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Trilogy Metals Inc.
(An Exploration-Stage Company)
Management’s Discussion and Analysis
(expresssed in US dollars)

General

This Management’s Discussion and Analysis (“MD&A”) of Trilogy Metals Inc. (“Trilogy”, “the Company” or “we”) is dated February 2, 2017 and provides an analysis of our audited financial results for the year ended November 30, 2016 compared to the year ended November 30, 2015.

The following information should be read in conjunction with our November 30, 2016 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 are 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, references to “U.S. dollars”, “$” or “US$” are to the currency of the United States and references to “Colombian pesos” or “COP” are to the currency of the Republic of Colombia.

Erin Workman, P.Geo., an employee and the Director, Technical Services, 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-MKT under the symbol “TMQ”. Additional information related to Trilogy, including our annual report on Form 10-K, is available on SEDAR at www.sedar.com and on EDGAR at www.sec.gov.

Description of business

We are a base metals exploration company focused on exploring and developing our mineral holdings 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 (“NovaCopper US”). Our Upper Kobuk Mineral Projects, (“UKMP” or “UKMP Projects”), consist of: i) the 100% owned Ambler lands which host the Arctic copper-zinc-lead-gold-silver 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 host the Bornite carbonate-hosted copper Project.

Property review

Our principal assets, the UKMP Projects, are located in the Ambler mining district in Northwest Alaska. Our UKMP Projects comprise approximately 352,943 acres (142,831 hectares) consisting of the Ambler and Bornite lands.

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 targets within a 100 kilometer long volcanogenic massive sulfide (“VMS”) belt, are owned by NovaCopper US. The Ambler lands are located in Northwestern Alaska and consist of 112,058 acres (45,348 hectares) of Federal patented mining claims and State of Alaska mining claims, within which VMS mineralization has been found.

We have recorded the Ambler lands as a mineral property with acquisition costs capitalized and exploration costs expensed in accordance with our accounting policies. As a result of the spin-out of Trilogy from NovaGold Resources Inc. (“NovaGold”) in 2012, the consolidated financial statements have been presented under the continuity of interest basis of accounting whereby the amounts are based on the amounts originally recorded by NovaGold as if we had held the property from inception.

Bornite Project

On October 19, 2011, NovaCopper US and NANA signed a collaborative agreement to explore and develop the Ambler mining district. Under the Exploration Agreement and Option to Lease (the “NANA Agreement”), we acquired 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 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. The agreement with NANA created a total land package incorporating
our Ambler lands with the adjacent Bornite and ANCSA lands with a total area of approximately 352,900 acres (142,831 hectares).

As consideration, $4.0 million was paid to NANA upon signing the NANA agreement and we gave NANA the right to appoint a member to Trilogy’s board of directors before April 2017. NANA has not exercised their right to appoint a board member at this time. Upon the decision to proceed with development of a mine within the area of interest, 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.

We have accounted for the Bornite property as a mineral property with acquisition costs capitalized and exploration costs expensed in accordance with our accounting policies.

Titiribi Project

On June 19, 2015, Trilogy completed an arrangement to acquire Sunward Resources Ltd. (“Sunward”). As a result, Trilogy, through wholly-owned subsidiaries, Sunward Investments Ltd. (“Sunward Investments”), owned 100% of the Titiribi gold-copper exploration project located approximately 70 kilometers southwest of the city of Medellin, in Antioquia Department, Colombia. The Titiribi project’s principal mining title is concession 5085, which was created by the consolidation of five concessions and four exploration licenses. This concession, comprising of an area of 3,919 hectares, was registered with the National Mining Registry on April 18, 2013 and expires in 2043.

Following the announcement of the sale of Sunward Investments (see “Corporate developments – Sale of Sunward Investments Ltd.”), and its ownership of the Titiribi project, we have accounted for it as a discontinued operation. The financial results have been adjusted retrospectively for the treatment as a discontinued operation.

Corporate developments

Name Change

In September 2016, we changed our name to Trilogy Metals Inc. to better reflect our Company’s naturally diversified resource base. The UKMP is located in the Ambler mining district in Northwest Alaska; a region known to host deposits rich in copper, zinc, lead, gold and silver. The Company controls the mineral rights to approximately 353,000 acres of land containing two known mineral belts, the Ambler Schist Belt and the Bornite Carbonate Sequence. The Ambler Schist Belt hosts VMS type mineralization occurring as a series of high-grade polymetallic copper-lead-zinc-gold-silver deposits along the entire 100 kilometer (70 mile) long belt. The Bornite Carbonate Sequence hosts several copper replacement targets around the Aurora and Pardner Hill prospects, in addition to an established resource identified at Bornite. Mineralization at Bornite is open to further exploration. Upon opening of the markets on September 8, 2016, our shares began trading on the TSX and the NYSE-MKT under the symbol “TMQ”. Shareholders approved the name change to Trilogy at our annual and special meeting of shareholders held on May 18, 2016.

