

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the Quarterly Period Ended August 31, 2020**

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the Transition Period from            to**

**Commission File Number: 1-35447**



**TRILOGY METALS INC.**

(Exact Name of Registrant as Specified in Its Charter)

**British Columbia**  
(State or Other Jurisdiction of  
Incorporation or Organization)

**98-1006991**  
(I.R.S. Employer  
Identification No.)

**Suite 1150, 609 Granville Street  
Vancouver, British Columbia  
Canada**  
(Address of Principal Executive Offices)

**V7Y 1G5**  
(Zip Code)

**(604) 638-8088**

(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares	TMQ	NYSE American Toronto Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer       Accelerated filer       Non-accelerated filer       Smaller reporting company       Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of October 7, 2020, the registrant had 143,004,178 Common Shares, no par value, outstanding.

# Trilogy Metals Inc.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

**Trilogy Metals Inc.**  
**Interim Consolidated Balance Sheets**  
**(unaudited)**

*in thousands of US dollars*

	August 31, 2020 \$	November 30, 2019 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	12,780	19,174
Accounts receivable (note 3)	121	264
Deposits and prepaid amounts	379	719
	<b>13,280</b>	<b>20,157</b>
Equity method investment (note 4)	174,167	—
Plant and equipment (note 5)	222	715
Mineral properties and development costs (note 6)	—	30,631
Rent deposit (note 8 (a))	—	114
Right of use asset (note 8 (a))	503	—
	<b>188,172</b>	<b>51,617</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 7)	1,287	2,354
Current portion of lease liability	152	—
	<b>1,439</b>	<b>2,354</b>
Long-term portion of lease liability (note 8 (b))	447	—
Mineral properties purchase option	—	31,000
	<b>1,886</b>	<b>33,354</b>
<b>Shareholders' equity</b>		
Share capital (note 9) – <i>unlimited common shares authorized, no par value Issued – 142,978,805 (2019 – 140,427,761)</i>	179,310	177,971
Contributed surplus	122	122
Contributed surplus – options (note 9(a))	23,024	21,123
Contributed surplus – units (note 9(b))	1,549	1,759
Deficit	(17,719)	(182,712)
	<b>186,286</b>	<b>18,263</b>
	<b>188,172</b>	<b>51,617</b>

**Commitments** (note 11)

(See accompanying notes to the interim consolidated financial statements)

/s/ Tony Giardini, President, CEO and Director

/s/ Kalidas Madhavpeddi, Director

**Approved on behalf of the Board of Directors**

**Trilogy Metals Inc.**  
**Interim Consolidated Statements of Income (Loss)**  
**and Comprehensive Income (Loss)**  
**(unaudited)**

*in thousands of US dollars, except share and per share amounts*

	For the three months ended		For the nine months ended	
	August 31, 2020	August 31, 2019	August 31, 2020	August 31, 2019
	\$	\$	\$	\$
<b>Expenses</b>				
Amortization	17	31	75	106
Feasibility study (note 6(a))	232	—	974	—
Foreign exchange (gain) loss	37	3	44	(26)
General and administrative	265	435	1,349	1,363
Investor relations	156	164	383	456
Mineral properties expense (note 6(a))	—	10,951	1,545	15,392
Professional fees	165	414	1,031	658
Salaries	170	272	620	835
Salaries – stock-based compensation	1,064	402	3,030	3,005
<b>Total expenses</b>	<b>2,106</b>	<b>12,672</b>	<b>9,051</b>	<b>21,789</b>
<b>Other items</b>				
Gain on derecognition of assets contributed to joint venture (note 4(a))	—	—	(175,770)	—
Share of loss on equity investment (note 4(b))	1,094	—	1,833	—
Interest and other income	(16)	(137)	(107)	(409)
<b>Comprehensive (loss) earnings for the period</b>	<b>(3,184)</b>	<b>(12,535)</b>	<b>164,993</b>	<b>(21,380)</b>
<b>Basic (loss) earnings per common share</b>	<b>(0.02)</b>	<b>(0.09)</b>	<b>1.17</b>	<b>(0.16)</b>
<b>Diluted (loss) earnings per common share</b>	<b>(0.02)</b>	<b>(0.09)</b>	<b>1.12</b>	<b>(0.16)</b>
<b>Basic weighted average number of common shares outstanding</b>	<b>141,018,130</b>	<b>136,981,179</b>	<b>140,807,319</b>	<b>133,677,437</b>
<b>Diluted weighted average number of common shares outstanding</b>	<b>141,018,130</b>	<b>136,981,179</b>	<b>146,660,689</b>	<b>133,677,437</b>

(See accompanying notes to the interim consolidated financial statements)

**Trilogy Metals Inc.**  
**Interim Consolidated Statements of Changes in Shareholders' Equity**  
**(unaudited)**

*in thousands of US dollars, except share amounts*

	Number of shares outstanding	Share capital \$	Warrants \$	Contributed surplus \$	Contributed surplus – options \$	Contributed surplus – units \$	Deficit \$	Total shareholders' equity \$
<b>Balance – November 30, 2018</b>	<b>131,585,612</b>	<b>164,069</b>	<b>2,253</b>	<b>122</b>	<b>19,076</b>	<b>1,489</b>	<b>(154,807)</b>	<b>32,202</b>
Exercise of options	44,230	28	—	—	(28)	—	—	—
Restricted Share Units	412,501	424	—	—	—	(424)	—	—
Stock-based compensation	—	—	—	—	1,586	353	—	1,939
Loss for the period	—	—	—	—	—	—	(4,336)	(4,336)
<b>Balance – February 28, 2019</b>	<b>132,042,343</b>	<b>164,521</b>	<b>2,253</b>	<b>122</b>	<b>20,634</b>	<b>1,418</b>	<b>(159,143)</b>	<b>29,805</b>
Exercise of options	101,064	53	—	—	(53)	—	—	—
Stock-based compensation	—	—	—	—	355	309	—	664
Loss for the period	—	—	—	—	—	—	(4,509)	(4,509)
<b>Balance – May 31, 2019</b>	<b>132,143,407</b>	<b>164,574</b>	<b>2,253</b>	<b>122</b>	<b>20,936</b>	<b>1,727</b>	<b>(163,652)</b>	<b>25,960</b>
Exercise of options	57,818	41	—	—	(41)	—	—	—
Stock-based compensation	—	—	—	—	288	114	—	402
Deferred share units	182,132	189	—	—	—	(189)	—	—
Exercise of warrants	6,521,740	12,166	(2,253)	—	—	—	—	9,913
Loss for the period	—	—	—	—	—	—	(12,535)	(12,535)
<b>Balance – August 31, 2019</b>	<b>138,905,097</b>	<b>176,970</b>	<b>—</b>	<b>122</b>	<b>21,183</b>	<b>1,652</b>	<b>(176,187)</b>	<b>23,740</b>
<b>Balance – November 30, 2019</b>	<b>140,427,761</b>	<b>177,971</b>	<b>—</b>	<b>122</b>	<b>21,123</b>	<b>1,759</b>	<b>(182,712)</b>	<b>18,263</b>
Exercise of options	19,514	6	—	—	(6)	—	—	—
Restricted Share Units	212,501	330	—	—	—	(330)	—	—
Stock-based compensation	—	—	—	—	1,155	41	—	1,196
Earnings for the period	—	—	—	—	—	—	171,179	171,179
<b>Balance – February 29, 2020</b>	<b>140,659,776</b>	<b>178,307</b>	<b>—</b>	<b>122</b>	<b>22,272</b>	<b>1,470</b>	<b>(11,533)</b>	<b>190,638</b>
Exercise of options	63,110	31	—	—	(31)	—	—	—
Restricted Share Units	200,000	312	—	—	—	(312)	—	—
Stock-based compensation	—	—	—	—	420	350	—	770
Loss for the period	—	—	—	—	—	—	(3,002)	(3,002)
<b>Balance – May 31, 2020</b>	<b>140,922,886</b>	<b>178,650</b>	<b>—</b>	<b>122</b>	<b>22,661</b>	<b>1,508</b>	<b>(14,535)</b>	<b>188,406</b>
Exercise of options	2,055,919	660	—	—	(660)	—	—	—
Restricted Share Units	—	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	1,023	41	—	1,064
Loss for the period	—	—	—	—	—	—	(3,184)	(3,184)
<b>Balance – August 31, 2020</b>	<b>142,978,805</b>	<b>179,310</b>	<b>—</b>	<b>122</b>	<b>23,024</b>	<b>1,549</b>	<b>(17,719)</b>	<b>186,286</b>

(See accompanying notes to the interim consolidated financial statements)

