Trilogy Metals Inc.

Management's Discussion & Analysis
For the Fourth Quarter and Year Ended November 30, 2017

(expressed in US dollars)

Table of Contents

Management's Discussion and Analysis 1
- General 1
- Description of business 1
- Property review 1
- Corporate developments 2
- Project activities 2
- Outlook 4
- Summary of results 5
- Fourth quarter results 6
- Selected financial data 6
- Liquidity and capital resources 8
- Contractual obligations 8
- Off-balance sheet arrangements 8
- Outstanding share data 8
- Financial instruments 9
- New accounting pronouncements 9
- Critical accounting estimates 10
- Disclosure controls and procedures 10
- Internal control over financial reporting 11
- Risk factors 11
- Additional information 11
- Cautionary notes 11

Trilogy Metals Inc.
Management's Discussion and Analysis
(expressed in US dollars)

General

This Management's Discussion and Analysis ("MD&A") of Trilogy Metals Inc. ("Trilogy", "the Company", "us" or "we") is dated February 1, 2018 and provides an analysis of our audited financial results for the year ended November 30, 2017 compared to the year ended November 30, 2016.

The following information should be read in conjunction with our November 30, 2017 audited consolidated financial statements and related notes which were prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP"). A summary of the U.S. GAAP accounting policies are outlined in note 2 of the audited consolidated financial statements. All amounts are in United States dollars unless otherwise stated. References to "Canadian dollars" and "C$" and "CDN$" are to the currency of Canada and references to "U.S. dollars", "$" or "US$" are to the currency of the United States.

Andrew West, Certified Professional Geologist, an employee and Exploration Manager for Trilogy, 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 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"), consist of: i) the 100% owned 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").

Property review

Our principal assets, the UKMP Projects, are located in the Ambler mining district in Northwest Alaska. Our UKMP Projects comprise approximately 355,400 acres (143,825 hectares) consisting of the Ambler and Bornite lands.

Arctic Project

The Ambler lands, which host a number of deposits, including the high-grade copper-zinc-lead-gold-silver Arctic Project, and other mineralized occurrences within a 100 kilometer long volcanogenic massive sulfide ("VMS") belt, are owned by Trilogy Metals US. The Ambler lands are located in Northwestern Alaska and consist of 114,500 acres (46,337 hectares) of Federal patented mining claims and State of Alaska mining claims, within which VMS mineralization has been found.

We have recorded the Ambler lands as a mineral property with acquisition costs capitalized and exploration costs expensed in accordance with our accounting policies.

Bornite Project

On October 19, 2011, Trilogy Metals US and NANA signed a collaborative agreement to explore and develop the Ambler mining district. Under the Exploration Agreement and Option to Lease (the "NANA Agreement"), we acquired, in exchange for, among other things, a $4.0 million cash payment to NANA, the exclusive right to explore the Bornite property and lands deeded to NANA through the Alaska Native Claims Settlement Act ("ANCSA"), located adjacent to the Arctic Project, and the non-exclusive right to access and entry onto NANA's lands. The agreement establishes a framework for any future development of either the Bornite Project or the Arctic Project. Both projects are included as part of a larger area of interest set forth in the NANA Agreement. The agreement with NANA created a total land package incorporating our Ambler lands with the adjacent Bornite and ANCSA lands with a total area of approximately 355,400 acres (143,825 hectares).

Upon the decision to proceed with development of a mine within the area of interest, NANA maintains the right to purchase an ownership interest in the mine equal to between 16%-25% or retain a 15% net proceeds royalty which is payable after we have recovered certain historical costs, including capital and cost of capital. Should NANA elect to purchase an ownership interest in the mine, consideration will be payable based on the elected percentage purchased and all the costs incurred on the properties less $40.0 million, not to be less than zero. The parties would form a joint venture and be responsible for all future costs incurred in connection with the mine, including capital costs of the mine, based on each party's pro-rata share.

NANA would also be granted a net smelter return royalty between 1% and 2.5% upon the execution of a mining lease or a surface use agreement, the amount of which is determined by the particular area of land from which production originates.

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

Corporate developments

Board Appointment

In December 2017, we announced the appointment of Mr. William Iggiagruk Hensley to the Company's Board of Directors. Mr. Hensley is an Alaska native leader who significantly contributed to the settlement of Alaska's Native claims with the United States federal government in 1971. He was elected to the Alaskan House of Representatives, served four full terms as an Alaskan Senator and two further terms through an appointment by Governor Steve Cowper. Mr. Hensley was a founder of NANA, served for 20 years as a director, became the head of NANA Development Corporation and finally President of NANA. He was a founder of the Alaska Federation of Natives and served as director, executive director, president and co-chair.

