

Trevali and Kria Resources Announce Friendly Business Combination to Create Platform for a New Intermediate Base Metals Producer

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Company Will Have Multiple Zinc-Lead-Copper-Silver Assets in Peru & Canada

Indicated Resources of 1.7 Billion Contained lbs Zinc

Inferred Resources of 2.8 Billion Contained lbs Zinc

Two Mines Slated to Enter Production in 2011-2012

VANCOUVER, BRITISH COLUMBIA -- ([Marketwire](#) - Dec. 16, 2010) - [Trevali Resources Corp.](#) ("Trevali" or the "Company") (TSX: TV) (OTCQX: TREVF) (FRANKFURT: 4TI) and [Kria Resources Ltd.](#) ("Kria") (TSX VENTURE: KIA) are pleased to announce that they have entered into a letter of intent (the "Letter Agreement") to complete a business combination whereby Trevali will acquire all of the issued and outstanding common shares of Kria and Kria will become a wholly owned subsidiary of Trevali (the "Transaction"). It is anticipated that the Transaction will occur by way of a plan of arrangement and will be subject to receipt of all necessary regulatory, court, and shareholder approvals, including disinterested shareholder approval by the Kria shareholders as a consequence of [Cardero Resource Corp.](#) ("Cardero") (TSX: CDU) holding in excess of 10% of each of Trevali and Kria.

Pursuant to the terms of the Letter Agreement Trevali intends to acquire all of the issued and outstanding common shares of Kria on the basis of 0.2 of a common share of Trevali for each common share of Kria (the "Exchange Ratio"). In connection with the proposed Transaction, it is proposed that the name of the resulting issuer be changed to "Trevali Mining Corporation" (the "Name Change").

Based on the closing price of Trevali on the Toronto Stock Exchange ("TSX") on December 15, 2010, the Exchange Ratio implies an offer price of C\$0.334 per Kria common share and values Kria's equity at approximately C\$44 million on a fully diluted in-the-money basis based on a closing price per share of Trevali on December 15, 2010 of \$1.67.

The offer price represents a 33.6% premium to the closing price of Kria on the TSX-V on December 15, 2010 and a 25.2% premium based on the 30-day VWAPs of both companies for the period ended December 15, 2010.

Upon completion of the Transaction, the combined company will have approximately 76.4 million issued and outstanding common shares and, Trevali and Kria shareholders will own approximately 74.2% and 25.8% of the combined company, respectively. The terms of the Transaction have been unanimously approved by the boards of directors of both Trevali and Kria.

Dr. Mark Cruise, President and CEO of Trevali, stated, "The opportunity of combining our future production base in Peru with Kria's assets in the established New Brunswick base metal camp will provide both Kria and Trevali shareholders with significant cash-flow growth potential, lower risk with multiple production platforms and a strengthened management team."

Mr. Mike Hoffman, President and CEO of Kria, stated, "We are very excited with the potential of combining with Trevali to form the basis of a new mid-tier base metal producer in the Americas. With near term cash flow potential coming from our Halfmile Mine in 2011 and from Trevali's Santander towards the end of 2011, the combined company will be positioned to strongly fund future growth."

CONFERENCE CALL

The management teams of both Trevali and Kria will host a conference call to discuss the transaction will be held at 10.30 AM EST time (7:30 AM PST time) on Friday, December 17, 2010 to provide shareholders, securities analysts, and investors the opportunity to hear management discuss the business transaction outlined herein. The call can be accessed by dialing 1-416-340-2217 or 1-866-696-5910 (toll free) and use

passcode: 2002053. A corporate presentation of the proposed transaction will be available on Trevali's website (www.trevali.com) for review in conjunction with the conference call.

