Trilogy Metals Inc.

Consolidated Financial Statements
November 30, 2024, 2023 and 2022

(expressed in US dollars)

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Supplementary Data

For the required supplementary data, please see the section heading "*Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations*" above.

Management's Report on Internal Control over Financial Reporting

The management of Trilogy Metals Inc. is responsible for establishing and maintaining adequate internal control over financial reporting under Rule 13a-15(f) and 15d-15(f) of the U.S. Exchange Act. The Securities Exchange Act of 1934 defines this as a process designed by, or under the supervision of, the Company's principal executive and principal financial officers and effected by the Company's Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States of America, and includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles in the United States of America, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that may have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of the Company's internal control over financial reporting as of November 30, 2024. In making this assessment, the Company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control – Integrated Framework (2013).

Based upon our assessment and those criteria, management concluded that the Company's internal control over financial reporting is effective as of November 30, 2024.

/s/ Tony Giardini

Tony Giardini
President, Chief Executive Officer & Director

/s/ Elaine Sanders

Elaine Sanders
Vice President & Chief Financial Officer

February 13, 2025

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Trilogy Metals Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Trilogy Metals Inc. and its subsidiaries (the Company) as of November 30, 2024 and 2023, and the related consolidated statements of loss and comprehensive loss, of changes in shareholders' equity and of cash flows for each of the three years in the period ended November 30, 2024, including the related notes (collectively referred to as the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of November 30, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended November 30, 2024 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Recoverability of the Investment in Ambler Metals LLC

As described in Notes 2 and 3 to the consolidated financial statements, the Company has an investment in Ambler Metals LLC (Ambler) accounted for using the equity method of accounting. As of November 30, 2024, the carrying value of the Company's investment in Ambler was $107.5 million. Management assesses whether there has been an other than temporary decrease in the fair value of their investment in Ambler whenever changes in facts and circumstances indicate there might be, including assessing the underlying mineral properties of Ambler. During the year ended November 30, 2024, management identified facts and circumstances due to adverse changes in the regulatory environment impacting the investee, and therefore, tested the carrying value of the investment in Ambler for recoverability by assessing the underlying mineral properties of Ambler. Management estimated a range of fair values for the investment in Ambler using a combination of valuation techniques, including the valuation of cohort companies with similar projects and in situ multiples observed in market transactions for comparable mineral properties that take into account, among other things, mineral reserve and resource estimates. Management applies significant judgment in estimating the fair value of the investment in Ambler. The mineral reserve and resource estimates are based on information prepared by qualified persons (management's specialists). No impairment was recorded as a result of the impairment test.

The principal considerations for our determination that performing procedures relating to the recoverability of the investment in Ambler is a critical audit matter are: (i) the significant judgment by management, including the use of management's specialists, in determining the fair value of the investment in Ambler, which in turn led to (ii) a high degree of auditor judgment, subjectivity and effort in performing procedures to evaluate audit evidence relating to the fair value of the investment in Ambler, including assessing the reasonability of the mineral reserve and resource estimates developed by management, developing independent in situ value per pound of copper equivalent for Ambler's mineral properties, and project-specific characteristics; and (iii) the audit effort also involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included, among others (i) developing an independent point estimate of the fair value of the investment in Ambler based on an estimated in situ value per pound of copper equivalent, and (ii) comparing the independent point estimate to management's estimate to evaluate the reasonableness of management's estimate. Professionals with specialized skill and knowledge were used to assist in the determination of the in situ value per pound of copper equivalent of the underlying mineral properties of Ambler based on comparable market transactions taking into account project-specific characteristics. For project-specific characteristics, we evaluated evidence of actions taken and statements made by legislators in support of mineral resource development in the jurisdiction of the underlying mineral properties. Professionals with specialized skill and knowledge also assisted in the assessment of the reasonability of the fair value of the investment in Ambler. The work of management's specialists was used in performing the procedures to evaluate the reasonableness of the mineral reserve and resource estimates. As a basis for using this work, the specialists' qualifications were understood and the Company's relationship with the specialists was assessed. The procedures performed also included evaluating the methods and assumptions used by the specialists, testing the data used by the specialists, and evaluating the specialists' findings.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants
Vancouver, Canada
February 13, 2025

We have served as the Company's auditor since 2012.

