

## MARKET STATISTICS

Exchange / Symbol	NYSE: TMQ
Price:	\$0.97
Market Cap (\$mm):	\$184.2
Shares Outstanding (mm):	\$176.3
Float (%):	41.7%
Volume (3-month avg.):	286,468
52-week Range:	\$0.87-\$3.06
Industry:	Metals & Mining

## CONDENSED BALANCE SHEET

(US\$ mm, except per share data)

Balance Sheet Date:	11/30/2021
Cash:	\$6.3
Cash/Share:	\$0.04
Debt:	\$0.4
Equity (Book Value):	\$166.0
Equity/Share:	\$1.15

## CONDENSED INCOME STATEMENTS

(US\$ mm, except per share data)

FY - 11/30	Revenue	Net Income	EBITDA	EPS
FY19	\$0.0	\$(27.9)	\$(26.8)	\$(0.21)
FY20	\$0.0	\$161.8	\$(12.0)	\$1.14
FY21	\$0.0	\$(21.7)	\$(8.4)	\$(0.15)
FY22E	\$0.0	\$(16.6)	\$(8.8)	\$(0.11)

## LARGEST SHAREHOLDERS

The Electrum Group, LLC	29,422,923
South32 Limited	16,413,493
Paulson & Co. Inc.	14,326,996
The Baupost Group, LLC	11,708,547
Thierry Selz	8,304,400
TSP Capital Mgmt LLC	3,825,000
Kingdom Capital Mgmt, LLC	1,673,461
Elaine Sanders	1,534,390
Sprott Asset Management	1,352,121

## STOCK CHART



## COMPANY DESCRIPTION

Trilogity Metals Inc. is a base metals company that is committed to the exploration and development of the Upper Kobuk Mineral Projects (UKMP) located in the Ambler Mining District of Alaska. Trilogity's major projects are the Arctic copper-zinc-lead-gold silver project and the Bornite copper-cobalt project. In February 2020, the Company and Australia's South32 Ltd. (ASX: S32) entered a 50/50 joint venture called Ambler Metals LLC ("Ambler Metals"), which holds these assets. Based out of Vancouver, Canada, the Company is currently working on expanding its mineral resources and the development of the Arctic project and exploration of the rest of the UKMP.

## SUMMARY

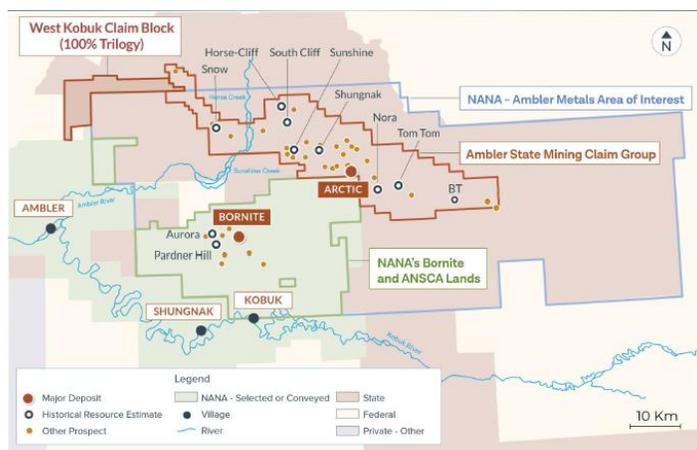
- The Arctic copper-zinc-lead-gold-silver project has been surveyed and explored since 1967 and as of August 2020, Trilogity announced a positive feasibility study result where a 10,000 tonnes per day (tpd) operation has a minimum mine life of 12 years. The feasibility study arrives at an after-tax NPV<sub>8%</sub> of \$1.1B and an after-tax IRR of 27.1% for its base case. At current spot metals prices, the after-tax NPV<sub>8%</sub> is \$2.8B and an IRR of 47.1%.
- The Company owns 50% of the JV, Ambler Metals LLC, which owns 100% of the Arctic project, the Bornite project, and the rest of the UKMP. The Bornite project has returned impressive grades of copper and cobalt, which provides additional upside for resource growth. To this point, Trilogity has had to place limited resources into the Bornite project as an option agreement with South32, which has provided most of the finances for the project.
- Both of Trilogity's projects are in the Ambler Mining District of Alaska, which is a lower risk mining jurisdiction. The Company has support from the local government, NANA (a regional native corporation), and from the Alaska Industrial Development and Export Authority, a state-owned infrastructure bank. Importantly, the infrastructure bank is advancing the road access.
- In April 2017, TMQ entered into an agreement with South32 which granted South32 the option to form a 50/50 joint venture which would hold all of Trilogity's assets. To keep the option in good standing, South32 was required to contribute a minimum of \$10M/yr. for three years, then the option to form a JV with Trilogity was available by making a payment of \$145M to the JV. Since 2017, South32 kept the agreement in good standing and in December 2019, exercised its option for the 50/50 JV that owns the assets in the UKMP.
- Trilogity should continue to benefit from its copper rich assets as the demand for copper is expected to outpace supply over the mid and long term.
- Trilogity has the support of a key Alaska native corporation, NANA, which greatly increases its chances of receiving all the necessary permits and permissions for building its operations.
- The Company has strong ownership from key shareholders and insiders. The top five shareholders consisting of Electrum Group, South32 Ltd., Paulson & Co., Baupost Group, Bernard Selz, TSP Capital, Manulife, and management/BOD own approximately 62% of the shares outstanding.
- Based on our DCF analysis of TMQ, we arrive at a valuation range of \$2.50 to \$4.25, with a midpoint of \$3.25 see page 7 for further details.

