Trilogy Metals Inc.

Management's Discussion & Analysis
For the First Quarter Ended February 29, 2020

(expressed in US dollars)

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General

This Management's Discussion and Analysis ("MD&A") of Trilogy Metals Inc. ("Trilogy", "Trilogy Metals", "the Company" or "we") is dated April 7, 2020 and provides an analysis of our unaudited interim financial results for the quarter ended February 29, 2020 compared to the quarter ended February 28, 2019.

The following information should be read in conjunction with our February 29, 2020 unaudited interim condensed consolidated financial statements and related notes which were prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP"). The MD&A should also be read in conjunction with our audited consolidated financial statements and related notes for the year ended November 30, 2019. 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.

Andrew W. West, P.Geo., an employee and Exploration Manager, is a Qualified Person under National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* ("NI 43-101"), and has approved the scientific and technical information in this MD&A.

Trilogy's shares are listed on the Toronto Stock Exchange ("TSX") and the NYSE American Stock Exchange ("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.sedar.com and on EDGAR at www.sec.gov.

Description of business

We are a base metals exploration company focused on exploring and developing our mineral holdings in the Ambler mining district located in Alaska, U.S.A. We conduct our operations through a wholly owned subsidiary, NovaCopper US Inc. which is doing business as Trilogy Metals US ("Trilogy Metals US"). Our Upper Kobuk Mineral Projects, ("UKMP" or "UKMP Projects") were contributed into a 50/50 joint venture named Ambler Metals LLC ('Ambler Metals") between Trilogy and South32 Limited ('South32") on February 11, 2020 (see below). The projects contributed to the joint venture 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 host the Bornite carbonate-hosted copper project (the "Bornite Project") and related assets.

Project Activities

2020 Operating Budget for the Upper Kobuk Mineral Projects

In a press release dated February 26, 2020, the Company announced that Ambler Metals had approved a 2020 program budget of $22.8 million for the advancement of the UKMP. The budget is 100% funded by Ambler Metals. The 2020 program budget includes 10,000 meters of drilling at the Arctic Project, 2,500 meters of drilling within the Ambler Volcanogenic massive Sulphide ("VMS") Belt and geological mapping and geochemical soil sampling at the Bornite Project. However, the timing of these programs may be delayed, see "*Impact of Coronavirus (COVID-19)*" below.

Arctic Project

Activities at the Arctic Project will continue to focus on advancing studies and preparing for permit applications. Ambler Metals plans to conduct a 10,000-meter drilling program at the Arctic Project during the summer field season to gather additional drill data for the conversion of resources to the measured category, the next phase of metallurgical studies, including pilot plant testing, and geotechnical drilling for infrastructure placement. The drill program is expected to commence in mid-June and finish at the end of August. Studies are expected to continue throughout the year.

Bornite Project

The 2020 field program at the Bornite Project will consist of geological mapping and geochemical soil sampling over the northern Cosmos Hills and review of drill core and surface exposures to determine controls on high grade zones of copper mineralization.

Although there is no planned drilling at the Bornite Project in 2020, the Bornite geological database will be updated and the team will identify priority drill targets for the 2021 field season.

Regional Exploration Project

Following up from the 2019 work performed by Trilogy along the 70-mile (100 kilometer) Ambler VMS belt, Ambler Metals will continue exploration efforts within the Ambler VMS belt to discover and define potential deposits that can provide additional feed to a future Arctic mill. Ambler Metals plans to conduct a 2,500-meter drill campaign in the VMS belt, following up from last year's drilling at the Sunshine prospect and at other identified targets. The drill program is expected to commence in mid-July and finish at the end of August. The drilling will be preceded by detailed geologic mapping, geochemical soil sampling, and ground geophysics.

Impact of Coronavirus (COVID-19)

With respect to the outbreak of the novel coronavirus (COVID-19), Trilogy recognizes that the situation is extremely fluid and is monitoring the State of Alaska Health Department recommendations and restrictions on travel. These recommendations and restrictions may significantly impact our ability to conduct the planned work programs during the upcoming field season. So, although the work programs discussed above are still currently scheduled to commence as originally planned, our highest priority is the health, safety and welfare of our employees, contractors and community members. As a result, we and our joint venture partner, through Ambler Metals, will make the necessary adjustments to the work programs, including extending the timeline or scope for the remainder of the programs, or even cancelling the planned exploration activities at the UKMP for this season, if it is determined to be necessary or prudent to do so.

Corporate developments

Long-term incentives

On December 19, 2019, the Board of Directors approved the granting of 2,050,000 stock options to employees and directors with various vesting terms.