Trilogy Metals Inc.
Consolidated Balance Sheets
As at November 30, 2024 and 2023

in thousands of US dollars

	November 30, 2024 $	November 30, 2023 $
Assets		
Current assets		
Cash	25,834	2,590
Accounts receivable	16	33
Deposits and prepaid amounts	195	259
Total current assets	26,045	2,882
Investment in Ambler Metals LLC (note 3)	107,497	135,021
Fixed assets	—	4
Right of use asset (note 5(a))	155	113
Total assets	**133,697**	**138,020**
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 4)	756	432
Current portion of lease liability	37	33
Total current liabilities	793	465
Long-term portion of lease liability	110	—
Total liabilities	903	465
Shareholders' equity		
Share capital (note 6) – unlimited common shares authorized, no par value issued – 161,085,313 (2023 – 155,925,990)	190,503	187,886
Contributed surplus	118	118
Contributed surplus – options (note 6(a))	28,801	28,237
Contributed surplus – units (note 6(b))	3,772	3,127
Deficit	(90,400)	(81,813)
Total shareholders' equity	132,794	137,555
Total liabilities and shareholders' equity	**133,697**	**138,020**

Commitments and contingencies (note 10)
Subsequent events (note 11)

(See accompanying notes to the consolidated financial statements)

/s/Tony Giardini, President, CEO and Director

/s/ Diana Walters, Director

Approved on behalf of the Board of Directors

Trilogy Metals Inc.
Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended November 30

in thousands of US dollars, except share and per share amounts

	2024 $	2023 $	2022 $
Expenses			
Amortization	4	8	17
Exploration expenses	36	43	47
Foreign exchange (gain) loss	(1)	5	(18)
General and administrative	1,218	1,328	1,287
Investor relations	72	130	183
Professional fees	923	1,073	998
Salaries	927	753	984
Salaries and directors expense – stock-based compensation	3,520	3,887	3,427
Total expenses	6,699	7,227	6,925
Other items			
Gain on disposition of mineral property	—	—	(84)
Interest and other income	(685)	(120)	(34)
Services agreement income	(63)	—	—
Share of loss on equity investment (note 3(b))	2,636	7,844	17,360
Write off mineral properties	—	—	90
Loss and comprehensive loss for the year	**(8,587)**	**(14,951)**	**(24,257)**
Basic loss per common share	**(0.05)**	**(0.10)**	**(0.17)**
Diluted loss per common share	**(0.05)**	**(0.10)**	**(0.17)**
Basic weighted average number of common shares outstanding	**159,829,344**	**152,647,254**	**145,721,736**
Diluted weighted average number of common shares outstanding	**159,829,344**	**152,647,254**	**145,721,736**

(See accompanying notes to the consolidated financial statements)

Trilogy Metals Inc.
Consolidated Statements of Changes in Shareholders' Equity
For the Years Ended November 30

in thousands of US dollars, except share amounts

	Number of shares outstanding	Share capital $	Contributed surplus $	Contributed surplus – options $	Contributed surplus – units $	Deficit $	Total shareholders' equity $
Balance – 2021	**145,009,811**	**180,820**	**122**	**25,990**	**1,712**	**(42,605)**	**166,039**
Exercise of options	81,674	76	—	(22)	—	—	54
Exercise of warrants	—		—			—	—
Restricted share units	992,081	1,117	—	—	(1,117)	—	—
Deferred share units	—		—			—	—
Joint venture contribution	31,469	51		—	—		51
Services settled by common shares	110,000	114		—	—		**114**
Stock-based compensation	—	—	—	1,384	2,043	—	3,427
Loss for the year	—	—	—	—	—	(24,257)	(24,257)
Balance – 2022	**146,225,035**	**182,178**	**122**	**27,352**	**2,638**	**(66,862)**	**145,428**
Private Placement, net of share issue cost	5,854,545	3,115	—	—	—	—	3,115
Restricted share units	3,091,614	1,911	—	—	(1,911)	—	—
Deferred share units	415,056	468	—	—	(468)	—	—
Joint venture contribution	143,505	111	—	—	—	—	111
Services settled by common shares	195,105	99	—	—	—	—	99
NovaGold DSU conversion	1,130	4	(4)	—	—	—	—
Stock-based compensation	—	—	—	885	2,868	—	3,753
Loss for the year	—	—	—	—	—	(14,951)	(14,951)
Balance – 2023	**155,925,990**	**187,886**	**118**	**28,237**	**3,127**	**(81,813)**	**137,555**
Exercise of options	136,666	110	—	(36)	—	—	74
Restricted share units	4,635,695	2,275	—	—	(2,275)	—	—
Joint venture contribution	143,507	112	—	—	—	—	112
Services settled by common shares	243,455	120	—	—	—	—	120
Stock-based compensation	—	—	—	600	2,920	—	3,520
Loss for the year	—	—	—	—	—	(8,587)	(8,587)
Balance – 2024	**161,085,313**	**190,503**	**118**	**28,801**	**3,772**	**(90,400)**	**132,794**

(See accompanying notes to the consolidated financial statements)

