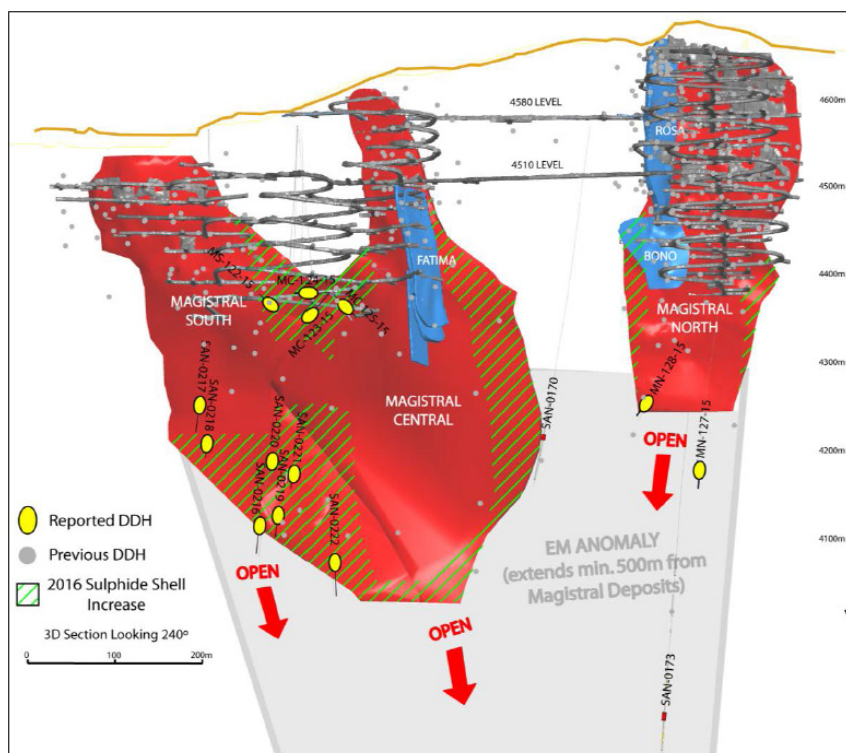
Bottom Line: We are maintaining BUY, Top Pick rating and \$1.00/sh target based on an 8.0x 2016E EV/EBITDA multiple.

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Cross section looking west showing Magistral Deposits with drill hole intercepts



Source: Company Documents

Summary of drill assay results

Surface Drilling					
Borehole (dip/azimuth)	From - To (metres)	Zone / Core Length Interval* (metres)	Zn (%)	Pb (%)	Ag oz/ton (g/t)
SAN-0216-15 (-69.8° / 077.2°)	518.30 - 525.55	MS / 7.25	7.24	0.01	0.06 (2.02)
SAN-0217-15 (-63.7° / 056.1°)	417.40 - 419.55	MS / 2.15	8.41	0.03	0.33 (10.26)
SAN-0218-15 (-67.2° / 057.4°)	440.10 - 443.35	MS / 3.25	12.98	0.03	0.38 (11.90)
SAN-0219-15 (-71.3° / 063.4°)	485.30 - 516.55	MS / 31.25	6.52	0.02	0.16 (4.97)
SAN-0220-15 (-71.3° / 065.0°)	438.20 - 455.85	MS / 17.65	7.22	0.18	0.17 (5.26)
	Incl. 438.20 - 446.1	MS / 7.90	8.67	0.34	0.28 (8.60)
	437.95 - 458.45	MS / 20.50	4.74	0.11	0.31 (9.70)
	Incl. 437.95 - 442.75	MS / 4.80	7.92	0.20	0.43 (13.48)
	Incl. 446.60 - 450.85	MS / 4.25	5.74	0.19	0.65 (20.16)
SAN-0221-15 (-69.5° / 056.4°)	Incl. 454.45 - 457.85	MS / 3.40	6.39	0.01	0.07 (2.02)
	570.05 - 573.3	MS / 3.25	5.61	0.01	0.10 (3.28)
Underground Drilling					
Borehole (dip/azimuth)	From - To (metres)	Zone / Core Length Interval* (metres)	Zn (%)	Pb (%)	Ag oz/ton (g/t)
MS-122-15 (-17.0° / 263.0°)	95.12 - 130.20	MS-MC / 35.08	5.13	0.09	0.76 (23.62)
	Incl. 119.05 - 130.20	MS-MC / 11.15	9.23	0.08	1.44 (44.73)
MC-123-15 (-22.1° / 105.0°)	50.00 - 66.5	MC-MS / 16.50	2.71	0.07	0.27 (8.45)
	Incl. 57.90 - 64.15	MS-MC / 6.25	3.97	0.12	0.42 (13.08)
MC-124-15 (6.4° / 067.3°)	29.15 - 39.15	MC-MS / 10.00	3.39	0.01	0.13 (4.10)
	Incl. 33.50 - 35.90	MC-MS / 2.40	8.63	0.01	0.19 (5.82)
MC-125-15 (-28.3° / 069.0°)	5.3 - 9.90	MC / 4.60	3.24	2.11	2.97 (92.50)
	49.75 - 53.65	MC / 3.90	4.90	0.03	0.32 (9.97)
MN-127-15 (-44.9° / 226.0°)	287.90 - 287.90	MN / 0.65	3.75	3.06	2.67 (83.05)
	HW 294.25 - 327.25	MN / 33.00	3.52	1.81	2.93 (91.25)
MN-128-15 (-31.7° / 213.0°)	Incl. 307.05 - 326.35	MN / 19.30	4.35	1.99	3.57 (111.10)
	266.85 - 268.90	MN / 2.05	9.12	9.67	11.59 (360.63)

Source: Company Documents

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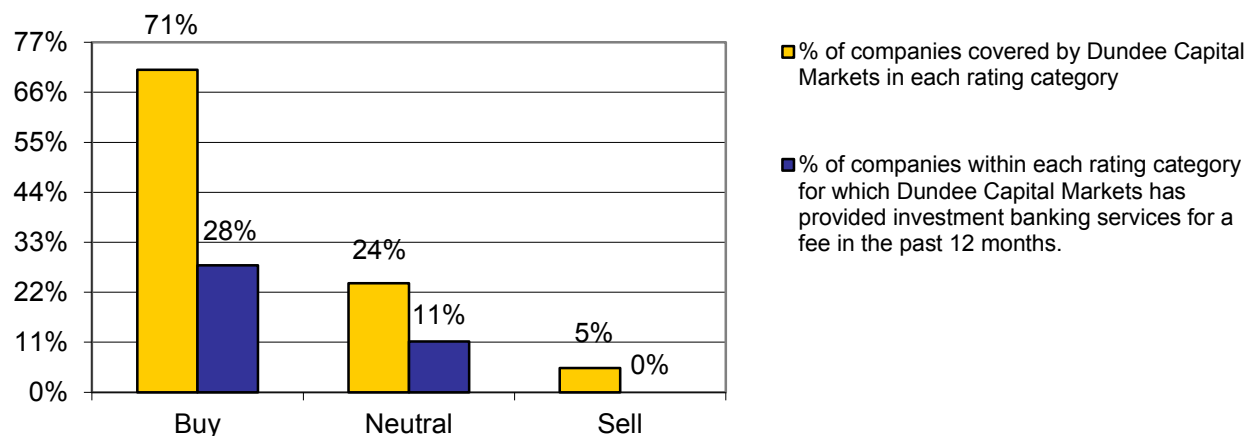
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