



Trilogy Metals Inc.

Management's Discussion & Analysis
For the Fourth Quarter and Year Ended November 30, 2023
(expressed in US dollars)

Item 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

General

This Management’s Discussion and Analysis (“MD&A”) of Trilogy Metals Inc. (“Trilogy”, “the Company”, “us” or “we”) is dated February 8, 2024 and provides an analysis of our audited financial results for the year ended November 30, 2023 compared to the year ended November 30, 2022. A discussion of our year ended November 30, 2023 compared to November 30, 2022 is contained in our report on Form 10-K for the year ended November 30, 2023.

The following information should be read in conjunction with our November 30, 2023 audited consolidated financial statements and related notes which were prepared in accordance with United States generally accepted accounting principles (“U.S. GAAP”). 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.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at November 30, 2023, the Company had a working capital surplus of \$2.4 million (2022 - \$2.4 million) and an accumulated deficit of \$81.8 million (2022 - \$66.9 million). The Company has no recurring source of cash inflows at its current stage. The Company’s cash outflow from operations was \$3.1 million for the year ended November 30, 2023. The Company intends to finance its future requirements through a combination of debt and/or equity issuance. There is no assurance that the Company will be able to obtain such financings or obtain them on a favourable terms. These material uncertainties raise substantial doubt about the Company’s ability to continue as a going concern.

Richard Gosse, P. Geo, VP Exploration of the Company, 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 under the symbol “TMQ”. Additional information related to Trilogy, including our annual report on Form 10-K, is available on SEDAR+ at www.sedarplus.ca and on EDGAR at 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 (the “Joint Venture”) named Ambler Metals LLC (“Ambler Metals”) between Trilogy and South32 Limited (“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. The Company also conducts early-stage exploration through a wholly owned subsidiary, 995 Exploration Inc.

Corporate developments

Private Placement

On April 25, 2023, the Company completed non-brokered private placement of 5,854,545 common shares of the Company (the "Common Share") at a price of \$0.55 per Common Share for gross proceeds of \$3.2 million. After legal and stock exchange fees, the Company received net proceeds of \$3.1 million.

Property review

The UKMP Projects are held by our equity investee, Ambler Metals of which Trilogy holds a 50% interest. The projects are located in the Ambler Mining District in Northwest Alaska. The UKMP Projects comprise approximately 448,217 acres (181,387 hectares) consisting of the Ambler and Bornite lands.

On October 19, 2011, NANA Regional Corporation, Inc. ("NANA"), an Alaska Native Corporation headquartered in Kotzebue, Alaska, and Trilogy Metals US entered an Exploration Agreement and Option Agreement (as amended, the "NANA Agreement") for the cooperative development of NANA's respective resource interests in the Ambler Mining District of Northwest Alaska. Upon the formation of Ambler Metals, the Company assigned its rights and obligations under the NANA Agreement to Ambler Metals. The NANA Agreement consolidates Ambler Metals' and NANA's land holdings into an approximately 142,831-hectare land package and provides a framework for the exploration and any future development of this high-grade and prospective poly-metallic belt.

The NANA Agreement establishes a framework for any future development of either the Bornite Project or the Arctic Project. Both projects are included as part of a larger area of interest set forth in the NANA Agreement. Upon the decision to proceed with development of a mine within the area of interest, inclusive of the Arctic and Bornite Projects, NANA maintains the right to purchase an ownership interest in the mine equal to between 16%-25% or retain a 15% net proceeds royalty which is payable after we have recovered certain historical costs, including capital and cost of capital. Should NANA elect to purchase an ownership interest in the mine, consideration will be payable based on the elected percentage purchased and all the costs incurred on the properties less \$40.0 million, not to be less than zero. The parties would form a joint venture and be responsible for all future costs incurred in connection with the mine, including capital costs of the mine, based on each party's pro-rata share.

NANA would also be granted a net smelter return royalty between 1% and 2.5% upon the execution of a mining lease or a surface use agreement, the amount of which is determined by the particular area of land from which production originates.

Arctic Project

The Ambler lands, which host a number of deposits, including the high-grade copper-zinc-lead-gold-silver Arctic Project, and other mineralized occurrences within a 100-kilometer-long volcanogenic massive sulfide ("VMS") belt. The Ambler lands are located in Northwestern Alaska and consist of 185,805 acres (75,192 hectares) of Federal patented mining claims which hosts the Arctic deposit and State of Alaska mining claims which we are actively exploring, within which VMS mineralization has been found.