**Trilogy Metals Inc.**  
**Interim Consolidated Statements of Cash Flows**  
**(unaudited)**

*in thousands of US dollars*

	<b>For the nine months ended</b>	
	<b>August 31, 2020</b>	<b>August 31, 2019</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows used in operating activities</b>		
Earnings (loss) for the period	164,993	(21,380)
Items not affecting cash		
Amortization	75	106
Right of use asset amortization	124	—
Loss on working capital written-off upon joint venture formation	18	—
Gain on derecognition of assets (note 4(a))	(175,770)	—
Loss on equity investment in Ambler Metals LLC (note 4(b))	1,833	—
Unrealized foreign exchange loss	12	3
Stock-based compensation	3,030	3,005
Operating lease payments	(142)	—
Net change in non-cash working capital		
Decrease (increase) in accounts receivable	143	(336)
Decrease in deposits and prepaid amounts	340	99
(Decrease) increase in accounts payable and accrued liabilities	(1,067)	2,748
	<b>(6,411)</b>	<b>(15,755)</b>
<b>Cash flows from financing activities</b>		
Proceeds from exercise of warrants	—	9,913
	<b>—</b>	<b>9,913</b>
<b>Cash flows from investing activities</b>		
Acquisition of plant & equipment	—	(494)
Mineral properties funding	—	10,200
	<b>—</b>	<b>9,706</b>
(Decrease) increase in cash and cash equivalents	(6,411)	3,864
Effect of exchange rate on cash and cash equivalents	17	(3)
Cash and cash equivalents – beginning of period	19,174	22,991
<b>Cash and cash equivalents – end of period</b>	<b>12,780</b>	<b>26,852</b>

(See accompanying notes to the interim consolidated financial statements)

# Trilogy Metals Inc.

## Notes to the Interim Consolidated Financial Statements

### 1) Nature of operations

Trilogy Metals Inc. (“Trilogy” or the “Company”) was incorporated in British Columbia under the *Business Corporations Act (BC)* on April 27, 2011. The Company is engaged in the exploration and development of mineral properties, through our equity investee (see note 4), with a focus on the Upper Kobuk Mineral Projects (“UKMP”), including the Arctic and Bornite Projects located in Northwest Alaska in the United States of America (“US”).

### 2) Summary of significant accounting policies

#### Basis of presentation

These interim consolidated financial statements have been prepared using accounting principles generally accepted in the United States (“U.S. GAAP”) and include the accounts of Trilogy and its wholly owned subsidiary, NovaCopper US Inc. (dba “Trilogy Metals US”). All significant intercompany transactions are eliminated on consolidation. For variable interest entities (“VIEs”) where Trilogy is not the primary beneficiary, we use the equity method of accounting.

All figures are in United States dollars unless otherwise noted. References to CAD\$ refer to amounts in Canadian dollars.

The unaudited interim consolidated financial statements include all adjustments necessary for the fair presentation of the Company’s financial position as of August 31, 2020 and our results of operations and cash flows for the nine months ended August 31, 2020 and August 31, 2019. The results of operations for the nine months ended August 31, 2020 are not necessarily indicative of the results to be expected for the fiscal year ending November 30, 2020.

As these interim consolidated financial statements do not contain all of the disclosures required by U.S. GAAP for annual financial statements, these unaudited interim consolidated financial statements should be read in conjunction with the annual financial statements and related notes included in our Annual Report on Form 10-K for the fiscal year ended November 30, 2019, filed with the U.S. Securities and Exchange Commission (“SEC”) and Canadian securities regulatory authorities on February 13, 2020.

These interim consolidated financial statements were approved by the Company’s Audit Committee on behalf of the Board of Directors for issue on October 6, 2020.

#### Accounting standards adopted

##### *Leases*

In February 2016, the FASB issued new accounting requirements for accounting for, presentation of, and classification of leases (“ASU 2016-02”) which, together with subsequent amendments, is included in ASC 842, Leases. ASC 842 became effective for the Company as of December 1, 2019.

The Company adopted ASC 842 using the modified retrospective transition method by applying the transition provision and recording our cumulative adjustment to opening deficit at the beginning of the period of adoption on December 1, 2019, rather than at the beginning of the comparative period presented. Therefore, in the comparative periods, we continue to apply the legacy guidance in ASC 840, including its disclosure requirements. We elected to apply all of the transition practical expedients available, including:

- the package of three practical expedients to (1) not reassess whether any expired or existing contracts are or contain leases, (2) not reassess the lease classification for any expired or existing leases, and (3) not reassess initial direct costs for any existing lease;
- the hindsight practical expedient to use hindsight when determining lease term and assessing impairment of right-of-use assets, if any; and

**Trilogy Metals Inc.**  
**Notes to the Interim Consolidated Financial Statements**

- the easements practical expedient to continue applying our current policy for accounting for any land easements expired before or existing as of December 1, 2019.

In addition, we elected to apply the short-term lease recognition exemption and elected to apply the practical expedient to not separate lease and non-lease components for all applicable leases on transition. The adoption of this new standard resulted in the recognition of right of use assets and lease liabilities of \$786,000 as at December 1, 2019.

**New accounting policy**

*Investment in affiliates*

Investments in unconsolidated ventures over which the Company has the ability to exercise significant influence, but does not control, are accounted for under the equity method and include the Company's investment in the Ambler Metals project. We identified Ambler Metals LLC as a VIE as the entity is dependent on funding from its owners. All funding, ownership, voting rights and power to exercise control is shared equally on a 50/50 basis between the owners of the VIE. Therefore, the Company has determined that it is not the primary beneficiary of the VIE. The Company's maximum exposure to loss is its investment in Ambler Metals LLC.

Ambler Metals LLC is a non-publicly traded equity investee holding exploration and development projects. The Company reviews and evaluates its investment in affiliates for other than temporary impairment when events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Events that could indicate impairment of an investment in affiliates include a significant decrease in long-term expected commodity prices, a significant increase in expected operating or capital costs, unfavorable exploration results or technical studies, a significant decrease in reserves, a loss of significant mineral claims or a change in the development plan or strategy for the project. Asset impairment is considered to exist if the total estimated future cash flows on an undiscounted basis are less than the carrying amount of the asset. If the underlying assets are not recoverable, an impairment loss is measured and recorded based on the difference between the carrying amount of the investee and its estimated fair value which may be determined using a discounted cash flow model.

**3) Accounts receivable**

	<i>in thousands of dollars</i>	
	<b>August 31, 2020</b>	<b>November 30, 2019</b>
	<b>\$</b>	<b>\$</b>
GST input tax credits	15	42
Recoverable payments	—	222
Ambler Metals LLC	106	—
<b>Accounts receivable</b>	<b>121</b>	<b>264</b>

The balance due from Ambler Metals LLC (see note 4 below) consists of services rendered by Trilogy and reimbursements for invoices paid by Trilogy on behalf of Ambler Metals LLC per a service agreement. The balance was paid in full by Ambler Metals LLC subsequent to the quarter end.

**4) Equity method investment**

(a) Formation of Ambler Metals LLC

On February 11, 2020, the Company completed the formation of a 50/50 joint venture named Ambler Metals LLC with South32 Limited ("South32"). As part of the formation of the joint venture, Trilogy contributed all its assets associated with the UKMP, including the Arctic and Bornite Projects, while South32 contributed US\$145 million, resulting in each party's subsidiaries directly owning a 50% interest in Ambler Metals LLC.



**Trilogy Metals Inc.**  
**Notes to the Interim Consolidated Financial Statements**

Ambler Metals LLC is an independently operated company jointly controlled by Trilogy and South32 through a four-member board, of which two members are currently appointed by Trilogy based on its 50% equity interest. All significant decisions related to the UKMP require the approval of both companies. We determined that Ambler Metals LLC is a VIE because it is expected to need additional funding from its owners for its significant activities. However, we concluded that we are not the primary beneficiary of Ambler Metals LLC as the power to direct its activities, through its board, is shared under the Ambler Metals LLC limited liability company agreement. As we have significant influence over Ambler Metals LLC through our representation on its board, we use the equity method of accounting for our investment in Ambler Metals LLC. Our investment in Ambler Metals LLC was initially measured at its fair value of \$176 million upon recognition. Our maximum exposure to loss in this entity is limited to the carrying amount of our investment in Ambler Metals LLC, which, as at August 31, 2020, totaled \$174 million, as well as \$106,000 of amounts receivable per a service agreement. The following table summarizes the gain on recognition of the UKMP assets upon transfer to the Ambler Metals LLC joint venture on February 11, 2020.