Sale of Sunward Investments

On September 1, 2016, Trilogy completed the sale of all of the issued and outstanding shares of Sunward Investments to Brazil Resources Inc. (“BRI”) for consideration of 5,000,000 common shares of BRI, of which 2,500,000 common shares are subject to a six month holding period, and 1,000,000 BRI warrants, with each warrant exercisable into one common share of BRI for a period of two years from the completion date at an exercise price of CDN$3.50. The total consideration was valued at approximately $8.1 million. Sunward Investments, through a subsidiary, owns 100% of the Titiribi gold-copper exploration project. On December 7, 2016 BRI changed its name to GoldMining Inc.
The Company reclassified the operations of Sunward Investments as a discontinued operation, retrospectively, and recognized a gain on the sale of $4.4 million in the fourth quarter of 2016.

Long-term incentives

During the year ended November 30, 2016, the Board of Directors approved the granting of 1,785,000 stock options to employees, consultants and directors with various vesting terms over two years and 600,000 restricted share units (“RSUs”) to officers vesting equally in thirds on the grant date, the first anniversary of the grant date, and the second anniversary of the grant date.

Project activities

In the spring of 2016 we announced the release of an updated resource estimate and National Instrument 43-101 Technical Report on the Bornite Project. The update incorporated a new 3D lithology, alteration and structural model for the Bornite deposit, as well as results from previously un-sampled or partially sampled historical Kennecott drill core. A positive update with contained copper in Indicated Resources increasing from 334 to 913 million pounds constituting a 173% increase in contained metal. Total contained copper in Inferred Resources decreased from 5.7 to 5.5 billion pounds (1.8Blbs in-pit and 3.7Blbs below-pit) which constitutes a 4% decrease in contained metal due principally to moving in-pit Inferred Resources to the Indicated category. We continue to evaluate geological and hydrogeological data to support internal desktop evaluations and planning of future field investigations at the Bornite project.

In fiscal 2016, we expended $5.0 million on the UKMP Projects, mainly at Arctic, consisting of $1.3 million in wages and benefits, $0.7 million in drilling, $0.7 million in engineering expenses, $1.3 million in project support expenses, $0.4 million in land maintenance and permit expenses, and $0.3 million in environmental studies. The Company completed another successful field season in 2016 advancing the Arctic deposit towards pre-feasibility. We accomplished a 3,058 meter drill program at the Arctic Project, significant baseline environmental data collection, and furthered the engineering of the project. The summer field season was completed on time and 10% under budget, with a total spend of $5.0 million in 2016. The 2016 drill program was designed to collect data for geotechnical, hydrological, waste rock characterization and metallurgical studies as well as further resource definition.

Three drill holes representing 822 meters drilled were designed to collect geotechnical and hydrological data within the proposed Arctic open-pit. Data collected from the geotechnical/hydrological drill program was used to update a 3D structure model, rock mass model, and hydrogeology model and these results have been integrated into a combined geotechnical model that will be used for characterization of geotechnical domains and slope stability evaluation in a future pre-feasibility study.

Four drill holes representing 1,030 meters drilled were designed to collect metallurgical samples, specifically targeting material within the initial production years of the Arctic open-pit. A metallurgical test work program is currently underway and expected to be complete in Q1-2017.

Six drill holes representing 1,206 meters drilled were designed to evaluate vertical and lateral continuity of the high grade polymetallic copper, gold, silver, lead, and zinc mineralization, and support upgrading of Inferred resources to Measured and Indicated resource classification within the area of the proposed Arctic open-pit. We are pleased to announce that all six infill holes encountered mineralized intervals consistent with previous drilling conducted within the resource area on the property. Data collected from the drill program was used to update the 3D geology model. The updated geology domains and drill data will be incorporated into an updated resource estimate that will support a future pre-feasibility study.