Prior to the formation of the Joint Venture on February 11, 2020, we had recorded the Ambler lands as a mineral property with acquisition costs capitalized and exploration costs expensed in accordance with our accounting policies.

Bornite Project

On October 19, 2011, Trilogy Metals US and NANA signed a collaborative agreement to explore and develop the Ambler Mining District. Under the Exploration Agreement and Option to Lease (as amended, the "NANA Agreement"), we acquired, in exchange for, among other things, a \$4.0 million cash payment to NANA, the exclusive right to explore the Bornite property and lands deeded to NANA through the Alaska Native Claims Settlement Act ("ANCSA"), located

adjacent to the Arctic Project, and the non-exclusive right to access and entry onto NANA's lands. The amounts paid to NANA were recorded as acquisition costs for the Bornite Project.

Prior to the formation of the Joint Venture on February 11, 2020, we had accounted for the Bornite property as a mineral property with acquisition costs capitalized and exploration costs expensed in accordance with our accounting policies.

Joint venture

On February 11, 2020, pursuant to a contribution agreement among Trilogy and South32, Trilogy contributed all its assets associated with the UKMP, including the Arctic and Bornite Projects in exchange for a 50% membership interest in Ambler Metals. Simultaneously, South32 contributed \$145 million cash in exchange for a 50% membership interest in Ambler Metals.

Ambler Metals 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 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 maximum exposure to loss in this entity is limited to the carrying amount of our investment in Ambler Metals, which, as of November 30, 2023, totaled \$135.0 million.

Upper Kobuk Mineral Projects

The Company announced the second and third set of drilling results from the 2022 field season at the UKMP on January 25, 2023 and February 27, 2023, respectively. On April 4, 2023, the Company announced the final set of drilling results from the 2022 field season at the UKMP.

On February 14, 2023, the Company announced an updated feasibility study technical report for the Arctic Project and an updated resource for the Bornite Project, and filed NI 43-101 technical reports for both projects with the Canadian securities regulators. In addition, the Company announced technical report summaries for both projects prepared in accordance with S-K 1300, which were filed as exhibits with the annual report for the fiscal year ended November 30, 2022 on Form 10-K.

In July 2023, Ambler Metals used the camp to support a small team of geologists who were continuing work started in 2022 on the stratigraphy and alteration of the Arctic deposit. The focus of the work was to relog existing drill core from 13 holes across the deposit and 4 holes from regional prospects. In addition, sampling was undertaken for chemostratigraphy and alteration footprint definition. Geological and talc models for the Arctic deposit were updated and an updated geological and structural model for the area surrounding Arctic was recommended.

The camp was also utilized by Ambler Metals to conduct sampling of core from the Bornite deposit to be used in a study initiated by the Center to Advance the Science of Exploration to Reclamation in Mining ("CASERM") at the Colorado School of Mines to investigate the occurrence and distribution of critical elements, including germanium. Ambler Metals has recently accepted a proposal from CASERM with leveraged funding from the United States Geological Survey to contribute samples from Bornite to further investigate the occurrence, distribution, and sequestration of critical elements, including germanium, using a suite of micro-analytical methods such as SEM- and XRF-based techniques, electron probe micro analysis, and LA-ICP-MS. Objectives of the study include compiling a comprehensive whole-rock 60+ geochemical dataset of select samples from the Bornite deposit that complement the existing dataset from the South Reef area related to a recently prepared Master of Science thesis.

Bornite Studies

During the third quarter, Ambler Metals engaged Wood Canada Limited and SRK Consulting (Canada) Inc. to complete an initial scoping level study on the Bornite deposit to determine if the ore at Bornite may extend the mine life at the proposed Arctic Project. The scope of work covers mining, processing, hydrogeology, infrastructure, tailings management, and waste rock management.

The study assumes that ore from Bornite will be transported approximately 30 km northeast to the Arctic mill for processing after completion of mining at the Arctic deposit. Bornite will utilize the proposed infrastructure supporting the Arctic Project including power generation, airstrips and camp. There are potential significant synergies between Arctic and Bornite which could lower the overall capital costs and extend the regional mine life from 13 years for the Arctic deposit to 30 years with both Arctic and Bornite.