Trilogy Metals Inc.
Consolidated Statements of Cash Flows
For the Years Ended November 30

in thousands of US dollars

	2024 $	2023 $	2022 $
Cash flows used in operating activities			
Loss for the year	(8,587)	(14,951)	(24,257)
Adjustments to reconcile net loss to cash flows used in operating activities			
Amortization	4	8	17
Unpaid interest earned	—	(23)	—
Consulting fees settled by common shares	120	116	114
Office lease accounting	76	17	(16)
Gain on disposal of mineral property	—	—	(84)
Loss on equity investment in Ambler Metals LLC (note 3(c))	2,636	7,844	17,360
Unrealized foreign exchange (gain) loss	(2)	5	(18)
Stock-based compensation	3,520	3,887	3,427
Write off mineral properties	—	—	90
Net change in non-cash working capital			
Decrease in accounts receivable	17	7	2
Decrease (Increase) in deposits and prepaid amounts	64	61	(64)
Increase (Decrease) in accounts payable and accrued liabilities	324	(64)	(506)
Total cash flows used in operating activities	**(1,828)**	**(3,093)**	**(3,935)**
Cash flows from financing activities			
Issuance of common shares, net of share issue cost	—	3,115	—
Proceeds from exercise of options	74	—	54
Total cash flows from financing activities	**74**	**3,115**	**54**
Cash flows from investing activities			
Return of capital from Ambler Metals LLC (note 3(b))	25,000	—	—
Proceeds from disposition of mineral property	—	—	142
Total cash flows from investing activities	**25,000**	**—**	**142**
Change in cash	23,246	**22**	**(3,739)**
Effect of exchange rate on cash	(2)	(5)	4
Cash – beginning of the year	2,590	2,573	6,308
Cash – end of the year	**25,834**	**2,590**	**2,573**

(See accompanying notes to the consolidated financial statements)

Trilogy Metals Inc.
Notes to Consolidated Financial Statements

1) Nature of operations

Trilogy Metals Inc. ("Trilogy", the "Company", or "we") was incorporated in British Columbia under the Business Corporations Act (BC) on April 27, 2011. The Company is engaged in the exploration and development of mineral properties, through our equity investee (note 3), with a focus on the Upper Kobuk Mineral Projects ("UKMP"), including the Arctic and Bornite Projects located in Northwest Alaska in the United States of America ("US" or "USA"). The Company also conducts early-stage exploration through a wholly owned subsidiary, 995 Exploration Inc.

2) Summary of significant accounting policies

Basis of presentation

These consolidated financial statements have been prepared using accounting principles generally accepted in the United States ("U.S. GAAP") and include the accounts of Trilogy and its wholly owned subsidiaries, NovaCopper US Inc. (dba "Trilogy Metals US") and 995 Exploration Inc. All intercompany transactions are eliminated on consolidation. For variable interest entities ("VIEs") where Trilogy is not the primary beneficiary, we use the equity method of accounting.

All figures are in United States dollars unless otherwise noted. References to CDN$ refer to amounts in Canadian dollars.

These financial statements were approved by the Company's Board of Directors for issue on February 13, 2025.

Cash

Cash consists of bank deposits that are held with a single Canadian Financial Institution. The majority of cash is uninsured as at November 30, 2024.

Investment in affiliates

Investments in unconsolidated ventures over which the Company has the ability to exercise significant influence, but does not control, are accounted for under the equity method and include the Company's investment in the Ambler Metals project. We identified Ambler Metals LLC ("Ambler Metals") as a VIE as the entity is dependent on funding from its owners. All funding, ownership, voting rights and power to exercise control is shared equally on a 50/50 basis between the owners of the VIE. Therefore, the Company has determined that it is not the primary beneficiary of the VIE. The Company's maximum exposure to loss is its investment in Ambler Metals.

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

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

Fixed assets

Property and equipment are recorded at cost and amortization begins when the asset is put into service. Amortization is calculated on a straight-line basis over the respective assets' estimated useful lives. Amortization periods by asset class are:

Computer hardware and software	3 years
Leasehold improvements	lease term
Office furniture and equipment	5 years

Mineral properties and development costs

All direct costs related to the acquisition of mineral property interests are capitalized. Mineral property exploration expenditures are expensed when incurred. When it has been established that a mineral deposit is commercially mineable, an economic analysis has been completed and permits are obtained, the costs subsequently incurred to develop a mine on the property prior to the start of mining operations are capitalized. Capitalized costs will be amortized following commencement of production using the unit of production method over the estimated life of proven and probable reserves.

Leases

At the inception of an arrangement, the Company determines whether the arrangement is or contains a lease based on the unique facts and circumstances present in the arrangement. Leases with a term greater than one year are recognized on the balance sheet as ROU assets and short-term and long-term lease liabilities, as applicable. ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease. It also considers termination options and factors those into the determination of lease payments. Options to renew a lease are not included in the assessment unless there is reasonable certainty that the Company will renew.