## BUSINESS OVERVIEW

Trilogy Metals is a development stage base metals company focused on developing its properties in the Ambler Mining District of Alaska. The Company owns 50% of a JV called Ambler Metals LLC, whose main assets consist of the Arctic deposit and the Bornite deposit, which, together, make up an area known as the Upper Kobuk Mineral Projects (UKMP).

Trilogy Metals was formerly a wholly owned subsidiary of NOVAGOLD Resources Inc., a \$2.5B market cap exploration and development mining company. On March 28, 2012, the Company voted to spin out the Company's considerations in these assets in the UKMP as a return of capital to shareholders. In April 2012, the Company was officially spun out and shareholders of NOVAGOLD received one share of Trilogy for every six shares of NOVAGOLD held. Trilogy shares were listed on the Toronto Stock Exchange as well as the NYSE. In 2016, the Company changed its name from NovaCopper to Trilogy Metals.

### Exhibit 1: Upper Kobuk Minerals Project



Source: Company Reports

The Company's flagship project is a high-grade copper-zinc-lead-silver-gold Arctic project in Alaska. In August 2020, the Arctic project reported a positive feasibility study (FS) that updated its already completed pre-feasibility study in 2018. The FS showed a pre-tax NPV<sub>8%</sub> of \$1.6B and an IRR of 31% for the base case scenario. The after-tax NPV<sub>8%</sub> is \$1.1B and an IRR of 27%. At current spot metal prices of \$4.51/lb. copper, \$1.65/lb. zinc, \$1.07/lb. lead, \$1,900/oz gold, and \$24.14/oz silver, the after-tax NPV<sub>8%</sub> is \$2.8B and after-tax IRR is 47.1%.

In addition to the Company's Arctic deposit, the Company has also been working to develop its Bornite project. In January 2022, the Company announced an updated mineral resource estimate for the Bornite Project that outlined Indicated Resources of 955M lbs. of contained copper and Inferred Resources of 5.3B lbs. of copper and 88M lbs. of cobalt.

### Exhibit 2: Mineral Resources

Deposit	Cut-off	Tonnes (M)	Cu%	Zn%	Pb%	Ag g/t	Au g/t	Cu (Mlbs)	Cu Eq <sup>4</sup> (Mlbs)	Tonnes Cu	Tonnes Cu Eq	
<b>INDICATED</b>												
Arctic <sup>1</sup>	0.5% Cu	36.0	3.07	4.23	0.73	47.6	0.63	2,441	4,376	1,107,200	1,984,900	
Bornite (In-Pit) <sup>2</sup>	0.5% Cu	41.7	1.04					955	955	433,000	433,000	
								<b>Total Indicated</b>	<b>3,396</b>	<b>5,331</b>	<b>1,540,200</b>	<b>2,417,900</b>
<b>INFERRED</b>												
Arctic <sup>1</sup>	0.5% Cu	3.5	1.71	2.72	0.60	28.7	0.36	131	251	59,400	113,900	
Bornite (In-Pit) <sup>2</sup>	0.5% Cu	93.9	0.98					2,034	2,034	923,000	923,000	
Bornite (Below Pit)	1.5% Cu	35.3	3.39					2,639	2,639	1,197,000	1,197,000	
Bornite (Below Pit Ruby Zone) <sup>3</sup>	1.5% Cu	15.0	1.98					653	653	296,000	296,000	
								<b>Total Inferred</b>	<b>5,457</b>	<b>8,487</b>	<b>2,478,400</b>	<b>2,529,900</b>
<b>Summary</b>												
Type	Cut-off (Cu%)	Tonnes (million)		Co (%)		Contained Co (Mlbs)						
Bornite In-Pit	0.5	135.6		0.017		51						
Bornite Below-Pit, South Reef	1.5	35.3		0.039		30						
Bornite Below-Pit, Ruby Zone	1.5	15.0		0.021		7						
<b>Total Inferred</b>	--	<b>185.8</b>		<b>0.021</b>		<b>88</b>						

Source: Company Reports

In April 2017, Trilogy entered into an agreement with Australian mining company, South32. The agreement gave South32 an option to form a 50/50 JV to hold all of Trilogy's UKMP assets. To keep the option in good standing, South32 was required to contribute a minimum of \$10M a year for three years, then the option to form a JV with Trilogy was available by making a one-time payment of \$145 million. Since 2017, South32 had kept the option in good standing and Trilogy used much of the capital contributed to explore Bornite. In December 2019, as the agreement was nearing a close, South32 exercised its option six weeks early to purchase 50% of the assets in UKMP.

Pursuant to the option agreement, South32 and Trilogy entered a joint venture (JV) that now owns the assets in the UKMP. The JV, Ambler Metals, LLC, is equally owned by South32 and Trilogy Metals.

### Exhibit 3: Corporate Structure



Source: Company Reports

There are several other large operators in Alaska including Kinross (NYSE: KGC) which operates Fort Knox, the biggest gold mine in Alaska, Hecla (NYSE: HL) which operates Greens Creek, the largest silver mine in the U.S. and Teck Resources (NYSE: TECK) which operates the Red Dog mine, the largest zinc producer in the world. Trilogy believes it can follow this model of profit producing miners in its UKMP assets.

