

**TRILOGY METALS INC.**  
**(the "Company")**

**BOARD OF DIRECTORS TERMS OF REFERENCE**

**A. PURPOSE**

The Board of Directors (the "Board") has the responsibility for the stewardship of the Company and to oversee the conduct of the business of the Company. The Board's fundamental objectives are to enhance and preserve long-term shareholder value, to ensure the Company meets its obligations on an ongoing basis and that the Company operates in a reliable and safe manner. In performing its functions, the Board should also consider the legitimate interests its other stakeholders such as employees, customers and communities may have in the Company. In overseeing the conduct of the business, the Board, through the Chief Executive Officer, shall set the standards of conduct for the enterprise.

**B. COMPOSITION, PROCEDURES AND ORGANIZATION**

The Board operates by delegating certain of its authorities to management and by reserving certain powers to itself. The Board retains the responsibility for managing its own affairs including selecting its Chair, nominating candidates for election to the Board, constituting committees of the full Board and determining Director compensation. Subject to the Company's constating documents, the *Business Corporations Act* (British Columbia) (the "BCBCA"), and the rules and requirements of any securities exchanges that the Company's securities are listed on, the Board may constitute, seek the advice of and delegate powers, duties and responsibilities to committees of the Board.

The Board shall determine the number of directors, which shall not be less than 3, required to effectively manage the Company's affairs. The Board shall review the recommendation from the Company's Corporate Governance and Nominating Committee regarding the nominees, and shall recommend the slate of nominees for election by shareholders at the annual meeting. The directors are elected annually at the Company's annual meeting of shareholders and must meet the requirements of applicable corporate and securities laws, rules and regulations, including those of applicable stock exchanges on which the Company's shares are listed ("Applicable Laws").

The majority of the directors shall be independent as determined by Applicable Laws.

The Board shall meet at least 4 times per year, and may also hold additional meetings as considered necessary. The independent directors shall meet on a regular basis as often as necessary to fulfill their responsibilities including at least once every year in an executive session without the presence of non-independent directors and management.

The Board has developed a calendar of the activities to be undertaken by the Board for each meeting, a copy of which is attached hereto as Appendix A.

**C. DUTIES AND RESPONSIBILITIES**

The Board's principal duties and responsibilities fall into a number of categories which are outlined below.

**1. Legal Requirements**

- (a) The Board has the responsibility to ensure that legal requirements have been met and documents and records have been properly prepared, approved and maintained;

- (b) The Board has the statutory responsibility to:
- (i) supervise the management of the business and affairs of the Company;
  - (ii) act honestly and in good faith with a view to the best interests of the Company;
  - (iii) exercise the care, diligence and skill that reasonable, prudent people would exercise in comparable circumstances; and
  - (iv) act in accordance with its obligations contained in the BCBCA and the regulations thereto, the Company's constating documents, the Securities Act of each province and territory of Canada, the federal securities laws of the United States, the rules and regulations of securities exchanges on which its securities are listed, including, without limitation, the Toronto Stock Exchange and the NYSE MKT LLC, and other relevant and applicable legislation and regulations.

## **2. Independence**

The Board has the responsibility to ensure that appropriate structures and procedures are in place to permit the Board to function independently of management.

## **3. Strategy Determination**

The Board has the responsibility to:

- (a) at least annually, participate with management, in the development of, and ultimately approve, the Company's strategic plan, taking into account, among other things, the opportunities and risks of the Company's business;
- (b) approve annual capital and operating budgets that support the Company's ability to meet its strategic objectives;
- (c) approve the entering into, or withdrawing from, lines of business that are, or are likely to be, material to the Company;
- (d) approve financial and operating objectives used in determining compensation if they are different from the strategic, capital or operating plans referred to above;
- (e) approve material divestitures and acquisitions;
- (f) monitor the Company's progress towards its strategic objectives, and revise and alter its direction through management in light of changing circumstances;
- (g) conduct periodic reviews of human, technological and capital resources required to implement the Company's strategy and the regulatory, cultural or governmental constraints on the business; and
- (h) review, at every regularly scheduled Board meeting if feasible, recent developments that may affect the Company's strategy, and advise management on emerging trends and issues.