Joint Venture

Option agreement

On April 10, 2017, Trilogy and Trilogy Metals US entered into an Option Agreement to form a Joint Venture with South32 Group Operations Pty Ltd., a wholly-owned subsidiary of South32, which agreement was later assigned by South32 Operations to its affiliate, South32 USA Exploration Inc. 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 which South32 exercised on December 19, 2019.

Formation of joint venture

On February 11, 2020, Trilogy completed the 50/50 joint venture with South32. Trilogy contributed all of its assets associated with the 172,675-hectare UKMP, including the Arctic and Bornite projects, while South32 contributed a subscription price of US$145 million (the "Subscription Price"), resulting in each party owning a 50% interest in Ambler Metals. The Subscription Price will be used to advance the Arctic and Bornite Projects, along with exploration in the Ambler mining district. With Ambler Metals being well funded, with access to $145 million, Trilogy does not expect to fund programs and budgets to advance the UKMP until the Subscription Price is spent by Ambler Metals.

Ambler Metals is an independently operated company 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 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 $176 million as well as $0.4 million of amounts receivable per a Service Agreement between Trilogy and Ambler Metals.

Subsequent to the end of the first quarter, Ambler Metals loaned US$57.5 million back to South32 and retained $87.5 million. The loan has a 7-year maturity date, but Ambler Metals can demand earlier repayment in installments as required to advance development studies, resource drilling and regional exploration programs. The loan is secured by South32's membership interest in the LLC and guaranteed by South32 International Investment Holdings Pty Ltd. Trilogy currently estimates that the Subscription Price, which includes the funds to be repaid under the loan, will fund the UKMP through feasibility and the permitting of the first mine to be developed in the Ambler mining district. Once the full amount of the Subscription Price payment of $145 million is expended, the parties will contribute funding pro rata, as contemplated by the operating agreement which governs Ambler Metals.

Summary of results

in thousands of dollars, except for per share amounts

		Three months ended
Selected expenses	**February 29, 2020** **$**	**February 28, 2019** **$**
General and administrative	651	492
Mineral properties expense	1,545	1,535
Professional fees	668	91
Salaries	224	281
Salaries – stock-based compensation	1,196	1,939
Total expenses	4,475	4,458
Gain on derecognition of assets contributed to joint venture	(175,770)	-
Equity in investee	178	-
Comprehensive earnings (loss) for the period	171,179	(4,336)
Basic earnings (loss) per common share	$1.22	$(0.03)
Diluted earnings (loss) per common share	$1.16	$ (0.03)

For the three months ended February 29, 2020, Trilogy reported net earnings of $171 million (or $1.22 basic and $1.16 diluted earnings per common share). For the comparable period in 2019, we reported a net loss of $4.3 million (or $0.03 basic and diluted loss per common share). The first quarter 2020 differences, when compared to the first quarter 2019, are primarily due to the gain of $176 million recognized from the contribution of mineral property assets to the joint venture with South32 upon formation of the joint venture on February 11, 2020. This gain was slightly offset by $0.18 million in loss from equity investee, consisting of Trilogy's 50% share of Ambler Metals' operating loss for the first quarter of 2020, for which there is no comparable amount in the first quarter of 2019.

Other variances noted for the comparable period were i) an increase in general and administrative expenses of $0.16 million primarily due to an additional $0.07 million in regulatory fees due mostly to the filing of the base shelf prospectus and $0.1 million in executive recruiting fees; ii) an increase in professional fees of $0.58 million mainly consisting of $0.12 million for consulting fees for the research and implementation of new accounting standards, legal fees of $0.25 million related to the formation of the joint venture, valuation and loan capacity analysis fees of $0.07 million related to the formation of the joint venture, and consulting fees of $0.1 million for Rick Van Nieuwenhuyse who remained as a consultant to Trilogy through to February 29, 2020; iii) a decrease of $0.06 million in salaries due to reductions in head office staffing levels; and iv) a decrease in stock-based compensation driven primarily by a 0.38 million reduction in the number of stock options granted during the first quarter versus the comparative period as well as no vesting of RSUs during the period, resulting in stock based compensation savings of approximately $0.74 million and $0.33 million, respectively.

Mineral property expenses for the three months ended February 29, 2020 were consistent with the comparative period and mainly include engineering costs related to the Company's Arctic feasibility study.