The Company's CEO, Tony Giardini, has extensive experience mining in Alaska. Mr. Giardini was previously an executive Vice President and CFO with Kinross Gold Corporation, which operates the biggest gold mine in Alaska. Mr. Giardini also has experience operating abroad with his experience at Ivanhoe Mines which operates projects in Southern Africa.

As of February 2020, the Company had announced the completion of the JV and transfer of assets to Ambler Metals, LLC. Additionally, as of July 2020, the Bureau of Land Management for the Ambler Mining District approved the development of a 211-mile-long gravel private access road to provide access to the Ambler Mining District. This is an important hurdle for the Company as it will need to road access to transport equipment to the mining site and haul out concentrates.

## ARCTIC PROJECT

The Arctic project is in the Ambler mining District of Alaska and consists of 1,869 contiguous claims including 905 40-acre state claims, 946 160-acre claims and 18 federal patent claims and comprises 75,192 hectares of land. The property was originally acquired by NOVAGOLD from Kennecott Exploration Company in 2004.

In August 2020, via its published feasibility study (FS), the Company reported Probable Reserves of 43.4Mt grading 2.24% Cu, 3.12% Zn, 0.54% pb, 0.47 g/t Au and 34.69 g/t Ag. In addition, the Company has Inferred resources of ~3.5Mt grading 1.71% Cu, 2.72% Zn, 0.60% Pb, 0.36 g/t Au and 28.7 g/t Ag.

Exhibit 4: Resource Estimate for Arctic

Probable Mineral Reserves						
	Tonnes (mln)	Cu (%)	Zn (%)	Pb (%)	Au (g/t)	Ag (g/t)
PFS <sup>1</sup>	43.0	2.32	3.24	0.57	0.49	36.02
FS <sup>2</sup>	43.4	2.24	3.12	0.54	0.47	34.69
Change	0.9%	-3.4%	-3.7%	-5.3%	-4.1%	-3.7%

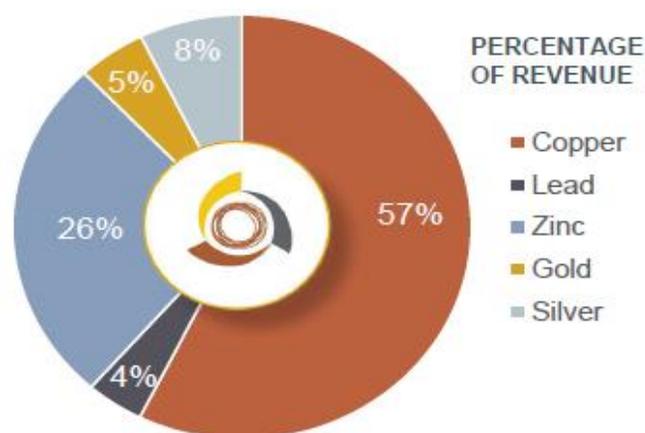
  

Contained Metal						
	Tonnes (mln)	Cu (lbs, mln)	Zn (lbs, mln)	Pb (lbs, mln)	Au (oz, 000s)	Ag (oz, 000s)
PFS <sup>1</sup>	43.0	2,201	3,074	541	678	49,847
FS <sup>2</sup>	43.4	2,145	2,988	517	656	48,410
Change	0.9%	-2.5%	-2.8%	-4.4%	-3.2%	-2.7%

Source: Company Reports

The Arctic project is a polymetallic Volcanogenic Massive Sulphide (VMS) deposit that contains some of the highest grades of copper in the world and was originally discovered in 1967. Approximately 41,745m of drilling in 184 holes has been completed since it was discovered. Although the deposit contains several other high value metals, ~60% of Trilogys' revenue would be derived from copper.

Exhibit 5: Payable Metals at Arctic Site



Source: Company Reports

The August 2020 Arctic FS was based on a conventional truck and shovel, single pit open mine. The mine would be capable of milling 10,000 tonnes per day and a 12-year life-of-mine. The sulfide flotation concentration circuit will produce copper, zinc, and lead recoveries with of 89.9%, 90.6%, and 79.0%, respectively. These recoveries would lead to an annual average payable production of 155.4M lbs. of copper, 192.0M lbs. of zinc, 32.4M lbs. of lead, 3.4M oz of silver and 32.2K oz of gold over a 12-year mine life. The FS indicated a pre-tax net present value of \$1,550.9 million with a pre-tax IRR of 30.8% based on the following:

Exhibit 6: FS Inputs and Results

Feasibility Inputs and Economic Results	
Mine Life	12 Years
Mill Capacity	10,000 tpd
Strip Ratio (Waste/Ore)	6.87:1
Average Annual Production	155M lbs Cu 192M lbs Zn 32M lbs Pb 3.4M oz Ag 32,400 oz Au
Base Case Metal Prices	\$3.00/lb Cu \$1.10/lb Zn \$1.00/lb Pb \$18.00/oz Ag \$1,300/oz Au
Initial Capital Cost (\$ million)	\$905.6
Total Capital Cost (\$ million)	\$1,224.7
Operating Cost (\$/tonne milled)	\$50.65
Pre-Tax NPV (\$ million) at 8%	\$1,550.9
After-Tax NPV (\$ million) at 8%	\$1,134.7
Cash Costs, Net of By-Product Credits (\$/lb Cu Payable)	\$0.32
All-in Cost (\$/lb of Cu Payable)	\$0.98
Annual Free Cash Flow at Assumed Metal Prices (\$ million)	~\$416
Capital Intensity Ratio (\$ Initial Capital/Tonne of Copper Equivalent)	\$6,432
Pre-Tax IRR (%) / After-Tax IRR	30.8/27.1
Payback Period - After-Tax (Years)	2.6

