Trilogy Metals Inc.

Management's Discussion & Analysis
For the Fourth Quarter and Year Ended November 30, 2024

(expressed in US dollars)

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

General

This Management's Discussion and Analysis ("MD&A") of Trilogy Metals Inc. ("Trilogy", "the Company", "us" or "we") is dated February 13, 2025 and provides an analysis of our audited financial results for the year ended November 30, 2024 compared to the year ended November 30, 2023. A discussion of our year ended November 30, 2024 compared to November 30, 2023 is contained in our report on Form 10-K for the year ended November 30, 2024.

The following information should be read in conjunction with our November 30, 2024 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 is 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 and references to "U.S. dollars", "$" or "US$" are to the currency of the United States.

Richard Gosse, P. Geo, VP Exploration of the Company, is a Qualified Person under National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* ("NI 43-101") and S-K 1300, 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 American under the symbol "TMQ". Additional information related to Trilogy, including our annual report on Form 10-K, is available on SEDAR+ at www.sedarplus.ca and on EDGAR at www.sec.gov.

Description of business

We are a base metals exploration company focused on the exploration and development of mineral properties, through our equity investee, 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 ("Trilogy Metals US"). Our Upper Kobuk Mineral Projects, ("UKMP" or "UKMP Projects") were contributed into a 50/50 joint venture (the "Joint Venture") named Ambler Metals LLC ("Ambler Metals") between Trilogy and South32 Limited ("South32") on February 11, 2020 (see below). The projects contributed to Ambler Metals consist of: i) the Ambler lands which host the Arctic copper-zinc-lead-gold-silver project (the "Arctic 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 hosts the Bornite carbonate-hosted copper project (the "Bornite Project") and related assets. The Company also conducts early-stage exploration through a wholly owned subsidiary, 995 Exploration Inc.

Corporate developments

The Company had a 2024 fiscal year cash budget totaling $2.8 million. For the fiscal year ended November 30, 2024, we used $2.7 million in operating activities mainly for personnel costs, professional fees, regulatory and office expenses.

Property review

The UKMP Projects are held by our equity investee, Ambler Metals of which Trilogy holds a 50% interest. The projects are located in the Ambler Mining District in Northwest Alaska. The UKMP Projects comprise approximately 448,217 acres (181,387 hectares) consisting of the Ambler and Bornite lands.

On October 19, 2011, NANA Regional Corporation, Inc. ("NANA"), an Alaska Native Corporation headquartered in Kotzebue, Alaska, and Trilogy Metals US entered an Exploration Agreement and Option Agreement (as amended, the "NANA Agreement") for the cooperative development of NANA's respective resource interests in the Ambler Mining District of Northwest Alaska. Upon the formation of Ambler Metals, the Company assigned its rights and obligations under the NANA Agreement to Ambler Metals. The NANA Agreement consolidates Ambler Metals' and NANA's land holdings into an approximately 142,831-hectare land package and provides a framework for the exploration and any future development of this high-grade and prospective poly-metallic belt.

The NANA 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. Upon the decision to proceed with development of a mine within the area of interest, inclusive of the Arctic and Bornite Projects, 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.

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 occurrences within a 100-kilometer-long volcanogenic massive sulfide ("VMS") belt. The Ambler lands are located in Northwestern Alaska and consist of 185,805 acres (75,192 hectares) of Federal patented mining claims which hosts the Arctic deposit and State of Alaska mining claims which we are actively exploring, within which VMS mineralization has been found.

Prior to the formation of the Joint Venture on February 11, 2020, we had recorded the Ambler lands as a mineral property with acquisition costs capitalized and exploration costs expensed in accordance with our accounting policies.

Bornite Project

On October 19, 2011, Trilogy Metals US and NANA signed a collaborative agreement to explore and develop the Ambler Mining District. Under the Exploration Agreement and Option to Lease (as amended, the "NANA Agreement"), we acquired, in exchange for, among other things, a $4.0 million cash payment to NANA, 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 amounts paid to NANA were recorded as acquisition costs for the Bornite Project.

Prior to the formation of the Joint Venture on February 11, 2020, we had accounted for the Bornite property as a mineral property with acquisition costs capitalized and exploration costs expensed in accordance with our accounting policies.