Substantial field work was also completed to support the continuation of baseline environmental data collection. During the course of the field season, data collection was completed to support an aquatic survey, an avian and large mammal habitat survey, an archaeological survey and expansion of the wetlands delineation and surface quality work. An aquatics survey of rivers and creeks over the UKMP included identification of fish species present and tissues metals testing. An avian survey over the UKMP was conducted in May to identify bird nest locations, with a follow-up survey in July to measure fledging success. A habitat survey was completed in conjunction with the wetlands survey and will be used to inform future biological surveys. Approximately 2,400 acres were surveyed for archaeological resources in or around the potential Arctic open-pit and facilities locations. Approximately 2,900 acres of wetlands were delineated using techniques approved by the Army Corps of Engineers.
On-going baseline environmental data collection included maintenance of three hydrologic gauging stations and one meteorological station. Surface water quality samples were taken from sixteen surface water locations and analyzed for a full suite of parameters including total and dissolved metals.

We continue to advance the acid-base-accounting static and kinetic test work at Arctic. Continuous down-hole samples were collected from this year’s drill program to support static testing coverage over the Arctic deposit. On-site barrel sampling was successfully completed in the spring and fall of 2016 to support the kinetics program, and in August we achieved the 40-week milestone for the parallel laboratory humidity cells; maintenance and monitoring of all kinetic tests will continue into 2017.

The LiDAR survey that was incomplete last year due to weather conditions was also completed during the summer. Final deliverables were received this fall has have already proven helpful in supporting on-going engineering design and geological modeling.

We continued our efforts on supporting the Alaska Industrial Development Export Authority (“AIDEA”) throughout 2016 towards drafting an Environmental Impact Statement (“EIS”) as prescribed under the National Environmental Policy Act process to permit the Ambler Mining District Industrial Access Project (“AMDIAP”). The AMDIAP is anticipated to provide surface access to the Ambler mining district and our UKMP Projects – Arctic and Bornite. The project design is modeled on AIDEA’s successful DeLong Mountain Transportation System (“DMTS”), which includes an industrial access road from the Red Dog Mine to the DMTS port. AIDEA worked with private industry to develop the DMTS industrial access road, and the costs of road construction were paid back through tolls on road use. AMDIAP, once complete, will provide access to the Ambler Mining District through Gates of the Arctic National Preserve. This access is guaranteed in the Alaska National Interest Lands Conservation Act (“ANILCA”).

On October 21, 2015, Alaska’s Governor authorized AIDEA to begin the EIS process and shortly thereafter, the Consolidated SF299 ANILCA applications were submitted by AIDEA to the relevant federal agencies, including the National Park Service (“NPS”), the U.S. Army Corp of Engineers (“USACE”), Bureau of Land Management (“BLM”), U.S. Coast Guard (“USCG”), and the U.S. Federal Highway Administration (“FHWA”). NPS, USACE, BLM, and FHWA have accepted the application to move forward and have determined that BLM will be the lead federal agency for the EIS, along with NPS taking the lead on the Environmental and Economic Analysis (“EEA”) per ANILCA Section 201.4(d). A project kickoff meeting with State of Alaska and Federal agencies was held in early December 2016 to discuss next steps which include the scope of work for the third party EIS contractor, anticipated timing of BLM issuance of the Notice of Intent between March 2017 and May 2017, and NPS and FHWA working on the EEA. More information on the AMDIAP and the ANILCA permitting process is available on AIDEA’s website at www.ambleraccess.org, which website is not incorporated by reference.

Outlook

In 2017, we will continue to advance the development of our UKMP Projects. We are currently working on incorporating new surface mapping, a LiDAR survey, and drill hole information into an updated 3D geology model for the Arctic deposit. The new 3D geology model will update structural, lithology, mineralization and alteration domains into an integrated geology model that can support pre-feasibility level resource evaluations and mine planning. In the first quarter of 2017, we expect to complete a resource model update for the Arctic project that will include new assays collected from 2015 and 2016 drill core, specific gravity determinations collected from waste and mineralized material, and ABA static analyses collected from the hanging wall of the Arctic deposit – these data will support upgrading of Inferred resources to Measured and Indicated resource classification as well as future pre-feasibility level mine planning and open-pit design. During summer 2016, five drill holes were completed at the Arctic project to support a pre-feasibility level metallurgical test program. We retained ALS Metallurgy of Kamloops, British Columbia to complete the test work. The study will include confirmation of the metallurgical response of a Master Composite of approximately 400 kilograms, assessment of the variance in metallurgical responses across the deposit, and completion of copper-lead separation testing – work is on-going and expected to continue into the second quarter of 2017. We continue to advance our understanding of ABA/ML waste characterization at the Arctic project, in support of this task we plan to continue monthly sampling of laboratory Humidity Cell Tests through the end of 2017.