Operating lease liabilities and their corresponding ROU assets are recorded based on the present value of lease payments over the expected remaining lease term. Certain adjustments to the ROU asset may be required for items such as incentives received. The interest rate implicit in lease contracts is typically not readily determinable. As a result, the Company utilizes its incremental borrowing rate, which reflects the fixed rate at which it could borrow on a collateralized basis the amount of the lease payments in the same currency, for a similar term, in a similar economic environment. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Income taxes

The liability method of accounting for income taxes is used and is based on differences between the accounting and tax basis of assets and liabilities. Deferred income tax assets and liabilities are recognized for temporary differences between the tax and accounting basis of assets and liabilities as well as for the benefit of losses available to be carried forward to future years for tax purposes using enacted income tax rates expected to be in effect for the period in which the differences are expected to reverse. Deferred income tax assets are evaluated and, if realization is not considered more likely than not, a valuation allowance is provided.

Uncertainty in income tax positions

The Company recognizes tax benefits from uncertain tax positions only if it is at least more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. Any tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon settlement with the taxing authorities. Related interest and penalties, if any, are recorded as tax expense in the tax provision.

Financial instruments

Loans and receivables are recorded initially at fair value, net of transaction costs incurred, and subsequently at amortized cost using the effective interest rate method. Loans and receivables consist of cash, accounts receivable, and deposits.

Other financial liabilities are recorded initially at fair value and subsequently at amortized cost using the effective interest rate method. Other financial liabilities include accounts payable and accrued liabilities.

Translation of foreign currencies

Monetary assets and liabilities are translated into United States dollars at the exchange rate in effect at the balance sheet date, and non-monetary assets and liabilities at the exchange rate in effect at the time of acquisition or issue. Income and expenses are translated at rates approximating the exchange rate in effect at the time of transactions. Exchange gains or losses arising on translation are included in income or loss for the period.

The functional currency of the Company and its subsidiaries and the Company's reporting currency is the United States dollar.

Earnings and loss per share

Earnings and loss per common share is calculated based on the weighted average number of common shares outstanding during the year. The Company follows the treasury stock method in the calculation of diluted earnings per share. Under the treasury stock method, the weighted average number of common shares outstanding used for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive stock options and in the prior year, warrants are used to repurchase common shares at the average market price during the period.

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 dividend yield, the risk-free interest rate, and the expected life of the option. The compensation cost is recognized using the graded attribution method over the vesting period of the respective options. The expense relating to the fair value of stock options is included in expenses, net of forfeitures and is credited to contributed surplus. Shares are issued from treasury in settlement of options exercised.

Compensation expense for restricted share units ("RSUs") and deferred share units ("DSUs") granted to employees and directors, respectively, is determined based on estimated fair values of the units at the time of grant using quoted market prices or at the time the units qualify for equity classification under ASC 718. The cost is recognized using the graded attribution method over the vesting period of the respective units. The expense relating to the fair value of the units is included in expenses, net of forfeitures and is credited to other liabilities or contributed surplus based on the unit's classification. Units may be settled in either i) cash, and/or ii) shares purchased in the open market, and/or iii) shares issued from treasury, at the Company's election at the time of vesting.

Use of estimates and measurement uncertainties

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions of future events that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of expenditures during the period. Significant estimates include the measurement of income taxes, and the valuation of stock-based compensation. Actual results could differ materially from those reported.

Management assesses the possibility of impairment in the carrying value of its equity method investments in Ambler Metals whenever events or circumstances indicate that the carrying amount of the investment may not be recoverable. Ambler Metals is a non-publicly traded equity investment owning exploration and development projects. Significant judgments are made in assessing the possibility of impairment. The Company assesses whether there has been a potential triggering event for other-than-temporary impairment by assessing the underlying assets of Ambler Metals for recoverability and assessing whether there has been a change in the development plan or strategy for the projects. If the Company concludes there is sufficient evidence for an other-than temporary impairment, an assessment of fair value is performed. If the underlying assets are not recoverable, the Company will record an impairment charge equal to the difference between the carrying amount of the equity investment and its fair value.

New accounting pronouncements

Updates to Reportable Segment Disclosures

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-07 "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures". AUS 2023-7 expands public entities' segment disclosures by requiring disclosure of significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss and interim disclosures of a reportable segment's profit or loss and assets. The standard is effective for the Company's Annual Report on Form 10-K for the fiscal year ended November 30, 2025, and subsequent interim periods, with early adoption permitted. The Company will be evaluating the impact of the guidance on the consolidated financial statements or disclosures.

Updates to Income Tax Disclosure

In December 2023, the FASB issued ASU 2023-09 "Income Taxes (Topic 740): Improvements to Income Tax Disclosures." ASU 2023-09 enhances the transparency and decision usefulness of income tax disclosures through changes to the rate reconciliation and income taxes paid information. The standard is effective beginning with the Company's Annual Report on Form 10-K for the fiscal year ended November 30, 2026, and subsequent interim periods, with early adoption permitted. The Company will be evaluating the impact of the guidance on the consolidated financial statements.

3) Investment in Ambler Metals LLC

(a) Formation of Ambler Metals LLC

On February 11, 2020, the Company completed the formation of the 50/50 Joint Venture named Ambler Metals with South32. As part of the formation of the Joint Venture, Trilogy contributed all its assets associated with the UKMP, including the Arctic and Bornite Projects, while South32 contributed $145 million, resulting in each party's subsidiaries directly owning a 50% interest in Ambler Metals.

