Trilogy Metals Inc.

Consolidated Financial Statements
November 30, 2021, 2020 and 2019

(expressed in US dollars)

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, 2021. 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, 2021.

/s/ Tony Giardini

Tony Giardini
President, Chief Executive Officer & Director

/s/ Elaine Sanders

Elaine Sanders
Vice President & Chief Financial Officer

February 10, 2022

Report of Independent Registered Public Accounting Firm

Report of Independent Registered Public Accounting Firm

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Trilogy Metals Inc. and its subsidiaries (together, the Company) as of November 30, 2021 and 2020, and the related consolidated statements of earnings (loss) and comprehensive earnings (loss), changes in shareholders' equity and cash flows for each of the three years in the period ended November 30, 2021, 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, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended November 30, 2021 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 audit 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.

Assessment of impairment indicators related to the Investment in Ambler Metals LLC

As described in Notes 2 and 4 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, 2021, the carrying amount of the Company's investment in Ambler was $160.1 million. Management assesses impairment indicators whenever changes in facts and circumstances indicate there is an other than temporary loss in value of the investment. Management applies judgment in assessing whether facts and circumstances indicate an other than temporary loss in value has occurred that could give rise to the requirement to conduct an impairment test. Factors such as (i) sustained losses by the investment, (ii) an absence of the ability to recover the carrying amount of the investment, and (iii) deterioration of market conditions, are evaluated by management in determining whether there are any indicators of impairment.

The principal considerations for our determination that performing procedures relating to the assessment of impairment indicators related to the investment in Ambler is a critical audit matter are that there was judgment by management when assessing whether indicators of impairment exist, specifically related to assessing: (i) an absence of the ability to recover the investment in Ambler, and (ii) a deterioration of market conditions. This in turn led to a high degree of auditor judgment and subjectivity in performing procedures to evaluate audit evidence relating to the judgements made by management in their assessment of indicators of impairment related to the investment in Ambler.

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, evaluating the reasonableness of management's assessment of indicators of impairment related to the investment in Ambler, which included (i) evaluating whether there was an absence of the ability to recover the carrying amount of the investment by considering changes in Trilogy Metals market capitalization, and (ii) evaluating whether there was a deterioration of market conditions and assessing the completeness of facts and circumstances that could be considered as impairment indicators of the Investment in Ambler by performing an audit of the financial statements of Ambler as of November 30, 2021. Performing an audit of the financial statements of Ambler as of November 30, 2021 included (i) evaluating whether there were significant adverse changes in the business climate including significant decreases in copper, zinc, and other metal prices (ii) evaluating whether there were significant adverse changes in legal factors with respect to mineral property title matters, and (iii) evaluating whether there was an accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of Ambler's mineral properties.

/s/ PricewaterhouseCoopers LLP

Chartered Professional Accountants
Vancouver, Canada
February 10, 2022

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

Trilogy Metals Inc.
Consolidated Balance Sheets
As at November 30, 2021 and 2020

in thousands of US dollars

	November 30, 2021 $	November 30, 2020 $
Assets		
Current assets		
Cash and cash equivalents	6,308	11,125
Accounts receivable (note 3)	19	129
Deposits and prepaid amounts	285	184
	6,612	11,438
Investment in Ambler Metals LLC (note 4)	160,063	173,145
Fixed assets (note 5)	29	206
Mineral properties (note 6)	119	—
Right of use asset (note 8 (a))	482	476
	167,305	**185,265**
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 7)	852	888
Current portion of lease liability	179	158
	1,031	1,046
Long-term portion of lease liability (note 8 (b))	235	408
	1,266	1,454
Shareholders' equity		
Share capital (note 9) – *unlimited common shares authorized, no par value Issued – 145,009,811 (2020 – 144,137,850)*	180,820	179,746
Contributed surplus	122	122
Contributed surplus – options (note 9(a))	25,990	23,303
Contributed surplus – units (note 9(b))	1,712	1,585
Deficit	(42,605)	(20,945)
	166,039	183,811
	167,305	**185,265**

Commitments and contingencies (note 13)
Subsequent events (note 14)

(See accompanying notes to the consolidated financial statements)