During summer 2013, two drill holes were completed in the open-pittable Ruby Creek zone of the Bornite deposit; the core was logged as per Company standard logging procedures, sampled and shipped to the Fairbanks warehouse where samples remained in cold storage pending processing. In September 2016, we retained SGS Minerals Services of Burnaby, British Columbia to perform a mineralogical and metallurgical test program for the retained samples of the open pit zone of the
Bornite deposit. The study will include mineralogical characterization through quantitative analysis (QEMSCAN) and optimization of the metallurgical parameters to best recover the base and precious metal values in the mineralized material – work is on-going and expected to continue into the second quarter of 2017. In November 2016, we retained SRK Consulting of Vancouver, British Columbia to review hydrogeological conditions at the Bornite property, update the hydrogeological conceptual model and provide recommendations for future data collection – work is on-going and expected to continue into the second quarter of 2017.

In the first half of 2017, we expect to complete a number of stand-alone and district trade-off studies that will include updated information on the Arctic and Bornite projects. These trade-off studies will guide planning of future site investigations to support pre-feasibility.

We continue to work with NANA on workforce development within NANA’s region. Through the Oversight Committee and the Workforce Development sub-committee, NANA and the Company jointly work on programs to facilitate local hiring of NANA shareholders. The Company has contributed a total of $140,000 to a scholarship fund which grants awards to NANA shareholders for either (i) the recipient’s student expenses directly related to education, i.e., academic education at an accredited institution; or (ii) the recipient’s student expenses directly related to vocational or technical schooling or training at a recognized institution intended to qualify the recipient for enhanced employment opportunities. The Workforce Development sub-committee which consists of equal representation from NANA and the Company will review all applications for 2017 and will select recipients for grant awards. We are committed to training and hiring locally. We have been very successful in hiring NANA shareholders at the UKMP Projects, achieving over 50% local hire each year over the past 5 years. In 2016, our field season employees consisted of 55% NANA shareholders and in 2017, we are committed to the continuation of hiring locally at the project.

We are also working closely with AIDEA to amend the Memorandum of Understanding (“MOU”), originally signed in 2013, as the industrial road route has been selected and permitting documents have been submitted to the relevant US federal agencies. We will work with AIDEA, as the proponent for the AMDIAP, to have a direct input into the permitting process for the road and have the ability to attend meetings with the BLM, as the lead federal agency for the EIS process.

### Summary of results

<table>
<thead>
<tr>
<th>Selected expenses</th>
<th>Year ended November 30, 2016</th>
<th>Year ended November 30, 2015</th>
<th>Year ended November 30, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>General and administrative</td>
<td>1,337</td>
<td>1,346</td>
<td>1,484</td>
</tr>
<tr>
<td>Mineral properties expense</td>
<td>5,037</td>
<td>4,167</td>
<td>2,512</td>
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<tr>
<td>Professional fees</td>
<td>442</td>
<td>1,346</td>
<td>952</td>
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<tr>
<td>Salaries</td>
<td>1,003</td>
<td>1,085</td>
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<tr>
<td>Salaries – stock-based compensation</td>
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<td>831</td>
<td>887</td>
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<tr>
<td>Loss from continued operations for the year</td>
<td>8,712</td>
<td>9,134</td>
<td>9,648</td>
</tr>
<tr>
<td>(Income)/loss from discontinued operations for the year</td>
<td>(3,850)</td>
<td>398</td>
<td>-</td>
</tr>
<tr>
<td>Loss and comprehensive loss for the year</td>
<td>4,862</td>
<td>9,532</td>
<td>9,648</td>
</tr>
<tr>
<td>Basic and diluted loss per common share</td>
<td>$0.05</td>
<td>$0.12</td>
<td>$0.17</td>
</tr>
</tbody>
</table>

For the year ended November 30, 2016, we reported a net loss of $4.9 million (or $0.05 basic and diluted loss per common share) compared to a net loss for the corresponding period in 2015 of $9.5 million (or $0.12 basic and diluted loss per common share) and a net loss of $9.6 million for the corresponding period in 2014 (or $0.17 basic and diluted loss per common share). This variance was primarily due to a one-time gain on the sale of Sunward Investments. Additionally, there were decreases in annual professional fees and stock-based compensation expense offset against an increase in mineral properties expenses in 2016.