Ambler Metals is a company jointly controlled by Trilogy and South32 through a four-member board, of which two members are appointed by Trilogy based on its 50% equity interest. All significant decisions related to the UKMP require the approval of both companies. We determined that Ambler Metals is a VIE because it is expected to need additional funding from its owners for its significant activities. However, we concluded that we are not the primary beneficiary of

Ambler Metals as the power to direct its activities, through its board, is shared under the Ambler Metals LLC limited liability company agreement. As we have significant influence over Ambler Metals through our representation on its board, we use the equity method of accounting for our investment in Ambler Metals. Our maximum exposure to loss in this entity is limited to the carrying amount of our investment in Ambler Metals, which, as of November 30, 2024, totaled $107.5 million (2023 - $135.0 million).

(b) Carrying value of investment in Ambler Metals

Trilogy recognized, based on its 50% ownership interest in Ambler Metals, an equity loss equivalent to its pro rata share of Ambler Metals' comprehensive loss of $5.3 million for the year ended November 30, 2024 (2023 - $15.7 million). During the year ended November 30, 2024, Trilogy made a $112,000 equity contribution to Ambler Metals through the issuance of 143,507 common shares of the Company as part of the long-term incentive compensation for Ambler Metals executives. Likewise, South32 made an equivalent equity contribution to Ambler Metals for $112,000 in cash for their 50% share. The carrying value of Trilogy's 50% investment in Ambler Metals as at November 30, 2024 is summarized on the following table.

in thousands of dollars

	$
November 30, 2022, Investment in Ambler Metals	**142,754**
Joint venture equity contribution	111
Share of loss on equity investment for the year ending November 30, 2023	(7,844)
November 30, 2023, Investment in Ambler Metals	**135,021**
Joint venture equity contribution	112
Return of capital	(25,000)
Share of loss on equity investment for the year ending November 30, 2024	(2,636)
November 30, 2024, Investment in Ambler Metals	**107,497**

During the year, the Company assessed whether there had been a decline in the fair value of its investment in Ambler Metals below its carrying value that was other than temporary as of a result of the United States Bureau of Land Management's ("BLM") preferred "No Action" alternative published in the BLM's Final Supplemental Environmental Impact Statement ("SEIS") for the Ambler Access Project and the BLM's Record of Decision confirming the no action alternative. Accordingly, the Company estimated the fair value of the investment based on various techniques including the valuation of cohort companies with similar projects and in situ multiplies observed in market transactions for comparable mineral properties. No impairment was identified.

(c) The following table summarizes Ambler Metals' Balance Sheet as at November 30, 2024.

in thousands of dollars

	November 30, 2024 $	November 30, 2023 $
Total assets	39,961	97,180
Cash and cash equivalents	7,472	63,829
Mineral properties	30,899	30,899
Total liabilities	(761)	(2,931)
Accounts payable and accrued liabilities	(559)	(2,500)
Members' equity (total assets less total liabilities)	**39,200**	**94,249**

(d) The following table summarizes Ambler Metals' net loss for the years ended November 30, 2024, November 30, 2023 and November 30, 2022.

	For the year ended		
	November 30, 2024 $	November 30, 2023 $	November 30, 2022 $
Depreciation	137	150	113
Corporate salaries and wages	440	2,068	1,664
General and administrative	504	547	738
Mineral property expense	4,098	12,822	32,083
Professional fees	1,122	547	792
Foreign exchange (gain)/loss	2	(2)	15
Interest and other income	(1,032)	(445)	(686)
Comprehensive loss	**5,271**	**15,687**	**34,719**

(e) Related party transactions

During the fiscal year 2024, the Company charged $63,000 (2023 - $nil) related to administration and accounting services in connection with a service agreement between the Company and Ambler Metals. In addition, the Company received payments of $68,000 (2023 - $27,000) related to operating expenses paid on behalf of Ambler Metals pursuant to the service agreement.

4) Accounts payable and accrued liabilities

in thousands of dollars

	November 30, 2024 $	November 30, 2023 $
Trade accounts payable	196	146
Accrued liabilities	62	54
Accrued salaries and vacation	498	232
Accounts payable and accrued liabilities	**756**	**432**

Subsequent to the year ended on November 30, 2024, approximately $153,000 of accrued salaries was settled through the issuance of common shares of the Company.

5) Leases

(a) Right-of-use asset

in thousands of dollars

	$
Balance as at November 30, 2022	**319**
Net amortization	(206)
Balance as at November 30, 2023	**113**
Net amortization for lease ended June 30, 2024	(113)
ROU assets recognized for lease commenced July 1, 2024	170
Net amortization for lease commenced July 1, 2024	(15)
Balance as at November 30, 2024	**155**

The Company's previous office lease ended on June 30, 2024. The Company entered into a new office lease commencing on July 1, 2024, with a 4-year term ending June 20, 2028, with no renewal option. During the year ending November 30, 2024, the Company recognized a ROU asset of $170,000 for the new office lease.

