

Investor Q&A

July 2020

with Tony Giardini

Question:

What are the impacts of the COVID19 pandemic on the project and timeline?

Through Ambler Metals LLC (“Ambler Metals”) we and our joint venture partner, South32, have decided to postpone the 2020 exploration program after assessing the current 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 has been made to postpone the 2020 field season. The safety of our employees, contractors and the communities where we work is paramount. We are disappointed as we know delay affects everyone involved, including our partner NANA Regional Corporation, Inc. (“NANA”) and our NANA shareholder hires.



Tony Giardini

President & CEO, Trilogy Metals

Question:

When will the Feasibility Study be completed?

We are in the final stages of looking at modelling points, and once those are cleared there will be a



continued review process. We will share a copy with South32, and then we will be in a position to release the study. It will be a technical report under our reporting requirements in NI 43-101. Sometime in the next month or so - could be a little later, but a couple months at latest. It will give a good snapshot view of how things have progressed with respect to Arctic, especially on the engineering front. It is very exciting when we look at the catalysts being the road, the Feasibility Study and the next field season at Ambler.

Question:

What do you think is your critical path item that an investor should be most focused on?

There are 3 items that we are focused on this year - one was the JV with South32 which happened, but we have to now put that team together so I would be keeping an eye on the type of people we are going to be putting in those key roles.

The decision on the road was extremely important, the Ambler District needs a road for us to recognize the value of Arctic and for the value of the district as a whole. It is not just going to be for Trilogy and the Ambler Mining District, a road will open-up the entire district for exploration and we expect there will be other beneficiaries other than ourselves.

The Feasibility Study that is coming out later this year should reaffirm the quality of this deposit, what the economics look like and do it in a way that will have more detail being put into the study.

Lastly looking a little into the future, there will be continued exploration in the district that I think will demonstrate value and the other opportunities that are hopefully in front of us.



Question:

How long will the road take and what is the timeline to when you start mining?

On June 24, 2020, the Board of Directors of AIDEA approved a Memorandum of Understanding with Ambler Metals which specifies how the parties will jointly establish a plan regarding the permitting, feasibility, engineering and design, construction and operation, financing and closure of the access road. We have both committed to contributing up to \$35 million each for these activities.

On July 23, 2020, we reported the permitting of the access road by the Bureau of Land Management. The Section 404 Dredge and Fill Permit, issued by the US Army Corps of Engineers, will follow shortly.

We will develop an initial pioneer gravel road, for which we have now obtained approval from AIDEA for, giving us access to the site so that we can get equipment and materials in without helicoptering them in. That road will be used for part of the mine construction, so the development of that road and the final road will continue while we are looking at the mine's development options. And then the all-weather road will go from there.

But we are looking at a number of years for that final road to be constructed, and how we look at mine development overall will depend on the initial road

being built and the ability to get materials to site. We are probably looking at 5 - 6 years in terms of having the road complete and construction will at a minimum have commenced, hopefully it will be well-developed at that point. There is also significant pre-stripping that needs to occur to remove the overburden and access the orebody, so that will happen during that time period. We will have a better sense of expected timelines once the Feasibility Study comes out.

Question:

How is AIDEA going to fund the road?

AIDEA's mandate is to focus on the development of infrastructure that allows economic development to happen in Alaska. The model that we are looking at is not dissimilar to what was put in place with respect to the road at Red Dog, so the expectation is that the funding will ultimately come through AIDEA and other agencies, and the recovery of that

capital will occur by having a toll on the road. I also want to stress that it will be a private road - it will only be used to access the JV and other mining districts that could be developed in the area. So, the users will pay the toll, and there will ultimately be some kind of return on the capital invested that will accrue back to AIDEA.

Question:

Besides transportation to the mine with Ambler Road access, how are the power generation needs for the project expected to be met?

Initial thought process for power was LNG. In the Feasibility Study we are working on right now however, it is likely we will be looking at diesel because of cost - due to current diesel prices and availability. So, it is likely diesel will be the primary power source for Trilogy.