#### **4. Financial and Corporate Issues**

The Board has the responsibility:

- (a) to take reasonable steps to ensure the integrity and effectiveness of the Company's internal control and management information systems, including the evaluation and assessment of information provided by management and others (e.g., internal and external auditors) about the integrity and effectiveness of the Company's internal control and management information systems;
- (b) to review operating and financial performance relative to budgets and objectives;
- (c) to approve the annual financial statements and notes thereto, management's discussion & analysis of financial condition and results of operations contained in the annual report, the annual information form, the annual report on Form 10-K and the management information circular;
- (d) to submit the Audit Committee's appointment of the external auditors for the Company to the shareholders of the Company for ratification; and
- (e) to approve significant contracts, transactions, and other arrangements or commitments that may be expected to have a material impact on the Company.

#### **5. Managing Risk**

The Board has the responsibility to understand the principal risks of the business in which the Company is engaged, to achieve a proper balance between risks incurred and the potential return to shareholders, and to ensure that there are systems in place which effectively monitor and manage those risks with a view to the long-term viability of the Company.

#### **6. Appointment, Training and Monitoring Senior Management**

The Board has the responsibility:

- (a) to appoint the Chief Executive Officer (the "CEO"), to monitor and assess CEO performance against corporate goals and objectives, to determine CEO compensation, to consider the recommendations of the Compensation Committee, and to provide advice and counsel in the execution of the CEO's duties;
- (b) to approve the appointment and remuneration of all executive officers, acting upon the advice of the CEO;
- (c) to the extent possible, to satisfy itself as to the integrity of the CEO and other executive officers and satisfy itself that the CEO and other executive officers are creating a culture of integrity throughout the Company;
- (d) to approve certain decisions relating to executive management, including the:
  - (i) appointment and discharge of executive officers;
  - (ii) compensation and benefits for executive officers;
  - (iii) acceptance by the CEO of any outside directorships on public companies or any significant public service commitments; and

- (iv) employment, consulting, retirement and severance agreements, and other special arrangements proposed for senior officers; and
- (e) to ensure that adequate provision has been made to train and develop management and for the orderly succession of the CEO and the other senior officers.

## **7. Policies, Procedures and Compliance**

The Board has the responsibility:

- (a) to ensure that the Company operates at all times within applicable laws and regulations and to the highest ethical and moral standards;
- (b) to approve and monitor compliance with significant policies and procedures by which the Company is operated;
- (c) to ensure the Company sets high environmental standards in its operations and is in compliance with environmental laws and legislation;
- (d) to ensure the Company has in place appropriate programs and policies for the health and safety of its employees in the workplace; and
- (e) to review significant new corporate policies or material amendments to existing policies (including, for example, policies regarding business conduct, conflict of interest and the environment).

## **8. Governance**

The Board has the responsibility:

- (a) to appoint Board committees, including an Audit Committee, and delegate to those committees any appropriate powers of the Board;
- (b) to review the size and composition required of the Board and approve nominations for candidates for election to the Board, with a view to ensuring that the Board is comprised of directors with the necessary skills and experience to facilitate effective decision-making;
- (c) to develop the Company's approach to corporate governance; and
- (d) to review annually its terms of reference and its performance and the performance of the Board committees, the Chair of the Board, the Lead Director where applicable, and the Chair of the committees to ensure that the Board and the committees are operating effectively.