	<i>in thousands of dollars</i>
	\$
Fair value ascribed to Ambler Metals LLC interest	176,000
Less: carrying value of contributed /eliminated assets	
Mineral properties	(30,631)
Property, plant and equipment	(618)
Elimination of Fairbanks warehouse right of use asset	(93)
Elimination of prepaid State of Alaska mining claim fees	(303)
Add:	
Reimbursement of claims staking	44
Demobilization costs of drills	278
Cancellation of Fairbanks warehouse lease liability	93
Fair value of mineral properties purchase option	31,000
Gain on derecognition	175,770

(b) Carrying value of equity method investment

During the nine-month period ended August 31, 2020, Trilogy recognized, based on its 50% ownership interest in Ambler Metals LLC, an equity loss equivalent to its pro rata share of Ambler Metals LLC's comprehensive loss of \$3.67 million for the period between February 11, 2020 (date of joint venture formation) to August 31, 2020 and \$2.19 million for the three-month period ended August 31, 2020. The carrying value of Trilogy's 50% investment in Ambler Metals LLC as at August 31, 2020 is summarized on the following table.

	<i>in thousands of dollars</i>
	\$
February 11, 2020, fair value ascribed to Ambler Metals LLC interest	176,000
Share of loss on equity investment for the nine-month period ended August 31, 2020	(1,833)
August 31, 2020, equity method investment	174,167

**Trilogy Metals Inc.**  
**Notes to the Interim Consolidated Financial Statements**

(c) The following table summarizes Ambler Metals LLC's Balance Sheet as at August 31, 2020.

*in thousands of dollars*

<b>August 31, 2020</b>	
<b>\$</b>	
Current assets: Cash, deposits and prepaid expenses	84,245
Non - current assets: Property, equipment and mineral properties	31,308
Loan receivable from South32	58,205
Current liabilities: Accounts payable and accrued liabilities	(1,155)
Non - current liabilities: Lease obligation	(64)
<b>Net assets</b>	<b>172,539</b>

(d) The following table summarizes Ambler Metals LLC's comprehensive loss from the formation of the joint venture on February 11, 2020 to the end of the reporting period on August 31, 2020.

*in thousands of dollars*

	<b>Three months ended</b>	<b>Nine months ended</b>
	<b>August 31, 2020</b>	<b>August 31, 2020</b>
	<b>\$</b>	<b>\$</b>
Amortization	37	87
Mineral properties expense	1,329	2,409
General and administrative expense	1,168	2,072
Interest income	(345)	(902)
<b>Comprehensive loss</b>	<b>2,189</b>	<b>3,666</b>

**5) Plant and equipment**

*in thousands of dollars*

<b>August 31, 2020</b>				
	<b>Cost</b>	<b>Accumulated</b>	<b>Assets</b>	<b>Net</b>
	<b>\$</b>	<b>amortization</b>	<b>derecognized</b>	<b>\$</b>
		<b>\$</b>	<b>note 4(a)</b>	
			<b>\$</b>	
<b>British Columbia, Canada</b>				
Furniture and equipment	63	(39)	—	24
Leasehold improvements	253	(56)	—	197
Computer hardware and software	115	(114)	—	1
<b>Alaska, USA</b>				
Machinery, and equipment	3,667	(3,049)	(618)	—
Vehicles	348	(348)	—	—
Computer hardware and software	4	(4)	—	—
	<b>4,450</b>	<b>(3,610)</b>	<b>(618)</b>	<b>222</b>

**Trilogy Metals Inc.**  
**Notes to the Interim Consolidated Financial Statements**

*in thousands of dollars*

<b>November 30, 2019</b>			
	<b>Cost</b>	<b>Accumulated</b>	<b>Net</b>
	<b>\$</b>	<b>amortization</b>	<b>\$</b>
		<b>\$</b>	
<b>British Columbia, Canada</b>			
Furniture and equipment	63	(29)	34
Leasehold improvements	53	(17)	36
Computer hardware and software	115	(112)	3
<b>Alaska, USA</b>			
Machinery, and equipment	3,667	(3,026)	641
Vehicles	348	(348)	—
Computer hardware and software	4	(3)	1
	<b>4,250</b>	<b>(3,535)</b>	<b>715</b>

**6) Mineral properties and development costs**

*in thousands of dollars*

	<b>November 30, 2019</b>	<b>Assets</b>	<b>August 31, 2020</b>
		<b>derecognized</b>	
	<b>\$</b>	<b>note 4(a)</b>	<b>\$</b>
		<b>\$</b>	
<b>Alaska, USA</b>			
Ambler (a)	26,631	(26,631)	—
Bornite (b)	4,000	(4,000)	—
	<b>30,631</b>	<b>(30,631)</b>	<b>—</b>

*in thousands of dollars*

	<b>November 30, 2018</b>	<b>Acquisition costs</b>	<b>November 30, 2019</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Alaska, USA</b>			
Ambler (a)	26,587	44	26,631
Bornite (b)	4,000	—	4,000
	<b>30,587</b>	<b>44</b>	<b>30,631</b>

**Trilogy Metals Inc.**  
**Notes to the Interim Consolidated Financial Statements**

(a) Mineral properties expense

The following table summarizes mineral properties expense for the noted periods.

*In thousands of dollars*

	Three months ended August 31, 2020 \$	Three months ended August 31, 2019 \$	Nine months ended August 31, 2020 \$	Nine months ended August 31, 2019 \$
<b>Alaska, USA</b>				
Community	—	164	137	428
Drilling	—	4,760	—	4,933
Engineering	—	663	723	1,287
Environmental	—	153	99	424
Geochemistry and geophysics	—	252	12	1,010
Land and permitting	—	163	134	523
Project support	—	3,062	249	4,066
Other income	—	—	—	(1)
Wages and benefits	—	1,734	191	2,722
	—	<b>10,951</b>	<b>1,545</b>	<b>15,392</b>

No additional mineral properties expenses were incurred during the three-month period ended August 31, 2020, as on February 11, 2020, upon the formation of the joint venture with South 32, all mineral properties previously held by the Company were contributed to Ambler Metals LLC. The Company continues to fund the Arctic Project feasibility study, costs for which were \$1.0 million since the formation of the joint venture on February 11, 2020. Prior to the formation of the joint venture, the Company had also incurred \$0.7 million in Arctic Project feasibility costs that are included in the mineral properties expense balance of \$1.5 million for the nine-month period ended August 31, 2020. The table above is for comparison purposes for the respective periods.

(b) Derecognition

As part of the formation of the joint venture with South32 on February 11, 2020, Trilogy contributed all its assets associated with the UKMP, including the Arctic and Bornite projects. As a result, \$0.62 million of machinery and equipment as well as \$30.6 million of mineral properties related to the UKMP were derecognized in Trilogy on February 11, 2020.

**7) Accounts payable and accrued liabilities**

*in thousands of dollars*

	August 31, 2020 \$	November 30, 2019 \$
Trade accounts payable	142	902
Accrued liabilities	101	721
Accrued salaries and vacation	1,044	731
<b>Accounts payable and accrued liabilities</b>	<b>1,287</b>	<b>2,354</b>

**Trilogy Metals Inc.**  
**Notes to the Interim Consolidated Financial Statements**

**8) Leases**

(a) Right-of-use asset

<i>in thousands of dollars</i>	
	<b>\$</b>
ASC 842 transition as at December 1, 2019	681
Amortization	(124)
Lease accretion	39
Derecognition of Fairbanks warehouse lease	(93)
	503

The pre-transition rent deposit of \$0.11 million was transferred to the Right-of-use asset upon adoption of ASC 842 on December 1, 2019 and is included in the opening balance of \$0.68 million.

(b) Lease liabilities

The Company's lease arrangements primarily consist of an operating lease for our office space ending in June 2024. There are no extension options.

Total lease expense recorded within general and administrative expenses was comprised of the following components:

<i>in thousands of dollars</i>	
	<b>Nine months ended August 31, 2020</b>
	<b>\$</b>
Operating lease costs	124
Variable lease costs	97
Total lease expense	221

Variable lease costs consist primarily of the Company's portion of operating costs associated with the office space lease as the Company elected to apply the practical expedient not to separate lease and non-lease components.

As of August 31, 2020, the weighted-average remaining lease term was 3.9 years and the weighted-average discount rate is 8%. Significant judgment was used in the determination of the incremental borrowing rate which included estimating the Company's credit rating.

Supplemental cash and non-cash information relating to our leases during the nine months ended August 31, 2020 are as follows:

- Cash paid for amounts included in the measurement of lease liabilities was \$141,784.
- No cash was paid upon termination of a lease for office and warehouse space and reassignment to Ambler Metals LLC that resulted in the derecognition of the right-of-use asset of \$92,974 and the operating lease liability of \$93,006.