Source: Company Reports

One additional major advantage to the Arctic mine is it is located on state and patented (private) lands meaning only one Federal permit, the 404 Wetlands Permit, is necessary for production. The 404 Wetlands Permit, which is granted by the U.S. Army Corp. of Engineers, only pertains to about 147 acres of low-grade wetlands.

As mentioned previously, the Arctic project is in the Ambler Mining District in Alaska. This remote area currently does not have road access and all current equipment has been flown in or barged in. However, for the mine to be built and operational, this will require road access. In July 2020, the AIDEA received approval from the United States Bureau of Land Management for the Ambler Access Project. The Ambler Road Project is expected to be a 211-mile-long gravel road that will provide industrial access to the Ambler Mining District.

**Exhibit 7: Proposed Road to Ambler**



Source: Company Reports

Trilogy has an infrastructure partnership with the Alaska Industrial Development and Export Authority (AIDEA), which is a state-owned infrastructure bank, to permit the road. Currently, several key steps have been taken to get the road permitted, including completing and filing the environmental impact statement (“EIS”) and the public comment period. In 2020, AIDEA received the final EIS in which the main issues were related to public use of the road and impacts on fish and caribou. The AMDIAP Joint Record of Decision (JROD) for the Ambler Road Project was approved in July 2020 and the 404 Wetlands Permit was issued by United States Army Corp of Engineers (“USACE”).

In January 2021, AIDEA signed 50-year right-of-way agreements with the US Bureau of Land Management (BLM) and the National Park Service (NPS) giving AIDEA the ability to cross federally owned and managed lands along the route for the Ambler Access Project. Unfortunately, in February 2022, the US Dept of the Interior (DOI) filed a motion to remand the Final Environmental Impact Statement (FEIS) and suspend the right-of-way permits issued to the AIDEA for the Ambler Access Project. The DOI stated that the suspension would allow more time to perform additional supplemental work on the FEIS. Importantly, these authorizing documents are the final federal permits required for the Ambler Access Road Project.

**Exhibit 8: NEPA Road Permitting Process**



Source: Company Reports, Stonegate Capital

In February 2021, Ambler Metals and the AIDEA entered into the Ambler Access Development Agreement. The agreement defines how the two entities will work together on the pre-development work including funding, oversight of the project’s feasibility, and remaining permitting activities until a decision is reached on the construction of the project by the end of 2024 at the latest. The cost of the pre-development work/activities will be split 50/50 between AIDEA and Ambler Metals. AIDEA and Ambler Metals have each committed to contributing up to \$35M for these activities through December 2024. This public-private partnership and approval of the AMDIAP are significant milestones for the Company.

Importantly, in February 2022, the Company approved the 2022 program budget for the Ambler Access Project of ~ \$30.8M, of which \$15.4M will be funded by AIDEA and \$15.4M of the funding from Ambler Metals.

**2021 Program for Arctic Project**

In November 2020, the Company announced that the Ambler Metals JV approved a budget of ~\$27M to advance the project in 2021. Ambler Metals funded 100% of the budget.

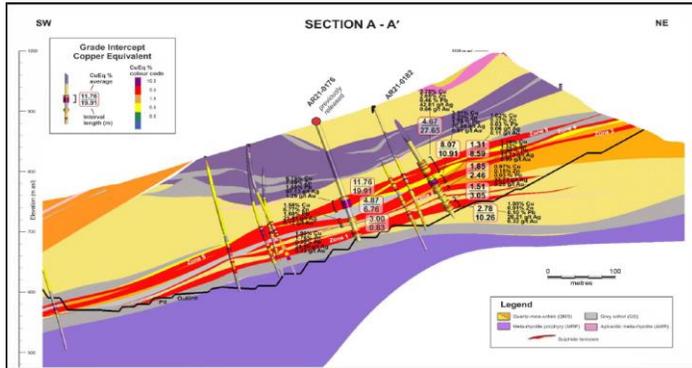
Positive progress was made during its summer drilling program, drilling 18 drill holes totaling 4,131 meters. The goal of the 2021 program is to convert a portion of the mineral resources from the indicated category to the measured category and provide material for metallurgical testing and geotechnical information. Currently, the Company has released drilling results from six holes, all of which hosted significant intervals of high-grade mineralization.