Ambler Metals

On February 11, 2020, pursuant to a contribution agreement among Trilogy and South32, Trilogy contributed all its assets associated with the UKMP, including the Arctic and Bornite Projects in exchange for a 50% membership interest in Ambler Metals. Simultaneously, South32 contributed $145 million cash in exchange for a 50% membership interest in Ambler Metals.

Ambler Metals is an independently operated company, jointly controlled by Trilogy and South32 through a four-member board of which two members are currently 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 variable interest entity, or 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 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.

The board of Ambler Metals approved a 2024 fiscal year budget totaling $5.5 million to support external and community affairs, to maintain the State of Alaska mineral claims in good standing, and for the maintenance of physical assets. During the fiscal year ended November 30, 2024, Ambler Metals expended $4.6 million on salaries and wages, professional fees, engineering, project support costs and mineral property expenses, excluding the Ambler Access Project (the "AAP") costs.

The board of Ambler Metals also approved a 2024 fiscal year budget totaling $2.5 million to support the AAP. During the fiscal year ended November 30, 2024, Ambler Metals funded $1.7 million to the Alaska Industrial Development and Export Authority ("AIDEA") in support of the AAP.

During the second and third quarter of 2024, Trilogy and South32 agreed to return excess cash held by Ambler Metals to the owners for ease of cash management. Ambler Metals returned $50 million to the owners, of which Trilogy received a total of $25 million in the months of May and June.

Ambler Mining District Industrial Access Project ("AMDIAP" or "Ambler Access Project")

On April 22, 2024, the Company announced that the United States Bureau of Land Management ("BLM") had filed the final Supplemental Environmental Impact Statement ("SEIS") for the AAP on its website. The final SEIS identifies "No Action" as the BLM's preferred alternative. The proponent for the AAP is AIDEA which is a public corporation of the State of Alaska. AIDEA's purpose is to promote, develop, and advance general prosperity and economic welfare of the people of Alaska. AIDEA strongly objected to both the process used by the BLM to reach a "No Build" decision and the effect of the decision which AIDEA believes illegally blocks access to statehood lands, minerals, and federally patented mining claims. On May 8, 2024, NANA announced its withdrawal from further involvement with the AAP and stated its intentions to not renew the surface access permit with AIDEA upon the permit's expiry during the year.

On June 28, 2024, the BLM issued the Record of Decision confirming their selection of the No Action alternative and thus denied AIDEA's application for a right-of-way grant ("ROW Grant") across BLM-managed lands which terminated the BLM ROW Grant issued to AIDEA on January 5, 2021.

On January 20, 2025, President Trump signed the executive order "Unleashing Alaska's Extraordinary Resource Potential," which included a direction to various federal agencies to take steps to (i) "place a temporary moratorium on all activities and privileges granted pursuant" to the record of decision issued on June 28, 2024 "in order to review such record of decision in light of alleged legal deficiencies and for consideration of relevant public interests and, environmental impacts . . . and, as appropriate, conduct a new, comprehensive analysis of such deficiencies, interests, and environmental impacts;" and (ii) "reinstate the record of decision signed on July 23, 2020, by the Bureau of Land Management and United States Army Corps of Engineers entitled 'Ambler Road Environmental Impact Statement Joint Record of Decision.'" The July 2020 record of decision approved the development of the northern or "Alternative A" route of the proposed 211-mile-long gravel private access road in the southern Brooks Range foothills to provide industrial access to the Ambler Mining District. Trilogy is monitoring the impact of the executive order.

Outlook

The Company has approved a budget for Ambler Metals for fiscal 2025 in the amount of $5.8 million (2024 - $5.5 million). Ambler Metals had $7.5 million of cash as at the fiscal year end on November 30, 2024. The main focus of this year's budget is to support external and community affairs, maintain the State of Alaska mineral claims in good standing and the maintenance of physical assets.

The Company has approved a 2025 cash budget for corporate, head office, activities of approximately $3.1 million (2024 - $2.8 million). The corporate budget consists of personnel and related costs of $0.7 million (2024 - $0.7 million), professional fees of $1.1 million (2024 - $0.6 million), investor relations and marketing costs of $0.2 million (2024 - $0.1 million), office related costs of $0.2 million (2024 - $0.4 million), insurance costs of $0.5 million (2024 - $0.6 million), regulatory costs of $0.3 million (2024 - $0.3 million) and exploration activities of $0.1 million (2024 - $0.1 million). Trilogy had $25.8 million of cash at the fiscal year end on November 30, 2024. The Company has sufficient cash on hand to fund the approved fiscal 2025 budget.