The significant variance in 2016 relates to the gain recognized on the sale of Sunward Investments and the Titiribi Project of $4.4 million, pre-tax. This was a one-time event for which there is no comparable gain in prior years. Additionally, as a result of the sale, the operations of Sunward Investments were reclassified as a discontinued operation, retrospectively. Expenses of $0.6 million for the year ended November 30, 2016 and $0.4 million for the year ended November 30, 2015 related to the
Sunward Investments operations were reclassified to discontinued operations. As Sunward Resources Ltd. was purchased by the Company in June 2015, there are no amounts prior to June 2015 included in the consolidated results. In addition to the gain recognized on the sale, we also realized $0.1 million in gains on the sale of investments received as consideration for the year ended November 30, 2016.

Professional fees for the year ended November 30, 2016 were $0.4 million, a reduction of $0.9 million from the $1.3 million incurred for the year ended November 30, 2015, and a reduction from the $1.0 million incurred for the year ended November 30, 2014. Expenses in 2016 were down significantly due to less corporate transaction activity as well as $0.2 million in costs related to the sale of Sunward recorded in discontinued operations. In 2015, expenses were incurred for legal and technical due diligence and regulatory approvals associated with the acquisition of Sunward and, in 2014, legal costs associated with private placement financing were incurred for which there is no comparable amount in the current year.

The variance in the mineral properties expense was primarily due to the differing magnitude of the field programs at our UKMP Project in 2016, 2015 and 2014. In 2016, we completed a similar-sized drill program consisting of 3,058 meters at the Arctic Project, however, we significantly increased the environmental baseline data collection and engineering site investigations compared to the 2015 program. In 2015, we completed fourteen diamond drill holes amounting to 3,056 meters at the Arctic Project, as well as engineering and environmental site investigations. In 2014, we completed a re-sampling and re-assaying program of approximately 13,000 meters of historical drill core from Bornite. Mineral property expenses consist of direct drilling, personnel, community, resource reporting and other exploration expenses, as well as indirect project support expenses such as fixed wing charters, helicopter support, fuel, and other camp operation costs.

The other reduction in expenses is from a charge of $0.6 million in stock-based compensation in 2016 compared to $0.8 million in 2015, and $0.9 million in 2014. The expense recognized for the current year includes $0.4 million in expense relating to stock options and $0.3 million in expense relating to RSUs and deferred share units (“DSUs”). The 2015 expense included $0.7 million in expense relating to stock options and $0.1 million in expense relating to DSUs issued to non-executive directors in lieu of cash remuneration. The expense recognized for 2014 included $0.5 million in expense relating to stock options and $0.4 million in expense relating to previously granted RSUs and DSUs.

Other important variances for the year ended November 30, 2016 compared to the same period in 2015 and 2014 are as follows: (a) $1.3 million in general and administrative expenses in 2016 compared to $1.5 million in 2015 due to cost reduction efforts as well as a favorable foreign exchange movement; and (b) $1.0 million in salaries in 2016 compared to $1.1 million in 2015 and $3.0 million in 2014 primarily related to cost reduction initiatives implemented in the third quarter of 2014 that reduced the number of employees in the corporate office. The salaries in 2014 also included a one-time severance cost of $1.3 million paid to former employees offset by a recovery of $0.3 million due to a reversal of accrued bonuses from 2013 to employees no longer eligible to receive payment.

The comparable basic and diluted loss per common share for 2016 is lower than 2015 and 2014 due to the gain on the sale of Sunward Investments. The 2015 basic and diluted loss per common share is lower than 2014 mainly as a result of the additional shares issued during 2015 as a result of the Sunward acquisition completed in June 2015 as well as a lower loss figure.

Fourth quarter results

During the fourth quarter of 2016, we earned income of $2.0 million compared to a net loss of $2.1 million for the comparable period in 2015. The earnings in the fourth quarter of 2016 were due to the gain on sale of Sunward Investments of $4.4 million offsetting net expenses of $2.4 million. We incurred $1.4 million of mineral property expenses in the fourth quarter of 2016 compared to $0.8 million in the fourth quarter of 2015 for fairly comparable expenses including assaying costs from the summer drill program and engineering costs for the Arctic deposit. We recognized $0.2 million in foreign exchange losses in the fourth quarter of 2016 mainly due to the movement of the Canadian dollar as a result of holding the investments in BRI. As we acquired the investments in the fourth quarter of 2016, there is no comparable amount in 2015.