/s/Tony Giardini, President, CEO and Director

/s/ Kalidas Madhavpeddi, Director

Approved on behalf of the Board of Directors

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

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

	2021 $	2020 $	2019 $
Expenses			
Amortization	21	91	211
Exploration expense	143	—	—
Feasibility study (note 6(d))	—	1,065	—
Foreign exchange loss (gain)	36	56	(19)
General and administrative	1,517	1,650	1,838
Investor relations	602	537	623
Mineral properties expense (note 6(d))	—	1,545	19,211
Professional fees	818	1,347	1,382
Salaries	2,007	1,411	1,314
Salaries – technical services (note 4(e))	—	898	—
Salaries – stock-based compensation	3,472	3,564	3,845
Total expenses	8,616	12,164	28,405
Other items			
Share of loss on equity investment (note 4(b))	13,082	2,855	—
Interest and other income	(16)	(87)	(500)
Services agreement income (note 4(e))	(22)	(929)	—
Gain on derecognition of assets contributed to joint venture (note 4(a))	—	(175,770)	—
Comprehensive (loss) earnings for the year	**(21,660)**	**161,767**	**(27,905)**
Basic (loss) earnings per common share	**(0.15)**	**1.14**	**(0.21)**
Diluted (loss) earnings per common share	**(0.15)**	**1.12**	**(0.21)**
Basic weighted average number of common shares outstanding	**144,428,926**	**141,464,877**	**135,225,349**
Diluted weighted average number of common shares outstanding	**144,428,926**	**144,604,750**	**135,225,349**

(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 $	Warrants $	Contributed surplus $	Contributed surplus – options $	Contributed surplus – units $	Deficit $	Total shareholders' equity $
Balance – 2018	**131,585,612**	**164,069**	**2,253**	**122**	**19,076**	**1,489**	**(154,807)**	**32,202**
Exercise of options	1,725,776	1,123	—	—	(915)	—	—	**208**
Exercise of warrants	6,521,740	12,166	(2,253)	—	—	—	—	**9,913**
Restricted share units	412,501	424	—	—	—	(424)	—	**—**
Deferred share units	182,132	189	—	—	—	(189)	—	**—**
Stock-based compensation	—	—	—	—	2,962	883	—	**3,845**
Loss for the year	—	—	—	—	—	—	(27,905)	**(27,905)**
Balance – 2019	**140,427,761**	**177,971**	**—**	**122**	**21,123**	**1,759**	**(182,712)**	**18,263**
Exercise of options	3,297,588	1,133	—	—	(916)	—	—	217
Exercise of warrants	—	—	—	—	—	—	—	—
Restricted share units	412,501	642	—	—	—	(642)	—	—
Deferred share units	—	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	3,096	468	—	3,564
Earnings for the year	—	—	—	—	—	—	161,767	161,767
Balance – 2020	**144,137,850**	**179,746**	**—**	**122**	**23,303**	**1,585**	**(20,945)**	**183,811**
Exercise of options	871,961	1,074	—	—	(658)	—	—	416
Stock-based compensation	—	—	—	—	3,345	127	—	3,472
Loss for the year	—	—	—	—	—	—	(21,660)	(21,660)
Balance – 2021	**145,009,811**	**180,820**	**—**	**122**	**25,990**	**1,712**	**(42,605)**	**166,039**

(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

	2021 $	2020 $	2019 $
Cash flows used in operating activities			
(Loss) earnings for the year	(21,660)	161,767	(27,905)
Adjustments to reconcile net loss to cash flows in operating activities			
Amortization	21	91	211
Office lease accounting	(15)	(7)	—
Loss on working capital written-off upon joint venture formation	—	18	—
Gain on derecognition of assets (note 4(a))	—	(175,770)	—
Loss on equity investment in Ambler Metals LLC (note 4(b))	13,082	2,855	—
Unrealized foreign exchange loss	10	27	1
Stock-based compensation	3,472	3,564	3,845
Net change in non-cash working capital			
Decrease (increase) in accounts receivable	110	135	(241)
Decrease (increase) in deposits and prepaid amounts	(101)	535	(100)
(Decrease) increase in accounts payable and accrued liabilities	(36)	(1,466)	697
	(5,117)	**(8,251)**	**(23,492)**
Cash flows from financing activities			
Proceeds from exercise of options	416	217	208
Proceeds from exercise of warrants	—	—	9,913
	416	**217**	**10,121**
Cash flows from investing activities			
Acquisition of plant & equipment	—	—	(645)
Mineral properties funding	—	—	10,200
Mineral claims	(119)	—	—
	(119)	**—**	**9,555**
Decrease in cash and cash equivalents	(4,820)	(8,034)	(3,816)
Effect of exchange rate on cash and cash equivalents	3	(15)	(1)
Cash and cash equivalents – beginning of year	11,125	19,174	22,991
Cash and cash equivalents – end of the year	**6,308**	**11,125**	**19,174**

(See accompanying notes to the consolidated financial statements)

Trilogy Metals Inc.
Notes to the 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 4), 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 10, 2022.