**Exhibit 9: 2021 Arctic Drilling Results**

Hole	From (m)	To (m)	Length (m)	CuEq (%)	Cu (%)	Zn (%)	Pb (%)	Ag (g/t)	Au (g/t)	Zone
AR21-0174	84.98	95.10	10.12	6.84	3.21	6.14	1.46	49.74	0.89	5
	127.96	147.87	19.91	11.76	6.75	7.59	1.68	97.13	1.26	5
AR21-0176	164.65	171.41	6.76	4.77	1.55	6.81	1.58	20.88	0.12	3
	176.11	176.94	0.83	3.00	1.90	1.76	0.30	24.90	0.22	2.5
AR21-0173	110.54	114.31	3.77	3.85	2.15	0.87	0.34	82.89	0.83	5
	43.97	45.65	1.68	0.54	0.45	0.08	0.04	2.33	0.04	5
AR21-0175 including	71.93	96.87	24.94	3.55	1.85	2.96	0.57	27.09	0.28	4 and 3
	81.70	87.32	5.62	10.17	4.94	10.57	1.71	58.90	0.40	3
	140.69	141.66	0.97	0.68	0.51	0.31	0.00	2.33	0.05	1
AR21-0182	119.26	146.91	27.65	4.67	2.75	2.65	0.46	42.81	0.66	4 and 5
	155.11	166.02	10.91	8.07	3.31	8.22	1.78	70.85	0.81	3
	170.02	178.61	8.59	1.31	1.02	0.37	0.03	9.06	0.11	3
	186.17	188.63	2.46	1.85	1.16	1.32	0.08	13.73	0.09	2
	196.59	199.64	3.05	1.51	0.97	0.15	0.03	33.72	0.28	1
AR21-0184	203.24	213.50	10.26	2.78	1.98	0.91	0.10	26.21	0.32	1
	127.64	142.10	14.46	5.50	1.96	5.57	1.71	51.13	0.73	3 and 5
	152.43	156.62	4.19	5.23	1.90	5.42	1.14	49.60	0.81	1

Source: Company Reports, Stonegate Capital

Exhibit 10: Hole AR21-0176 is 3<sup>rd</sup> Best Ever Drilled at Arctic



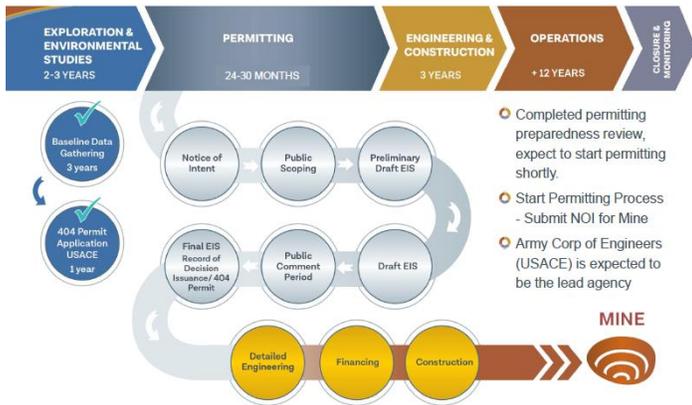
Source: Company Reports, Stonegate Capital

**2022 Program for Arctic Project**

In January 2022, the Company announced that the Ambler Metals JV approved a budget of approximately \$28.5M to advance the UKMP. The budget is 100% funded by Ambler Metals. Highlights include:

- Up to 10,000 meters to be allocated between resource development drilling at the Arctic Project and priority drill-ready exploration targets in the district
- Engineering studies advancing the Arctic Project
- Submission of the Federal 404 permit application in early 2022.

Exhibit 11: Arctic Project Permitting Process



Source: Company Reports, Stonegate Capital

**BORNITE**

The Bornite project is also located in the Ambler Mining district of Alaska and has been explored since 1957. In the early 1990’s the previous owner, Kennecott, resumed its evaluation of the area after a hiatus and discovered additional high-grade copper mineralization and significant cobalt resources.

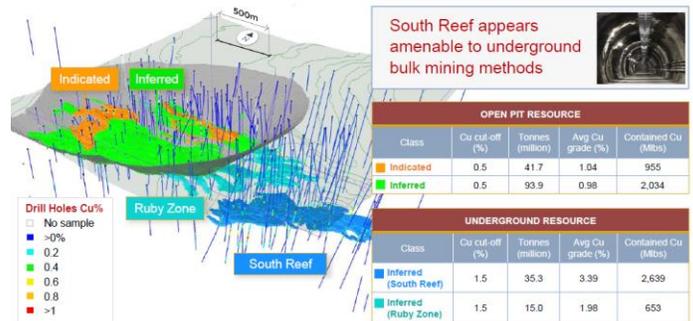
The Bornite is a carbonate hosted copper-cobalt deposit located approximately 25 kilometers southwest of the Company’s Arctic Project. The Bornite deposit will also require a road to become an

operational mine. The Company anticipates that this road will be connected to the AMDIAP.

On January 20, 2022, the Company announced an updated mineral resource estimate for the Bornite Project that outlined Indicated Resources of 955 million lbs. of contained copper and Inferred Resources of 5.3 billion lbs. of copper and 88 million lbs. of cobalt. The updated estimate includes results from the 2017, 2018, and 2019 drilling programs, as well as current operating and metal price assumptions.

Exhibit 12: Bornite Deposit

	COPPER billion pounds	COBALT million pounds
Indicated	0.95	0
Inferred	5.33	88



Source: Company Reports

The Company stated it is passing along the resource estimate to the Ambler Metals JV team, which will look at ways at integrating this asset with the other assets in the UKMP.

We do not expect Bornite to produce any near-term revenues or significant catalysts, however, the potential for long term growth in resources is significant.