Selected financial data

Annual information
The following annual information is prepared in accordance with U.S. GAAP.
### Trilogy Metals Inc.
(An Exploration-Stage Company)

**Management’s Discussion & Analysis**
(expressed in US dollars)

**Year End 2016**

<table>
<thead>
<tr>
<th>in thousands of dollars</th>
<th>Year ended November 30, 2016</th>
<th>Year ended November 30, 2015</th>
<th>Year ended November 30, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income</td>
<td>61</td>
<td>24</td>
<td>2</td>
</tr>
<tr>
<td>Expenses</td>
<td>8,918</td>
<td>9,158</td>
<td>9,650</td>
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<tr>
<td>(Income)/Loss from discontinued operations for the year</td>
<td>(3,850)</td>
<td>398</td>
<td>-</td>
</tr>
<tr>
<td>Loss and comprehensive loss for the year</td>
<td>4,862</td>
<td>9,532</td>
<td>9,648</td>
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<tr>
<td>Total assets</td>
<td>46,747</td>
<td>51,181</td>
<td>36,826</td>
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<tr>
<td>Total liabilities</td>
<td>593</td>
<td>751</td>
<td>979</td>
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**Quarterly information**

<table>
<thead>
<tr>
<th>in thousands of dollars, except per share amounts</th>
<th>Q4 2016</th>
<th>Q3 2016</th>
<th>Q2 2016</th>
<th>Q1 2016</th>
<th>Q4 2015</th>
<th>Q3 2015</th>
<th>Q2 2015</th>
<th>Q1 2015</th>
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</thead>
<tbody>
<tr>
<td>11/30/16</td>
<td>08/31/16</td>
<td>05/31/16</td>
<td>02/28/16</td>
<td>11/30/15</td>
<td>08/31/15</td>
<td>05/31/15</td>
<td>02/28/15</td>
<td></td>
</tr>
<tr>
<td>Interest and other income</td>
<td>10</td>
<td>15</td>
<td>18</td>
<td>12</td>
<td>8</td>
<td>4</td>
<td>4</td>
<td>327</td>
</tr>
<tr>
<td>Mineral property expenses</td>
<td>1,430</td>
<td>2,617</td>
<td>458</td>
<td>532</td>
<td>779</td>
<td>2,771</td>
<td>291</td>
<td>327</td>
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<tr>
<td>Income (loss) from discontinued operations for the period</td>
<td>4,561</td>
<td>(352)</td>
<td>(187)</td>
<td>(172)</td>
<td>(200)</td>
<td>(198)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Earnings (loss) for the period</td>
<td>2,025</td>
<td>(3,544)</td>
<td>(1,648)</td>
<td>(1,695)</td>
<td>(2,090)</td>
<td>(4,162)</td>
<td>(1,750)</td>
<td>(1,530)</td>
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<tr>
<td>Earnings (loss) per common share – basic and diluted</td>
<td>0.02</td>
<td>(0.03)</td>
<td>(0.02)</td>
<td>(0.02)</td>
<td>(0.02)</td>
<td>(0.04)</td>
<td>(0.03)</td>
<td>(0.03)</td>
</tr>
</tbody>
</table>

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

Our loss for the first quarter ended February 28, 2015 was significantly reduced in comparison to previous first quarter periods due to the Company’s cost cutting efforts to reduce professional fees, salaries and mineral property expenses. During the first quarter of 2015, we incurred mineral property expense of $0.3 million mainly on community support and project staff salaries as our field season this year did not commence until early in the third quarter. During the second quarter of 2015, we incurred $0.3 million in mineral property expenses, the same level of activities as the first quarter of 2015. We also incurred $0.7 million in professional fees during the second quarter of 2015 mainly due to the acquisition of Sunward. During the third quarter of 2015, we incurred mineral property expenses of $2.8 million as we completed our drilling program. We also incurred $0.2 million of discontinued operation costs operating Sunward. As a result, our loss for the third quarter ended August 31, 2015 is higher compared to previous quarter losses. Our net loss for the fourth quarter of 2015 of $2.1 million consists of $0.8 million in mineral property expenses incurred for assay costs and engineering studies conducted in the fall as well as $0.2 million in discontinued operation costs from Sunward.