(b) Lease liabilities

The Company's lease arrangement consists of an operating lease of our office space ending on June 30, 2028. There are no extension options.

Total lease expense recorded within general and administrative expenses was comprised of the following components:

in thousands of dollars

	Year ended November 30, 2024 $	Year ended November 30, 2023 $
Operating lease costs	134	216
Variable lease costs	112	140
Total lease expense	**246**	**356**

Variable lease costs consist primarily of the Company's portion of operating costs associated with the office space lease as the Company elected to apply the practical expedient not to separate lease and non-lease components.

As of November 30, 2024, the remaining lease term was 3.5 years and the discount rate is 9%. Significant judgment was used in the determination of the incremental borrowing rate which included estimating the Company's credit rating.

Supplemental cash and non-cash information relating to our leases during the year ended November 30, 2024 are as follows:

- Cash paid for amounts included in the measurement of lease liabilities was $57,939, of which $33,159 related to the office lease that expired on June 30, 2024 and $24,780 related to the new office lease that commenced on July 1, 2024.

Future minimum payments relating to the lease recognized in our balance sheet as of November 30, 2024 are as follows:

in thousands of dollars

Fiscal year	November 30, 2024 $
2025	48
2026	48
2027	50
2028	29
2029	—
Total undiscounted lease payments	175
Effect of discounting	(28)
Present value of lease payments recognized as lease liability	**147**

6) Share capital

Authorized:

unlimited common shares, no par value

in thousands of dollars, except share amounts

	Number of shares	Ascribed value $
November 30, 2023	**155,925,990**	**187,886**
Exercise of options	136,666	110
Restricted Share Units	4,635,695	2,275
Services settled by common shares	243,455	120
Joint venture equity contribution (note 3(a))	143,507	112
November 30, 2024, issued and outstanding	**161,085,313**	**190,503**

(a) Stock options

The Company has a stock option plan providing for the issuance of options with a rolling maximum number equal to 10% of the issued and outstanding Common Shares at any given time. The Company may grant options to its directors, officers, employees and service providers. The exercise price of each option cannot be lower than the greater of market price or fair market value of the Common Shares (as such terms are defined in the plan) at the date of the option grant. The number of Common Shares optioned to any single optionee may not exceed 10% of the issued and outstanding Common Shares at the date of grant. The options are exercisable for a maximum of five years from the date of grant and may be subject to vesting provisions.

During the year ended November 30, 2024, the Company granted 2,775,000 stock options (2023 – 3,230,000, 2022 – 1,734,500 stock options) at an exercise price of CDN$0.59 (2023 - CDN$0.78, 2022 – CDN$2.21) to employees, consultants and directors exercisable for a period of five years with various vesting terms from immediate vesting to over a two-year period. The fair value attributable to options granted in 2024 was CDN$0.28 (2023 - CDN$0.37, 2022 - CDN$0.96).

The fair value of the stock options recognized has been estimated using the Black-Scholes option pricing model.

Assumptions used in the pricing model for the year are as provided below.

	November 30, 2024	November 30, 2023
Risk-free interest rates	3.84%	3.49%
Exercise price	CDN$0.59	CDN$0.78
Expected life	3 years	3 years
Expected volatility	65.5%	67.7%
Expected dividends	Nil	Nil

The Company recognized a stock option expense of $0.6 million for the year ended November 30, 2024 (2023 - $0.9 million; 2022 - $1.4 million), net of forfeitures.

As of November 30, 2024, there were 2,533,339 unvested options outstanding with a weighted average exercise price of CDN$0.66. The unvested stock option expense not yet recognized was $0.2 million. This expense is expected to be recognized over the next twelve months.

A summary of the Company's stock option plan and changes during the year ended is as follows:

	November 30, 2024	
	Number of options	Weighted average exercise price CDN$
Balance – beginning of the year	12,649,400	2.15
Granted	2,775,000	0.59
Exercised	(136,666)	0.75
Expired	(1,657,500)	2.78
Balance – end of the year	**13,630,234**	**1.77**

During the year ended November 30, 2024, the Company issued 136,666 common shares (2023 – nil, 2022 – nil) of the Company on the exercise of options with a weighted average exercise price of CDN$0.75 per share. The Company also reclassified $0.04 million from reserves to share capital on the exercise of these options.

The following table summarizes information about the stock options outstanding at November 30, 2024.