Project activities

South32 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 Limited, which agreement was later assigned by South32 Operations to its affiliate, South32 USA Exploration Inc. (together with South32 Operations, "South32") on the UKMP ("Option Agreement"). Under the terms of the Option Agreement, 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, Trilogy Metals US will transfer its Alaskan assets, including the UKMP, and South32 will contribute a minimum of $150 million, to a newly formed and jointly held, limited liability company ("LLC").

To maintain the option in good standing, South32 is required to fund a minimum of $10 million per year for up to a three year period, which funds will be used to execute a mutually agreed upon program at the UKMP. The funds provided by South32 may only be expended in accordance with an approved program by a technical committee with equal representation from Trilogy and South32. South32 may 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 JV, South32 will contribute a minimum of $150 million, plus any amounts Trilogy Metals US spends at the Arctic Project over the three year option period, to a maximum of $5 million per year (the "Subscription Price"), less an amount of the initial funding contributed by South32.

Option Funding Phase

Provided that all the exploration data and information has been made available to South32 by no later than December 31 of each year, South32 must decide by the end of January of the following year whether; (i) to fund a further tranche of a minimum of $10 million, or (ii) to withdraw and not provide any further annual funding. If the election to fund a further tranche is not made in January, South32 has until the end of March to exercise the option to form the LLC and make the subscription payment. If South32 elects to exercise the option, the Subscription Price less certain deductions for initial funding shall be paid in one tranche within 45 business days. Should South32 not make its annual minimum payment or elect to withdraw, the option will lapse and South32 will have no claim to ownership or the funds it had already spent. The option payment for the first year was paid by South32 in April 2017 and expended on the Year 1 exploration program at the Bornite Project. Early in December 2017, South32 committed to fund the $10 million 2018 program for the Bornite Project. The funds, which represent the second tranche, maintain the Option Agreement in good standing, and were fully received on January 24, 2018.

Subscription Funding Phase

At any time during the option funding phase of the agreement, South32 may elect to subscribe for a 50% interest in a newly formed LLC which will take transfer of, and hold, Trilogy Metals US' Alaskan Assets. As part of the Subscription Price, South32 will match any spending expended by us at the Arctic Project over the next 3 years, to a cumulative maximum of $15 million. Depending on when the option is exercised, certain amounts of the Initial Funding will be deducted from the Subscription Price.

Trilogy estimates that the Subscription Price 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 payment of approximately $150 million is expended, the parties will contribute funding pro rata, as contemplated by the operating agreement which will govern the LLC (the "LLC Agreement"). The LLC Agreement anticipates a General Manager, Chief Financial Officer and Chief Operating and Technical Officer to be appointed by the LLC's Board, which will have equal representation from Trilogy and South32.

As the initial option payments are credited against the future subscription price upon exercise, we have accounted for the payment received as deferred consideration. At such time as the option is exercised, the initial payments received to that date will be recognized as part of the consideration received for our contribution of the Alaska assets, including the UKMP, into the joint venture. If South 32 withdraws from the Option Agreement, the consideration will be recognized in the statement of loss at that time.

Bornite Project

In partnership with South32 we were able to complete a $10 million exploration program directed by the joint Trilogy-South32 technical committee at the Bornite Project. The focus of this year's program was to target high-grade copper mineralization north and east of the previously identified resources last drilled by us in 2013 and to define the edges of the mineralized system.

This year's exploration program at Bornite was one of the larger programs in the history of drilling at the Bornite Project. Spending a total of $10.0 million, we drilled nine diamond drill holes comprising 8,437 meters at Bornite this field season to test the extension of the mineralization from the drill holes from our 2013 drill campaign. Drilling at the Bornite Project began in early June and wrapped up in mid-October with the results released throughout the fall. Due to inclement weather, two holes (RC17-241 and 242) were stopped before reaching target depth and cemented in preparation for re-entry during the 2018 drill program. The 2017 drilling program doubled the size of the known mineralized footprint and continues to demonstrate that the high-grade Bornite copper resource system is open to further expansion.

The exploration program also included completing a ground gravity survey, continuation of hydrology and baseline environmental data collection, and the initiation of metallurgy and acid based accounting for Bornite.

In fiscal 2017, we expended $10.0 million on the Bornite Project, consisting of $4.8 million in drilling and geochemistry, $2.9 million in project support expenses, $1.8 million in wages and benefits, $0.2 million in engineering studies, $0.1 million in geophysical programs, and $0.1 million in environmental studies.

Early in December 2017, South32 committed to fund the 2018 program and budget of $10.0 million focused at the Bornite Project. The funds, which represent the second tranche of $10 million under the Option Agreement, maintain the agreement in good standing, were fully received in January 2018. Planning for the 2018 program is underway and will include in-fill and off-set drilling to better define and expand the high grade copper resources at Bornite.