Our loss for the first quarter ended February 28, 2016 is slightly increased compared to the first quarter ended February 28, 2015 due to increased mineral property expenses relating to engineering studies completed in advance of the 2016 field program, as well as costs related to operating Sunward. During the second quarter of 2016, we incurred $0.5 million in mineral property expenses due to field season starting up in the last month of the second quarter and $0.2 million in discontinued operations relating to Sunward. During the third quarter of 2016, we incurred mineral property expenses of $2.6 million as we completed our drilling program. As a result, our loss for the third quarter ended August 31, 2016 is higher compared to previous third quarter losses. We recognized earnings for the fourth quarter of 2016 of $2.0 million due to the gain on the sale of Sunward. Adjusted for the discontinued operations, the fourth quarter periods are comparable.

### Liquidity and capital resources

At November 30, 2016, we had $7.3 million in cash and cash equivalents. We expended $8.9 million on operating activities during the 2016 fiscal year compared with $8.4 million for operating activities for the same period in 2015, and expenditures of
$8.6 million for operating activities for the same period in 2014. A majority of cash spent on operating activities during all periods was expended on mineral property expenses, professional fees, salaries and general and administrative expenses. The increase in cash spent in the year ended November 30, 2016 is mainly due to increased mineral property expenses of $0.9 million, increased discontinued operations expense of $0.2 million expended on Sunward offset by decreased professional fees of $0.9 million. As at November 30, 2016, the Company continues to manage its cash expenditures and management believes that the working capital available is sufficient to meet its operational requirements for the next year. Future financings are anticipated through equity financing, debt financing, the sale of investments, convertible debt, or other means.

During the year ended November 30, 2014, we raised $7.2 million in proceeds from the completion of a private placement in July 2014. There was no comparable amount from financing activities in 2015 or 2016.

During the year ended November 30, 2016, we raised $0.2 million in sales from investments acquired through the sale of Sunward Investments. During the year ended November 30, 2015, we generated $19.4 million from investing activities through the acquisition of Sunward. There was no comparable amount from investing activities in 2014. In 2014 and 2015, to conserve cash, our expenditures were minimal and limited to replacements that were absolutely necessary. In 2016, we spent $0.1 million purchasing vehicles and equipment to replace older vehicles.

**Contractual obligations**

Contractual obligated undiscounted cash flow requirements as at November 30, 2016 are as follows.

<table>
<thead>
<tr>
<th></th>
<th>Total $</th>
<th>&lt; 1 Year $</th>
<th>1–3 Years $</th>
<th>3–5 Years $</th>
<th>&gt; 5 Years $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>593</td>
<td>593</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Office lease</td>
<td>75</td>
<td>75</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>668</strong></td>
<td><strong>668</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

On January 25, 2013, the Company entered into a commitment to lease office space effective May 1, 2013 for a period of four years with a remaining total commitment at November 30, 2016 of $0.08 million.

**Off-balance sheet arrangements**

We have no material off-balance sheet arrangements. The Company has lease commitments for office spaces with a remaining total commitment of $0.08 million.

**Outstanding share data**

At February 2, 2017, we had 105,501,761 common shares issued and outstanding. At February 2, 2017, we had outstanding 6,521,740 warrants with an exercise price of $1.60 each, 7,562,765 stock options with a weighted-average exercise price of $0.53, 958,648 DSUs, 600,002 RSUs, 66,664 NovaGold Arrangement Options with a weighted-average exercise price of $3.91, and 20,685 NovaGold DSUs for which the holder is entitled to receive one common share for every six NovaGold shares received. For additional information on NovaGold Arrangement Options and NovaGold DSUs, please refer to note 8 in our November 30, 2016 audited consolidated financial statements. Upon exercising all of the foregoing convertible securities, the Company would be required to issue an aggregate of 15,713,266 common shares.

**Financial instruments**

Our financial instruments consist of cash and cash equivalents, accounts receivable, deposits, investments, and accounts payable and accrued liabilities. The fair value of the financial instruments approximates their carrying value due to the short-term nature of their maturity. Our financial instruments initially measured at fair value and then held at amortized cost include cash and cash equivalents, accounts receivable, deposits, and accounts payable and accrued liabilities. Our investments are held for trading and are marked-to-market at each period end with changes in fair value recorded to the statement of loss.
(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. We operate in the United States, Canada, and previously operated in Colombia with some expenses incurred in Canadian dollars and Colombian pesos. Our exposure to currency risk at November 30, 2016 is limited to the Canadian dollar consisting of cash of CDN$451,000, accounts receivable of CDN$32,000, deposits amounts of CDN$146,000, investments of CDN$10,521,000 and accounts payable of CDN$528,000. Based on a 1% change in the US-Canadian exchange rate, assuming all other variables remain constant, the Company's net loss would change by approximately $79,000.