Selected financial data

Quarterly information

in thousands of dollars, except per share amounts

	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
	02/28/19	11/30/19	08/31/19	05/31/19	02/28/19	11/30/18	08/31/18	05/31/18
	$	$	$	$	$	$	$	$
Interest and other income	**62**	91	137	150	122	117	135	77
Mineral property expenses	**1,545**	3,819	10,951	2,906	1,535	3,833	9,051	2,475
Earnings (loss) for the period	**171,179**	(6,525)	(12,535)	(4,509)	(4,336)	(5,319)	(9,920)	(3,664)
Earnings (loss) per common share – basic	**1.22**	(0.05)	(0.09)	(0.04)	(0.03)	(0.04)	(0.08)	(0.03)
Earnings (loss) per common share – diluted	**1.16**	(0.05)	(0.09)	(0.04)	(0.03)	(0.04)	(0.08)	(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, stock option vesting, and issuance of shares. Other factors that have caused fluctuations in the quarterly results that would not be expected to re-occur include the acquisition and disposition of assets and financing activities.

For the first quarter of 2020, we reported comprehensive earnings of $171 million which consisted of a gain of $176 million arising from the derecognition of our Alaskan mineral properties upon contribution to the joint venture with South32, offset by Trilogy's 50% share of the joint venture's operating loss for the period from February 11, 2020 to February 29, 2020 and total expenses of $4.5 million for the period. There are no prior period comparatives for the gain on contribution of Alaskan assets or the pro rata share of the joint venture's operating loss. The remaining difference between the expense of $4.4 million incurred for the current quarter and the loss of $6.5 million for the fourth quarter of 2019 was primarily due to a $2.3 million reduction in mineral property expenses and reflects the seasonal nature of this cost.

The loss of $6.5 million for the fourth quarter ended November 30, 2019 is higher when compared to the net loss of $5.3 million incurred in the fourth quarter ended November 30, 2018. The primary drivers for the difference were $0.7 million higher stock-based compensation, $0.6 million higher professional fees and $0.1 million increase in general and administrative expenses, all offset by $0.2 million in decreased salaries and benefits in the fourth quarter 2019.

Our net loss for the third quarter ended August 31, 2019 of $12.5 million was significantly higher versus the comparative loss of $9.9 million for the same quarter in the prior year. The $2.6 million increase is primarily due to an increase in mineral properties expenditures due to the size of the 2019 field program which included the new regional exploration program which did not exist in the comparative period.

Our net loss for the second quarter ended May 31, 2019 of $4.5 million is $0.9 million higher when compared to the comparative second quarter ended May 31, 2018. The difference is primarily due to an increase in mineral properties expenses related to the new regional exploration program commencing in the period with district-wide airborne geophysical surveys completed in the quarter and an increase in stock-based compensation.

Liquidity and capital resources

At February 29, 2020, we had $15.2 million in cash and cash equivalents and working capital of $14.5 million, which is sufficient to fund our ongoing operations for at least the next 12 months. The projects will be funded by Ambler Metals and we do not anticipate needing to fund our 50% share of future expenditures to advance the projects until the approximately $145 million is spent.

Contractual obligations

Contractual obligated undiscounted cash flow requirements as at February 29, 2020 are as follows.

In thousands of dollars

	Total $	< 1 Year $	1–2 Years $	2–5 Years $	Thereafter $
Accounts payable and accrued liabilities	1,274	1,274	-	-	-
Office lease	839	136	384	319	-
	2,113	**1,410**	**384**	**319**	**-**

Off-balance sheet arrangements

We have no material off-balance sheet arrangements.

Outstanding share data

At April 7, 2020, we had 140,665,733 common shares issued and outstanding. At April 7, 2020, we had outstanding, 10,983,933 stock options with a weighted-average exercise price of $1.21 as well as 1,182,391 deferred share units ("DSUs") and 11,927 NovaGold DSUs for which the holder is entitled to receive one common share for every six NovaGold shares received. Upon exercise of all the foregoing convertible securities, the Company would be required to issue aggregate of 12,168,312 common shares.

Financial instruments

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

(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 February 29,2020 is limited to the Canadian dollar consisting of cash of CDN$540,000, accounts receivable of CDN$49,000 and accounts payable of CDN$865,000. 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 $21,000.

(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. We hold cash and cash equivalents with Canadian Chartered financial institutions. Our accounts receivable consists of Canadian Goods and Services Tax receivable from the Federal Government of Canada and other receivables for recoverable expenses. Our exposure to credit risk is equal to the balance of cash and cash equivalents and accounts receivable as recorded in the financial statements.

(c) Liquidity risk

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

(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. We are exposed to interest rate risk with respect to interest earned on cash and cash equivalents. Based on balances as at February 29,2020, a 1% change in interest rates would result in a change in net loss of $0.1 million, assuming all other variables remain constant.