**Trilogy Metals Inc.**  
**Notes to the Interim Consolidated Financial Statements**

Future minimum payments relating to the lease recognized in our balance sheet as of August 31, 2020 are as follows:

<i>in thousands of dollars</i>	
Fiscal year	<b>August 31, 2020</b>
	<b>\$</b>
2020	48
2021	195
2022	184
2023	223
2024	122
Total undiscounted lease payments	772
Effect of discounting	(173)
Present value of lease payments recognized as lease liability	599

**9) Share capital**

Authorized:

unlimited common shares, no par value

<i>in thousands of dollars, except share amounts</i>		
	<b>Number of shares</b>	<b>Ascribed value</b>
		<b>\$</b>
<b>November 30, 2018</b>	<b>131,585,612</b>	<b>164,069</b>
Exercise of options	1,725,776	1,123
Restricted Share Units	412,501	424
Deferred Share Units	182,132	189
Exercise of warrants	6,521,740	12,166
<b>November 30, 2019</b>	<b>140,427,761</b>	<b>177,971</b>
Exercise of options	2,138,543	697
Restricted Share Units	412,501	642
<b>August 31, 2020, issued and outstanding</b>	<b>142,978,805</b>	<b>179,310</b>

On April 30, 2012, in connection with the transaction with NovaGold Resources Inc. whereby Trilogy was spun-out to NovaGold shareholders and publicly listed, Trilogy committed to issue common shares to satisfy holders of NovaGold deferred share units ("NovaGold DSUs") on record as of the close of business April 27, 2012. When vested, Trilogy committed to deliver one common share to the holder for every six shares of NovaGold the holder is entitled to receive, rounded down to the nearest whole number. As of August 31, 2020, 11,927 NovaGold DSUs remained outstanding representing a right to receive 1,988 common shares in Trilogy, which will settle upon certain directors retiring from NovaGold's board.

(a) Stock options

During the nine-month period ended August 31, 2020, the Company granted 4,095,000 options (2019 - 2,527,500 options) at a weighted-average exercise price of CAD\$2.80 (2019 - CAD\$2.96) to employees, consultants and directors exercisable for a period of five years with various vesting terms from immediate vesting to vesting over a two-year period. The weighted-average fair value attributable to options granted in the period was \$0.90 (2019 - \$1.08).

For the nine-month period ended August 31, 2020, Trilogy recognized a stock-based compensation charge of \$2.60 million (2019 – \$2.23 million) for options granted to directors, employees and service providers, net of estimated forfeitures.

**Trilogy Metals Inc.**  
**Notes to the Interim Consolidated Financial Statements**

The fair value of the stock options recognized in the period has been estimated using the Black-Scholes option pricing model.

Assumptions used in the pricing model for the nine-month period ended August 31, 2020 are as provided below.

	August 31, 2020
Risk-free interest rates	0.97%
Exercise price	CAD\$2.74
Expected life	3 years
Expected volatility	64.3%
Expected dividends	Nil

As of August 31, 2020, there were 2,373,337 non-vested options outstanding with a weighted average exercise price of \$2.15; the non-vested stock option expense not yet recognized was \$1.13 million. This expense is expected to be recognized over the next two years.

A summary of the Company's stock option plan and changes during the nine-month period ended August 31, 2020 is as follows:

	Number of options	Weighted average exercise price \$
Balance – beginning of the period	9,205,600	1.11
Granted	4,095,000	2.14
Exercised	(2,924,221)	0.56
Forfeited	(710,000)	2.26
<b>Balance – end of period</b>	<b>9,666,379</b>	<b>1.63</b>

The following table summarizes information about the stock options outstanding at August 31, 2020.

Range of price	Number of outstanding options	Weighted average years to expiry	Outstanding	Exercisable		Unvested
			Weighted average exercise price \$	Number of exercisable options	Weighted average exercise price \$	Number of unvested options
\$0.34 to \$0.50	1,304,879	0.24	0.36	1,304,879	0.36	—
\$0.51 to \$1.00	1,765,000	1.85	0.68	1,765,000	0.68	—
\$1.01 to \$1.50	129,000	2.50	1.27	129,000	1.27	—
\$1.51 to \$2.00	2,685,000	4.55	1.94	1,448,333	1.89	1,236,667
\$2.01 to \$2.50	3,695,000	3.84	2.29	2,558,330	2.28	1,136,670
\$2.51 to \$2.61	87,500	3.61	2.58	87,500	2.58	—
	<b>9,666,379</b>	<b>3.17</b>	<b>1.63</b>	<b>7,293,042</b>	<b>2.77</b>	<b>2,373,337</b>

The aggregate intrinsic value of vested share options (the market value less the exercise price) at August 31, 2020 was \$5.2 million (2019 - \$10.6 million) and the aggregate intrinsic value of exercised options for the nine months ended August 31, 2020 was \$4.5 million (2019 - \$0.50 million).

**Trilogy Metals Inc.**  
**Notes to the Interim Consolidated Financial Statements**

(b) Restricted Share Units and Deferred Share Units

The Company has a Restricted Share Unit Plan (“RSU Plan”) and a Non-Executive Director Deferred Share Unit Plan (“DSU Plan”) to provide long-term incentives to employees, officers and directors. Awards under the RSU Plan and DSU Plan may be settled in cash and/or common shares of the Company at the Company’s election with each restricted share unit (“RSU”) and deferred share unit (“DSU”) entitling the holder to receive one common share of the Company or equivalent value. All units are accounted for as equity-settled awards.

A summary of the Company’s unit plans and changes during the nine-month period ended August 31, 2020 is as follows:

	Number of RSUs	Number of DSUs
Balance – beginning of the period	212,501	1,137,488
Granted	200,000	66,682
Vested/paid	(412,501)	—
<b>Balance – end of period</b>	<b>—</b>	<b>1,204,170</b>

For the nine-month period ended August 31, 2020, Trilogy recognized a stock-based compensation charge of \$0.43 million (2019- \$0.78 million), net of estimated forfeitures.

The 200,000 RSUs granted and fully vested during the period were settled on April 16, 2020 through the issuance of 200,000 common shares. The 225,000 RSUs granted for the annual incentive payout for the 2018 fiscal year vested half on the grant date and half on the first anniversary of the grant date. RSUs vesting in December 2019 were settled on December 17, 2019 through the issuance of 212,501 common shares.

**10) Financial instruments**

The Company is exposed to a variety of risks arising from financial instruments. These risks and management’s objectives, policies and procedures for managing these risks are disclosed as follows.

The Company’s financial instruments consist of cash and cash equivalents, accounts receivable, deposits, and accounts payable and accrued liabilities. The fair value of the Company’s financial instruments approximates their carrying value due to the short-term nature of their maturity. The Company’s financial instruments initially measured at fair value and then held at amortized cost include cash and cash equivalents, accounts receivable, deposits, and accounts payable and accrued liabilities.

**Financial risk management**

The Company’s activities expose it to certain financial risks, including currency risk, credit risk, liquidity risk, interest risk and price risk.

(a) Currency risk

Currency risk is the risk of a fluctuation in financial asset and liability settlement amounts due to a change in foreign exchange rates. The Company operates in the United States and Canada. The Company’s exposure to currency risk at August 31, 2020 is limited to the Canadian dollar balances consisting of cash of CDN\$1,462,000, accounts receivable of CDN\$20,000 and accounts payable of CDN\$1,500,000. Based on a 10% change in the US-Canadian exchange rate, assuming all other variables remain constant, the Company’s net loss would change by approximately \$5,000.

(b) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company holds cash and cash equivalents with Canadian Chartered financial institutions.



**Trilogy Metals Inc.**  
**Notes to the Interim Consolidated Financial Statements**

The Company's accounts receivable consists of Canadian Goods and Services Tax receivable from the Federal Government of Canada and other receivables for recoverable expenses. The Company's exposure to credit risk is equal to the balance of cash and cash equivalents and accounts receivable as recorded in the financial statements.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties raising funds to meet its financial obligations as they fall due. The Company is in the exploration stage and does not have cash inflows from operations; therefore, the Company manages liquidity risk through the management of its capital structure and financial leverage.

Contractually obligated cash flow requirements as at August 31, 2020 are as follows:

*in thousands of dollars*

	Total \$	< 1 Year \$	1-2 Years \$	2-5 Years \$	Thereafter \$
Accounts payable and accrued liabilities	1,287	1,287	—	—	—
	<b>1,287</b>	<b>1,287</b>	—	—	—

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk with respect to interest earned on cash and cash equivalents. Based on balances as at August 31, 2020, a 1% change in interest rates would result in a change in net loss of \$0.1 million, assuming all other variables remain constant.