HIGHLIGHTS OF COMBINED ENTITY

- * Operations diversified across two world-leading mining jurisdictions, Peru and Canada
- * Provides diversification from a single advanced project to two mines with production anticipated in 2011 - 2012
- * Cash flow expected in 2011 once Halfmile begins supplying feed on a toll-milling basis to Xstrata Zinc's Brunswick 12 Mine and Santander mill commissioning commences in late 2011
- * Significant increase in tonnages and contained metal in all resource categories, including over 1.6 billion pounds of in-situ zinc indicated resources and 2.8 billion pounds of in-situ zinc inferred resources (Table 1)
- * Excellent resource expansion potential at Santander where all four newly discovered polymetallic deposits (Magistral North, Central, South and Puajanca South), in addition to the historic Santander Pipe, remain open for expansion at shallow-to-moderate depths
- * Robust, advanced project pipeline (short-to-medium term) including potential mill expansion at Santander and construction of a new mill at Halfmile-Stratmat following planned closure of Xstrata's Brunswick 12 facility
- * Anticipated cash flow from Santander to help offset a portion of the capital requirements necessary to fund the proposed new Halfmile-Stratmat mill in approximately 2012 - 2013
- * Quality exploration portfolio at the Santander project - numerous high priority targets scheduled for aggressive drill testing in early 2011
- * Company will have significant leverage to commodity price increases, specifically zinc and silver in the near-term
- * Listing on the TSX with a senior Lima Stock Exchange (BVL) listing in progress anticipated to result in improved stock liquidity and strong re-rating potential based on a portfolio of multiple mines, near-term cash flow and strong production growth profile
- * World-leading partners—Glencore International (Santander) and Xstrata Zinc (Halfmile)
- * Expanded talent pool of experienced geoscientists, mining engineers, management team and board of directors

Table 1 – Trevali and Kria Resource Estimates

| Tonnes | %Zn | %Pb | % Cu | Ag (gpt) | Zn (Mlbs) | Pb (Mlb) | Cu (Mlb) | Ag (Moz) |
|-----------------------|------------|------|------|----------|-----------|----------|----------|----------|
| Indicated Resources | | | | | | | | |
| Trevali - Santander | 5,858,000 | 3.86 | 1.35 | 0.08 | 44 | 498 | 174 | 10 8.3 |
| TV Santander Tailings | 1,656,000 | 2.74 | 100 | | | | | |
| Kria - Halfmile | 6,262,000 | 8.13 | 2.58 | 0.22 | 31 | 1,122 | 356 | 30 6.2 |
| Total Indicated | 13,776,000 | 6.07 | 1.99 | 0.15 | 37 | 1,720 | 530 | 41 14.5 |
| Inferred Resources | | | | | | | | |
| Trevali – Santander | 4,806,000 | 5.08 | 0.44 | 0.07 | 21 | 538 | 47 | 7 3.2 |
| Kria – Halfmile | 6,078,000 | 6.69 | 1.83 | 0.14 | 21 | 896 | 245 | 19 4.0 |
| Kria - Stratmat | 5,524,000 | 6.11 | 2.59 | 0.40 | 54 | 744 | 315 | 49 9.6 |
| Kria – Ruttan | 19,750,000 | 1.47 | - | 1.17 | - | 640 | - | 509 - |
| Total Inferred | 36,158,000 | 3.54 | 0.76 | 0.73 | 15 | 2,818 | 607 | 584 16.9 |

Kria Halfmile and Stratmat resources calculated on 5% Zinc equivalent grades, Ruttan on a 1% copper equivalent and Trevali's Santander resources calculated at 3% Zinc equivalent grades. See Kria Press Releases of September 23, 2008; March 2, 2009; and February 23, 2009, for further information on resource estimates and Trevali Press Release of November 2, 2010, on Trevali resource estimate. In addition detailed technical reports are available on www.sedar.com.

BOARD OF DIRECTORS RECOMMENDATIONS

The Transaction will be subject to receipt of all necessary regulatory acceptances/approvals and the approval of the Kria shareholders and the approval of the Trevali shareholders. The Board of Directors of Kria and the Board of Directors of Trevali have determined to recommend that the shareholders of Kria and the shareholders of Trevali, respectively, vote in favour of the Transaction.

TRANSACTION DETAILS

The terms of the Transaction will be described in detail in the Joint Management Information Circular of Trevali and Kria to be filed with the regulatory authorities and mailed to Trevali and Kria shareholders in accordance with applicable securities laws. Officers, directors and major shareholders of Kria who hold approximately 22.5% of Kria have agreed to enter into lockup and support agreements with Trevali under which they have agreed to vote in favour of the Transaction. As well, officers, directors and major shareholders of Trevali who hold 26.3% of Trevali have agreed to enter into lockup and support agreements with Kria under which they have agreed to vote in favour of the Transaction.