Summary of results

in thousands of dollars, except per share amount

	Year ended November 30, 2024 $	Year ended November 30, 2023 $	Year ended November 30, 2022 $
Exploration expenses	36	43	47
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
Share of loss on equity investment	2,636	7,844	17,360
Comprehensive loss for the year	(8,587)	(14,951)	(24,257)
Basic and diluted loss per common share	(0.05)	(0.10)	(0.17)

For the year ended November 30, 2024, we reported a net loss of $8.6 million (or $0.05 basic and diluted loss per common share) compared to a net loss of $15.0 million (or $0.10 basic and diluted loss per common share) in fiscal 2023. The $6.4 million decrease in comprehensive loss in the current year, when compared to fiscal 2023, is due to the decrease in our share of losses of Ambler Metals of $5.2 million, overall decrease of $0.5 million in general and administrative expenses, professional fee and salaries and directors expense – stock-based compensation and partially offset by the increase in interest income of $0.6 million. The decrease in our share of losses of Ambler Metals of $5.2 million is mainly due to the decrease in corporate wages due to a reduction in staffing and a reduction in mineral property expenses due to a reduction in project activities which was partially offset by the increase in professional fees related to part-time contractors engaged to assist with management of Ambler Metals, along with consultants engaged in government and external affairs.

Fourth quarter results

For the fourth quarter of 2024, there was a $1.4 million reduction in expenses compared to the fourth quarter of 2023. When comparing the fourth quarter of 2024 with the fourth quarter of 2023, professional fees increased by $0.2 million due to additional costs related to our Bornite preliminary economic assessment reports in the fourth quarter of 2024. The decrease in our share of losses of Ambler Metals of $1.2 million is mainly due to the decrease in mineral property expenses over the comparative quarter in the prior year were from a reduction in activities both at the project level and at the AAP.

Selected financial data

Annual information

The following annual information is prepared in accordance with U.S. GAAP.

in thousands of dollars

	Year ended November 30, 2024 $	Year ended November 30, 2023 $
Interest income	685	120
Expenses	6,699	7,227
Comprehensive loss for the year	(8,587)	(14,951)
Total assets	133,697	138,020
Total liabilities	903	465

Quarterly information

in thousands of dollars, except per share amounts

	Q4 2024 11/30/24 $	Q3 2024 08/31/24 $	Q2 2024 05/31/24 $	Q1 2024 02/29/24 $	Q4 2023 11/30/23 $	Q3 2023 08/31/23 $	Q2 2023 05/31/23 $	Q1 2023 02/28/23 $
Interest and other income	485	152	46	2	37	37	27	19
Exploration expense	8	28	—	—	20	22	—	1
Operating expenses	1,520	1,141	1,218	2,820	1,215	1,179	1,227	3,606
Share of loss on equity investment	617	624	602	793	1,846	2,910	1,603	1,485
Loss for the period	(1,636)	(1,591)	(1,759)	(3,601)	(3,024)	(4,052)	(2,803)	(5,072)
Loss per common share – basic and diluted	(0.01)	(0.01)	(0.01)	(0.02)	(0.02)	(0.03)	(0.02)	(0.03)

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, and stock-based compensation expense. Subsequent to the formation of the Joint Venture, project related costs may cause fluctuations in our quarterly results through our 50% share of the Joint Venture's net operating loss.

For the fourth quarter of 2024, we reported a comprehensive loss of $1.6 million, which consisted of $1.5 million in operating expenses and $0.6 million for Trilogy's 50% share of Ambler Metals' operating loss, partially offset with interest earned of $0.5 million. Operating expenses for the fourth quarter of 2024 consisted of corporate salaries, professional fees, general and administrative expenses, director expenses and stock-based compensation.

For the third quarter of 2024, we reported a net loss of $1.6 million compared to a net loss of $4.1 million for the third quarter of 2023. The decrease in comprehensive loss in the third quarter of 2024 compared to the same quarter in 2023 is primarily due to the decrease in our share of loss of Ambler Metals. The decrease of our share of losses of Ambler Metals is mainly due to the decrease in corporate wages and in mineral property expenses partially offset from the increase in professional fees. The primary drivers in decrease in mineral property expenses over the comparative quarter in the prior year were from a reduction in activities both at the project level and at the AAP.