Arctic Project

2017 continued to be a busy year at the Arctic Project. In the spring of 2017, we announced several milestones including the release of an updated mineral resource estimate, metallurgical, geotechnical and hydrogeological results in preparation for a pre-feasibility study ("PFS"). In early June 2017, we announced the engagement of Ausenco Engineering Canada Inc. to prepare the Arctic Project PFS technical report. The Company also engaged Amec Foster Wheeler to complete mine planning and SRK Consulting (Canada) Inc. to complete tailings and waste design, hydrology and environmental studies. The PFS study is on track to be completed in Q1 2018.

The summer field program for the Arctic Project PFS was conducted in July with the completion of 274 meters of geotechnical drilling and 26 test pits completed to determine site facility locations and mine design. We also completed geophysical ground surveys to evaluate ground conditions. We continued our environmental baseline program through the summer of 2017 which includes baseline data collection on aquatic and avian resources, ongoing water quality, hydrology and meteorology. The water quality program was expanded in 2017 to include additional sample locations and increased sample frequency. The field program information is currently being incorporated into the engineering design for the PFS which will be released in the first quarter of 2018.

We also completed 785 meters of infill drilling at Arctic in early September collecting core to provide two tonnes of material for an ore-sorting study. The core collected during the program has been crushed and is currently being transported to begin the next phase of the ore sorting study. Results are expected in the spring of 2018.

In fiscal 2017, we expended $5.2 million on the Arctic Project, consisting of $1.8 million in engineering expenses, $0.4 million in drilling, geochemistry and geophysical programs, $1.0 million in project support expenses, $0.7 million in wages and benefits, $0.8 million in land maintenance and permit expenses, $0.3 million in community engagement and $0.2 million in environmental studies.

Ambler Mining District Industrial Access Project

Significant milestones were also achieved in 2017 in the permitting process for the Ambler Mining District Industrial Access Project ("AMDIAP"). The AMDIAP, being built by the Alaska Industrial Development Export Authority ("AIDEA"), is anticipated to provide surface access to the Ambler Mining District and our UKMP Projects. The Notice of Intent ("NOI") initiating the permitting process under the National Environmental Policy Act ("NEPA") for the preparation of an Environmental Impact Statement ("EIS") on the AMDIAP was published on February 28, 2017 by the Bureau of Land Management ("BLM") in the U.S. Federal Register. The BLM is the lead Federal agency for the EIS. This notice initiates the public scoping process for the EIS and comments were due by January 31, 2018.

The Notice of Intent states that the various federal and state agencies intend to prepare an EIS for Federal authorization to construct and operate an approximately 211-mile long industrial access road in the southern Brooks Range foothills of Alaska, originating at the Dalton Highway ending at the Ambler River and providing access to the Ambler Mining District. The BLM has announced the beginning of the EIS scoping process to solicit public comments and identify issues. The BLM intends to coordinate the development of the EIS with the National Park Service ("NPS"), which is in accordance with the Alaska National Interest Lands Conservation Act ("ANILCA"). The NPS is developing a separate environmental and economic analysis ("EEA") solely for the purpose of determining the most desirable route for that portion of the proposed road right-of-way that would cross the Gates of the Arctic National Preserve. The BLM held a series of public meetings in November and December 2017 to solicit input and provide more information about the project. Scoping comments received from the public will be used to revise the purpose and need statement, identify issues, inform the analysis and alternatives, and determine the extent of the information to be included in the EIS.

Through a Memorandum of Understanding ("MOU") with AIDEA, we have been working with them over the past several years to identify and select a preferred access route into the Ambler Mining District and support engineering and environmental studies as well as community outreach for the AMDIAP.

The AMDIAP is modeled on AIDEA's successful DeLong Mountain Transportation System ("DMTS"), which includes an industrial access road from the Red Dog Mine to the DMTS port. AIDEA worked with private investors to finance construction of the DMTS industrial access road, and the costs of road construction were paid back through tolls paid by the mine for use of the road. No State of Alaska general funds were used to construct the DMTS and that is exactly what is anticipated for the AMDIAP. More information on the AMDIAP and the ANILCA permitting process is available on AIDEA's website at www.ambleraccess.org, which website is not incorporated by reference.

Outlook

We are currently planning a $10 million program at the Bornite Project, funded by South32, for 2018. One component of the program will include a seismic program to be completed in the spring time when the ground is still frozen and the daylight has returned. The balance of the program will be directed at further in-fill and expansion drilling. The remaining program at the

Bornite Project is focused on continuing the mineralization trend from 2017 and 2013's drill programs, completing infill drilling, and finishing the two holes from 2017 that were stopped due to inclement weather.

As we look forward to 2018 at the Arctic Project, we plan to release the PFS in the first quarter of 2018. This will be a significant milestone for the Arctic Project and will determine the field season program.