**11) Commitment**

The Company has commitments with respect to an office lease requiring future minimum lease payments as summarized in note 8(b) above.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

### Trilogy Metals Inc. Management's Discussion & Analysis For the Third Quarter Ended August 31, 2020 (expressed in US dollars)

#### Cautionary notes

#### Forward-looking statements

*This Management's Discussion and Analysis contains "forward-looking information" and "forward-looking statements" within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, Section 21E of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), and other applicable securities laws. These forward-looking statements may include statements regarding the Company's work programs and budgets; perceived merit of properties, exploration results and budgets, the Company and Ambler Metals LLC's funding requirements, mineral reserves and resource estimates, work programs, capital expenditures, operating costs, cash flow estimates, production estimates and similar statements relating to the economic viability of a project, timelines, strategic plans, statements regarding Ambler Metals' plans and expectations relating to its Upper Kobuk Mineral Projects, sufficiency of the \$145 million subscription price to fund the UKMP (as defined below) through feasibility and the permitting of the first mine; impact of COVID-19 on the Company's operations; market prices for precious and base metals; the timing of the feasibility study on the Arctic project; timing of the issuance of the Record of Decision by the BLM (as defined below) and the issuance of the Clean Water Act (CWA) Section 404 permit from the United States Army Corp. of Engineers, or other statements that are not statements of fact. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management. Statements concerning mineral resource estimates may also be deemed to constitute "forward-looking statements" to the extent that they involve estimates of the mineralization that will be encountered if the property is developed.*

*Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, identified by words or phrases such as "expects", "is expected", "anticipates", "believes", "plans", "projects", "estimates", "assumes", "intends", "strategy", "goals", "objectives", "potential", "possible" or variations thereof or stating that certain actions, events, conditions or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements.*

*Forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made, as well as on a number of material assumptions, which could prove to be significantly incorrect, including about:*

- *our ability to achieve production at the Upper Kobuk Mineral Projects;*
- *the accuracy of our mineral resource and reserve estimates;*
- *the results, costs and timing of future exploration drilling and engineering;*
- *timing and receipt of approvals, consents and permits under applicable legislation;*
- *the adequacy of our financial resources;*
- *the receipt of third party contractual, regulatory and governmental approvals for the exploration, development, construction and production of our properties and any litigation or challenges to such approvals;*
- *our expected ability to develop adequate infrastructure and that the cost of doing so will be reasonable;*
- *continued good relationships with South32 Limited ("South32"), our joint venture partner, as well as local communities and other stakeholders;*

- *there being no significant disruptions affecting operations, whether relating to labor, supply, power damage to equipment or other matter;*
- *expected trends and specific assumptions regarding metal prices and currency exchange rates;*
- *the potential impact of the novel coronavirus (COVID-19); and*
- *prices for and availability of fuel, electricity, parts and equipment and other key supplies remaining consistent with current levels.*

*We have also assumed that no significant events will occur outside of our normal course of business. Although we have attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. We believe that the assumptions inherent in the forward-looking statements are reasonable as of the date of this MD&A. However, forward-looking statements are not guarantees of future performance and, accordingly, undue reliance should not be put on such statements due to the inherent uncertainty therein.*

*Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation:*

- *risks related to inability to define proven and probable reserves;*
- *risks related to our ability to finance the development of our mineral properties through external financing, strategic alliances, the sale of property interests or otherwise;*
- *uncertainty as to whether there will ever be production at the Company's mineral exploration and development properties;*
- *risks related to our ability to commence production and generate material revenues or obtain adequate financing for our planned exploration and development activities;*
- *risks related to lack of infrastructure including but not limited to the risk whether or not the Ambler Mining District Industrial Access Project, or AMDIAP, will receive the requisite permits and, if it does, whether the Alaska Industrial Development and Export Authority will build the AMDIAP;*
- *risks related to inclement weather which may delay or hinder exploration activities at our mineral properties;*
- *risks related to our dependence on a third party for the development of our projects;*
- *commodity price fluctuations;*
- *our history of losses and expectation of future losses;*
- *uncertainties relating to the assumptions underlying our resource estimates, such as metal pricing, metallurgy, mineability, marketability and operating and capital costs;*
- *uncertainty related to inferred mineral resources;*
- *mining and development risks, including risks related to infrastructure, accidents, equipment breakdowns, labor disputes or other unanticipated difficulties with or interruptions in development, construction or production;*
- *risks related to market events and general economic conditions;*
- *risks related to the outbreak of the coronavirus (COVID-19);*
- *risks and uncertainties relating to the interpretation of drill results, the geology, grade and continuity of our mineral deposits;*
- *risks related to governmental regulation and permits, including environmental regulation, including the risk that more stringent requirements or standards may be adopted or applied due to circumstances unrelated to the Company and outside of our control;*
- *the risk that permits and governmental approvals necessary to develop and operate mines at our mineral properties will not be available on a timely basis or at all;*
- *risks related to the need for reclamation activities on our properties and uncertainty of cost estimates related thereto;*

- *uncertainty related to title to our mineral properties;*
- *risks related to the acquisition and integration of operations or projects;*
- *risks related to increases in demand for equipment, skilled labor and services needed for exploration and development of mineral properties, and related cost increases;*
- *our need to attract and retain qualified management and technical personnel;*
- *risks related to conflicts of interests of some of our directors and officers;*
- *risks related to potential future litigation;*
- *risks related to the voting power of our major shareholders and the impact that a sale by such shareholders may have on our share price;*
- *risks related to global climate change;*
- *risks related to adverse publicity from non-governmental organizations;*
- *uncertainty as to our ability to maintain the adequacy of internal control over financial reporting as per the requirements of Section 404 of the Sarbanes-Oxley Act;*
- *increased regulatory compliance costs, associated with rules and regulations promulgated by the United States Securities and Exchange Commission, Canadian Securities Administrators, the NYSE American, the Toronto Stock Exchange, and the Financial Accounting Standards Boards, and more specifically, our efforts to comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act;*
- *uncertainty as to the volatility in the price of the Company's common shares;*
- *the Company's expectation of not paying cash dividends; and*
- *adverse federal income tax consequences for U.S. shareholders should the Company be a passive foreign investment company.*

*This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, including, without limitation, those referred to in Trilogy's Form 10-K dated February 13, 2020, filed with the Canadian securities regulatory authorities and the SEC, and other information released by Trilogy and filed with the appropriate regulatory agencies.*

*The Company's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made, and the Company does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change, except as required by law. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.*

## **General**

This Management's Discussion and Analysis ("MD&A") of Trilogy Metals Inc. ("Trilogy", "Trilogy Metals", "the Company" or "we") is dated October 6, 2020 and provides an analysis of our unaudited interim financial results for the quarter ended August 31, 2020 compared to the quarter ended August 31, 2019.

The following information should be read in conjunction with our August 31, 2020 unaudited interim condensed consolidated financial statements and related notes which were prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP"). The MD&A should also be read in conjunction with our audited consolidated financial statements and related notes for the year ended November 30, 2019. A summary of the U.S. GAAP accounting policies is outlined in note 2 of the audited consolidated financial statements. All amounts are in United States dollars unless otherwise stated. References to "Canadian dollars" and "C\$" and "CDN\$" are to the currency of Canada and references to "U.S. dollars", "\$" or "US\$" are to the currency of the United States.

Richard Gosse, P.Geo., is a Qualified Person under National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101"), and has approved the scientific and technical information in this MD&A.

Trilogy's shares are listed on the Toronto Stock Exchange ("TSX") and the NYSE American Stock Exchange ("NYSE American") under the symbol "TMQ". Additional information related to Trilogy, including our annual report on Form 10-K, is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on EDGAR at [www.sec.gov](http://www.sec.gov).

## Description of business

We are a base metals exploration company focused on the exploration and development of mineral properties, through our equity investee, in the Ambler mining district located in Alaska, U.S.A. We conduct our operations through a wholly owned subsidiary, NovaCopper US Inc. which is doing business as Trilogy Metals US ("Trilogy Metals US"). Our Upper Kobuk Mineral Projects, ("UKMP" or "UKMP Projects") were contributed into a 50/50 joint venture named Ambler Metals LLC ("Ambler Metals") between Trilogy and South32 on February 11, 2020 (see below). The projects contributed to Ambler Metals consist of: i) the Ambler lands which host the Arctic copper-zinc-lead-gold-silver project (the "Arctic Project"); and ii) the Bornite lands being explored under a collaborative long-term agreement with NANA Regional Corporation, Inc. ("NANA"), a regional Alaska Native Corporation, which hosts the Bornite carbonate-hosted copper project (the "Bornite Project") and related assets.

## Project Activities

### *Deferral of the 2020 Summer Exploration Programs at the UKMP*

Through Ambler Metals, we and our joint venture partner, South32 decided not to proceed with the 2020 exploration program after assessing the current novel coronavirus (COVID-19) environment. Ambler Metals gave due consideration to the merits of carrying out an abridged work program at the UKMP. However, given the continued uncertainty resulting from COVID-19, ongoing safety concerns (despite added safety protocols including physical distancing, protective equipment and testing) and the fact that, due to COVID-19, the planned field season had already been delayed to the point at which any field season would provide limited critical path benefits, the decision was made not to proceed with a 2020 field season. We are disappointed at having to defer the 2020 exploration program as we know this delay affects all stakeholders, including our partner NANA and our NANA shareholder hires. However, the safety of our employees, contractors and the communities where we work is paramount.