Cash and cash equivalents

Cash and cash equivalents had been comprised of highly liquid investments maturing less than 90 days from date of initial investment.

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.

Ambler Metals is a non-publicly traded equity investee holding exploration and development projects. Investments in unconsolidated entities accounted for under the equity method are assessed for impairment whenever changes in the facts and circumstances indicate an other than temporary loss in value has occurred. When indicators exist, the fair value is estimated and compared to the investment carrying value. If any impairment is determined to be other than temporary, the carrying value of the investment is written down to fair value. The fair value of the impaired investment may be based upon the valuation of cohort companies with similar projects or 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 and observed market earnings multiples of comparable companies. Judgement is applied in evaluating indicators of impairment. Events that could indicate impairment of an investment in affiliates include sustained losses by the investment, the absence of the ability to recover the carrying amount of the investment, or a deterioration of market conditions, among others.

Fixed assets

Plant 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
Machinery and equipment	3 – 10 years
Vehicles	3 years

Mineral properties and development costs

All direct costs related to the acquisition of mineral property interests are capitalized. Mineral property exploration expenditures is 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.

The acquisition of title to mineral properties is a complicated and uncertain process. The Company has taken steps, in accordance with industry standards, to verify the title to mineral properties. Although the Company has made efforts to ensure that legal titles to its mining assets are properly recorded through the Joint Venture, there can be no assurance that such title will be secured indefinitely.

Impairment of long-lived assets

Management assesses the possibility of impairment in the carrying value of long-lived assets whenever events or circumstances indicate that the carrying amounts of the asset or asset group may not be recoverable. Management calculates the estimated undiscounted future net cash flows relating to the asset or asset group using estimated future prices, proven and probable reserves and other mineral resources, and operating, capital and reclamation costs. When the carrying value of an asset exceeds the related undiscounted cash flows, the asset is written down to its estimated fair value, which is usually determined using discounted future cash flows. Management's estimates of mineral prices, mineral resources, foreign exchange rates, production levels operating, capital and reclamation costs are subject to risk and uncertainties that may affect the determination of the recoverability of the long-lived asset. It is possible that material changes could occur that may adversely affect management's estimates.

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. The Company typically only includes an initial lease term in its assessment of a lease arrangement. 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

Valuation models require the use of assumptions which may include the expected life of the instrument, the expected volatility, dividend payouts, and interest rates. In determining these assumptions, management uses readily observable market inputs where available or, where not available, inputs generated by management.

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 and cash equivalents, 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 subsidiary 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 judgments include the assessment of potential indicators of impairment of mineral properties and investments in affiliates. Significant estimates include the measurement of the South32 property acquisition option and subsequent equity method investment, income taxes, and the valuation of stock-based compensation. Actual results could differ materially from those reported.

3) Accounts receivable

in thousands of dollars

	November 30, 2021 $	November 30, 2020 $
GST input tax credits	19	15
Ambler Metals	—	114
Accounts receivable	**19**	**129**

The balance due from Ambler Metals for the prior year (see note 4 below) consisted of services rendered by Trilogy and reimbursements for invoices paid by Trilogy on behalf of Ambler Metals pursuant to a service agreement.

4) Investment in Ambler Metals LLC

(a) Formation of Ambler Metals LLC

On February 11, 2020, the Company completed the formation of a 50/50 joint venture named Ambler Metals with South32 Limited ("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. To assist Ambler Metals during the initial set up phase, Trilogy paid all of Ambler Metals' invoices and was being reimbursed pursuant to a services agreement (the "Services Agreement") between Trilogy and Ambler Metals until the back office transitioned to a new permanent team employed by the joint venture. The Services Agreement ended on December 31, 2020.