We will be continuing to work closely with AIDEA, as the proponent for the AMDIAP, to advance the permitting process on the AMDIAP throughout 2018. BLM, as the lead federal agency for the EIS, will be moving the process through the environmental impact process. BLM has reached the end of the scoping process and according to the notice of intent, will be delivering a draft EIS by March 29, 2019 with the final EIS due December 30, 2019. A record of decision is due within one month of the final EIS. BLM will be developing preliminary alternatives based on the project purpose and need over the next few months, taking into account the input received from the public and agency comments during the scoping phase that was recently completed on January 31, 2018.

Summary of results

in thousands of dollars, except for per share amounts

Selected expenses	Year ended November 30, 2017 $	Year ended November 30, 2016 $	Year ended November 30, 2015 $
General and administrative	1,385	1,337	1,346
Mineral properties expense	15,100	5,037	4,167
Professional fees	708	442	1,346
Salaries	975	1,003	1,085
Salaries – stock-based compensation	705	615	831
Unrealized loss (gain) on held for trading investments	1,645	(88)	-
Loss (gain) on sale of investments	580	(57)	-
Loss from continuing operations for the year	21,104	8,712	9,134
(Income)/loss from discontinued operations for the year	-	(3,850)	398
Loss and comprehensive loss for the year	21,104	4,862	9,532
Basic and diluted loss per common share	$0.20	$0.05	$0.12

For the year ended November 30, 2017, we reported a net loss of $21.1 million (or $0.20 basic and diluted loss per common share) compared to a net loss for the corresponding period in 2016 of $4.9 million (or $0.05 basic and diluted loss per common share) and a net loss of $9.5 million for the corresponding period in 2015 (or $0.12 basic and diluted loss per common share). This variance was primarily due to the significantly increased size and magnitude of the field programs undertaken at our mineral properties in 2017 as well as a one-time gain on the sale of Sunward Investments Ltd. ("Sunward Investments"), which through a subsidiary, owned 100% of the Titiribi gold-copper exploration project in Colombia, in 2016. Additionally, there were losses recognized on both the sale of investments as well as investments designated as held for trading in 2017 that did not exist in the two prior fiscal years. The investments consist of shares and warrants to purchase shares in Gold Mining Inc. ("GMI") (formerly, Brazil Resources Inc.) that were acquired through the sale of Sunward Investments in 2016.

For the year ended November 30, 2017, we reported a net loss from continuing operations of $21.1 million (or $0.20 basic and diluted loss from continuing operations per common share) compared to a net loss for the corresponding period in 2016 of $8.7 million (or $0.08 basic and diluted loss from continuing operations per common share) and a net loss of $9.1 million for the corresponding period in 2015 (or $0.11 basic and diluted loss from continuing operations per common share).

The significant increase in the loss pertaining to 2017 relates to the size of the program undertaken at the UKMP in 2017. We executed a $15.1 million program at the UKMP in 2017, with $10.0 million on the Bornite Project funded by South32 under the Option Agreement. The 2017 field program consisted of 8,437 meters of exploration drilling at the Bornite Project, 274 meters of geotechnical drilling and 26 test pits completed to determine site facility locations and mine design at the Arctic Project, and 785 meters of infill drilling to collect material for an ore-sorting study at the Arctic Project. Additionally, significant engineering work was completed on the PFS study at the Arctic Project to be completed in Q1 2018. Comparably, in 2016, we executed a $5.0 million program on the Arctic Project and in 2015, a $4.2 million program on the Arctic Project. The programs in 2015 and 2016 were focused on moving the Arctic Project towards pre-feasibility compared to the significant programs undertaken at the Bornite and Arctic Projects in 2017. In 2016, we completed a drill program consisting of 3,058 meters at the Arctic Project and increased the environmental baseline data collection and engineering site investigations compared to the 2015 program. In 2015, we completed fourteen diamond drill holes amounting to 3,056 meters at the Arctic Project, as well as engineering and environmental site investigations. Mineral property expenses consist of direct drilling, personnel, community, resource reporting and other exploration expenses, as well as indirect project support expenses such as fixed wing charters, helicopter support, fuel, and other camp operation costs.

Additionally, the significant variance in 2016, compared to 2017 and 2015, relates to the gain recognized on the sale of Sunward Investments and the Titiribi Project of $4.4 million, pre-tax. This was a one-time event for which there is no comparable gain in prior years. As a result of the sale, the operations of Sunward Investments were reclassified as a discontinued operation, retrospectively. Expenses of $0.6 million for the year ended November 30, 2016 and $0.4 million for the year ended November 30, 2015 related to the Sunward Investments operations were reclassified to discontinued operations. As Sunward Resources Ltd. was purchased by the Company in June 2015, there are no amounts prior to June 2015 included in the consolidated results.