Question:

Please explain where you are relative to the actual decision point to build the mine.

We are very much in the early stages of moving things forward, I would say the record of decision on the Ambler Road was a critical milestone for us because that starts us moving in terms of key infrastructure: the road connecting to the highway that allows us to ship concentrate and get the needed materials to construct the mine. We see an opportunity to get going quite quickly on the road and look for an opportunity to commence the engineering process. Once we can have significant progress on the road, that opens the door to looking at the economics, in the full light of day, and the different options to get this mine built.

Again, it is important to get going on the engineering which we expect to start this year, at least on a limited basis. And once that starts to move forward, we hopefully start to look at the different construction options that are there to get an initial road in place so we can truck materials and supplies to the site. We are excited about the potential of Arctic and the district, and we are

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Question:

There is concern about the mine's impact on the western Arctic caribou herd, can you provide information that will allay these concerns?

First of all, we are looking to build a private road - this will not be a public road, so non-indigenous people will not be able to access hunting and fishing. From a development perspective, we will be very mindful of our impact on the environment and we do not want to see any impact to the western Arctic herd. As a result, that will be a key focus as we look at moving things forward. We have a ways to go in terms of the permitting process and EIS for the Arctic project, and our expectation is that as we look at the operations that all those issues will be addressed.

Our current practice is whenever caribou show-up near camp (within a mile), we shut everything down. At Red Dog, if there is any caribou on the road, all vehicular traffic stops until the caribou have passed through. We have been also talking to the native groups and NANA about establishing an environmental committee while the road is in operation so there is a venue for local peoples to express concerns and also to provide feedback to see if our precautions are working, and make changes to how we operate the road.

Question:

If Joe Biden is elected President, will permitting for the road and

mine be potentially postponed?

I cannot really speculate. At the end of the day, the process will be under the US Army Corps of Engineers, which is part of the US military and therefore is a non-political organization. Most of the land will be assessed by them and there will be state involvement as well. But we expect that this project is not a function of which administration is in charge in Washington, it is a project that makes a lot of sense.

It is really about who our partner is - in this case, NANA, the Aboriginal corporation. They have 14,000 shareholders that will benefit from completing this project and opening-up the district. When you look at what is happening in the world economy, but particularly the Alaskan economy in fisheries, tourism and energy, having responsible mining is something that makes sense. This project has a small footprint, a quick payback, there is lots of upside in further development and we will be in partnership with an Aboriginal corporation that has a long mining history with the Red Dog zinc and lead mine.

Question:

How much will bad weather -



snow, the cold - affect operations?

For seven years when I was the CFO at Kinross, we operated a large gold mine in Alaska called Fort Knox quite successfully. Fort Knox had a heap leach operation as well as a large mill and processing capacity. There is a long history of mining in Alaska in inclement weather, so we do not see this as an obstacle to being able to operate. Whether it is Fort Knox, Pogo or Red Dog, there have been lots of companies that have been able to persevere in inclement situations.

Snow and cold will affect how we construct the mine, how we house people and how we move materials and personnel, but there are lots of examples in Alaska of operating successfully without inclement weather being an issue. Moreover, there are dozens of Canadian mines in remote regions that are able to operate in inclement weather, and usually they build enough stockpile material during fair weather seasons so that when you run into hiccups during winter you are not interrupted.

In fact, the winter is sometimes the best time of the year to operate because the ground is hard and frozen, so it is much easier to move material around and you do not have to deal with water. Red Dog operates all year despite being more north than we are - their only issue is that the ocean is frozen 9 months of the year where they are, whereas we are planning to truck concentrate east to Anchorage whose port is open year-round.

Question:

Do you hire locally?

In 2011 Trilogy Metals signed a Cooperative and Long-Term Agreement with NANA Regional Corporation which consolidated the company's and NANA's land holdings into an approximately 180,000-hectare land package. The agreement with

NANA committed Trilogy to provide education and job opportunities to the local communities, and since that time the company has had a seasonal employment rate of at least 50% indigenous people, who are predominately Iñupiaq. Since signing the agreement, the Company has forged a strong relationship with the local peoples and has made a contribution to the local economy.