## **9. Reporting and Communication**

The Board has the responsibility:

- (a) to adopt a communication or disclosure policy for the Company and ensure that the Company has in place effective communication processes with shareholders and other stakeholders (including measures to enable stakeholders to communicate with the independent directors of the Board) and with financial, regulatory and other institutions and agencies;
- (b) to ensure that the financial performance of the Company is accurately reported to shareholders, other

security holders and regulators on a timely and regular basis in accordance with all applicable securities laws, rules and regulations;

- (c) to ensure that the financial results are reported fairly and in accordance with generally accepted accounting principles in effect at the time and all applicable securities laws, rules and regulations;
- (d) to ensure the timely reporting of any other developments that have a significant and material impact on the value of the Company;
- (e) to approve the content of the Company's major communications to shareholders and the investing public, including the interim/annual reports (including the financial statements and management, discussion and analysis), the management information circular (including compensation, discussion and analysis and the disclosure of corporate governance practices), the annual information form, any prospectuses that may be issued, and any significant information respecting the Company contained in any documents incorporated by reference in any such prospectuses; and
- (f) to report annually to shareholders on its stewardship of the affairs of the Company for the preceding year.

#### **D. THE CHAIR OF THE BOARD & LEAD DIRECTOR**

The Chair is accountable to the Board and shall have the duties of a member of the Board as set out in applicable corporate laws and in the Company's constating documents and as otherwise determined by the Board. The Chair, or Lead Director where applicable, is responsible for the management, development and effective performance of the Board and leads the Board to ensure that it fulfills its duties as required by law and as set out in the Board Terms of Reference.

##### **1. Appointment**

The Chair shall be appointed annually by the Board and shall have such skills and abilities appropriate to the appointment of the Chair as shall be determined necessary and desirable by the Board.

##### **2. Qualifications of the Board Chair**

The Chair shall be a duly elected member of the Board and shall be independent as defined under applicable securities laws, rules and regulations and the requirements of any applicable securities exchanges, unless the Board determines that it is inappropriate to require the Chair to be independent. If the Board determines that it would be inappropriate to require the Chair of the Board to be independent, then the independent directors shall select from among their number a director who will act as "Lead Director" and who will assume responsibility for providing leadership to enhance the effectiveness and independence of the Board. The Chair, if independent, or the Lead Director if the Chair is not independent, shall act as the effective leader of the Board and ensure that the Board's agenda will enable it to successfully carry out its duties.

##### **3. Vacancy**

Where a vacancy occurs at any time in the position of Chair, it shall be filled by the Board. The Board may remove and replace the Chair at any time.

##### **4. Duties**

The Chair, or Lead Director where applicable, has the responsibility to:

- (a) organize the Board to function independently of management;
- (b) promote ethical and responsible decision making, appropriate oversight of management and best practices in corporate governance;
- (c) ensure that the Board works as a cohesive team and provide the leadership essential for this purpose;
- (d) ensure that the responsibilities of the Board are well understood by both the Board and management, and that the boundaries between Board and management responsibilities are clearly understood and respected;
- (e) manage the affairs of the Board, including ensuring that the Board is organized properly, functions effectively and meets its obligations and responsibilities;
- (f) act as a liaison between the Board and senior management to ensure that relationships between the Board and senior management are conducted in a professional and constructive manner;
- (g) provide advice, counsel and mentorship to other members of the Board, the President and CEO and other senior members of management;
- (h) lead the Board in establishing, reviewing and monitoring the strategy, goals, objectives and policies of the Company;
- (i) communicate all major developments and issues to the Board in a timely manner, initiate opportune discussion of such matters and ensure provision to the Board of sufficient information to permit the Board to fulfill its oversight responsibilities;
- (j) communicate with all members of the Board to co-ordinate their input, ensure their accountability and provide for the effectiveness of the Board and its committees;
- (k) adopt procedures to ensure that the Board can conduct its work effectively and efficiently, including committee structure and composition, scheduling, and management of meetings;
- (l) ensure that, where functions are delegated to appropriate committees, the functions are carried out and the results thereof are reported to the Board;
- (m) as necessary and in consultation with the President and/or CEO, ensure the Company, and where appropriate the Board, is adequately represented at official functions and meetings with major shareholders, other stakeholders, financial analysts, media and the investment community;
- (n) determine, in consultation with the Board and management, the time and places of the meetings of the Board and of the annual general meeting;
- (o) co-ordinate with management and the Secretary to ensure that matters to be considered by the Board are properly presented and given the appropriate opportunity for discussion;
- (p) ensure the Board has the opportunity to meet without members of management present on a regular basis;

- (q) assist in the preparation of the agenda of the Board meetings;
- (r) preside as chair of each meeting of the Board and as chair of each meeting of the shareholders of the Company; and
- (s) carry out other duties as requested by the Board as a whole, depending on need and circumstance.