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 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 investment in Ambler Metals was initially measured at its fair value of $176 million upon recognition. Our maximum exposure to loss in this entity is limited to the carrying amount of our investment in Ambler Metals, which totaled $160.1 million at November 30, 2021. The following table summarizes the gain on derecognition of the UKMP assets upon transfer to the Ambler Metals joint venture on February 11, 2020.

in thousands of dollars

	$
Fair value ascribed to Ambler Metals LLC interest	176,000
Less: carrying value of contributed /eliminated assets	
Mineral properties	(30,631)
Property, plant and equipment located in Alaska	(618)
Elimination of Fairbanks warehouse right of use asset	(93)
Elimination of prepaid State of Alaska mining claim fees	(303)
Add:	
Reimbursement of claims staking	44
Demobilization costs of drills	278
Cancellation of Fairbanks warehouse lease liability	93
Fair value of mineral properties purchase option	31,000
Gain on derecognition	**175,770**

(b) Carrying value of investment in Ambler Metals

During the year ended November 30, 2021, Trilogy recognized, based on its 50% ownership interest in Ambler Metals, an equity loss equivalent to its pro rata share of Ambler Metals' net loss of $26.2 million for the year ended November 30, 2021 (2020 - $5.7 million). The carrying value of Trilogy's 50% investment in Ambler Metals as at November 30, 2021 is summarized on the following table.

in thousands of dollars

	$
February 11, 2020, fair value ascribed to Ambler Metals interest	176,000
Share of loss on equity investment from February 11, 2020 to November 30, 2020	(2,855)
November 30, 2020, investment in Ambler Metals	173,145
Share of loss on equity investment for the year ending November 30, 2021	(13,082)
November 30, 2021, investment in Ambler Metals	**160,063**

(c) The following table summarizes Ambler Metals' Balance Sheet as at November 30, 2021.

in thousands of dollars

	November 30, 2021 $	November 30, 2020 $
Total assets	149,374	171,991
Cash	61,205	81,673
Loan receivable from South32 (current and long-term)	55,355	58,478
Mineral properties	30,757	30,705
Total liabilities	(5,043)	(1,496)
Accounts payable and accrued liabilities	(4,148)	(1,445)
Members' equity (Total assets less Total liabilities)	**144,331**	**170,495**

(d) The following table summarizes Ambler Metals' net loss for the year ended November 30, 2021 and from the formation of the joint venture on February 11, 2020 to the end of the reporting period on November 30, 2020. For the prior year comparative, $0.3 million has been reclassed from general and administrative expense to mineral properties expense in order to reflect the current year presentation.

in thousands of dollars

	Year ended November 30, 2021 $	February 11, 2020 to November 30, 2020 $
Depreciation	77	95
Corporate salaries and wages	2,421	614
General and administrative	756	653
Lease expense	276	48
Mineral property expense	22,639	3,488
Professional fees	1,047	1,990
Foreign exchange (gain)/loss	6	3
Interest income	(1,058)	(1,180)
Comprehensive loss	**26,164**	**5,711**

(e) Related party transactions - services agreement income

During the fiscal year, the Company charged approximately $22,000 (2020 - $0.9 million) of expenses related to technical services, including geological, engineering, environmental and human resources and accounting services in connection with the Services Agreement. In addition, the Company received payments of approximately $4,000 (2020 - $2.8 million) related to operating expenses paid on behalf of Ambler Metals for the year ended November 30, 2021.

5) Fixed assets

in thousands of dollars

	British Columbia, Canada			Alaska, USA		
Cost	**Furniture and equipment $**	**Leasehold improvements $**	**Computer hardware and software $**	**Machinery and equipment $**	**Computer hardware and software $**	**Total $**
November 30, 2019	**63**	**53**	**115**	**3,667**	**4**	**3,902**
ASC 842 adoption	—	200	—	—	—	200
Assets derecognized (note 4(a))	—	—	—	(3,667)	(4)	(3,671)
November 30, 2020	**63**	**253**	**115**	**—**	**—**	**431**
ROU asset reclass	—	(200)	—	—	—	(200)
November 30, 2021	**63**	**53**	**115**	**—**	**—**	**231**
Accumulated amortization						
November 30, 2019	**29**	**18**	**111**	**3,026**	**3**	**3,187**
Depreciation	13	51	3	23	1	91
Assets derecognized (note 4(a))	—	—	—	(3,049)	(4)	(3,053)
November 30, 2020	**42**	**69**	**114**	**—**	**—**	**225**
ROU asset reclass	—	(44)	—	—	—	(44)
Depreciation	14	6	1	—	—	21
November 30, 2021	**56**	**31**	**115**	**—**	**—**	**202**
Net Book Value						
November 30, 2020	**21**	**184**	**1**	**—**	**—**	**206**
November 30, 2021	**7**	**22**	**—**	**—**	**—**	**29**