**NANA AGREEMENT**

NANA Regional Corporation is an Alaska native corporation created pursuant to the Alaska Native Claims Settlement Act of 1971. The for-profit corporation is owned by 14,300 Iñupiat shareholders who live or have roots in northwest Alaska. The NANA region encompasses roughly 38,000 square miles including parts of the UKMP. NANA owns a family of companies that are leaders in engineering, construction, and IT. These companies typically provide support to resource development throughout northwest Alaska. Because of NANA’s relationship with the native people of Alaska, its support is very important when creating infrastructure or developing new projects in the area.

In 2011, Trilogy signed an agreement with NANA to allow Trilogy to access and explore NANA lands. The agreement consisted of Trilogy paying a \$4.0M cash payment and making additional scholarship payments to NANA in exchange for Trilogy’s non-exclusive right to explore the Bornite lands and to construct or utilize any temporary roads, camps, airstrips, and other incidental works. These types of agreements have a precedent of success as evidenced by the Red Dog lead-zinc mine in NW Alaska.

The Agreement also establishes a framework for continued development and eventual production on the lands. If Trilogy or

the newly formed Ambler Metals LLC. decides to proceed with the development of a mine, NANA maintains the right to purchase an ownership interest in the mine equal to a range of 16%-25% or a 15% net profits interest royalty which is only payable after Trilogy has recouped certain historical costs including cost of capital and production. If NANA does elect to purchase an ownership interest in the mine consideration would be paid equal to the percentage interest in the project multiplied by the difference between all costs incurred by Trilogy and South32 minus \$40 million. This payment would be due in cash and the parties would then enter a JV at that time. Lastly, Ambler Metals would be responsible for paying a net smelter royalty payment of 1.0%-2.5% depending on the location of the land. A net smelter royalty is the gross profit of revenue received from selling the metals and the costs associated with transportation and refining. The following is a breakdown of the royalty agreements:

- Arctic: 1.0% NSR to NANA; 1.0% NSR to Osisko Royalties (Available to buy back for \$10M)
- Bornite: 2.0% NSR to NANA
- ANCSA Lands: 2.5% to NANA

It is believed that NANA is most likely to take the net profit interest over the mine ownership interest.

*Exhibit 13: NANA Area and the UKMP*



Source: NANA

## RISKS

**Commodity price volatility** - Commodity prices such as copper, zinc, lead, silver, and gold may fluctuate and have a large impact on the Company's cash flows. Sustained low prices of commodities may have an adverse impact on the Company's share price and ability to raise capital.

**No history of production** - The Company has no history of commercially producing precious or base metals and all its properties are in the exploration stage. Exploration involves significant risks and a failure to establish reserves would restrict the Company's ability to execute its long-term strategies.

**Sufficient funds to develop mineral properties** - The Company has no history of net income, dividends, or cash flow and

there can be no assurance that the Company will be profitable going forward. In the case that the Company cannot create enough revenue to sustain on-going business activities, Trilogy's only source of financing will be through the sale of existing securities, high-cost borrowing, or sale of its mineral properties.

**Mineral Reserves and Resources and grades are estimates only** - There are many uncertainties in estimating mineral quantities within the Reserves and Resources that may cause actual results and quantities to differ from those estimated. If these resources are less bountiful than anticipated, the mine life and cash flow could be severely reduced.

**Significant shareholder** - Electrum Strategic Opportunities Fund currently owns 20% of the shares outstanding. Electrum will have significant influence on any matters that come to a vote. Additionally, if Electrum decides to liquidate its shares, there could be an adverse impact on the share price.

**Ability to obtain permits and licenses** - Ambler Metals intends to take the Arctic project to the production stage; however, this will require additional permits and licenses from governmental authorities. The Company currently believes it will have the ability to obtain all these permits and licenses, however, this cannot be assured.

**Government regulations and other rules** - The Company's operations are subject to several federal, state, and local government regulations and laws concerning environmental protection, management of natural resources, exploration and development of mineral properties, taxation and royalties, labor standards and occupational health and safety regulations. Failure to comply with any of these regulations could result in fines or criminal penalties.

**COVID-19 pandemic** - Although last year's operations for Trilogy have not been impacted by the COVID-19 outbreak, the State of Alaska health department has recommendations and restrictions on travel. It is possible that that current or additional restrictions may significantly impact the Company's ability to complete scheduled work plans as well as extend the timeline of previously mentioned activities.

## VALUATION

To help frame our valuation, we have created a discounted cash flow (DCF) analysis of the open pit operation at Arctic. Our valuation involves forecasting the net free cash flow generation from the mine over the 12-year estimated life of the project expected to begin at the beginning of 2029. Our cash flow projections are based on conservative assumptions supported by the Company's most recent technical report. The drivers for our model include tonnes milled, mineral grades of copper, zinc, gold, silver and lead and recovery percentages over the life of the mine.

In our DCF model we assume that the initial capital cost of the mine will be \$905M, in line with the Company's assumptions. We assume that NANA will opt into receiving 15% net proceeds royalty as opposed to taking a 16%-25% interest in the mine. Additionally, we assume that Trilogy will purchase back the net smelter royalty from Osisko Royalties at a cost of \$10M.