## **E. COMMITTEE CHAIRS**

### **1. Appointment**

The Chair of each Committee shall be appointed annually by the Board.

### **2. Qualifications of a Committee Chair**

Each Committee Chair shall be a duly elected member of the Board.

### **3. Vacancy**

Where a vacancy occurs at any time in the position of a Committee Chair, it shall be filled by the Board. The Board may remove and replace a Committee Chair at any time.

### **4. Duties**

The Chair of a Committee shall lead and oversee the applicable Committee to ensure it fulfills its mandate as set out in its terms of reference. In particular, the Chair shall:

- (a) organize the Committee to function independently of management, including organizing in-camera sessions and other meetings without management;
- (b) foster ethical and responsible decision-making by the Committee and its members;
- (c) deal effectively with dissent and work constructively towards arriving at decisions and achieving consensus;
- (d) ensure that the Committee has an opportunity to meet without members of management present at regular intervals;
- (e) determine, in consultation with the Committee and management, the time and places of the meetings of the Committee;
- (f) manage the affairs of the Committee, including ensuring that the Committee is organized properly, functions effectively and meets its obligations and responsibilities;
- (g) co-ordinate with management and the secretary to the Committee to ensure that matters to be considered by the Committee are properly presented and given the appropriate opportunity for discussion;
- (h) provide advice and counsel to the President and/or CEO and other senior members of management in the areas covered by the Committee's mandate;

(i) preside as chair of each meeting of the Committee; and

communicate with all members of the Committee to co-ordinate their input, ensure their accountability and provide for the effectiveness of the Committee.

## **F. INDIVIDUAL DIRECTORS**

Each Director (i) shall act honestly, in good faith and in the best interests of the Company and its shareholders and (ii) must exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In addition, each Director shall have the following responsibilities:

### **1. Responsibilities of Corporate Stewardship**

Each Director has the responsibility to:

- (a) represent the best interests of the Company and its shareholders, assist in the maximization of shareholder value and work towards the long-term success of the Company;
- (b) advance the interests of the Company and the effectiveness of the Board by bringing his or her knowledge and experience to bear on the strategic and operational issues facing the Company;
- (c) provide constructive counsel to and oversight of management;
- (d) respect the confidentiality of information and matters pertaining to the Company;
- (e) maintain his or her independence, generally and as defined under applicable securities laws, and objectivity;
- (f) be available as a resource to the Board; and
- (g) fulfill the legal requirements and obligations of a director and shall develop a comprehensive understanding of the statutory and fiduciary roles of a director.

### **2. Responsibilities of Integrity and Loyalty**

Each Director has the responsibility to:

- (a) comply with the Company's Code of Business Ethics;
- (b) disclose to the Secretary, prior to the beginning of his or her service on the Board, and thereafter as they arise, all actual and potential conflicts of interest; and
- (c) disclose to the Chair of the Board, in advance of any Board vote or discussion, if the Board or a committee of the Board is deliberating on a matter that may affect the Director's interests or relationships outside the Company and abstain from discussion and/or voting on such matter as determined to be appropriate.

### **3. Responsibilities of Diligence**

Each Director has the responsibility to:

- (a) prepare for each Board and committee meeting by reading the reports, minutes and background

materials provided for the meeting;

(b) attend in person the annual meeting of the Company and attend all meetings of the Board and all meetings of committees of the Board of which the Director is a member, in person or by telephone, video conference, or other communication facilities that permit all persons participating in the meeting to communicate with each other; and

(c) as necessary and appropriate, communicate with the Chair and with the President and/or CEO between meetings, including to provide advance notice of the Director's intention to introduce significant and previously unknown information at a Board meeting.