6) Mineral properties and development costs

in thousands of dollars

	November 30, 2020 $	**Acquisition costs $**	**November 30, 2021 $**
Alaska, USA			
West Kobuk	—	58	58
East Ambler	—	61	61
	—	**119**	**119**

in thousands of dollars

	November 30, 2019 $	**Assets derecognized note 4(a) $**	**November 30, 2020 $**
Alaska, USA			
Ambler (a)	26,631	(26,631)	—
Bornite (b)	4,000	(4,000)	—
	30,631	**(30,631)**	**—**

(a) Ambler

On January 11, 2010, NovaGold Resources Inc. ("NovaGold"), through Alaska Gold Company ("AGC"), its wholly-owned subsidiary, purchased 100% of the Ambler lands in Northwest Alaska, which contains the copper-zinc-lead-gold-silver Arctic Project and other mineralized targets within the volcanogenic massive sulfide belt, through a series of cash and share payments. Total fair value of the consideration was $26.6 million. The vendor retained a 1% net smelter return royalty that can be purchased at any time for a one-time payment of $10.0 million.

The Ambler lands were acquired on October 17, 2011 by Trilogy Metals US through a purchase and sale agreement with AGC. On October 24, 2011, NovaGold transferred its ownership of Trilogy Metals US to the Company, then a wholly owned subsidiary of NovaGold, which was subsequently spun-out to NovaGold shareholders and publicly listed on April 30, 2012 ("NovaGold Arrangement").

(b) Bornite

On October 19, 2011, Trilogy Metals US acquired the exclusive right to explore and the non-exclusive right to access and enter on the Bornite lands, and lands deeded to NANA Regional Corporation, Inc. ("NANA") through the Alaska Native Claims Settlement Act, located adjacent to the Ambler lands in Northwest Alaska. As consideration, Trilogy Metals US paid $4 million to acquire the right to explore and develop the combined Upper Kobuk Mineral Projects ("UKMP") through an Exploration Agreement and Option to Lease with NANA. Upon a decision to proceed with construction of a mine on the lands, NANA maintains the right to purchase between a 16%-25% ownership interest in the mine or retain a 15% net proceeds royalty which is payable after Trilogy Metals US has recovered certain historical costs, including capital and cost of capital. Should NANA elect to purchase an ownership interest, consideration will be payable equal to all historical costs incurred on the properties, less $40 million, with the difference multiplied by the elected percentage purchased. In no event will the purchase amount be less than zero. The parties would form a joint venture and be responsible for all future costs, including capital costs of the mine based on their pro-rata share.

NANA would also be granted a net smelter return royalty of 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 classification of land from which production originates.

(c) Option Agreement

On April 10, 2017, Trilogy and Trilogy Metals US entered into the South32 Option Agreement to form a Joint Venture with South32 Group Operations Pty Ltd., a wholly-owned subsidiary of South32 Limited, which agreement was later assigned by South32 Operations to its affiliate, South32 USA Exploration Inc. ("South32") on the UKMP ("Option Agreement"). Under the terms of the Option Agreement, as amended, Trilogy Metals US granted South32 the right to form a 50/50 joint venture to hold all of Trilogy Metals US' Alaskan assets. Upon exercise of the option, the option agreement provided that Trilogy Metals US would transfer its Alaskan assets, including the UKMP, and South32 would contribute the Subscription Price (as defined below) to a newly formed and jointly held, limited liability company ("LLC") (see note 4(a)).

To maintain the option in good standing, South32 was required to fund a minimum of $10 million per year for up to a three-year period, which funds were to execute a mutually agreed upon program at the UKMP. The funds provided by South32 could only be expended in accordance with an approved program by a technical committee with equal representation from Trilogy and South32. South32 could exercise its option at any time over the three-year period to enter into the 50/50 joint venture. To subscribe for 50% of the joint venture, the Option Agreement provided that South32 must contribute $150 million, plus (i) any amounts Trilogy spends on matched parallel funding to a maximum of $16 million over the three-year period and (ii) $5 million if the option had been exercised between April 1, 2018 and March 31, 2019 or $10 million if the option was exercised between April 1, 2019 and the expiration date of the option, less the amount of the initial funding contributed by South32 (the "Subscription Price"). South32 funded the full three-year option period. During the year ended November 30, 2020, South32 elected to exercise the option to form the LLC and made the Subscription Price payment on February 5, 2020 (see note 4 (a)).