The newly combined company will draw on the expertise from both companies to fulfill management responsibilities. The newly combined board will comprise the current Trevali directors and a representative of Kria, Mike Hoffman. Dr. Mark Cruise will remain President and CEO of the combined company.

The Transaction comports with Trevali's strategy to create a mid-tier polymetallic (zinc-lead-copper-silver) mining company focused on the Americas. The combined entity will focus on generating value for its shareholders by maximizing value from its advanced, near-term production zinc, lead, copper, silver asset base with the aim of commencing production from Kria's Halfmile and Trevali's Santander projects in 2011-2012.

The Letter Agreement includes a commitment by Kria not to solicit alternative transactions to the proposed Transaction. Trevali has also been provided with certain other rights customary for a transaction of this nature, including the right to match competing offers made to Kria in the event Kria receives a superior proposal. Pursuant to the terms of the Letter Agreement, the parties have agreed to pay the other party a break fee in the amount of 3% of the market value of Kria in certain circumstances and Trevali will have to pay to Kria a break fee of 3% of the market value of Kria in certain circumstances.

The Transaction is subject to the parties entering into a definitive agreement by January 15, 2011 and the receipt of all necessary regulatory approvals and necessary shareholder and disinterested shareholder approvals at special meetings of Kria and Trevali, respectively, to be held no later than April 29, 2011. Closing of the Transaction is set to occur shortly after the shareholder meetings.

Trevali, in conjunction with partner Glencore International A.G. has recently commenced pre-operation construction at its planned 2,000-tonne-per day Santander zinc-lead-silver mine project in the Central Peruvian Polymetallic Belt, Peru. Mine commissioning is currently scheduled for late 2011 with full production to follow immediately thereafter.

Kria's Halfmile zinc-lead-silver-copper project is located in the Bathurst Massive Sulphide Belt of New Brunswick, Canada. Advanced permitting and engineering studies are in progress with proposed production at a rate of 2,000-tonnes-per-day anticipated to commence in 2011.

Cardero presently holds 15,000,000 shares (15.2%) of Kria, plus warrants to acquire an additional 15,000,000 shares. In addition Cardero holds 7,032,432 shares of Trevali (12.36%) plus warrants to acquire an additional 2,857,144 shares. As a consequence, the Transaction constitutes a "related party transaction" within the meaning of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("MI 61-101"), and will require approval by the shareholders other than Cardero.

CARDERO LOAN

Under the terms of the revised Halfmile and Stratmat property purchase agreement dated July 15, 2009, between Kria and Xstrata Canada Corporation ("Xstrata"), Kria is obligated to make a payment of US\$8,000,000 to Xstrata on or before January 16th, 2011. Kria has entered into a term sheet with Cardero whereby Cardero has agreed to lend Kria US\$8,000,000 to advance the property payment to Xstrata (the "Loan"). The Loan will be advanced to Kria on or about January 14th, 2011, bear interest at 10% per annum, calculated monthly, not in advance and shall be repayable on or before January 14, 2012. As security for the Loan, Kria will grant in favour of Cardero a first charge, mortgage and security interest over all its assets and undertakings. In connection with the Loan, Kria has agreed to issue Cardero approximately 6,400,000 common share purchase warrants of Kria (the "Bonus Warrants"). Each Bonus Warrant will entitle the holder

to acquire a common share of Kria at an exercise price of \$0.25 until January 14, 2012. As Cardero currently holds approximately 15.2% of the issued and outstanding common shares of company, Cardero and Kria are related parties within the meaning of MI 61-101. As such, the issuance of the Bonus Warrants will remain subject to receipt of disinterested shareholder approval by the Kria shareholders. Upon receipt of disinterested shareholder approval and the issuance of the Bonus Warrants, the interest rate of the Loan will retroactively be reduced to 8% to be calculated monthly, and not in advance.