### *2020 Operating Budget for the Upper Kobuk Mineral Projects*

In a press release dated February 26, 2020, the Company announced that Ambler Metals had approved a 2020 program budget of \$22.8 million for the advancement of the UKMP. The budget was to be 100% funded by Ambler Metals. The 2020 program budget included 10,000 meters of drilling at the Arctic Project, 2,500 meters of drilling within the Ambler Volcanogenic Massive Sulphide ("VMS") Belt and geological mapping and geochemical soil sampling at the Bornite Project. However, due to the Coronavirus outbreak, the drilling programs were deferred, see "Deferral of the 2020 Summer Exploration Programs at the UKMP" above and "Impact of Coronavirus (COVID-19)" below. Project activities during the third quarter consisted of non-drilling and off-site activities described below.

### *Arctic Project*

During the third quarter, the Company updated the geologic model for the Arctic Project and focused mainly on refining the 2020 Arctic resource and metallurgical drill program for resource definition and variability testing. In addition, a conditional simulation for the Arctic resource to optimize drill spacing for the conversion of resources to the measured category and to upgrade the talc model and Life of Mine Plan was initiated with Golder and Associates.

### *Arctic Project Feasibility Results*

In a press release dated August 20, 2020, the Company announced the positive results of its feasibility study (“FS”) for the Arctic Project. The FS was prepared on a 100% ownership basis, of which Trilogy’s share is 50%. The FS describes the technical and economic viability of establishing a conventional open-pit copper-zinc-lead-silver-gold mine and mill complex for a 10,000 tonne per day operation for a minimum 12-year mine life.

### *Bornite Project*

The Bornite geologic model was updated during the third quarter incorporating the 2019 drill program results. A machine learning geochemical modelling project to assist in defining the controls on high-grade copper mineralization was initiated during the third quarter with the Irish Centre for Research in Applied Geosciences. Metallurgical work continued during the third quarter on five composite samples from the below-pit Bornite resource area. Test work is ongoing and will continue through the fourth quarter.

### *Regional Exploration Project*

Regional project activities during the third quarter consisted mainly of updating the Sunshine prospect geologic model with the 2019 drill results. Metallurgical work continued during the third quarter on five composite samples from the Sunshine prospect. Test work is ongoing and will continue through the fourth quarter. Multispectral WorldView-3 satellite imagery was collected over the central portion of the Ambler VMS Belt during the third quarter. Processing and interpretation of the imagery will be completed during the fourth quarter.

### *Ambler Mining District Industrial Access Project (AMDIAP)*

In a press release dated July 23, 2020, the Company, along with our joint venture partner South32, announced the signing of the Record of Decision by the United States Bureau of Land Management (“BLM”) for the Ambler Mining District Industrial Access Project. The Record of Decision approves the development of the northern route which is to be a 211-mile private gravel access road in the southern Brooks Range foothills to provide industrial access to the Ambler Mining District.

## **Joint Venture**

### *Option agreement*

On April 10, 2017, Trilogy and Trilogy Metals US entered into an Option Agreement to form a Joint Venture with South32 Group Operations Pty Ltd., a wholly-owned subsidiary of South32, which agreement was later assigned by South32 Operations Pty Ltd. to its affiliate, South32 USA Exploration Inc. on the UKMP (“Option Agreement”). Under the terms of the Option Agreement, as amended, Trilogy Metals US granted South32 the right to form a 50/50 joint venture to hold all of Trilogy Metals US’ Alaskan assets. South32 exercised its option on December 19, 2019.

### *Formation of joint venture*

On February 11, 2020, Trilogy completed the formation of the 50/50 joint venture with South32. Trilogy contributed all its assets associated with the 172,675-hectare UKMP, including the Arctic and Bornite Projects, while South32 contributed a subscription price of US\$145 million (the “Subscription Price”), resulting in each party owning a 50% interest in Ambler Metals. The Subscription Price will be used to advance the Arctic and Bornite Projects, along with exploration in the Ambler mining district. With Ambler Metals being well funded, with access to \$145 million, Trilogy does not expect to fund programs and budgets to advance the UKMP until the Subscription Price is spent by Ambler Metals. To assist Ambler Metals during the initial set up phase, Trilogy is paying all of Ambler Metals’ invoices and being reimbursed pursuant to a services agreement (the “Services Agreement”) until the back office is fully transitioned to a new team employed by Ambler Metals, which will be no longer than the end of the year.

Ambler Metals is an independently operated company controlled by Trilogy and South32 through a four-member board of which two members are currently appointed by Trilogy based on its 50% equity interest. All significant decisions related to the UKMP require the approval of both companies. We determined that Ambler Metals is a variable interest entity, or VIE, because it is expected to need additional funding from its owners for its significant activities. However, we concluded that we are not the primary beneficiary of Ambler Metals as the power to direct its activities, through its board, is shared under the limited liability company agreement. As we have significant influence over Ambler Metals through our representation on its board, we use the equity method of accounting for our investment in Ambler Metals. Our investment in Ambler Metals was initially measured at its fair value of \$176 million upon recognition. Our maximum exposure to loss in this entity is limited to the carrying amount of our investment in Ambler Metals, which, as of August 31, 2020, totaled \$174 million as well as \$106,000 of amounts receivable per a Service Agreement between Trilogy and Ambler Metals. The amounts receivable as at August 31, 2020 was subsequently collected.

During the three-month period ended May 31, 2020, Ambler Metals loaned \$57.5 million back to South32 and retained \$87.5 million. The loan has a 7-year maturity date, but Ambler Metals will begin to draw down on the loan with cash calls to South32 to fund its 50% share of the 2021 budget to advance development studies, resource drilling and regional exploration programs. The loan is secured by South32's membership interest in Ambler Metals and guaranteed by South32 International Investment Holdings Pty Ltd. Trilogy currently estimates that the Subscription Price, which includes the funds to be repaid under the loan, will fund the UKMP through feasibility and the permitting of the first mine to be developed in the Ambler mining district. Once the full amount of the Subscription Price payment of \$145 million is expended, the parties will contribute funding pro rata, as contemplated by the operating agreement which governs Ambler Metals.

## Summary of results

*in thousands of dollars,  
except for per share amounts*

	Three months ended		Nine months ended	
	August 31, 2020	August 31, 2019	August 31, 2020	August 31, 2019
Selected expenses	\$	\$	\$	\$
General and administrative	265	435	1,349	1,363
Mineral properties expense	—	10,951	1,545	15,392
Feasibility study	232	—	974	—
Professional fees	165	414	1,031	658
Salaries	170	272	620	835
Salaries – stock-based compensation	1,064	402	3,030	3,005
Investor relations	156	164	383	456
Gain on derecognition of assets contributed to joint venture	—	—	(175,770)	—
Equity in investee	1,094	—	1,833	—
Comprehensive earnings (loss) for the period	3,184	(12,535)	164,993	(21,380)
Basic earnings (loss) per common share	\$ (0.02)	\$ (0.09)	\$ 1.17	\$ (0.16)
Diluted earnings (loss) per common share	\$ (0.02)	\$ (0.09)	\$ 1.12	\$ (0.16)

For the three months ended August 31, 2020, Trilogy reported a loss of \$3.2 million (or \$0.02 basic and diluted loss per common share). For the comparable period in 2019, we reported a net loss of \$12.5 million (or \$0.09 basic and diluted loss per common share).

The decrease in comprehensive loss is primarily due to the elimination of mineral properties expense as these expenditures became the responsibility of Ambler Metals subsequent to the formation of the joint venture with South32 on February 11, 2020. For the three-month period ended August 31, 2019, for which there are no current period comparatives, Trilogy spent \$11 million in mineral properties expense, mostly consisting of drilling costs for the Bornite,

Arctic and Regional Projects, project support costs such as camp operations, fixed wing charters and helicopters for the field season, and engineering and environment studies for the Arctic Project.

Other variances in relation to the comparative three-month period ended August 31, 2020 consists of the following: i) feasibility study expenses of \$0.2 million were related to the Arctic Project, and include costs incurred subsequent to the formation of Ambler Metals on February 11, 2020; ii) share of loss in equity investment in Ambler Metals of \$1.1 million, which do not exist in the comparable third quarter of 2019; iii) a decrease of \$0.1 million in salaries as CEO compensation that was salary based in the comparative period is stock based in the current period; iv) a decrease of \$0.2 million in professional fees primarily due to lower legal fees; v) a decrease of \$0.2 million in general and administrative expenses primarily due to lower travel cost imposed by COVID-19 restrictions; and vi) an increase of \$0.7 million in stock-based compensation due to 1.8 million more options being granted during the current quarter versus the comparative period.