Question:

How much attention does Trilogy receive in Australia given the South32 JV in terms of investment?

We cannot speak for South32, but what we can say is that we have had a lot of interest from South32 going back for a number of years. In fact, South32 came to us a few years ago with an interest in being involved in the project but the dynamics of what was being offered did not make sense at the time. What ended-up happening is that South32 went to Arizona and bought Arizona Mining for \$1.6 billion, but they always kept their eye on this project and had an interest in coming in. So when they initially entered into conversations around potentially doing a JV, the deal was that they would fund \$10M of exploration for 3 years (\$30M total), and at the end of that time they had to make a decision - which was January earlier this year. They have done a lot of due diligence with respect to the PFS, the exploration results and being on the ground. They have been able to look at this project longer-term and assess its potential. When they were able to do that, they were willing to come forward and put \$145M into the project which is a great vote of confidence in the Ambler Mining Deposit, the VMS Belt and in terms of where we are going. That is a really big positive that I think people need to appreciate.

The other point I wanted to make is that the history

of South32 is relatively new. It was effectively a de-merger out of BHP, and BHP kept their copper assets. So, what South32 is looking to do is obviously build its own copper-zinc portfolio, and one of the first steps they took is to take a look at Arizona Mining and Trilogy. They are looking for high-quality assets in safe jurisdictions that have potential to grow. And in all of those instances, Trilogy and the Ambler Mining District tick the boxes. We are fortunate to be in Alaska, we have high-grade as you saw in the Arctic Deposit of 5% CuEq, and we have an initial LOM of 12 years but have the ability to extend that considerably.

Question:

Does Trilogy have access to South32's technical team's expertise?

Yes. The key reason we entered into this partnership with South32 is because of the long operating history, first as part of BHP, and the strong technical ability they maintained afterwards. Whether they come in through the JV or the skills come through South32's oversight of the JV, we will have to see how it plays out. But our expectation is that part of having them involved was their long history to develop advanced projects and strong technical focus.

Question:

What will Trilogy's involvement look like in the JV with South32?

Let us take a step back since the JV was just constituted: we vended in the Ambler Mining District, South32 put in \$145M. The separate management team will be independent of both parties, and there will be an oversight board at the Ambler Metals level that will have representation

from both South32 and Trilogy. The independent management team will look at all aspects of the District's development and will make recommendations to the Board. The Board will then approve development proposals.

Question:

Who is the CEO of the JV?

Right now the CEO of the JV is Mr. Darryl Steane. Darryl has been seconded from South32. We are conducting a search for a CEO, and that process is ongoing. We hope to have someone in place shortly that will assume the reins as President & CEO of the JV.

Question:

What type of capital structure do you ultimately expect for Arctic?

Arctic is part of the JV, so the structure is already set - a 50/50 with South32. Right now there is \$145M that sits in the Ambler Holding Company, which is owned by Trilogy and Ambler Metals, which in turn is owned by Trilogy and South32. That \$145M is going to be used over the next 4 or 5 years funding the spending obligations of the JV.

Beyond that, it depends on where things are going. We will have to look at the funding opportunities are, and how we're going to fund the mine. There are a number of opportunities, including project debt. When we look at the percentages of payable metals and the fact that 12% is in precious metals even though we are really a copper-zinc company, this is a perfect scenario to look at either a royalty or a streaming structure that would help fund a significant portion of the capital.

Question:

Will you be expanding or reducing your drilling, and does that include Bornite?

Ultimately the decisions will be based in the JV itself, in terms of the budget. There is an initial desire to focus initially on Arctic, do some infill drilling and increase the resource there. Over the past several years we have expanded drilling at Bornite, and at the appropriate time, our expectation is that we will look into more drilling and exploration in the area.