At a full production we have assumed the following:

- Mining beginning start of 2029
- 3.6 million tonnes processed annually at peak production
- Head Grades:
  - Copper 2.20%
  - Zinc 3.10%
  - Lead 0.50%
  - Gold 0.50 g/t
  - Silver 35.0 g/t
- Prices:
  - Copper: \$4.00/lb
  - Zinc: \$1.35/lb
  - Lead: \$1.00/lb
  - Gold: \$1,800/oz
  - Silver: \$25.00/oz
- Operating costs of \$57.50 per tonne milled

Given that the company is far from production, with a few hurdles yet to complete we have applied a median discount rate at 10%. The chart below demonstrates sensitivity to a change in copper price from the \$4.00/lb selected in our model.

*Exhibit 12: Sensitivity Analysis*

	Long Term Copper Price				
	3.00	3.50	4.00	4.50	5.00
9.0%	3.35	3.83	4.31	4.78	5.26
10.0%	2.92	3.35	3.77	4.19	4.62
11.0%	2.55	2.93	3.30	3.68	4.06
12.0%	2.22	2.56	2.90	3.23	3.57
13.0%	1.94	2.24	2.54	2.84	3.15

Source: Stonegate Capital Partners

We note that this valuation does not include any potential future cash flows that could be derived from the Bornite project. Given we expect some future value from Bornite, we expect Trilogy could trade at the higher end of this range.

**BALANCE SHEET**
**Trilogy Metals (NYSE: TMQ)**  
**Consolidated Balance Sheets (in US\$ Ms)**  
**Fiscal Year: November**

<b>ASSETS</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 19.2	\$ 11.1	\$ 6.3
Accounts Receivable	0.3	0.1	0.0
Deposits and Prepaid Amounts	0.7	0.2	0.3
<b>Total Current Assets</b>	<b>20.2</b>	<b>11.4</b>	<b>6.6</b>
Equity Method Investment	-	173.1	160.1
Rent Deposit	0.1	-	-
Fixed Assets	0.7	0.2	0.0
Mineral Properties and Development Costs	30.6	-	0.1
Right of use asset	-	0.5	0.5
<b>Total Assets</b>	<b>\$ 51.6</b>	<b>\$ 185.3</b>	<b>\$ 167.3</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current Liabilities</b>			
Amounts Payable and Other Liabilities	\$ 2.4	\$ 0.9	\$ 0.9
Current Portion of Lease Liability	-	0.2	0.2
<b>Total Current Liabilities</b>	<b>2.4</b>	<b>1.0</b>	<b>1.0</b>
<b>Long Term Liabilities</b>			
Long Term Portion of Lease Liability	-	0.4	0.2
Mineral Properties Purchase Option	31.0	-	-
<b>Total Liabilities</b>	<b>33.4</b>	<b>1.5</b>	<b>1.3</b>
<b>Shareholders' Equity</b>			
Issued	178.0	179.7	180.8
Contributed Surplus	0.1	0.1	0.1
Contributed Surplus - Options	21.1	23.3	26.0
Contributed Surplus Units	1.8	1.6	1.7
Defecit	(182.7)	(20.9)	(42.6)
<b>Total Shareholders' Equity (deficit)</b>	<b>18.3</b>	<b>183.8</b>	<b>166.0</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>\$ 51.6</b>	<b>\$ 185.3</b>	<b>\$ 167.3</b>

Source: Company Reports, Stonegate Capital Partners

**INCOME STATEMENTS**
**Trilogy Metals (NYSE: TMQ)**  
**Consolidated Statements of Income (in US\$ Ms, except per share amounts)**  
**Fiscal Year: November**

	FY 2019	FY 2020	FY 2021	FY 2022E
<b>Total revenues</b>	\$ -	\$ -	\$ -	\$ -
<b>Expenses</b>				
Amortization	0.2	0.1	0.0	0.0
Exploration expense	-	-	0.1	0.0
Foreign Exchange (Gain) Loss	(0.0)	0.1	0.0	-
Feasibility	-	1.1	-	-
General and Administrative	1.8	1.7	1.5	1.6
Investor Relations	0.6	0.5	0.6	0.6
Mineral Properties Expense	19.2	1.5	-	-
Professional Fees	1.4	1.3	0.8	0.9
Salaries	1.3	2.3	2.0	2.1
Salaries - Stock based Compensation	3.8	3.6	3.5	3.6
<b>Total operating expenses</b>	<b>28.4</b>	<b>12.2</b>	<b>8.6</b>	<b>8.8</b>
<b>Other Items</b>				
(Loss) gain on derecognition of assets contributed to JV	-	175.8	-	-
Share of (Loss) gain on Equity Investment	-	(2.9)	(13.1)	(8.0)
(Loss) gain on held for Trading Investments	-	-	-	-
Interest and other Income	0.5	1.0	0.0	0.2
<b>Comprehensive (Loss) Gain</b>	<b>(27.9)</b>	<b>161.8</b>	<b>(21.7)</b>	<b>(16.6)</b>
<b>Basic &amp; Diluted EPS (loss) from Continuing Operations</b>	<b>\$ (0.21)</b>	<b>\$ 1.14</b>	<b>\$ (0.15)</b>	<b>\$ (0.11)</b>
Basic and Diluted Shares Outstanding	135.2	141.5	144.4	148.0
<b>EBITDA</b>	<b>\$ (26.8)</b>	<b>\$ (12.0)</b>	<b>\$ (8.4)</b>	<b>\$ (8.8)</b>

Source: Company Reports, Stonegate Capital Partners estimates

## IN THE NEWS

**February 23, 2022** – Trilogy Metals Provides Update on the Ambler Access Project.

**February 11, 2022** – Trilogy Metals Reports Fiscal 2021 Year End Results and Files Technical Report for the Bornite Resource Estimate.