For the nine-month period ended August 31, 2020, Trilogy reported comprehensive earnings of \$165 million (or \$1.17 basic and \$1.12 diluted earnings per common share). For the comparable period in 2019, we reported a comprehensive loss of \$21.3 million (or \$0.16 basic and diluted loss per common share). The differences for the nine-month period ended August 31, 2020, when compared to the same period in 2019, are primarily due to the gain of \$176 million recognized from the contribution of mineral property assets to the joint venture with South32 upon formation of the Ambler Metals on February 11, 2020. This gain was offset by a \$1.8 million loss reflecting the Company's 50% equity share of Ambler Metals operating loss for the nine-month period ended August 31, 2020. There is no comparable amount in the third quarter of 2019.

Other variances noted for the comparative nine-month period ended August 31, 2020 consist of the following: i) a decrease in mineral properties expenses of \$13.9 million as all mineral property assets were contributed to Ambler Metals upon formation of the joint venture on February 11, 2020; ii) feasibility study expenses of \$1.0 million for the Arctic project incurred subsequent to the joint venture formation; iii) an increase of \$0.4 million in professional fees primarily attributed to the implementation of new lease accounting standards and legal fees related to the formation of the joint venture; and iv) a decrease of \$0.2 million in salaries due to the inclusion of CEO salaries in stock based compensation.

## Selected financial data

### Quarterly information

*in thousands of dollars,  
except per share amounts*

	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
	08/31/20	05/31/20	02/29/20	11/30/19	08/31/19	05/31/19	02/28/19	11/30/18
	\$	\$	\$	\$	\$	\$	\$	\$
Interest and other income	16	29	62	91	137	150	122	117
Mineral property expenses	—	—	1,545	3,819	10,951	2,906	1,535	3,833
Share of loss on equity investment	1,094	561	178	—	—	—	—	—
Earnings (loss) for the period	(3,184)	(3,002)	171,179	(6,525)	(12,535)	(4,509)	(4,336)	(5,319)
Earnings (loss) per common share – basic	(0.02)	(0.02)	1.22	(0.05)	(0.09)	(0.04)	(0.03)	(0.04)
Earnings (loss) per common share – diluted	(0.02)	(0.02)	1.16	(0.05)	(0.09)	(0.04)	(0.03)	(0.04)

Factors that can cause fluctuations in our quarterly results include the length of the exploration field season at the properties, the type of program conducted, stock option vesting, and issuance of shares. Other factors that have caused fluctuations in the quarterly results that would not be expected to re-occur include the acquisition and disposition of assets and financing activities.



For the three-month period ended August 31, 2020, we reported a comprehensive loss of \$3.2 million, which consists of \$2.1 million in operating expenses and \$1.1 million for Trilogy's 50% share of Ambler Metals' operating loss. When compared to the three-month period ended August 31, 2019, the current period operating expenses was \$10.6 million lower. The decrease is primarily due to the elimination of \$11 million in mineral properties expenses due to the formation of the joint venture, for which there are no comparable expenses in the current period, offset by \$1 million in feasibility study costs in the current period.

For the three-month period ended May 31, 2020, we reported a comprehensive loss of \$3.0 million, which consists of \$2.4 million in operating expenses and \$0.6 million for Trilogy's 50% share of Ambler Metals' operating loss. There is no prior period comparative for the pro rata share of Ambler Metals operating loss as the joint venture formation was completed during fiscal 2020. When compared to the three-month period ended May 31, 2019, the operating expenses for the second quarter of current year was \$2.1 million lower. The decrease is primarily due to the elimination of \$2.9 million of mineral properties expense for which there are no comparable expenses for the same quarter in the 2019 period, offset by \$0.7 million in feasibility study costs in the second quarter of 2020.

For the first quarter of 2020, we reported comprehensive earnings of \$171 million which consisted of a gain of \$176 million arising from the derecognition of our Alaskan mineral properties upon contribution to the joint venture with South32, offset by Trilogy's 50% share of Ambler Metals' operating loss for the period from February 11, 2020 to February 29, 2020 and total expenses of \$4.5 million for the period. There are no prior period comparatives for the gain on contribution of Alaskan assets or the pro rata share of Ambler Metals' operating loss. The expense of \$4.4 million incurred for the first quarter of 2020 was slightly higher than the loss of \$4.3 million for the first quarter of 2019 primarily due to higher professional fees, general and administrative expense, share of loss on equity investment offset by a lower stock-based compensation cost.

The loss of \$6.5 million for the fourth quarter ended November 30, 2019 is higher when compared to the net loss of \$5.3 million incurred in the fourth quarter ended November 30, 2018. The primary drivers for the difference were \$0.7 million higher stock-based compensation, \$0.6 million higher professional fees and \$0.1 million increase in general and administrative expenses, all offset by \$0.2 million in decreased salaries and benefits in the fourth quarter 2019.

### Liquidity and capital resources

At August 31, 2020, we had \$12.8 million in cash and cash equivalents and working capital of \$11.8 million, which is sufficient to fund our ongoing operations for at least the next 12 months. The projects are fully funded by Ambler Metals and we do not anticipate needing to fund our 50% share of future expenditures to advance the projects until Ambler Metals' \$145 million is spent.

### Contractual obligations

Contractual obligated undiscounted cash flow requirements as at August 31, 2020 are as follows.

*In thousands of dollars*

	Total \$	<1 Year \$	1–2 Years \$	2–5 Years \$	Thereafter \$
Accounts payable and accrued liabilities	1,287	1,287	—	—	—
Office lease	772	193	404	175	—
	<b>2,059</b>	<b>1,480</b>	<b>404</b>	<b>175</b>	—

### Off-balance sheet arrangements

We have no material off-balance sheet arrangements.

## **Outstanding share data**

At October 6, 2020, we had 143,004,178 common shares issued and outstanding. At October 6, 2020, we had outstanding, 9,952,500 stock options with a weighted-average exercise price of \$1.62, no RSUs, as well as 1,221,262 DSUs and 11,927 NovaGold DSUs for which the holder is entitled to receive one common share for every six NovaGold shares received. Upon exercise of all the foregoing convertible securities, the Company would be required to issue an aggregate of 11,175,749 common shares.

## **New accounting pronouncements**

Certain recent accounting pronouncements have been included under note 2 in our August 31, 2020 unaudited interim consolidated financial statements

## **Critical accounting estimates**

The most critical accounting estimates upon which our financial status depends are those requiring estimates of the recoverability of our capitalized mineral properties, impairment of long-lived assets, equity method investment, income taxes and valuation of stock-based compensation.

## **Mineral properties and development costs**

All direct costs related to the acquisition of mineral property interests are capitalized. The acquisition of title to mineral properties is a complicated and uncertain process. The Company has taken steps, in accordance with industry standards, to verify the title to mineral properties in which it has an interest. Although the Company has made efforts to ensure that legal title to its mining assets is properly recorded, there can be no assurance that such title will be secured indefinitely.

## **Impairment of long-lived assets**

Management assesses the possibility of impairment in the carrying value of its long-lived assets whenever events or circumstances indicate that the carrying amounts of the asset or asset group may not be recoverable. Significant judgments are made in assessing the possibility of impairment. Management considers several factors in considering if an indicator of impairment has occurred, including but not limited to, indications of value from external sources, significant changes in the legal, business or regulatory environment, and adverse changes in the use of physical condition of the asset. These factors are subjective and require consideration at each period end. If an indicator of impairment is determined to exist, management calculates the estimated undiscounted future net cash flows relating to the asset or asset group using estimated future prices, mineral resources, and operating, capital and reclamation costs. When the carrying value of an asset exceeds the related undiscounted cash flows, the asset is written down to its estimated fair value, which is usually determined using discounted future cash flows. Management's estimates of mineral prices, mineral resources, foreign exchange rates, production levels and operating capital and reclamation costs are subject to risk and uncertainties that may affect the determination of the recoverability of the long-lived asset.

## **Income taxes**

We must make estimates and judgments in determining the provision for income tax expense, deferred tax assets and liabilities, and liabilities for unrecognized tax benefits including interest and penalties. We are subject to income tax law in the United States and Canada. The evaluation of tax liabilities involving uncertainties in the application of complex tax regulation is based on factors such as changes in facts or circumstances, changes in tax law, new audit activity, and effectively settled issues. The evaluation of an uncertain tax position requires significant judgment, and a change in such recognition would result in an additional charge to the income tax expense and liability.

## Stock-based compensation

Compensation expense for options granted to employees, directors and certain service providers is determined based on estimated fair values of the options at the time of grant using the Black-Scholes option pricing model, which takes into account, as of the grant date, the fair market value of the shares, expected volatility, expected life, expected forfeiture rate, expected dividend yield and the risk-free interest rate over the expected life of the option. The use of the Black-Scholes option pricing model requires input estimation of the expected life of the option, volatility, and forfeiture rate which can have a significant impact on the valuation model, and resulting expense recorded.