As the initial option payments were credited against the future subscription price upon exercise, the Company accounted for the payments received from South32 as deferred consideration for the purchase of the UKMP interest. The $31.0 million of payments received were recognized as part of the consideration received for the Company's contribution of the UKMP into the LLC.

The option to form the LLC was recognized as a financial instrument at inception of the arrangement with an initial fair value of $nil. This option was required to be re-measured at fair value at each reporting date with any changes in fair value recorded in loss for the period. The Company determined that the fair value of the option remained $nil during the option period and through to the formation of the Joint Venture on February 11, 2020.

(d) Mineral properties expense

The following table summarizes mineral properties expense for the UKMP, Alaska, USA for the years ended November 30, 2021, 2020 and 2019, and includes expenditures funded by South32 up to the formation of the Joint Venture on February 11, 2020, as applicable.

In thousands of dollars

	2021 **$**	**2020** **$**	**2019** **$**
Alaska, USA			
Community	—	137	596
Drilling	—	—	5,194
Engineering	—	723	2,410
Environmental	—	99	611
Geochemistry and geophysics	—	12	1,259
Land and permitting	—	134	744
Project support	—	249	4,652
Other income	—	—	(13)
Wages and benefits	—	191	3,758
	—	**1,545**	**19,211**

Mineral property expenses consisted of direct drilling, personnel, community, resource reporting and other exploration expenses as outlined above, as well as indirect project support expenses such as fixed wing charters, helicopter support, fuel, and other camp operation costs. Other than the feasibility costs related to the Arctic project funded directly by the Company, no additional mineral properties expenses were incurred subsequent to the formation of the joint venture, as on February 11, 2020, upon the formation of the Joint Venture with South32, all mineral properties previously held by the Company were contributed to Ambler Metals.

The Company funded the Arctic Project feasibility study costs of $1.1 million since the formation of the Joint Venture on February 11, 2020. Prior to the formation of the Joint Venture, the Company had also incurred $0.7 million in Arctic Project feasibility costs that are included in the mineral properties expense balance of $1.5 million for the year ended November 30, 2020.

Cumulative mineral properties expense in Alaska from the initial earn-in agreement on the property in 2004 to the formation of the Joint Venture on February 11, 2020 was $115.3 million and cumulative acquisition costs were $30.6 million. Cumulative spend to date totaled $147 million. On February 11, 2020, upon the formation of the joint venture with South32, the acquisition costs of $30.6 million were derecognized upon the contribution of the mineral properties to Ambler Metals.

(e) Derecognition

As part of the formation of the Joint Venture with South32 on February 11, 2020, Trilogy contributed all its assets associated with the UKMP, including the Arctic and Bornite projects. As a result, machinery and equipment with a carrying value of $0.62 million as well as $30.6 million of mineral properties related to the UKMP were derecognized by Trilogy on February 11, 2020.

7) Accounts payable and accrued liabilities

in thousands of dollars

	November 30, 2021 $	November 30, 2020 $
Trade accounts payable	205	226
Accrued liabilities	105	198
Accrued salaries and vacation	542	464
Accounts payable and accrued liabilities	**852**	**888**

8) Leases

(a) Right-of-use asset

in thousands of dollars

	$
ASC transition as at December 1, 2019	681
Net amortization	(112)
Derecognition of Fairbanks warehouse lease	(93)
Balance as at November 30, 2020	476
Net amortization	(150)
Previously classified in fixed assets	156
Balance as at November 30, 2021	**482**

The pre-transition rent deposit of approximately $114,000 was transferred to the Right-of-use asset upon adoption of ASC 842 on December 1, 2019 and is included in the opening balance of approximately $681,000.

(b) Lease liabilities

The Company's lease arrangements primarily consist of an operating lease for our office space ending in June 2024. 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, 2021 $	Year ended November 30, 2020 $
Operating lease costs	187	162
Variable lease costs	122	131
Total lease expense	**309**	**293**

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, 2021, the remaining lease term was 2.5 years and the discount rate is 8%. 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, 2021 are as follows:

- Cash paid for amounts included in the measurement of lease liabilities was $201,783.

During the year ended November 30, 2020, no cash was paid upon termination of a lease for office and warehouse space and reassignment to Ambler Metals that resulted in the derecognition of the right-of-use asset of $92,974 and the operating lease liability of $93,006.