During the year ended November 30, 2017, the Company sold 2,525,000 common shares of GMI for proceeds of $3.5 million and realized a loss on sale of $0.6 million. For the year ended November 30, 2017, we recognized an unrealized loss on held for trading investments of $1.6 million on 2,365,000 common shares of GMI and 1,000,000 warrants to purchase a common share of GMI. During the year ended November 30, 2016, the Company sold 110,000 common shares of GMI for net proceeds of $0.2 million and realized a gain on sale of $0.06 million. For the year ended November 30, 2016, we recognized an unrealized gain on held for trading investments of $0.1 million.

Professional fees for the year ended November 30, 2017 were $0.7 million, an increase of $0.3 million from the $0.4 million incurred for the year November 30, 2016, and a reduction of $0.6 million from the $1.3 million incurred for the year ended November 30, 2015. Expenses in 2017 increased from 2016 due to the arrangement with South32 and preparatory costs incurred associated with the filing of a base shelf prospectus in Canada and the US. Costs in 2016 were down significantly from other years due to less corporate transaction activity as well as $0.2 million in costs related to the sale of Sunward recorded to discontinued operations. In 2015, expenses were incurred for legal and technical due diligence and regulatory approvals associated with the acquisition of Sunward.

Other variances for the year ended November 30, 2017 compared to 2016 and 2015 are as follows: (a) $1.4 million in general and administrative expenses in 2017 compared to $1.3 million in 2016 and 2015 due to a less favorable foreign exchange movement; (b) $1.0 million in salaries in 2017 and 2016 compared to $1.1 million in 2015 due to minor changes in staffing levels at the corporate office; and (c) $0.7 million in stock based compensation in 2017 compared to $0.6 million in 2016 and $0.8 million in 2015 due to minor changes in the number of eligible employees for annual stock option grants and the fair value of grants valued using the Black-Scholes model which is most sensitive to the Company's share price and future expected volatility.

The comparable basic and diluted loss per common share for 2017 of $0.20 is significantly higher than 2016 and 2015 due to the higher loss for the year. The basic and diluted loss per common share for 2016 of $0.05 is lower than 2017 and 2015 due to the gain on the sale of Sunward Investments recognized in the year. The 2015 basic and diluted loss per common share of $0.12 is also affected by the additional shares issued during 2015 as a result of the Sunward acquisition completed in June 2015 as well as a lower loss figure compared to 2017.

Fourth quarter results

During the fourth quarter of 2017, we had a loss of $6.7 million compared to income earned of $2.7 million in the fourth quarter of 2016. The earnings in the fourth quarter of 2016 were due to the gain on sale of Sunward Investments of $4.4 million offsetting net expenses of $2.0 million. There is no comparable gain on the sale of Sunward Investments in the fourth quarter of 2017 as it was a non-recurring item. We incurred $4.7 million of mineral property expenses in the fourth quarter of 2017 compared to $1.0 million of mineral property expenses in the fourth quarter of 2016. The increase in mineral property expenses is due to the length and size of the field program in 2017 compared to 2016. Our 2017 field program was a significantly larger program and longer program resulting in a significant portion of mineral property expenses incurred in the fourth quarter as we were operating through September and October of 2017. In 2016, the field program wrapped up during the third quarter. The difference in timing and size of the programs accounts for the significant movement between the periods.

Selected financial data

Annual information

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

in thousands of dollars

	Year ended November 30, 2017 $	Year ended November 30, 2016 $	Year ended November 30, 2015 $
Interest income	59	61	24
Expenses	18,930	8,918	9,158
Loss from continuing operations for the year	21,104	8,712	9,134
(Income)/Loss from discontinued operations for the year	-	(3,850)	398
Loss and comprehensive loss for the year	21,104	4,862	9,532
Total assets	40,279	46,747	51,181
Total liabilities	14,614	593	751

Quarterly information

in thousands of dollars, except per share amounts

	Q4 2017 11/30/17 $	Q3 2017 08/31/17 $	Q2 2017 05/31/17 $	Q1 2017 02/28/17 $	Q4 2016 11/30/16 $	Q3 2016 08/31/16 $	Q2 2016 05/31/16 $	Q1 2016 02/29/16 $
Interest and other income	**13**	23	12	11	10	16	18	18
Mineral property expenses	**4,693**	8,471	1,297	639	970	3,077	458	532
Income (loss) from discontinued operations for the period	**-**	-	-	-	4,561	(352)	(187)	(172)
Earnings (loss) for the period	**(6,726)**	(8,992)	(2,390)	(2,996)	2,736	(4,255)	(1,648)	(1,695)
Earnings (loss) per common share – basic and diluted	**(0.06)**	(0.09)	(0.02)	(0.03)	0.03	(0.04)	(0.02)	(0.02)