## Investment in affiliates

Investments in unconsolidated ventures over which the Company has the ability to exercise significant influence, but does not control, are accounted for under the equity method and include the Company's investment in Ambler Metals. We identified Ambler Metals as a Variable Interest Entity (VIE) as the entity is dependent on funding from its owners. All funding, ownership, voting rights and power to exercise control is shared equally on a 50/50 basis between the owners of the VIE. Therefore, the Company has determined that it is not the primary beneficiary of the VIE. The Company's maximum exposure to loss is its investment in Ambler Metals.

Ambler Metals is a non-publicly traded equity investee holding exploration and development projects. The Company reviews and evaluates its investment in affiliates for other than temporary impairment when events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Events that could indicate impairment of an investment in affiliates include a significant decrease in long-term expected copper price, a significant increase in expected operating or capital costs, unfavorable exploration results or technical studies, a significant decrease in reserves, a loss of significant mineral claims or a change in the development plan or strategy for the project. Asset impairment is considered to exist if the total estimated future cash flows on an undiscounted basis are less than the carrying amount of the asset. If the underlying assets are not recoverable, an impairment loss is measured and recorded based on the difference between the carrying amount of the investee and its estimated fair value which may be determined using a discounted cash flow model.

## Additional information

Additional information regarding the Company, including our annual report on Form 10-K, is available on SEDAR at [www.sedar.com](http://www.sedar.com) and EDGAR at [www.sec.gov](http://www.sec.gov) and on our website at [www.trilogymetals.com](http://www.trilogymetals.com). Information contained on our website is not incorporated by reference.

## Item 3. Quantitative and Qualitative Disclosures about Market Risk

Our financial instruments consist of cash and cash equivalents, accounts receivable, deposits, and accounts payable and accrued liabilities. The fair value of the financial instruments approximates their carrying value due to the short-term nature of their maturity. Our financial instruments initially measured at fair value and then held at amortized cost include cash and cash equivalents, accounts receivable, deposits, and accounts payable and accrued liabilities.

### (a) Currency risk

Currency risk is the risk of a fluctuation in financial asset and liability settlement amounts due to a change in foreign exchange rates. The Company operates in the United States and Canada. The Company's exposure to currency risk at August 31, 2020 is limited to the Canadian dollar consisting of cash of CDN\$1,462,000, accounts receivable of CDN\$20,000 and accounts payable of CDN\$1,500,000. Based on a 10% change in the US-Canadian exchange rate, assuming all other variables remain constant, the Company's net loss would change by approximately \$5,000.

(b) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. We hold cash and cash equivalents with Canadian Chartered financial institutions. Our accounts receivable consists of Canadian Goods and Services Tax receivable from the Federal Government of Canada and other receivables for recoverable expenses. Our exposure to credit risk is equal to the balance of cash and cash equivalents and accounts receivable as recorded in the financial statements.

(c) Liquidity risk

Liquidity risk is the risk that we will encounter difficulties raising funds to meet our financial obligations as they fall due. We are in the exploration stage and do not have cash inflows from operations; therefore, we manage liquidity risk through the management of the capital structure and financial leverage. Future financings may be obtained through debt financing, equity financing, sales of investments, convertible debt, exercise of options, or other means. Continued operations are dependent on our ability to obtain additional financing or to generate future cash flows. Our contractually obligated cash flow is disclosed under the section titled "Contractual Obligations."

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. We are exposed to interest rate risk with respect to interest earned on cash and cash equivalents. Based on balances as at August 31, 2020, a 1% change in interest rates would result in a change in net loss of \$0.1 million, assuming all other variables remain constant.

As we are currently in the exploration phase none of our financial instruments are exposed to commodity price risk; however, our ability to obtain long-term financing and its economic viability could be affected by commodity price volatility.

#### **Item 4. Controls and Procedures**

##### **Disclosure controls and procedures**

Disclosure controls and procedures are designed to ensure that information required to be disclosed in reports filed or submitted by the Company under U.S. and Canadian securities legislation is recorded, processed, summarized and reported within the time periods specified in those rules, including providing reasonable assurance that material information is gathered and reported to senior management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), as appropriate, to permit timely decisions regarding public disclosure. Management, including the CEO and CFO, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures, as defined in Rule 13a-15(e) and 15d-15(e) of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and the rules of Canadian Securities Administration, as of August 31, 2020. Based on this evaluation, the CEO and CFO have concluded that the Company's disclosure controls and procedures were effective.

##### **Internal control over financial reporting**

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) and 15d-15(f) of the Exchange Act and National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim filings. Any system of internal control over financial reporting, 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.

### **Changes in internal control over financial reporting**

Except for the implementation of certain internal controls over the formation of the Ambler Metals joint venture, there have been no changes in our internal controls over financial reporting during the fiscal quarter ended August 31, 2020 which have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting. We continue to evaluate our internal control over financial reporting on an ongoing basis to identify improvements. In connection with the formation of the Ambler Metals joint venture in February 2020, we modified our internal control over financial reporting to reflect the impact of the formation of the joint venture, which modifications were finalized during the third quarter, prior to the filing of the Form 10-Q for the period ended May 31, 2020.

## PART II - OTHER INFORMATION

### Item 1. Legal Proceedings

From time to time, we are a party to routine litigation and proceedings that are considered part of the ordinary course of its business. We are not aware of any material current, pending, or threatened litigation.

### Item 1A. Risk Factors

Trilogy and its future business, operations and financial condition are subject to various risks and uncertainties due to the nature of its business and the present stage of exploration of its mineral properties and the formation of the joint venture. Except as set forth below, certain of these risks and uncertainties are under the heading “Risk Factors” under Trilogy’s Form 10-K dated February 13, 2020 which is available on SEDAR at [www.sedar.com](http://www.sedar.com), EDGAR at [www.sec.gov](http://www.sec.gov) and on our website at [www.trilogymetals.com](http://www.trilogymetals.com).

#### **The outbreak of the coronavirus (COVID-19) may affect our operations.**

The Company faces risks related to health epidemics and other outbreaks of communicable diseases, which could significantly disrupt its operations and may materially and adversely affect its business and financial conditions.

The Company’s business could be adversely impacted by the effects of the coronavirus or other epidemics. In December 2019, a novel strain of the coronavirus emerged in China and the virus has now spread to several other countries, including Canada and the U.S., and infections have been reported globally. The extent to which the coronavirus impacts the Company’s business, including exploration and development activities at Ambler Metals and the market for its securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the outbreak and the actions taken to contain or treat the coronavirus outbreak. In particular, the continued spread of the coronavirus and travel and other restrictions established to curb the spread of the coronavirus, has and could continue to materially and adversely impact the Company’s business including without limitation, the planned exploration programs at Ambler Metals (see “Deferral of the 2020 Summer Exploration Program at the UKMP” above), employee health, workforce productivity, increased insurance premiums, limitations on travel, the availability of industry experts and personnel, the timing to process drill and other metallurgical testing, and other factors that will depend on future developments beyond the Company’s control, which may have a material and adverse effect on the its business, financial condition and results of operations.

There can be no assurance that the Company’s personnel will not be impacted by these pandemic diseases and ultimately see its workforce productivity reduced or incur increased medical costs or insurance premiums as a result of these health risks.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

### Item 3. Defaults Upon Securities

None.

### Item 4. Mine Safety Disclosures

These disclosures are not applicable to us.

## Item 5. Other Information

None.

## Item 6. Exhibits

<b>Exhibit No.</b>	<b>Description</b>
3.1	Certificate of Incorporation, dated April 27, 2011 (incorporated by reference Exhibit 99.2 to the Registration Statement on Form 40-F as filed on March 1, 2012, File No. 001-35447)
3.2	Articles of Trilogy Metals Inc., effective April 27, 2011, as altered March 20, 2011 (incorporated by reference to Exhibit 99.3 to Amendment No. 1 to the Registration Statement on Form 40-F as filed on April 19, 2012, File No. 001-35447)
3.3	Notice of Articles and Certificate of Change of Name, dated September 1, 2016 (incorporated by reference to Exhibit 3.1 to the Form 8-K dated September 8, 2016)
31.1	Certification of the Chief Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a)
31.2	Certification of the Chief Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a)
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350
<b>101</b>	<b>Interactive Data Files</b>
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File – the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: October 7, 2020

**TRILOGY METALS INC.**

By: /s/ Tony Giardini  
Tony Giardini

President and Chief Executive Officer

By: /s/ Elaine M. Sanders  
Elaine M. Sanders

Vice President and Chief Financial Officer