For the second quarter of 2024, we reported a net loss of $1.8 million compared to a net loss of $2.8 million for the second quarter of 2023. The decrease in comprehensive loss in the second quarter of 2024 compared to the same quarter in 2023 is due to the decrease in general and administrative, professional fees, our share of loss of Ambler Metals, and stock-based compensation and salaries. The decrease of our share of losses of Ambler Metals is mainly due to the decrease in corporate wages and in mineral property expenses partially offset from the increase in professional fees. The primary drivers in decrease in mineral property expenses over the comparative quarter in the prior year were from a reduction in activities both at the project level and at the AAP.

For the first quarter of 2024, we reported a net loss of $3.6 million compared to a net loss of $5.1 million for the first quarter of 2023. The decrease in comprehensive loss in the first quarter of 2024 compared to the same quarter in 2023 is due to the decrease in our share of loss of Ambler Metals, and stock-based compensation and salaries. The decrease of our share of losses of Ambler Metals is mainly due to the decrease corporate wages and in mineral property expenses. The primary drivers in decrease in mineral property expenses over the comparative quarter in the prior year were from the decrease in project support costs and cost at the AAP.

Liquidity and capital resources

We expended $1.8 million on operating activities during the 2024 fiscal year with the majority of cash spent on corporate salaries, professional fees related to our annual regulatory filings, annual insurance renewal, annual fees paid to the Toronto Stock Exchange and the NYSE American Exchange and with the American and Canadian securities commissions.

At November 30, 2024, we had $25.8 million in cash and working capital (current assets less current liabilities) of $25.3 million. During the fiscal year of 2024, Trilogy received a total of $25.0 million from Ambler Metals as a return of excess cash to the owners. There is sufficient cash on hand to fund the approved fiscal 2025 budget of $3.1 million.

All project related costs are funded by the Joint Venture. Ambler Metals had cash and working capital of $7.5 million as at November 30, 2024. There are sufficient funds at the Joint Venture to fund an operating budget of $5.8 million for fiscal 2025.

Off-balance sheet arrangements

We have no material off-balance sheet arrangements.

Outstanding share data

At February 13, 2025, we had 163,941,185 common shares issued and outstanding. At February 13, 2025, we had 14,218,567 stock options outstanding with a weighted-average exercise price of CDN$1.63 and 3,386,356 Deferred Share Units ("DSUs") and 1,798,338 Restricted Share Units ("RSUs") outstanding. At February 13, 2025 we had 5,144 NovaGold Resources Inc. ("NovaGold") DSUs for which the NovaGold director is entitled to receive one common share of Trilogy for every six NovaGold shares to be received upon their retirement from the NovaGold board. A total of 859 common shares will be issued upon redemption of the NovaGold DSUs. For additional information on NovaGold DSUs, please refer to note 6 in our November 30, 2024 audited consolidated financial statements. Upon the exercise of all the forgoing convertible securities, the Company would be required to issue an aggregate of 19,404,120 common shares.

Financial instruments

Our financial instruments consist of cash, accounts receivable, deposits, 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, accounts receivable, deposits, and accounts payable and accrued liabilities.

(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 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 we will encounter difficulties raising funds to meet our financial obligations as they fall due. We are in the exploration stage and do not have cash inflows from operations; therefore, we manage liquidity risk through the management of our capital structure and financial leverage. Future sources of liquidity may arise from equity financing, debt financing, convertible debt, or other means.

(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 a change of approximately $250,000 over a one-year period, 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

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.

Critical accounting estimates

The most critical accounting estimates upon which our financial status depends are those requiring estimates of the recoverability of our equity method investment in Ambler Metals LLC, income taxes and valuation of stock-based compensation.

Impairment of Investment in Ambler Metals LLC

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. 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.

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 and Canada. 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 judgement 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 U.S. Exchange Act and the rules of Canadian Securities Administrators, as at November 30, 2024. Based on this evaluation, the CEO and CFO have concluded that the Company's disclosure controls and procedures were effective as at November 30, 2024.