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

New accounting pronouncements

Certain recent accounting pronouncements have been included under note 2 in our February 29, 2020 unaudited interim consolidated financial statements

Critical accounting estimates

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

Mineral properties and development costs

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

Impairment of long-lived assets

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

Income taxes

We must make estimates and judgments in determining the provision for income tax expense, deferred tax assets and liabilities, and liabilities for unrecognized tax benefits including interest and penalties. We are subject to income tax law in the United States 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 recognition would result in an additional charge to the income tax expense and liability.

Stock-based compensation

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

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 as a Variable Interest Entity (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 LLC.

Ambler Metals LLC is a non-publicly traded equity investee holding exploration and development projects. The Company reviews and evaluates its investment in affiliates for other than temporary impairment when events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Events that could indicate impairment of an investment in affiliates include a significant decrease in long-term expected gold price, a significant increase in expected operating or capital costs, unfavorable exploration results or technical studies, a significant decrease in reserves, a loss of significant mineral claims or a change in the development plan or strategy for the project. Asset impairment is considered to exist if the total estimated future cash flows on an undiscounted basis are less than the carrying amount of the asset. If the underlying assets are not recoverable, an impairment loss is measured and recorded based on the difference between the carrying amount of the investee and its estimated fair value which may be determined using a discounted cash flow model**.**

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. Securities Exchange Act of 1934, as amended (the "Exchange Act") and the rules of Canadian Securities Administration, as of February 29, 2020. Based on this evaluation, the CEO and CFO have concluded that the Company's disclosure controls and procedures were effective.

Internal control over financial reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) and 15d-15(f) of the 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.

Changes in internal control over financial reporting

There have been no changes in our internal controls over financial reporting during the three-month period ended February 29, 2020, which have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting. We continue to evaluate our internal control over financial reporting on an ongoing basis to identify improvements. In connection with the joint venture, Ambler Metals LLC, in February 2020, we will be modifying our internal control over financial reporting over the next few months to reflect the impact on the formation of the joint venture.

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 and the formation of the joint venture. Except as set forth below, certain of these risks and uncertainties are under the heading "Risk Factors" under Trilogy's Form 10-K dated February 13, 2020 which is available on SEDAR at www.sedar.com, EDGAR at www.sec.gov and on our website at www.trilogymetals.com.

The outbreak of the coronavirus (COVID-19) may affect our operations.

The Company faces risks related to health epidemics and other outbreaks of communicable diseases, which could significantly disrupt its operations and may materially and adversely affect its business and financial conditions.

The Company's business could be adversely impacted by the effects of the coronavirus or other epidemics. In December 2019, a novel strain of the coronavirus emerged in China and the virus has now spread to several other countries, including Canada and the U.S., and infections have been reported globally. The extent to which the coronavirus impacts the Company's business, including exploration and development activities at Ambler Metals and the market for its securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the outbreak and the actions taken to contain or treat the coronavirus outbreak. In particular, the continued spread of the coronavirus and travel and other restrictions established to curb the spread of the coronavirus, could materially and adversely impact the Company's business including without limitation, the planned exploration programs at Ambler Metals during the upcoming field season, employee health, workforce productivity, increased insurance premiums, limitations on travel, the availability of industry experts and personnel, the timing to process drill and other metallurgical testing, and other factors that will depend on future developments beyond the Company's control, which may have a material and adverse effect on the its business, financial condition and results of operations.

There can be no assurance that the Company's personnel will not be impacted by these pandemic diseases and ultimately see its workforce productivity reduced or incur increased medical costs or insurance premiums as a result of these health risks.

In addition, a significant outbreak of coronavirus could result in a widespread global health crisis that could adversely affect global economies and financial markets resulting in an economic downturn that could have an adverse effect on the demand for precious metals and our future prospects.

Additional information

Additional information regarding the Company, including our annual report on Form 10-K, is available on SEDAR at www.sedar.com and EDGAR at www.sec.gov and on our website at www.trilogymetals.com. Information contained on our website is not incorporated by reference.

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 $145 million subscription price to fund the UKMP through feasibility and the permitting of the first mine; impact of COVID-19 on the upcoming field season; market prices for precious and base metals, or other statements that are not statements of fact. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management. Statements concerning mineral resource *estimates may also be deemed to constitute "forward-looking statements" to the extent that they involve estimates of the mineralization that will be encountered if the property is developed.*

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, identified by words or phrases such as "expects", "is expected", "anticipates", "believes", "plans", "projects", "estimates", "assumes", "intends", "strategy", "goals", "objectives", "potential", "possible" or variations thereof or stating that certain actions, events, conditions or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements.