Future minimum payments relating to the lease recognized in our balance sheet as of November 30, 2021 are as follows:

in thousands of dollars

Fiscal year	November 30, 2021 $
2022	204
2023	210
2024	35
Total undiscounted lease payments	449
Effect of discounting	(35)
Present value of lease payments recognized as lease liability	**414**

9) Share capital

Authorized:

unlimited common shares, no par value

in thousands of dollars, except share amounts

	Number of shares	Ascribed value $
November 30, 2019	**140,427,761**	**177,971**
Exercise of options	3,297,588	1,133
Restricted Share Units	412,501	642
November 30, 2020	**144,137,850**	**179,746**
Exercise of options	871,961	1,074
November 30, 2021, issued and outstanding	**145,009,811**	**180,820**

On April 30, 2012, under the NovaGold Arrangement, Trilogy committed to issue common shares to satisfy holders of NovaGold deferred share units ("NovaGold DSUs"), once vested, on record as of the close of business April 27, 2012. When vested, Trilogy committed to deliver one common share to the holder for every six shares of NovaGold the holder is entitled to receive, rounded down to the nearest whole number. As of November 30, 2021, a total of 11,927 NovaGold DSUs remain outstanding representing a right to receive 1,988 Common Shares in Trilogy, which will settle upon certain directors retiring from NovaGold's board.

(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, 2021, a total of 3,374,150 options (2020 – 4,445,000 options, 2019 – 3,077,500) at a weighted-average exercise price of CDN$2.52 (2020 - CDN$2.79, 2019 – CDN$2.86) were granted to employees, service providers and directors exercisable for a period of five years with various vesting terms from immediate vesting to over a two-year period. The weighted-average fair value attributable to options granted in 2021 was $0.84 (2020 - $0.90, 2019 - $1.03).

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

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

	November 30, 2021
Risk-free interest rates	0.31%
Exercise price	1.98
Expected life	3 years
Expected volatility	64.4%
Expected dividends	Nil

The Company recognized a stock option expense of $3.3 million for the year ended November 30, 2021 (2020 - $3.1 million; 2019 - $2.9 million), net of forfeitures.

As of November 30, 2021, there were 2,526,338 non-vested options outstanding with a weighted average exercise price of $2.06. The non-vested stock option expense not yet recognized was $0.5 million. This expense is expected to be recognized over the next two years. The exercise prices have been converted to US dollars based on the November 30, 2021 closing foreign exchange rate of CAD$1.00 = US$0.7817.

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

	November 30, 2021	
	Number of options	Weighted average exercise price $
Balance – beginning of the year	8,647,500	1.87
Granted	3,374,150	1.97
Exercised	(1,330,326)	1.14
Cancelled	(140,666)	2.38
Forfeited	(11,334)	2.09
Balance – end of the year	**10,539,324**	**1.99**

The following table summarizes information about the stock options outstanding at November 30, 2021.

			Outstanding		Exercisable	Unvested
Range of exercise price	Number of outstanding options	Weighted average years to expiry	Weighted average exercise price $	Number of exercisable options	Weighted average exercise price $	Number of unvested options
$0.55 to $1.00	876,674	0.95	0.78	876,674	0.78	—
$1.01 to $1.50	75,000	1.06	1.15	75,000	1.15	—
$1.51 to $2.00	4,265,150	3.78	1.95	2,775,483	1.93	1,489,667
$2.01 to $2.50	5,285,000	2.98	2.23	4,248,329	2.24	1,036,671
$2.51 to $2.67	37,500	2.47	2.67	37,500	2.67	—
	10,539,324	**3.12**	**1.99**	**8,012,986**	**1.97**	**2,526,338**

The aggregate intrinsic value of vested share options (the market value less the exercise price) at November 30, 2021 was $0.8 million (2020 - $2.4 million, 2019 - $7.2 million) and the aggregate intrinsic value of exercised options for the year ended November 30, 2021 was $1.4 million (2020 - $2.6 million, 2019 - $2.6 million).

(b) Restricted Share Units and Deferred Share Units

The Company has a Restricted Share Unit Plan (“RSU Plan”) and a Non-Executive Director Deferred Share Unit Plan (“DSU Plan”) to provide long-term incentives to employees, officers and directors. The RSU Plan and DSU Plan may be settled in cash and/or common shares at the Company’s election with each RSU and DSU entitling the holder to receive one common share of the Company or equivalent value. All units are accounted for as equity-settled awards.

There were no RSUs granted during the fiscal year ended November 30, 2021. Directors were granted 58,925 DSUs throughout the year ended November 30, 2021 (2020 – 83,775, 2019 – 137,514) based on their election to receive 50% of their annual retainer in DSUs.