The study is considering both an open-pit and an underground mine using existing geologic modelling, geotechnical information, and hydrogeological information and, where possible, will rely on concepts and costs developed for the Arctic Feasibility Study.

Metallurgical test work to potentially increase cobalt reporting with copper concentrate was initiated in July using three previously tested concentrates from the Bornite deposit. The test work is being conducted by ALS Minerals and was completed in the fourth quarter of this year.

Ambler Mining District Industrial Access Project (“AMDIAP” or “Ambler Access Project”)

In March 2023, the Board of Ambler Metals approved a budget totalling \$12.3 million for the Ambler Access Project. The total budget of \$24.6 million, funded equally by AIDEA and Ambler Metals to include funding for 2023 field season work consisting of field studies, permitting and data collection to assist the USBLM in completing the additional work to support the SEIS.

AIDEA started field work in May 2023 utilizing a camp at Coldfoot, which work was completed in mid-September. In mid-June AIDEA started utilizing the Ambler Metals Bornite camp with an average of 40 people daily at camp throughout the summer with approximately 20 NANA shareholder hires among them. Ambler Metals closed the Bornite camp with no safety incidents reported. AIDEA successfully completed the planned field program from Bornite consisting of cultural resource inventory surveys and testing of sites over approximately 450 acres, hydraulic and hydrology studies at bridge crossings to assess conditions for area drainage, culvert placement and bridge design, collecting topographical and bathymetric survey data to support bridge data and fish passage culverts, engineering reconnaissance surveys and fish habitat investigations. As at November 30, 2023, \$8.4 million of total budget of \$12.3 million has been spent to date on logistics and cost of the field season.

On November 15, 2022, the United States Bureau of Land Management (“USBLM”) submitted a status report announcing that it anticipated publishing a draft Supplemental Environmental Impact Statement (“SEIS”) in the second quarter of calendar 2023 and a final SEIS in the fourth quarter of calendar 2023. On January 17, 2023 and March 20, 2023, the USBLM submitted status reports reaffirming the timing of the draft and final SEIS.

On May 19, 2023, the USBLM submitted a status report revising the timeline for development of the SEIS and a subsequent Record of Decision. The USBLM has filed the draft SEIS on October 19, 2023 and anticipated publishing a final SEIS in the first quarter of calendar year 2024, and a Record of Decision within the second quarter of calendar year 2024.

Outlook

The Company has approved a budget for Ambler Metals for fiscal 2024 in the amount of \$5.5 million (2023 - \$9.2 million) and \$2.5 million (2023 - \$12.3 million) for the Ambler Access Project of which the entire amount is funded by the Joint Venture. Ambler Metals had \$63.8 million of cash as at the fiscal year end on November 30, 2023. The main focus of

this year’s budget is to support external and community affairs, maintain the State of Alaska mineral claims in good standing and the maintenance of physical assets.

The Company has approved a 2024 cash budget for corporate, head office, activities of approximately \$2.8 million (2023 - \$4.0 million). The corporate budget consists of personnel and related costs of \$0.7 million (2023 - \$0.9 million), professional fees of \$0.6 million (2023 - \$1.5 million), investor relations and marketing costs of \$0.1 million (2023 - \$0.2 million), office related costs of \$0.4 million (2023 - \$0.4 million), insurance costs of \$0.6 million (2023 - \$0.6 million), regulatory costs of \$0.3 million (2023 - \$0.3 million) and exploration activities of \$0.1 million (2023 - \$0.1 million). Trilogy had \$2.6 million of cash at the fiscal year end on November 30, 2023. The Company intends to finance its future requirements through a combination of debt and/or equity issuance.

