FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1: Name and Address of Reporting Issuer

Trilogy Metals Inc. ("**Trilogy**" or the "**Company**")
Suite 1150 – 609 Granville Street
Vancouver, British Columbia, V7Y 1G5

Item 2: Date of Material Change

December 19, 2019

Item 3: News Release

A news release announcing the material change was issued on December 19, 2019 through Cision and a copy was subsequently filed on SEDAR.

Item 4: Summary of Material Change

On December 19, 2019, South32 Limited ("**South32**") exercised its option to acquire a 50% interest in a joint venture company ("**Joint Venture**") that will own the Upper Kobuk Mineral Projects ("**UKMP**") located in northwest Alaska. Trilogy will contribute all of its assets associated with the UKMP and South 32 will contribute US$145 million to the Joint Venture. Establishment of the Joint Venture is expected to occur in February 2020 and follows an initial exploration partnership between South32 and Trilogy over three field seasons to advance both parties' geological understanding of the UKMP.

Item 5.1: Full Description of Material Change

On December 19, 2019, South32 exercised its option to acquire a 50% interest in the Joint Venture that will own the UKMP located in northwest Alaska. Trilogy will contribute all of its assets associated with the UKMP and South 32 will contribute US$145 million to the Joint Venture. Establishment of the Joint Venture is expected to occur in February 2020 and follows an initial exploration partnership between South32 and Trilogy over three field seasons to advance both parties' geological understanding of the UKMP.

Following formation, the Joint Venture will retain US$87.5 million of the US$145 million subscription payment to fund its activities and exploration programs with the balance of US$57.5 million loaned back to South32. The loan will be repaid in instalments, on notice by the Joint Venture as required to advance development studies, resource drilling and regional exploration programs.

Item 5.2: Disclosure for Restructuring Transactions

Not applicable.

Item 6: Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7: **Omitted Information**

Not applicable.

Item 8: **Executive Officer**

Elaine Sanders, Chief Financial Officer
Trilogy Metals Inc.
Telephone: 604-630-3573
Email: elaine.sanders@trilogymetals.com

Item 9: **Date of Report**

December 20, 2019

Cautionary note regarding forward-looking statements

This material change report may contain forward-looking statements. Such forward-looking statements include but are not limited to the timing of the establishment of the Joint Venture and the final structure thereof and the use of proceeds from the contribution payment by South32. Forward-looking statements address future events and conditions and therefore involve inherent risks and uncertainties, including risks related to the negotiation and settlement of definitive documentation and the satisfaction or waiver of conditions precedent to the establishment of the Joint Venture. Actual results may differ materially from those currently anticipated in such statements. Readers are encouraged to refer to the Company's public disclosure documents for a more detailed discussion of factors that may impact expected future results. The Company undertakes no obligation to publicly update or revise any forward-looking statements.