#### **4. Responsibilities of Effective Communication**

Each Director has the responsibility to:

(a) participate fully and frankly in the deliberations and discussions of the Board;

(b) encourage free and open discussion of the Company's affairs by the Board;

(c) establish an effective, independent and respected presence and a collegial relationship with other Directors;

(d) focus inquiries on issues related to strategy, policy, and results;

(e) respect the President and CEO's role as the chief spokesperson for the Company and participate in external communications only at the request of, with the approval of, and in coordination with, the Chair, the President and the CEO;

(f) communicate with the Chair and other Directors between meetings when appropriate;

(g) maintain an inquisitive attitude and strive to raise questions in an appropriate manner and at proper times; and

(h) think, speak and act in a reasoned, independent manner.

#### **5. Responsibilities of Committee Work**

Each Director has the responsibility to:

(a) participate on committees and become knowledgeable about the purpose and goals of each committee; and

(b) understand the process of committee work and the role of management and staff supporting the committee.

#### **6. Responsibilities of Knowledge Acquisition**

Each Director has the responsibility to:

(a) become generally knowledgeable about the Company's business and its industry;

(b) participate in Director orientation and education programs developed by the Company from time to time;

(c) maintain an understanding of the regulatory, legislative, business, social and political environments

within which the Company operates;

(d) become acquainted with the senior officers and key management personnel; and

(e) gain and update his or her knowledge about the Company's facilities and visit these facilities when appropriate.

**G. OUTSIDE CONSULTANTS OR ADVISORS**

At the Company's expense, the Board may retain, when it considers it necessary or desirable, outside consultants or advisors to advise the Board independently on any matter. The Board shall have the sole authority to retain and terminate any such consultants or advisors, including sole authority to review a consultant's or advisor's fees and other retention terms.

**Dated:** February 27, 2012

Amended and restated: October 23, 2012, with effect from December 1, 2012

Amended and restated: December 5, 2014

Amended and restated: December 15, 2016

**BOARD OF DIRECTORS**

**CALENDAR OF ACTIVITIES**

<b>Matter</b>	<b>Year end</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Budget/ Strategy</b>
Business to be conducted at each meeting: <ul style="list-style-type: none"><li>• Approve minutes of previous meetings</li><li>• Review Action Items</li><li>• President's Report: Operations, Corporate Development &amp; Strategic Update</li><li>• Review of Financial Results Year to Date &amp; Annual Forecast</li><li>• Approval of Audit Committee Report, Approval of Annual/Interim Financial Statements, MD&amp;A and Press Release</li><li>• Investor Relations Report</li><li>• Approval of Stock Option Grants (as necessary)</li><li>• In-Camera Meeting of Independent Directors</li></ul>	X	X	X	X	X
Approve Reports and Recommendations from: <ul style="list-style-type: none"><li>• Corporate Governance &amp; Compensation Committee</li><li>• EHS Committee</li></ul>	X	X	X	X	X
Review of CEO Performance and Approval of Compensation for CEO and Senior Officers	X				
43-101 Report (as necessary for material projects)	X	X	X	X	X
Approval of Annual Information Form and Annual Report on Form 10-K	X				

Approve Record Date and Date for Annual Meeting	X				
Approval of Management Information Circular <ul style="list-style-type: none"> <li>• Approve Nominees for Directors and Appointment of Auditors</li> </ul>		X			
Appointment of Committees		X			
Appointment of Officers		X			
Director Education Sessions, as needed	X	X	X	X	X
Review Terms of Reference and Calendar of Activities				X	
Approve Strategic Plan					X
Approve Capital and Operating Budgets and Financial Plan					X
Risk Management Review <ul style="list-style-type: none"> <li>• Review of Delegation of Authority</li> </ul>					X