Summary of results

in thousands of dollars,

	Year ended November 30, 2023	Year ended November 30, 2022
Selected expenses	\$	\$
Exploration expenses	43	47
General and administrative	1,328	1,287
Investor relations	130	183
Professional fees	1,073	998
Salaries	753	984
Salaries and directors expense – stock-based compensation	3,887	3,427
Share of loss on equity investment	7,844	17,360
Comprehensive loss for the year	(14,951)	(24,257)
Basic and diluted loss per common share	(0.10)	(0.17)

For the year ended November 30, 2023, we reported a net loss of \$15.0 million (or \$0.10 basic and diluted loss per common share) compared to a net loss of \$24.3 million (or \$0.17 basic and diluted loss per common share) in fiscal 2022. The \$9.3 million decrease in comprehensive loss in the current year, when compared to fiscal 2022, is due to the decrease in our share of losses of Ambler Metals of \$9.5 million, decrease in salaries of \$0.2 million and partially offset from overall increase of \$0.6 million in general and administrative expenses, professional fees and salaries and directors expense – stock-based compensation when compared to prior fiscal year 2022. The decrease in our share of losses of Ambler Metals of \$9.5 million is mainly due to the decrease in mineral property expenses over the comparative to prior fiscal year 2022. The lack of an exploration drilling program during the 2023 summer field season resulted in decreases in drilling, engineering, and project support cost and partially offset from the increase in spending on the Ambler Access Project.

Fourth quarter results

For the fourth quarter of 2023, there was a \$2.2 million reduction in expenses compared to the fourth quarter of 2022. When comparing to the fourth quarter of 2023 with the fourth quarter of 2022, professional fees decreased by \$0.2 million due to additional engineering costs related to updating our technical reports in the fourth quarter of 2022 to comply with the standards and definitions of S-K1300; corporate salaries and related costs increased by \$0.2 million due to recording of additional stock-based compensation in 2023. The decrease in our share of losses of Ambler Metals of \$2.2 million is mainly due to the decrease in mineral property expenses from lack of an exploration field season in 2023 and partial offset from the increase in funding activities for the Ambler Access Project and higher salaries and wages due to restructuring costs.

Selected financial data

Annual information

The following annual information is prepared in accordance with U.S. GAAP.

in thousands of dollars

	Year ended November 30, 2023 \$	Year ended November 30, 2022 \$
Interest income	120	34
Expenses	7,227	6,925
Comprehensive loss for the year	(14,951)	(24,257)
Total assets	138,020	145,995
Total liabilities	465	567

Quarterly information

*in thousands of dollars,
except per share amounts*

	Q4 2023 11/30/23 \$	Q3 2023 08/31/23 \$	Q2 2023 05/31/23 \$	Q1 2023 02/28/23 \$	Q4 2022 11/30/22 \$	Q3 2022 08/31/22 \$	Q2 2022 05/31/22 \$	Q1 2022 02/28/22 \$
Interest and other income	37	37	27	19	19	11	2	2
Exploration expense	20	22	—	1	—	—	—	—
Operating expenses	1,215	1,179	1,227	3,606	1,176	1,166	1,468	3,115
Share of loss on equity investment	1,846	2,910	1,603	1,485	4,065	8,925	2,460	1,910
Write off of mineral properties	—	—	—	—	—	(142)	119	29
Loss for the period	(3,024)	(4,052)	(2,803)	(5,072)	(5,222)	(9,938)	(4,074)	(5,023)
Loss per common share – basic and diluted	(0.02)	(0.03)	(0.02)	(0.03)	0.04	(0.07)	(0.03)	(0.03)

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, and stock-based compensation expensing. Subsequent to the formation of the Joint Venture, project related costs may cause fluctuations in our quarterly results through our 50% share of the Joint Venture's net operating loss.

For the fourth quarter of 2023, we reported a comprehensive loss of \$3.0 million, which consisted of \$1.2 million in operating expenses and \$1.8 million for Trilogy's 50% share of Ambler Metals' operating loss. Operating expenses for the fourth quarter of 2023 consisted of corporate salaries, professional fees, general and administrative expenses, director expenses and stock-based compensation.

For the third quarter of 2023, we reported a comprehensive loss of \$4.1 million, which consisted of \$1.1 million in operating expenses and \$2.9 million for Trilogy's 50% share of Ambler Metals' operating loss. In the third quarter of 2022, we reported a comprehensive loss of \$9.9 million, which consisted of \$1.2 million in operating expenses and \$8.9 million for Trilogy's 50% share of Ambler Metals' operating loss. The decrease in our share of losses of Ambler Metals was mainly due to an decrease in mineral property expenses from decrease in drilling, engineering and project support costs and partially offset from the increased cost in the Ambler Access Project.