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, 2024, 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 14, 2025 available on SEDAR+ at www.sedarplus.ca 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.sedarplus.ca 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 the Company's work programs and budgets; perceived merit of properties, exploration results and budgets, the Company and Ambler Metals' funding requirements, 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 regarding Ambler Metals' plans and expectations relating to its Upper Kobuk Mineral Projects, sufficiency of the Ambler Metals' cash to fund the UKMP; market prices for precious and base metals; statements regarding the Ambler Road Project; 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 the beliefs, expectations and opinions of management on the date the statements are made, as well as on a number of material assumptions, which could prove to be significantly incorrect, including about:

- *our ability to achieve production at the Upper Kobuk Mineral Projects;*

- *the accuracy of our mineral resource and reserve estimates;*
- *the results, costs and timing of future exploration drilling and engineering;*
- *timing and receipt of approvals, consents and permits under applicable legislation;*
- *the adequacy of our financial resources;*
- *the receipt of third party contractual, regulatory and governmental approvals for the exploration, development, construction and production of our properties and any litigation or challenges to such approvals;*
- *our expected ability to develop adequate infrastructure and that the cost of doing so will be reasonable;*
- *continued good relationships with South32, our joint venture partner, as well as local communities and other stakeholders;*
- *there being no significant disruptions affecting operations, whether relating to labor, supply, power damage to equipment or other matter;*
- *expected trends and specific assumptions regarding metal prices and currency exchange rates; and*
- *prices for and availability of fuel, electricity, parts and equipment and other key supplies remaining consistent with current levels.*

We have also assumed that no significant events will occur outside of our normal course of business. Although we have attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. We believe that the assumptions inherent in the forward-looking statements are reasonable as of the date of this MD&A. However, forward-looking statements are not guarantees of future performance and, accordingly, undue reliance should not be put on such statements due to the inherent uncertainty therein.

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;*
- *uncertainty as to whether there will ever be production at the Company's mineral exploration and development properties;*
- *risks related to our ability to commence production and generate material revenues or obtain adequate financing for our planned exploration and development activities;*
- *risks related to lack of infrastructure including but not limited to the risk whether or not the Ambler Mining District Industrial Access Project, or AMDIAP, will receive the requisite permits and, if it does, whether the Alaska Industrial Development and Export Authority will build the AMDIAP;*
- *risks related to inclement weather which may delay or hinder exploration activities at our mineral properties;*
- *risks related to our dependence on a third party for the development of our projects;*
- *none of the Company's mineral properties are in production or are under development;*
- *commodity price fluctuations;*
- *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;*
- *uncertainties relating to the assumptions underlying our resource estimates, such as metal pricing, metallurgy, mineability, marketability and operating and capital costs;*
- *uncertainty related to inferred mineral resources;*
- *mining and development risks, including risks related to infrastructure, accidents, equipment breakdowns, labor disputes or other unanticipated difficulties with or interruptions in development, construction or production;*
- *risks and uncertainties relating to the interpretation of drill results, the geology, grade and continuity of our mineral deposits;*
- *risks related to governmental regulation and permits, including environmental regulation, including the risk that more stringent requirements or standards may be adopted or applied due to circumstances unrelated to the Company and outside of our control;*
- *the risk that permits and governmental approvals necessary to develop and operate mines at our mineral properties will not be available on a timely basis or at all;*
- *risks related to the need for reclamation activities on our properties and uncertainty of cost estimates related thereto;*
- *risks related to the acquisition and integration of operations or projects;*
- *our need to attract and retain qualified management and technical personnel;*
- *risks related to conflicts of interests of some of our directors and officers;*
- *risks related to potential future litigation;*
- *risks related to market events and general economic conditions;*
- *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 the voting power of our major shareholders and the impact that a sale by such shareholders may have on our share price;*
- *uncertainty as to the volatility in the price of the Company's common shares;*
- *the Company's expectation of not paying cash dividends;*
- *adverse federal income tax consequences for U.S. shareholders should the Company be a passive foreign investment company;*
- *risks related to global climate change;*
- *risks related to adverse publicity from non-governmental organizations;*
- *uncertainty as to our ability to maintain the adequacy of internal control over financial reporting as per the requirements of Section 404 of the Sarbanes-Oxley Act; and*
- *increased regulatory compliance costs, associated with rules and regulations promulgated by the United States Securities and Exchange Commission, Canadian Securities Administrators, the NYSE American, the Toronto Stock Exchange, and the Financial Accounting Standards Boards, and more specifically, our efforts to comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act.*

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 14, 2025, 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.