	Outstanding			Exercisable		Unvested
Range of exercise price - CDN	Number of outstanding options	Weighted average years to expiry	Weighted average exercise price CDN$	Number of exercisable options	Weighted average exercise price CDN$	Number of unvested options
$0.59 to $1.00	5,818,334	3.49	0.69	3,284,995	0.72	2,533,339
$2.01 to $3.00	6,466,900	1.06	2.47	6,466,900	2.47	—
$3.01 to $3.02	1,345,000	0.07	3.02	1,345,000	3.02	—
	13,630,234	**2.00**	**1.77**	**11,096,895**	**1.62**	**2,533,339**

The aggregate intrinsic value of vested share options (the market value less the exercise price) at November 30, 2024 was $2.07 million (2023 - $nil, 2022 - $nil) and the aggregate intrinsic value of exercised options for the year ended November 30, 2023 was $0.06 million (2023 - $nil, 2022 - $0.04 million).

(b) Restricted Share Units and Deferred Share Units

The Company has a Restricted Share Unit Plan ("RSU Plan") to provide long-term incentives to employees and consultants, a Non-Executive Director Deferred Share Unit Plan ("DSU Plan"), and a Non-Executive Directors Fixed Deferred Share Unit Plan ("Fixed DSU Plan") to offset cash payments for fees to directors. Awards under the RSU Plan, DSU Plan, and Fixed DSU Plan will be settled in common shares at the Company with each restricted share unit ("RSU") and deferred share unit ("DSU") entitling the holder to receive one common share of the Company. All units are accounted for as equity-settled awards.

There were 6,061,851 RSUs granted during the fiscal year ended November 30, 2024 (2022 – 4,640,089, 2022 – 1,359,349). Directors were granted 704,711 DSUs throughout the year ended November 30, 2024 (2023 – 1,283,023, 2022 – 283,289) based on their election to receive 100% of their annual retainer in DSUs.

A summary of the Company's RSU, DSU and Fixed DSU plans and changes during the year ended November 30, 2024 is as follows:

	Number of RSUs	Number of DSUs	Number of Fixed DSUs
Balance – beginning of the year	1,610,638	2,428,701	—
Granted	6,061,851	704,711	—
Vested/Converted	(4,879,150)	—	—
Balance – end of the year	**2,793,339**	**3,133,412**	**—**

For the year ended November 30, 2024, Trilogy recognized a stock-based compensation expense of $2.9 million (2023 - $3.0 million, 2022 - $2.0 million).

7) Management of capital risk

The Company relies upon management to manage capital in order to accomplish the objectives of safeguarding the Company's ability to continue as a going concern in order to pursue the development of the mineral properties, at the UKMP, through our equity investee (note 3) and maintain a capital structure which optimizes the costs of capital at an acceptable risk. The Company's current capital consists of equity funding through capital markets.

As the Company is currently in the exploration phase none of its financial instruments are exposed to commodity price risk; however, the Company's ability to obtain long-term financing and its economic viability may be affected by commodity price volatility. The Company will need to raise additional funds to support its operations and administration expenses. Future sources of liquidity may include equity financing, debt financing, convertible debt, or other means.

To facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

8) Financial instruments

The Company is exposed to a variety of risks arising from financial instruments. These risks and management's objectives, policies and procedures for managing these risks are disclosed as follows.

The Company's financial instruments consist of cash, accounts receivable, deposits, and accounts payable and accrued liabilities. The fair value of the Company's financial instruments approximates their carrying value due to the short-term nature of their maturity. The Company's financial instruments initially measured at fair value and then held at amortized cost include cash, accounts receivable, deposits, and accounts payable and accrued liabilities.

Financial risk management

The Company's activities expose them to certain financial risks, including currency risk, credit risk, liquidity risk, interest risk and price risk.

(a) Currency risk

Currency risk is the risk of a fluctuation in financial asset and liability settlement amounts due to a change in foreign exchange rates. The Company operates in the United States and Canada. The Company's exposure to currency risk at November 30, 2024 is limited to the Canadian dollar balances consisting of cash of CDN$116,000, accounts receivable of CDN$23,000 and certain trade payables and accrued personnel costs CDN$548,000. Based on a 10% change in the US-Canadian exchange rate, assuming all other variables remain constant, the Company's net loss would change by approximately $29,000.

(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 with Canadian chartered financial institutions. The Company's only significant exposure to credit risk is equal to the balance of cash as recorded in the financial statements. The majority of the Company's cash held at November 30, 2024 is uninsured. The Company does not consider any of its financial assets to be impaired as of November 30, 2024.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties raising funds to meet its financial obligations as they fall due. The Company is in the exploration stage and does not have cash inflows from operations; therefore, the Company manages liquidity risk through the management of its capital structure and financial leverage.

Contractually obligated cash flow requirements as at November 30, 2024 are as follows.

in thousands of dollars

	Total $	< 1 Year $	1–2 Years $	2–5 Years $	Thereafter $
Accounts payable and accrued liabilities	581	581	—	—	—
Office lease	175	48	98	29	—
	756	**629**	**98**	**29**	**—**

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk with respect to interest earned on cash. Based on balances as at November 30, 2024 a 1% change in interest rates would result in a change of approximately $250,000 over a one-year period in net loss, assuming all other variables remain constant.