For the second quarter of 2023, we reported a comprehensive loss of \$2.8 million, which consisted of \$1.2 million in operating expenses, \$1.6 million for Trilogy's 50% share of Ambler Metals' operating loss. In the second quarter of 2022, we reported a comprehensive loss of \$4.1 million, which consisted of \$1.5 million in operating expenses, \$2.5 million for

Trilogy's 50% share of Ambler Metals' operating loss and \$0.1 million in mineral properties that were written off during the quarter. The decrease in comprehensive loss in the second quarter of 2023 compared to the same quarter in 2022 was due to decrease in our share loss of Ambler Metals, stock-based compensation and salaries. The decrease of our share of losses of Ambler Metals was mainly due to decrease in mineral property expenses over the comparative quarter in the prior year from decrease in drilling, engineering and project to support cost, and partially offset from increase cost in the Ambler Access Project.

For the first quarter of 2023, we reported a comprehensive loss of \$5.1 million, which consisted of \$3.6 million in operating expenses and \$1.5 million for Trilogy's 50% share of Ambler Metals' operating loss. In the first quarter of 2022, we reported a comprehensive loss of \$5.0 million which consisted of \$3.1 million in operating expenses and \$1.9 million for Trilogy's share of Ambler Metals' operating loss. The slight increase in comprehensive loss in the first quarter of 2023 compared to the first quarter of 2022 was due to increase in stock-based compensation and professional fees and partially offset from the decrease in our share of losses of Ambler Metals, investor relations and salaries. The decrease in our share of losses of Ambler Metals was mainly due to decrease in mineral property expenses.

Liquidity and capital resources

We expended \$3.1 million on operating activities during the 2023 fiscal year with the majority of cash spent on corporate salaries, professional fees related to our annual regulatory filings, annual insurance renewal, annual fees paid to the Toronto Stock Exchange and the NYSE American Exchange and with the American and Canadian securities commissions.

At November 30, 2023, we had \$2.6 million in cash and working capital (current assets less current liabilities) of \$2.4 million. Management continues with cash preservation strategies to reduce cash expenditures where feasible, including but not limited to reductions in marketing and investor conferences and office expenses. In addition, the Company's Board of Directors have agreed to take all of their fees in shares of the Company in an effort to preserve cash and increase share ownership. The Company's senior management team are also taking a portion of their base salaries in shares of the Company to preserve cash.

All project related costs are funded by the Joint Venture. Ambler Metals is well funded to advance the UKMP with \$63.8 million in cash and \$62.4 million in working capital as at November 30, 2023. There are sufficient funds at the Joint Venture to fund an operating budget of \$5.5 million and \$2.5 million for the Ambler Access Project for fiscal 2024. Trilogy does not anticipate having to fund the activities of Ambler Metals until the current cash balance \$63.8 million is expended.

Future cash requirements may vary materially from current expectations. The Company will need to raise additional funds in the future to support its operations and administration expenses. Future sources of liquidity are likely in the form of an equity financing but may include debt financing, convertible debt, exercise of options, or other means. The continued operations of the Company are dependent on its ability to obtain additional financing or to generate future cash flows.

There is no assurance that the Company will be able to obtain such financings or obtain them on favourable terms. These material uncertainties raise substantial doubt about the Company's ability to continue as a going concern.

Off-balance sheet arrangements

We have no material off-balance sheet arrangements.

Outstanding share data

At February 9, 2024, we had 159,749,073 common shares issued and outstanding. At February 9, 2024, we had 14,354,400 stock options outstanding with a weighted-average exercise price of CDN\$1.79 and 2,623,520 Deferred Share Units (“DSUs”) and 2,818,339 Restricted Share Units (“RSUs”) outstanding. At February 9, 2024 we hold 5,144 NovaGold Resources Inc. (“NovaGold”) DSUs for which the NovaGold director is entitled to receive one common share of Trilogy for every six NovaGold shares to be received upon their retirement from the NovaGold board. A total of 859 common shares will be issued upon redemption of the NovaGold DSUs. For additional information on NovaGold DSUs, please refer to note 6 in our November 30, 2023 audited consolidated financial statements. Upon the exercise of all the forgoing convertible securities, the Company would be required to issue an aggregate of 19,797,118 common shares.