Forward-looking statements are based on 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;*
- *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;*
- *the potential impact of the novel coronavirus (COVID-19); 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;*
- *commodity price fluctuations;*
- *our history of losses and expectation of future losses;*

- *uncertainties relating to the assumptions underlying our resource estimates, such as metal pricing, metallurgy, mineability, marketability and operating and capital costs;*
- *uncertainty related to inferred mineral resources;*
- *mining and development risks, including risks related to infrastructure, accidents, equipment breakdowns, labor disputes or other unanticipated difficulties with or interruptions in development, construction or production;*
- *risks related to market events and general economic conditions;*
- *risks related to the outbreak of the coronavirus (COVID-19);*
- *risks and uncertainties relating to the interpretation of drill results, the geology, grade and continuity of our mineral deposits;*
- *risks related to governmental regulation and permits, including environmental regulation, including the risk that more stringent requirements or standards may be adopted or applied due to circumstances unrelated to the Company and outside of our control;*
- *the risk that permits and governmental approvals necessary to develop and operate mines at our mineral properties will not be available on a timely basis or at all;*
- *risks related to the need for reclamation activities on our properties and uncertainty of cost estimates related thereto;*
- *uncertainty related to title to our mineral properties;*
- *risks related to the acquisition and integration of operations or projects;*
- *risks related to increases in demand for equipment, skilled labor and services needed for exploration and development of mineral properties, and related cost increases;*
- *our need to attract and retain qualified management and technical personnel;*
- *risks related to conflicts of interests of some of our directors and officers;*
- *risks related to potential future litigation;*
- *risks related to the voting power of our major shareholders and the impact that a sale by such shareholders may have on our share price;*
- *risks related to global climate change;*
- *risks related to adverse publicity from non-governmental organizations;*
- *uncertainty as to our ability to maintain the adequacy of internal control over financial reporting as per the requirements of Section 404 of the Sarbanes-Oxley Act;*
- *increased regulatory compliance costs, associated with rules and regulations promulgated by the United States Securities and Exchange Commission, Canadian Securities Administrators, the NYSE American, the Toronto Stock Exchange, and the Financial Accounting Standards Boards, and more specifically, our efforts to comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act;*
- *uncertainty as to the volatility in the price of the Company's common shares;*
- *the Company's expectation of not paying cash dividends; and*
- *adverse federal income tax consequences for U.S. shareholders should the Company be a passive foreign investment company.*

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 13, 2020, filed with the Canadian securities regulatory authorities and the SEC, and other information released by Trilogy and filed with the appropriate regulatory agencies.

The Company's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made, and the Company does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change, except as required by law. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

Cautionary note to United States investors
Reserve and resource estimates

This Management's Discussion and Analysis has been prepared in accordance with the requirements of the securities laws in effect in Canada, which differ from the requirements of U.S. securities laws. Unless otherwise indicated, all resource and reserve *estimates included in this Management’s Discussion and Analysis have been prepared in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects (“NI 43-101”) and the Canadian Institute of Mining, Metallurgy, and Petroleum Definition Standards on Mineral Resources and Mineral Reserves. NI 43-101 is a rule developed by the Canadian Securities Administrators which establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. Canadian standards, including NI 43-101, differ significantly from the requirements of the SEC, and resource and reserve information contained herein may not be comparable to similar information disclosed by U.S. companies. In particular, and without limiting the generality of the foregoing, the term “resource” does not equate to the term “reserves”. Under U.S. standards, mineralization may not be classified as a “reserve” unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. The SEC’s disclosure standards normally do not permit the inclusion of information concerning “measured mineral resources”, “indicated mineral resources” or “inferred mineral resources” or other descriptions of the amount of mineralization in mineral deposits that do not constitute “reserves” by U.S. standards in documents filed with the SEC. Investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves. U.S. investors should also understand that “inferred mineral resources” have a great amount of uncertainty as to their existence and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an “inferred mineral resource” will ever be upgraded to a higher category. Under Canadian rules, estimated “inferred mineral resources” may not form the basis of feasibility or pre-feasibility studies except in rare cases. Investors are cautioned not to assume that all or any part of an “inferred mineral resource” exists or is economically or legally mineable. Disclosure of “contained ounces” in a resource is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report mineralization that does not constitute “reserves” by SEC standards as in-place tonnage and grade without reference to unit measures. The requirements of NI 43-101 for identification of “reserves” are also not the same as those of the SEC, and reserves reported by the Company in compliance with NI 43-101 may not qualify as “reserves” under SEC standards. Accordingly, information concerning mineral deposits set forth herein may not be comparable with information made public by companies that report in accordance with U.S. standards.*