A big part of the story is the exploration potential of the district, and when we look at the 12-year LOM at Arctic, we also have to look at the other tremendous opportunities that are there. For example when you look at the Ambler Schist Belt, we have an entire volcanogenic massive sulphide district. These usually have dozens of deposits of high-grade massive sulphide mineralization, like what you see in the Iberian pyrite belt in Spain and Portugal that was mined as far back as the Roman times. That is why South32 likes this story - we can be here for a long time, and the beauty is that we

have always focused on Arctic and Bornite because we did not have the resources. We are on the same page as South32, we want to hit the rest of this belt and keep that Arctic mill operating for 20 - 30 years - something we think there is a very good chance of. This is a very unique deposit and mining district, with great potential and size.

Question:

Can you comment on the cobalt?

There are 77M lbs of cobalt in Bornite - not Arctic. We have quite a bit of metallurgical work on that. About two-thirds is tied-up in a mineral called pyrite, or Fool's Gold. The copper is in bornite and chalcopyrite, so we are recovering these two and when we take them out of the ground the pyrite comes with it. We can also separate the pyrite.

So the good news is, one way or another the cobalt is coming out of the ground with the copper. We can also separate the cobalt into a pyrite concentrate, so the next steps will be to figure out whether we process the concentrate or send it to a third party. But right now the focus is on Arctic.



Question:

Part of your share holdings sit with large US funds, what do you expect to be their exit strategy?

A bit of history on where the share holding comes from: Trilogy was spun out of NOVAGOLD in 2012, and Rick and the management team got spun out with Trilogy which was initially NovaCopper Inc. The share holdings in NovaCopper were effectively transferred to the same shareholders of NOVAGOLD.

Some of those institutions that are holding our shares have actually been long-term holders, for example, Electrum. They have effectively maintained their significant stake since the spinout, and we also have Paulson and Baupost being in there for a long time. We see them being very supportive shareholders, looking at the company as a whole. When we last raised equity financing a couple years ago, they all participated.

At the end of the day, their exit strategy is their decision. We do not see any imminent desire for that to occur in the near term, since we are only scratching the surface of the value opportunity here. We are at the early stages of this development - a lot of what we talk about is Arctic, we do not really talk about Bornite or the exploration potential in a lot of detail. That is where the real value here is - it is a great story. We also have not talked about the metal - copper is poised to do very well, we have had a nice little recovery back up to \$2.60. If you look longer-term at the supply-demand fundamentals for copper and you look at the fact that we are in a safe jurisdiction and a high-grade project, there is a scarcity value associated with these types of projects. I think our shareholders appreciate this scarcity value and the potential that exists in terms of further discoveries.

Question:

What do you think the price of metals going forward?

Copper is a critical metal in that it is used in numerous applications such as building construction, power generation and transmission, electronic product manufacturing, and the production of industrial machinery and transportation vehicles. With global warming representing an existential threat to the planet, copper will be critical in the transformation of the global economy from a carbon-based energy system to a clean renewable system. For example, the average internal combustion engine requires approximately 50 pounds of copper whereas battery electric vehicles require almost 200 pounds of copper per vehicle. Global supplies of copper are dwindling, and mine grades are also dropping. Combined with the expected growth in global urbanization rates, which are highly correlated with copper demand, we expect that within the next couple of years that copper prices could exceed US\$4.00/pound or about US\$9,000/tonne.



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Forward Looking Statements

This document includes certain "forward-looking information" and "forward-looking statements" (collectively "forward-looking statements") within the meaning of applicable Canadian and United States securities legislation including the United States Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact, included herein, including, without limitation, the future price of copper, the estimation of mineral reserves and mineral resources, the realization of mineral reserve and mineral resource estimates, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of projects, the likelihood and timing with respect to the Ambler Mining District Industrial Access Project ("AMDIAF"), the potential future development of the Bornite project, the future operating or financial performance of the Company and planned expenditures and the anticipated activity at the Upper Kobuk Mineral Projects, are forward-looking statements. Forward-looking statements are frequently, but not always, identified by words such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "possible", and similar expressions, or statements that events, conditions, or results "will", "may", "could", or "should" occur or be achieved. These forward-looking statements may include statements regarding perceived merit of properties; exploration plans and budgets;