Financial instruments

Our financial instruments consist of cash, accounts receivable, deposits, 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, 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 November 30, 2023 is limited to Canadian dollar balances consisting of cash of CDN\$4,000, accounts receivable of CDN\$14,000 and certain trade payables and accrued personnel costs CDN\$267,000. 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 \$18,000.

(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. The Company’s only significant exposure to credit risk is equal to the balance of cash and cash equivalents as recorded in the financial statements. The majority of the Company’s cash and cash equivalents held at November 30, 2023 is uninsured. The Company does not consider any of its financial assets to be impaired as of November 30, 2023.

(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 our capital structure and financial leverage. Future sources of liquidity may arise from equity financing, debt financing, convertible debt, or other means.

(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. Based on balances as at November 30, 2023, a 1% change in interest rates would result in a negligible change in net loss, 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.

New accounting pronouncements

There were no new accounting pronouncements requiring management consideration during fiscal year 2023.

Critical accounting estimates

The most critical accounting estimates upon which our financial status depends are those requiring estimates of the recoverability of our equity method investment in Ambler Metals LLC, income taxes and valuation of stock-based compensation.

Impairment of Investment in Ambler Metals LLC

Management assesses the possibility of impairment in the carrying value of its equity method investment in Ambler Metals whenever events or circumstances indicate that the carrying amount of the investment may not be recoverable. Significant judgments are made in assessing the possibility of impairment. Factors that may be indicative of an impairment include a loss in the value of an investment that is not temporary. Management considers several factors in considering if an indicator of impairment has occurred, including but not limited to, sustained losses by the investment, the absence of the ability to recover the carrying amount of the investment, significant changes in the legal, business or regulatory environment, significant adverse changes impacting the investee and internal reporting indicating the economic performance of an investment is, or will be, worse than expected.

These factors are subjective and require consideration at each period end. If an indicator of impairment is determined to exist, the fair value of the impaired investment is determined based on the valuation of cohort companies with similar projects or upon the present value of expected future cash flows using discount rates and other assumptions believed to be consistent with those used by principal market participants and observed market earnings multiples of comparable companies.

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 judgement 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.

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. Exchange Act and the rules of Canadian Securities Administrators, as at November 30, 2023. Based on this evaluation, the CEO and CFO have concluded that the Company’s disclosure controls and procedures were effective as at November 30, 2023.

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 U.S. 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. Management has used the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control – Integrated Framework (2013) to evaluate the effectiveness of the Company’s internal control over financial reporting. Based on this assessment, management has concluded that as at November 30, 2023, the Company’s internal control over financial reporting was effective.

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. Certain of these risks and uncertainties are under the heading “Risk Factors” under Trilogy’s Form 10-K dated February 9, 2024 available on SEDAR+ at www.sedarplus.ca and EDGAR at www.sec.gov and on our website at www.trilogymetals.com.

Additional information

Additional information regarding the Company, including our annual report on Form 10-K, is available on SEDAR+ at www.sedarplus.ca and EDGAR at www.sec.gov and on our website at www.trilogymetals.com.

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’ 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 Ambler Metals’ cash to fund the UKMP; impact of COVID-19 on the Company’s operations; market prices for precious and base metals; statements regarding the Ambler Road Project; the timing of the final SEIS and a Record of Decision; 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, 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;
- risks related to the future effects of the COVID-19 pandemic; 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;*
- *none of the Company's mineral properties are in production or are under development;*
- *commodity price fluctuations;*
- *uncertainty related to title to our mineral properties;*
- *our history of losses and expectation of future losses;*
- *risks related to increases in demand for equipment, skilled labor and services needed for exploration and development of mineral properties, and related cost increases;*
- *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 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;*
- *risks related to the acquisition and integration of operations or projects;*
- *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 market events and general economic conditions;*
- *risks related to future sales or issuances of equity securities decreasing the value of existing Trilogy common shares, diluting voting power and reducing future earnings per share;*
- *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;*
- *uncertainty as to the volatility in the price of the Company's common shares;*
- *the Company's expectation of not paying cash dividends;*
- *adverse federal income tax consequences for U.S. shareholders should the Company be a passive foreign investment company;*
- *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; and*
- *risks related to the future effects of the COVID-19 pandemic.*

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 9, 2024, 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.