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

(c) Liquidity risk

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

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk with respect to interest earned on cash and cash equivalents. Based on balances as at November 30, 2016, a 1% change in interest rates would result in a change in net loss of $0.1 million, assuming all other variables remain constant.

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

New accounting pronouncements

Certain recent accounting pronouncements have been included under note 2 in our November 30, 2016 audited consolidated financial statements.

Critical accounting estimates

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

Mineral properties and development costs

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

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

Income taxes

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

Stock-based compensation

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

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 US Exchange Act and the rules of Canadian Securities Administration, as at November 30, 2016. Based on this evaluation, the CEO and CFO have concluded that the Company’s disclosure controls and procedures were effective.

Internal control over financial reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) and 15d-15(f) of the 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, 2016, 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 2, 2017 available on SEDAR at www.sedar.com 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.sedar.com 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 perceived merit of properties, exploration results and budgets, 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 relating to anticipated activity with respect to the Ambler Mining District Industrial Access Project, including the Company’s plans and expectations relating to its Upper Kobuk Mineral Projects, market prices for precious and base metals, 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 a number of material assumptions, including those listed below, which could prove to be significantly incorrect:

- assumptions made in the interpretation of drill results, and of the geology, grade and continuity of the Company’s mineral deposits;
- our ability to achieve production at any of the Company’s mineral exploration and development properties;
- our expected ability to develop adequate infrastructure and that the cost of doing so will be reasonable;
- assumptions that all necessary permits and governmental approvals will be obtained;
- estimated capital costs, operating costs, production and economic returns;
- estimated metal pricing, metallurgy, mineability, marketability and operating and capital costs, together with other assumptions underlying the Company’s resource and reserve estimates;
- continued good relationships with local communities and other stakeholders;
- our expectations regarding demand for equipment, skilled labour and services needed for exploration and development of mineral properties;
- assumptions regarding the merit of litigation; and
- that our activities will not be adversely disrupted or impeded by development, operating or regulatory risks.
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;
- none of the Company’s mineral properties are in production or are under development;
- uncertainties relating to the assumptions underlying our resource estimates, such as metal pricing, metallurgy, mineability, marketability and operating and capital costs;
- risks related to lack of infrastructure including but not limited to the risk whether or not the AMDIAP will receive the requisite permits and, if it does, whether AIDEA will build the AMDIAP;
- uncertainty as to whether there will ever be production at the Company’s mineral exploration and development properties;
- uncertainty as to estimates of capital costs, operating costs, production and economic returns;
- 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 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 market events and general economic conditions;
- uncertainty related to inferred mineral resources;
- uncertainty related to the economic projections contained herein derived from the Preliminary Economic Assessment titled “Preliminary Economic Assessment Report on the Arctic Project, Ambler Mining District, Northwest Alaska” dated effective September 12, 2013;
- risks related to inclement weather which may delay or hinder exploration activities at its mineral properties;
- risks and uncertainties relating to the interpretation of drill results, the geology, grade and continuity of our mineral deposits;
- 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;
- 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;
- commodity price fluctuations;
- 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 its control;
- 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;
- 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;
- our need to attract and retain qualified management and technical personnel;
- risks related to conflicts of interests of some of our directors;
- 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 the volatility in the price of the Company’s 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;
- 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; and
- increased regulatory compliance costs, associated with rules and regulations promulgated by the United States Securities and Exchange Commission (the “SEC”), Canadian Securities Administrators, the NYSE-MKT, the TSX, and the
Financial Accounting Standards Boards, and more specifically, our efforts to comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act.

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 2, 2017, 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.

Cautionary note to United States investors
Reserve and resource estimates

This Management’s Discussion and Analysis 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 Management’s Discussion and Analysis have been prepared in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects (“NI 43-101”) and the Canadian Institute of Mining, Metallurgy, and Petroleum Definition Standards on Mineral Resources and Mineral Reserves. 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 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 any part or all of mineral deposits in these categories will ever be converted into reserves. U.S. 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. It cannot be assumed that all or any part of an “inferred mineral resource” will ever be upgraded to a higher category. Under Canadian rules, estimated “inferred mineral resources” may not form the basis of feasibility or pre-feasibility studies except in rare cases. Investors are cautioned not to assume that all or any part of an “inferred mineral resource” exists or is economically or legally mineable. 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 the Company in compliance with NI 43-101 may not qualify as “reserves” under SEC standards. 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.