ADVISORS

Trevali has engaged Axemen Resource Capital Ltd. as its financial advisor. A Special Committee consisting of independent members of Trevali's Board of Directors has been established to review the proposed transaction. Paradigm Capital Inc., financial advisor to the Special Committee, has provided an opinion to the Special Committee that the proposed transaction is fair, from a financial point of view, to Trevali's shareholders (other than Cardero).

Kria has engaged Raymond James Ltd. ("Raymond James") to act as financial advisor to the special committee of Kria, which is comprised of independent board members (the "Kria Special Committee"). Raymond James has provided an oral opinion to the Kria Special Committee that, subject to certain assumptions and limitations set out therein, the proposed transaction is fair, from a financial point of view to the shareholders of Kria. Raymond James will provide the Kria Special Committee with a written fairness opinion prior to the parties entering into the definitive agreement.

The scientific and technical contents of this press release relating to Kria have been supervised, reviewed and approved by Dayle Rusk, P. Geo., Vice President Exploration of Kria, and Mike Hoffman, P. Eng., both of whom are Qualified Persons as defined under NI 43-101 guidelines.

The scientific and technical contents of this press release relating to Trevali have been supervised, reviewed and approved by Dr. Mark D. Cruise, Trevali's President and CEO and a qualified person under NI 43-101 guidelines.

ABOUT KRIA RESOURCES LTD.

Kria is a base metal exploration and development company focused on high-quality, advanced-stage base metal assets. Kria's primary asset is the Halfmile Lake and Stratmat properties near Bathurst, New Brunswick. The Halfmile Lake and Stratmat projects are optioned by Kria from [Xstrata](#), which is currently the largest shareholder of Kria. Kria completed a preliminary economic assessment ("PEA") on its Halfmile Lake project in September 2010 that indicated the project's economics improve if the mineral resource from Kria's nearby Stratmat property is combined with the mineral resource from Halfmile Lake.

Please refer to the Kria's technical reports filed on SEDAR for details regarding the NI 43-101 compliant resource estimates on Halfmile, Stratmat and Ruttan. Prices and other assumptions mentioned in this press release are Kria's internal assumptions and estimates. Additional information is available at www.kriaresources.com.

ABOUT TREVALI RESOURCES CORP.

Trevali, in conjunction with its partner, Glencore International A.G., has entered into a definitive development agreement for the Santander silver-lead-zinc project in west-central Peru that will see Glencore provide and operate on the property, a 2,000-tonne-per-day concentrate plant, undertake mining operations on a 'contractor/toll basis' and enter into a long-term concentrate off-take agreement with Trevali for 100% of the Santander project's production at benchmark terms.

Additionally, through its wholly owned subsidiary, Trevali Renewable Energy Inc., Trevali is undertaking a significant upgrade of the Tingo run-of-river hydroelectric generating facility along with transmission line upgrades and extensions to allow, in addition to supplying power to the mining operation on the property, the potential sale of surplus power into the Peruvian National Energy Grid.

The common shares of Trevali are currently listed on the TSX (symbol TV). For further details on Trevali, readers are referred to the Trevali's web site (www.trevali.com) and to Canadian regulatory filings on SEDAR at www.sedar.com.

On Behalf of the Board of Directors of TREVALI RESOURCES CORP.

“Mark D. Cruise“ (signed)

Mark D. Cruise
President

This news release contains “forward-looking statements“ within the meaning of the United States private securities litigation reform act of 1995 and “forward-looking information“ within the meaning of applicable Canadian securities legislation. Statements containing forward-looking information express, as at the date of this news release, the Company's plans, estimates, forecasts, projections, expectations, or beliefs as to future events or results and the company does not intend, and does not assume any obligation to, update such statements containing the forward-looking information. Such forward-looking statements and information include, but are not limited to statements as to: the accuracy of estimated mineral reserves and resources, anticipated results of future exploration, and forecast future metal prices, anticipated results of future electrical sales and expectations that environmental, permitting, legal, title, taxation, socio-economic, political, marketing or other issues will not materially affect estimates of mineral reserves. These statements reflect the Company's current views with respect to future events and are necessarily based upon a number of assumptions and estimates that, while considered reasonable by the Company, are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies.

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