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

Our loss for the first quarter ended February 29, 2016 is comparable to typical first quarter losses in that it consists mainly of mineral property expenses relating to engineering studies completed in advance of the 2016 field program. The loss is increased slightly due to costs related to operating Sunward of $0.2 million when compared to periods when Trilogy did not own Sunward. During the second quarter of 2016, we incurred $0.5 million in mineral property expenses due to the field season starting up in the last month of the second quarter and $0.2 million in discontinued operations relating to Sunward. During the third quarter of 2016, we incurred mineral property expenses of $3.1 million as we completed our drilling program. As a result, our loss for the third quarter ended August 31, 2016 is higher compared to previous quarter losses and consistent with the spending in the third quarter of 2015. We recognized earnings for the fourth quarter of 2016 of $2.7 million due to the gain on the sale of Sunward. Adjusted for the discontinued operations, the fourth quarter periods are substantially comparable.

Our loss for the first quarter ended February 28, 2017 of $3.0 million is significantly increased compared to prior quarterly periods due to an unrealized loss on held for trading investments of $1.2 million. The investments are classified as held for trading and changes in the fair value of the investments are recorded through the statement of loss. Our loss for the second quarter ended May 31, 2017 of $2.4 million is significantly increased from the comparable period due to a significant increase is the size of our field program resulting in increased mineral property expenses of $1.3 million. Similarly, our loss for the third quarter ended August 31, 2017 of $9.0 million is significantly increased from the comparable loss of $4.3 million in the third quarter ended August 31, 2016 due to the size of the 2017 field program which is more than double the 2016 field program. The loss of $6.7 million for the fourth quarter ended November 30, 2017 is significantly increased compared to the earnings of $2.7 million recognized for the fourth quarter ended November 30, 2016. As discussed above under fourth quarter results, in 2016, a gain of $4.4 million was recognized on the sale of Sunward Investments, a non-recurring disposal of assets. The loss for the fourth quarter ended November 30, 2017 of $6.7 is significantly increased due to the length of the field program undertaken in 2017 which operated during the majority of the fourth quarter. In 2016, the field program did not extend into the fourth quarter and as such, mineral property expenses of $1.0 million incurred were related to engineering and other desktop studies undertaken during the comparable period.

Liquidity and capital resources

At November 30, 2017, we had $5.4 million in cash and cash equivalents. We expended $15.4 million on operating activities during the 2017 fiscal year compared with $8.9 million for operating activities for the same period in 2016, and expenditures of $8.4 million for operating activities for the same period in 2015. A majority of cash spent on operating activities during all periods was expended on mineral property expenses, general and administrative expenses, salaries and professional fees. The increase in cash spent in the year ended November 30, 2017 is mainly due to increased mineral property expenses of $10.1 million offset by an increase in accounts payable and accrued liabilities of $3.5 million. As at November 30, 2017, the Company had consolidated cash of $5.4 million and working capital of $5.0 million. The Company continues to manage its cash expenditures through the sale of investments, funding from South32, and its working capital. The Company will need to raise additional funds to support its operations and administration expenses. Future sources of liquidity may include debt financing, equity financing, convertible debt, exercise of options, or other means. The continued operations of the Company are dependent on its ability to obtain additional financing or to generate future cash flows.

During the years ended November 30, 2017, 2016 and 2015, we have not undertaken significant financing activities.

During the year ended November 30, 2017, we raised $13.5 million from investing activities. $10.4 million was raised through mineral property funding from South32, $3.5 million from proceeds from the sale of investments in GMI, net of $0.3 million expended on capital purchases. During the year ended November 30, 2106, we raised $0.2 million in sales from investments acquired through the sale of Sunward Investments. During the year ended November 30, 2015, we generated $19.4 million from investing activities through the acquisition of Sunward.

Through December 2017 and January 2018, the Company has received proceeds of C$1.4 million from the sale of investments in GMI. In total, we have sold to the end of January 3,675,500 GMI shares for gross proceeds of C$6.1 million and have a further 1,325,000 GMI shares which we will continue to sell.

Contractual obligations

Contractual obligated undiscounted cash flow requirements as at November 30, 2017 are as follows.

in thousands of dollars, unless otherwise specified

	Total $	< 1 Year $	1–3 Years $	3–5 Years $	> 5 Years $
Accounts payable and accrued liabilities	4,249	4,249	-	-	-
Office lease	1,272	173	179	587	333
Total	**5,521**	**4,422**	**179**	**587**	**333**

On February 21, 2017, the Company entered into a lease for office space effective July 1, 2017 for a period of seven years with a total commitment of $1.3 million.

Off-balance sheet arrangements

We have no material off-balance sheet arrangements. The Company has lease commitments for office space with a remaining total commitment of $1.3 million.