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

Fair value accounting

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the significance of the inputs used in making the measurement. The three levels of the fair value hierarchy are as follows:

> *Level 1* — Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
>
> *Level 2* — Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and
>
> *Level 3* — Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The Company did not have any financial assets and liabilities that were measured and recognized at fair value as at November 30, 2024.

9) Income taxes

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to earnings before income taxes. These differences result from the following items:

in thousands of dollars

	November 30, 2024 $	November 30, 2023 $	November 30, 2022 $
Loss before income taxes	(8,587)	(14,951)	(24,257)
Federal income tax rate	15.00 %	15.00 %	15.00 %
Provincial income tax rate	12.00 %	12.00 %	12.00 %
Statutory income tax rate	27.00 %	27.00 %	27.00 %
Combined federal and provincial statutory tax rate	27.00 %	27.00 %	27.00 %
Income tax (recovery) at statutory rate	(2,319)	(4,037)	(6,549)
Difference in foreign tax rates	(35)	(118)	(252)
Non-deductible expenditures	162	239	374
Change in estimates in respect of prior years	(56)	15	39
Change in valuation allowance	2,247	3,901	6,388
Income tax recovery (expense)	**—**	—	—

Deferred income taxes arise from temporary differences in the recognition of income and expenses for financial reporting and tax purposes. The significant components of deferred income tax assets and liabilities at November 30, 2024 and 2023 are as follows:

in thousands of dollars

	November 30, 2024 $	November 30, 2023 $
Deferred income tax assets		
Non-capital losses	63,293	60,255
Mineral property interest	4,538	4,926
Mineral property impairment	26	26
Deferred interest	6,074	6,251
Property, plant and equipment	152	88
Lease liability	40	9
Share issuance costs	17	(5)
Other deductible temporary differences	33	166
Total deferred tax assets	74,173	71,716
Valuation allowance	(46,703)	(44,456)
Net deferred income tax assets	**27,470**	**27,260**
Deferred income tax liabilities		
Investment in Ambler Metals LLC	(27,428)	(27,229)
Right of use asset	(42)	(31)
Deferred income tax liabilities	**(27,470)**	**(27,260)**
Net deferred income tax assets	**—**	**—**

The Company has loss carry-forwards of approximately $226 million that may be available for tax purposes. Certain of these losses occurred prior to the incorporation of the Company and are accounted for in the financial statements as if they were incurred by the Company. Prior to the NovaGold Arrangement, the Company undertook a tax reorganization in order to preserve the future deductibility of these losses for the Company, subject to the limitations below. Deferred tax assets have been recognized to the extent of future taxable income and the future taxable amounts related to taxable temporary differences for which a deferred tax liability is recognized can be offset. A valuation allowance has been provided against deferred income tax assets where it is not more likely than not that the Company will realize those benefits.

The losses expire as follows in the following jurisdictions:

in thousands of dollars

	Non-capital losses Canada $	Operating losses United States $
2024	—	569
2025	—	1,530
2026	—	7,871
Thereafter	70,069	145,973
	70,069	**155,943**

Future use of U.S. loss carry-forwards is subject to certain limitations under provisions of the Internal Revenue Code including limitations subject to Section 382, which relates to a 50% change in control over a three-year period and are further dependent upon the Company attaining profitable operations. An ownership change under Section 382 occurred on January 22, 2009 regarding losses incurred by AGC, of which the attributes of those losses were transferred to Trilogy Metals US with the purchase of the mineral property in October 2011. Therefore, approximately $39.4 million of the U.S. losses above are subject to limitation under Section 382. Accordingly, the Company's ability to use these losses may be limited. An additional change in control may have occurred after November 30, 2011 which may further limit the availability of losses prior to the date of change in control.

Furthermore, tax reform provisions under Section 172 allow federal net operating losses arising in tax years subsequent to December 31, 2017 to be carried forward indefinitely. As at November 30, 2024 the Company has approximately $35.9 million in operating losses that can be carried forward indefinitely.

10) Commitment

The Company has commitments with respect to an office lease requiring future minimum lease payments as summarized in note 5(b).

11) Subsequent events

On December 2, 2024, pursuant to previous elections, the Board of Directors were granted 72,943 DSUs in settlement of approximately $85,750 of director fees and senior management were granted 210,744 RSUs in lieu of cash salaries of approximately $151,000, all vesting immediately. The grants were in support of continued cash preservation efforts.

On December 9, 2024, the Company granted 652,200 RSUs for short term incentives to executive and employees, all vesting immediately. Directors received an annual grant of 180,000 DSUs and 475,000 stock options, all vesting immediately. Employees and consultants received an annual grant of 1,650,000 stock options and 790,000 RSUs with a vesting schedule of one-third vesting immediately on the grant date, one-third to vest on the one year anniversary of the grant date and one-third to vest on the second year anniversary of the grand date.