**February 11, 2022** – Letter from the CEO of Trilogy Metals.

**February 7, 2022** – Trilogy Metals Announces Approved Program and Budget for the Ambler Access Project

**January 25, 2022** – Additional Results from the 2021 Drill Program at the Arctic Project; Two More High-Grade Infill Holes Intersected Within the Heart of Arctic.

**January 20, 2022** – Trilogy Metals Announces Updated Resource Estimate for the Bornite Project.

**January 11, 2022** – Trilogy Metals Announces the 2022 Program and Budget for the Upper Kobuk Mineral Projects and Provides Update on Arctic Permitting.

**November 29, 2021** - Additional Results from the 2021 Drill Program at the Arctic Project; Includes Third Best Drill Hole Intersection at Arctic.

**November 22, 2021** – First Results of the 2021 Drill Program at the Arctic Project Received; Mineralization Extends Beyond Proposed Arctic Pit.

**October 5, 2021** – Trilogy Metals Reports Third Quarter Fiscal 2021 Financial Results.

**October 4, 2021** – Trilogy Metals begins exploration on claims outside the UKMP.

**September 7, 2021** – Trilogy Metals Provides Update on Project Activities.

**July 7, 2021** – Trilogy Metals Reports Second Quarter Fiscal 2021 Financial Results.

**May 20, 2021** – Trilogy Metals Announces Election of Directors and Voting Results from the 2021 Annual Meeting of Shareholders.

**May 17, 2021**– Trilogy Provides Details on the 2021 Field Exploration Season.

**May 10, 2021** – Letter from the CEO of Trilogy Metals.

**April 30, 2021** – Trilogy Metals Amends Ambler Metals Equity Plan in Advance of the Annual Shareholders Meeting.

## CORPORATE GOVERNANCE

**Tony Giardini – President and CEO** - Tony Giardini is the President and CEO of Trilogy Metals. Mr. Giardini was President of Ivanhoe Mines Ltd. from May 2019 to March 2020 and was Executive VP and CFO of Kinross Gold Corporation from December 2012 to April 2019. He was CFO of Ivanhoe Mines Ltd. from May 2006 to April 2012. Prior to joining Ivanhoe Mines Ltd., Mr. Giardini spent more than 10 years with Placer Dome Inc. as VP and Treasurer. Mr. Giardini is a Chartered Professional Accountant and a Certified Public Accountant and spent 12 years with accounting firm KPMG prior to joining Placer Dome Inc.

**Elaine Sanders – CFO and Corporate Secretary** - Elaine is CFO and Corporate Secretary of Trilogy Metals and has more than 20 years of experience in audit, finance, and accounting with public and private companies. She has been involved with numerous financings and acquisitions and has listed companies on both the TSX and AMEX. Elaine is responsible for all aspects of financial services, financial reporting, and corporate governance. She holds a Bachelor of Commerce degree from the University of Alberta and is a Chartered Accountant.

**Richard Gosse, VP, Exploration** - Mr. Gosse is a highly seasoned exploration geologist with 35 years of experience, including 15 years at the VP level. Previously, Mr. Gosse was the SVP Exploration at Dundee Precious Metals Inc. (“Dundee”) where he provided leadership, exploration strategy and oversight of initiatives to achieve corporate targets to replace mine reserves with near mine discoveries in Bulgaria and Armenia. Prior to his time with Dundee, Mr. Gosse was the VP Exploration at Ivanhoe Mines Ltd. where he led the exploration efforts at the world class Oyu Tolgoi copper-gold project in Mongolia. Mr. Gosse earned his B.Sc. in Geology at Queens University and his M.Sc. in Mineral Exploration at Imperial College of Science and Technology, London.

**Patrick Donnelly – Vice President, Corporate Communications & Development** - Pat Donnelly is Vice President, Corporate Communications & Development for Trilogy Metals and has a broad range of experience in mineral exploration, capital markets, corporate development, and investor relations. He began his career as a project geologist 25 years ago exploring for precious and base metals and diamonds in western and northern Canada. Subsequently, Pat worked for a Canadian securities firm as a base metals mining analyst. Between 2012 and 2014 Mr. Donnelly was the Vice-President of Corporate Communications for Trilogy Metals. Most recently he was the President of First Mining Gold Corp. where he played a key role. Pat holds a B.Sc. in Geology (Honors) from the University of British Columbia and has an MBA from the University of Toronto.

### Advisors:

**Robert Jacko** – Mining engineer with more than 35 years’ experience in underground and open-pit operations in North America.

**Dr. David Broughton** – Geologist with more than 30 years of experience in mineral exploration. Instrumental in the discovery of two major mineral deposits with Ivanhoe Mines, including the Flatreef PGM-nickel-copper-gold deposit in South Africa, and the Kamoia copper deposit in the DRC.

### Board of Directors:

**Janice Stairs** – *Chairman*

**Jim Gowans** – *Director*

**Tony Giardini** – *Director*

**Kalidas Madhavpeddi** – *Director*

**William Hayden** – *Director*

**William Hensley** – *Director*

**Gregory Lang** – *Director*

**Diana Walters** – *Director*

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