Outstanding share data

At February 1, 2018, we had 106,536,276 common shares issued and outstanding. At February 1, 2018, we had outstanding 6,521,740 warrants with an exercise price of $1.60 each, 9,130,738 stock options with a weighted-average exercise price of $0.61, 1,140,030 DSUs, 400,002 RSUs, and 20,685 NovaGold DSUs for which the holder is entitled to receive one common share for every six NovaGold shares received. For additional information on NovaGold Arrangement Options and NovaGold DSUs, please refer to note 9 in our November 30, 2017 audited consolidated financial statements. Upon exercising all of the forgoing convertible securities, the Company would be required to issue an aggregate of 17,195,957 common shares.

Financial instruments

Our financial instruments consist of cash and cash equivalents, accounts receivable, deposits, investments, accounts payable and accrued liabilities, and embedded derivatives. The fair value of the financial instruments approximates their carrying value due to the short-term nature of their maturity. Our financial instruments initially measured at fair value and then held at amortized cost include cash and cash equivalents, accounts receivable, deposits, and accounts payable and accrued liabilities. Our investments are held for trading and are marked-to-market at each period end with changes in fair value recorded to the statement of loss. The South32 purchase option is a derivative financial liability measured at fair value with changes in value recorded to the statement of loss.

(a) Currency risk

Currency risk is the risk of a fluctuation in financial asset and liability settlement amounts due to a change in foreign exchange rates. We operate in the United States and Canada. Our exposure to currency risk at November 30, 2017 is limited the Canadian dollar balances consisting of cash of CDN$2,454,000, accounts receivable of CDN$513,000, deposit amounts of CDN$116,000, investments of CDN$3,242,000 and accounts payable of CDN$1,275,000. Based on a 10% change in the US-Canadian exchange rate, assuming all other variables remain constant, our net loss would change by approximately $356,000.

(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 holds cash and cash equivalents with Canadian Chartered financial institutions. Our accounts receivable consist of GST receivable from the Federal Government of Canada, receivable for tenant improvements 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 its financial obligations as they fall due. We are in the exploration stage and does not have cash inflows from operations; therefore, we manage liquidity risk through the management of its capital structure and financial leverage. Management does expect to monetize its investments held over the next year to assist in meeting its operational requirements. Future sources of liquidity may the sale of investments, equity financing, the exercise of mineral properties option, debt financing, convertible debt, or other means. 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 November 30, 2017, a 1% change in interest rates would result in a change in net loss of $0.1 million, assuming all other variables remain constant.

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

New accounting pronouncements

Certain recent accounting pronouncements have been included under note 2 in our November 30, 2017 audited consolidated financial statements

Critical accounting estimates

The most critical accounting estimates upon which our financial status depends are those requiring estimates of the recoverability of our capitalized mineral properties, impairment of long-lived assets, 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 or 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.

South32 Option Agreement

The option to form the JV LLC is recognized as a financial instrument at inception of the arrangement with an initial fair value of $nil. This option is required to be re-measured at fair value at each reporting date with any changes in fair value recorded in loss for the period.

Disclosure controls and procedures

Disclosure controls and procedures are designed to ensure that information required to be disclosed in reports filed or submitted by the Company under U.S. and Canadian securities legislation is recorded, processed, summarized and reported within the time periods specified in those rules, including providing reasonable assurance that material information is gathered and reported to senior management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), as appropriate, to permit timely decisions regarding public disclosure. Management, including the CEO and CFO, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures, as defined in Rule 13a-15(e) and 15d-15(e) of the US Exchange Act and the rules of Canadian Securities Administration, as at November 30, 2017. Based on this evaluation, the CEO and CFO have concluded that the Company's disclosure controls and procedures were effective as at November 30, 2017

Internal control over financial reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) and 15d-15(f) of the U.S. Exchange Act and National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim filings. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Management has used the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control – Integrated Framework (2013) to evaluate the effectiveness of the Company's internal control over financial reporting. Based on this assessment, management has concluded that as at November 30, 2017, the Company's internal control over financial reporting was effective.

Risk factors

Trilogy and its future business, operations and financial condition are subject to various risks and uncertainties due to the nature of its business and the present stage of exploration of its mineral properties. Certain of these risks and uncertainties are under the heading "Risk Factors" under Trilogy's Form 10-K dated February 1 2018 available on SEDAR at www.sedar.com and EDGAR at www.sec.gov and on our website at www.trilogymetals.com.

Additional information

Additional information regarding the Company, including our annual report on Form 10-K, is available on SEDAR at www.sedar.com and EDGAR at www.sec.gov and on our website at www.trilogymetals.com.