A summary of the Company’s DSU Plan and changes during the year ended November 30, 2021 is as follows:

	Number of DSUs
Balance – beginning of the year	1,218,520
Granted	58,925
Balance – end of the year	**1,277,445**

For the year ended November 30, 2021, Trilogy recognized a stock-based compensation expense of $0.1 million (2020 - $0.5 million, 2019 - $0.9 million).

(c) Share purchase warrants

During the year ended November 30, 2019, all the outstanding warrants were exercised in advance of the July 2, 2019 expiry date. As a result of the warrants exercised, the Company issued a total of 6,521,740 common shares and received cash proceeds of approximately $9.9 million. The Company had no warrants outstanding as at November 30, 2021.

10) 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 our main mineral properties, at the UKMP, through our equity investee (note 4) 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.

11) 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 and cash equivalents, 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 and cash equivalents, 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, 2021 is limited to the Canadian dollar balances consisting of cash of CDN$247,000, accounts receivable of CDN$23,000 and certain trade payables and accrued personnel costs CDN$946,000. 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 $53,000.

(b) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company holds cash and cash equivalents with Canadian Chartered financial institutions. The Company's only significant exposure to credit risk is equal to the balance of cash and cash equivalents as recorded in the financial statements.

(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, 2021 are as follows.

in thousands of dollars

	Total $	< 1 Year $	1–2 Years $	2–5 Years $	Thereafter $
Accounts payable and accrued liabilities	852	852	—	—	—
Office lease	449	204	245	—	—
	1,301	**1,056**	**245**	**—**	**—**

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk with respect to interest earned on cash and cash equivalents. Based on balances as at November 30, 2021, a 1% change in interest rates would result in a change in net loss of approximately $160, 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, 2021.

12) 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, 2021 $	November 30, 2020 $	November 30, 2019 $
Combined federal and provincial statutory tax rate	27.00 %	27.00 %	27.00 %
Income tax (recovery) at statutory rate	(5,848)	43,677	(7,534)
Difference in foreign tax rates	(194)	2,424	(281)
Impact of change in tax rate	—	—	—
Effect of foreign exchange changes	—	(4)	—
Non-deductible expenditures	937	1,009	4,061
Income from option payments applied as proceeds of sale	—	(8,812)	—
Return to provision adjustments	116	(6)	193
Impact of new lease accounting rules (ASC 842 adoption)	—	(28)	—
Expiry of Losses	—	—	277
Change in valuation allowance	4,989	(38,260)	3,284
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, 2021 and 2020 are as follows:

in thousands of dollars

	November 30, 2021 $	November 30, 2020 $
Deferred income tax assets		
Non-capital losses	54,502	51,250
Mineral property interest	447	—
Deferred interest	6,251	6,251
Property, plant and equipment	82	88
Lease liability	112	153
Share issuance costs	103	267
Capital Loss	—	—
Investments	—	—
Other deductible temporary differences	197	223
Total deferred tax assets	61,694	58,232
Valuation allowance	(34,249)	(29,259)
Net deferred income tax assets	**27,445**	**28,973**
Deferred income tax liabilities		
Investment in Ambler Metals LLC	(27,315)	(28,844)
Right of use asset	(130)	(129)
Other taxable temporary differences	—	—
Deferred income tax liabilities	**(27,445)**	**(28,973)**
Net deferred income tax assets	**—**	**—**

The Company has loss carry-forwards of approximately $194 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 $
2022	—	366
2023	—	960
2024	—	569
2025	—	1,530
Thereafter	51,808	139,099
	51,808	**142,524**

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, 2021 the Company has approximately $21 million in operating losses that can be carried forward indefinitely.

On June 19, 2015, we completed the Sunward acquisition which resulted in an acquisition of control of Sunward Resources ULC under of the Income Tax Act in Canada. Therefore, the Company's ability to use approximately $15.2 million of losses in Canada may be limited.

13) Commitment

The Company has commitments with respect to an office lease requiring future minimum lease payments as summarized in note 8(b).

14) Subsequent events

On December 9, 2021 directors were granted 350,000 stock options and 144,200 DSUs, all vesting immediately. Employees and service providers were granted 1,734,500 stock options, of which 578,166 options vested immediately, with the remainder vesting equally on the first anniversary of the grant date and the second anniversary of the grant date. Employees were also granted 648,600 RSUs, of which 391,332 units vested on the grant date. The remaining 257,268 units vest equally on the first anniversary of the grant date and the second anniversary of the grant date.