mineral reserves and resource estimates; work programs; capital expenditures; timelines; strategic plans; market prices for precious and base metals; or other statements that are not statements of fact. Forward-looking statements involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Company's expectations include: 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 AMDIAF will receive the requisite permits and, if it does, whether the Alaska Industrial Development and Export Authority will build the AMDIAF; risks related to inclement weather which may delay or hinder exploration activities at our mineral properties; risks related to the impact of the novel coronavirus (COVID-19) on the Company and its operations; 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; risks related to future sales or issuances of equity securities decreasing the value of the Company's existing common shares, diluting voting power and reducing future earnings per share; 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, including the impact of 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; adverse federal income tax consequences for U.S. shareholders should the Company be a passive foreign investment company; and other risks and uncertainties disclosed in the Company's Annual Report on Form 10-K or the year ended November 30, 2019 filed with Canadian securities regulatory authorities and with the United States Securities and Exchange Commission and in other Company reports and documents filed with applicable securities regulatory authorities from time to time. The Company's forward-looking statements reflect the beliefs, opinions and projections on the date the

statements are made. The Company assumes no obligation to update the forward-looking statements or beliefs, opinions, projections, or other factors, should they change, except as required by law.

Non-GAAP Performance Measures

Some of the financial measures referenced in this document are non-GAAP performance measures. We have not reconciled forward-looking full year non-GAAP performance measures precontained in this document to their most directly comparable GAAP measures, as permitted by Item 10(e)(1)(i)(B) of Regulation S-K. Such reconciliations would require unreasonable efforts at this time to estimate and quantify with a reasonable degree of certainty various necessary GAAP components, including for example those related to future production costs, realized sales prices and the timing of such sales, timing and amounts of capital expenditures, metal recoveries, and corporate general and administrative amounts and timing, or others that may arise during the year. These components and other factors could materially impact the amount of the future directly comparable GAAP measures, which may differ significantly from their non-GAAP counterparts.

Cautionary Note to United States Investors

This press release has been prepared in accordance with the requirements of the securities laws in effect in Canada, which differ from the requirements of U.S. securities laws. Unless otherwise indicated, all resource and reserve estimates included in this press release have been prepared in accordance with Canadian National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101") and the Canadian Institute of Mining, Metallurgy and Petroleum (CIM)—CIM Definition Standards on Mineral Resources and Mineral Reserves, adopted by the CIM Council, as amended ("CIM Definition Standards"). NI 43-101 is a rule developed by the Canadian Securities Administrators which establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. Canadian standards,

including NI 43-101, differ significantly from the requirements of the United States Securities and Exchange Commission (SEC), and resource and reserve information contained herein may not be comparable to similar information disclosed by U.S. companies. In particular, and without limiting the generality of the foregoing, the term "resource" does not equate to the term "reserves". Under U.S. standards, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. The SEC's disclosure standards normally do not permit the inclusion of information concerning "measured mineral resources", "indicated mineral resources" or "inferred mineral resources" or other descriptions of the amount of mineralization in mineral deposits that do not constitute "reserves" by U.S. standards in documents filed with the SEC. Investors are cautioned not to assume that all or any part of "measured" or "indicated resources" will ever be converted into "reserves". Investors should also understand that "inferred mineral resources" have a great amount of uncertainty as to their existence and great uncertainty as to their economic and legal feasibility. Under Canadian rules, estimated "inferred mineral resources" may not form the basis of feasibility or pre-feasibility studies except in rare cases. Disclosure of "contained ounces" in a resource is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report mineralization that does not constitute "reserves" by SEC standards as in-place tonnage and grade without reference to unit measures. The requirements of NI 43-101 for identification of "reserves" are also not the same as those of the SEC, and reserves reported by Trilogy Metals in compliance with NI 43-101 may not qualify as "reserves" under SEC standards. Arctic does not have known reserves, as defined under SEC Industry Guide 7. Accordingly, information concerning mineral deposits set forth herein may not be comparable with information made public by companies that report in accordance with U.S. standards.