

TRILOGY METALS INC.
(the “Company”)

COMPENSATION COMMITTEE

TERMS OF REFERENCE

A. PURPOSE

The purposes of the Compensation Committee (the “Committee”) are to assist the Board in fulfilling its oversight responsibilities with respect to: (a) key compensation and human resources policies; (b) compensation for senior executives, including the Chief Executive Officer; and (c) succession and development of senior executives, including the Chief Executive Officer.

B. COMPOSITION, PROCEDURES AND ORGANIZATION

1. The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Committee and the Chair for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy on the Committee.
2. The Committee shall consist of at least three members of the Board, all of whom shall be independent as defined by applicable securities laws, rules and regulations. At least two members of the Committee must qualify as “non-employee directors” for the purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and as “outside directors” for the purposes of Section 162(m) of the United States Internal Revenue Code of 1986, as amended.
3. If the Chair is not present at any meeting of the Committee, one of the other members of the Committee present at the meeting shall be chosen by the Committee to preside at the meeting.
4. The Vice President, Human Resources or Secretary of the Company shall be the Secretary of the Committee, unless otherwise determined by the Committee.
5. The Committee shall meet regularly, and at least semi-annually, each year on such dates and at such locations as the Chair of the Committee shall determine and may also meet at any other time or times on the call of the Chair of the Committee or any two of the other members.
6. The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other. The Committee may also act by unanimous written consent of its members.
7. The Chief Executive Officer shall receive notice of all meetings of the Committee and the Committee may invite such members of the Company’s management to its meetings as it deems appropriate; provided, however, the Committee shall meet regularly without such members present, and in all cases the Chief Executive Officer and any other such officers shall not be present during voting or deliberations or at meetings at which their compensation or performance is discussed or determined.

8. Notice of the time and place of every meeting shall be given in writing or by e-mail or facsimile communication to each member of the Committee at least 48 hours prior to the time fixed for such meeting; provided, however, that a member may in any manner waive a notice of a meeting and attendance of a member at a meeting is a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.
9. The Chair shall develop and set the Committee's agenda, in consultation with other members of the Committee, the Board and management. The agenda and information concerning the business to be conducted at each Committee meeting shall, to the extent practical, be communicated to the members of the Committee sufficiently in advance of each meeting to permit meaningful review.
10. The Committee shall have the power to delegate its authority and duties to subcommittees or individual members of the Committee as it considers appropriate.
11. In discharging its responsibilities, the Committee shall have full access to all books, records, facilities and personnel of the Company.
12. At the invitation of the Chair, one or more officers or employees of the Company may, and if required by the Committee shall, attend a meeting of the Committee.
13. The Committee shall fix its own procedure at meetings, keep records of its proceedings and report to the Board when the Committee may deem appropriate (but not later than the next meeting of the Board).

C. OUTSIDE CONSULTANTS AND ADVISORS

The Committee, when it considers it necessary or advisable, may, in its sole discretion, retain or obtain advice of, at the Company's expense, outside compensation consultants, independent legal counsel, or other advisors to assist or advise the Committee independently on any matter within its mandate. The Committee shall have the sole authority to appoint, retain, oversee and terminate any such consultants or advisors or any search firm to be used to identify director candidates, including sole authority to approve the fees and other retention terms for such persons.

In particular, the Committee shall approve the retention of any consultant engaged by the Company for the purposes of reviewing executive compensation and shall have responsibility for approving any comparator group to be used for benchmarking executive compensation. The Committee shall evaluate whether any compensation consultant retained or to be retained by it has any conflict of interest in accordance with Item 407(e)(3)(iv) of Regulation S-K. In retaining outside consultants or advisors, the Committee must take into consideration the factors specified in Rule 10C-1(b)(4) under the Exchange Act.

D. DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Committee shall be as follows:

1. to ensure that the Company has in place programs to attract and develop management of the highest calibre and a process to provide for the orderly succession of senior executives including the annual receipt of the Chief Executive Officer's current recommendations;

2. to develop and maintain a position description for the Chief Executive Officer and to assess the performance of the Chief Executive Officer against such position description and the Chief Executive Officer's goals and objectives;
3. to review and recommend for approval by the Board the annual salary, bonus and other benefits, direct and indirect, including targets tied to corporate goals and objectives, of the Chief Executive Officer;
4. to review and recommend to the Board for approval the frequency with which the Company will conduct a shareholder advisory vote on the executive compensation ("Say on Pay Vote") required by Section 14A of the Exchange Act, taking into account the results of the most recent stockholder advisory vote on frequency of Say on Pay Votes required by Section 14A of the Exchange Act, and review and approve the proposals regarding the Say on Pay Vote and the frequency of the Say on Pay Vote to be included in the Company's Management Information Circular;
5. to review the results of any Say on Pay Vote and consider whether to make or recommend, as appropriate, any adjustments to the Company's executive compensation policies and guidelines;
6. to approve compensation, including compensation under incentive plans and equity-based plans for all other key executive officers of the Company after considering the recommendations of the Chief Executive Officer, all within the compensation policies and guidelines approved by the Board, taking into consideration the results of the most recent Say on Pay Vote;
7. to ensure that the compensation policies and practices for the directors and the senior executives:
 - a. reflect their respective duties and responsibilities;
 - b. are competitive in attracting, retaining and motivating high quality and high performing Directors and senior executives of the Company;
 - c. align the interests of the Directors and the senior executives of the Company with shareholders and the Company as a whole;
 - d. are based on established corporate and individual performance objectives; and
 - e. discourage the taking of inappropriate or excessive risks.
8. to review and discuss, at least annually:
 - a. the relationship between the Company's risk management policies, corporate strategy and compensation of senior executives; and
 - b. the Company's compensation approach, policies and practices to ensure that they encourage senior executives to consider the risks related to their decisions and actions and that they do not encourage unnecessary or inappropriate risk taking.
9. to recommend to the Board compensation policies and guidelines to the Company and to oversee the implementation and administration of compensation policies and programs concerning the following:
 - (a) executive compensation, contracts, stock plans or other incentive plans; and
 - (b) proposed personnel changes involving officers reporting to the Chief Executive Officer;

10. to receive from the Chief Executive Officer recommendations concerning annual compensation policies and budgets for all non-union employees;
11. to review the Company's policies and programs on compensation for all employees, including those relating to pensions and benefits;
12. to review the Company's overall labour relations strategy for organized employees and at least annually and otherwise as considered necessary, to review the labour relations environment for the Company and report to the Board with respect to any issues arising therefrom.
13. to periodically review the adequacy and form of the compensation of Directors and to ensure that the compensation realistically reflects the responsibilities and risks involved in being an effective Director, and to report and make recommendations to the Board accordingly;
14. To review and discuss with management the Company's Compensation Discussion and Analysis ("CD&A") and the related executive compensation information, recommend that the CD&A and related executive compensation information be included in the Management Information Circular and annual report on Form 10-K and produce the compensation committee report on executive officer compensation required to be included in the Management Information Circular and annual report on Form 10-K;
15. to receive reports regarding the Company's pension, retirement and savings plans and to consider and recommend to the Board approval of any changes in the Company's pension, retirement and savings plans, as such changes relate to compensation and benefits;
16. to report regularly to the Board on all of the Committee's activities and findings during that year; and
17. to review these terms of reference and the calendar of activities, attached hereto as Appendix A, and to submit any recommended changes thereto for approval by the Board.

Approved: February 27, 2012

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

Amended and restated: September 24, 2014

Amended and restated: December 15, 2016

APPENDIX A

COMPENSATION COMMITTEE

CALENDAR OF ACTIVITIES

DESCRIPTION OF ACTIVITY	BEGINNING OF YEAR	MID-YEAR	END OF YEAR
Approve minutes of last meeting	X	X	X
Review compensation policies, guidelines and programs, including those relating to pensions and benefits, compensation issues and trends			X
Recommend frequency of Say on Pay Vote (if necessary)	X		
Review the results of any Say on Pay Vote		X	
Review report on pension and savings plans, if any and review recommended changes			X
CEO report on succession planning, as necessary			X
Performance review of CEO			X
Review and approve compensation for senior executives, including incentive, benefit and pension plans			X
Approval of Short Term Incentive Plan awards			X
Approval of Long Term Incentive Plan awards/stock options			X
Receipt of objectives of CEO and Senior Officers	X		
Review of Directors' Compensation			X
Approve executive compensation disclosure, including Compensation Discussion and Analysis, for management information circular and annual report on Form 10-K	X		