Cautionary notes

Forward-looking statements

This Management's Discussion and Analysis contains "forward-looking information" and "forward-looking statements" within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, Section 21E of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), and other applicable securities laws. These forward-looking statements may include statements regarding perceived merit of properties, anticipated timing of the Arctic PFS, exploration results and budgets, mineral reserves and resource estimates, work programs, capital expenditures, operating costs, cash flow estimates, production estimates and similar statements relating to the economic viability of a project, timelines, strategic plans, statements relating to anticipated activity with respect to the Ambler Mining District Industrial Access Project, including the Company's plans and expectations relating to its Upper Kobuk Mineral Projects, market prices for precious and base metals, or other statements that are not statements of fact. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management. Statements concerning mineral resource estimates may also be deemed to constitute "forward-looking statements" to the extent that they involve estimates of the mineralization that will be encountered if the property is developed.

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

Forward-looking statements are based on a number of material assumptions, including those listed below, which could prove to be significantly incorrect:

- *assumptions made in the interpretation of drill results, and of the geology, grade and continuity of the Company's mineral deposits;*
- *our ability to achieve production at any of the Company's mineral exploration and development properties;*
- *our expected ability to develop adequate infrastructure and that the cost of doing so will be reasonable;*
- *assumptions that all necessary permits and governmental approvals will be obtained;*
- *estimated capital costs, operating costs, production and economic returns;*
- *estimated metal pricing, metallurgy, mineability, marketability and operating and capital costs, together with other assumptions underlying the Company's resource and reserve estimates;*
- *continued good relationships with local communities and other stakeholders;*
- *our expectations regarding demand for equipment, skilled labour and services needed for exploration and development of mineral properties;*
- *assumptions regarding the merit of litigation; and*
- *that our activities will not be adversely disrupted or impeded by development, operating or regulatory risks.*

Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation:

- *risks related to inability to define proven and probable reserves;*
- *risks related to our ability to finance the development of our mineral properties through external financing, strategic alliances, the sale of property interests or otherwise;*
- *none of the Company's mineral properties are in production or are under development;*
- *uncertainties relating to the assumptions underlying our resource estimates, such as metal pricing, metallurgy, mineability, marketability and operating and capital costs;*
- *risks related to lack of infrastructure including but not limited to the risk whether or not the AMDIAP will receive the requisite permits and, if it does, whether AIDEA will build the AMDIAP;*
- *uncertainty as to whether there will ever be production at the Company's mineral exploration and development properties;*
- *uncertainty as to estimates of capital costs, operating costs, production and economic returns;*
- *risks related to our ability to commence production and generate material revenues or obtain adequate financing for our planned exploration and development activities;*
- *risks related to future sales or issuances of equity securities decreasing the value of existing Trilogy common shares, diluting voting power and reducing future earnings per share;*
- *risks related to market events and general economic conditions;*
- *uncertainty related to inferred mineral resources;*
- *uncertainty related to the economic projections contained herein derived from the Preliminary Economic Assessment titled "Preliminary Economic Assessment Report on the Arctic Project, Ambler Mining District, Northwest Alaska" dated effective September 12, 2013;*
- *risks related to inclement weather which may delay or hinder exploration activities at its mineral properties;*
- *risks and uncertainties relating to the interpretation of drill results, the geology, grade and continuity of our mineral deposits;*
- *mining and development risks, including risks related to infrastructure, accidents, equipment breakdowns, labor disputes or other unanticipated difficulties with or interruptions in development, construction or production;*
- *the risk that permits and governmental approvals necessary to develop and operate mines at our mineral properties will not be available on a timely basis or at all;*
- *commodity price fluctuations;*
- *risks related to governmental regulation and permits, including environmental regulation, including the risk that more stringent requirements or standards may be adopted or applied due to circumstances unrelated to the Company and outside of its control;*
- *risks related to the need for reclamation activities on our properties and uncertainty of cost estimates related thereto;*
- *uncertainty related to title to our mineral properties;*
- *our history of losses and expectation of future losses;*
- *risks related to increases in demand for equipment, skilled labor and services needed for exploration and development of mineral properties, and related cost increases;*
- *our need to attract and retain qualified management and technical personnel;*
- *risks related to conflicts of interests of some of our directors 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 the volatility in the price of the Company's shares;*
- *the Company's expectation of not paying cash dividends;*
- *adverse federal income tax consequences for U.S. shareholders should the Company be a passive foreign investment company;*
- *uncertainty as to our ability to maintain the adequacy of internal control over financial reporting as per the requirements of Section 404 of the Sarbanes-Oxley Act; and*
- *increased regulatory compliance costs, associated with rules and regulations promulgated by the United States Securities and Exchange Commission (the "SEC"), Canadian Securities Administrators, the NYSE American, the TSX, and the Financial Accounting Standards Boards, and more specifically, our efforts to comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act.*

This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, including, without limitation, those referred to in Trilogy's Form 10-K dated February 1, 2018, 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. 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.