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FORM 45-106F1
REPORT OF EXEMPT DISTRIBUTION

This is the form required under section 6.1 of National Instrument 45-106 for a report of exempt distribution. \$ 9,474,381.05

Issuer information

Dec 19, 2007

Item 1: Trilogy Metals Inc.
Suite 1003, 409 Granville Street
Vancouver, BC V6C 1T2

Item 2: Trilogy Metals Inc. is a reporting issuer in British Columbia and Alberta.

Item 3: Indicate the industry of the issuer by checking the appropriate box next to one of the industries listed below

- ☐ Bio-tech
- ☐ Financial Services
 - ☐ investment companies and funds
 - ☐ mortgage investment companies
- ☐ Forestry
- ☐ Hi-tech
- ☐ Industrial

- ☐ Mining
 - ☒ exploration/development
 - ☐ production
- ☐ Oil and gas
- ☐ Real Estate
- ☐ Utilities
- ☐ Other (describe)

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B.C. Securities
Commission

Details of distribution

Item 4: Complete Schedule I to this report. Schedule I is designed to assist in completing the remainder of this report.

Item 5: December 19, 2007.

Item 6: For each security distributed:

- (a) 11,304,048 Subscription Receipts at a price of \$0.50 per Subscription Receipt, each Subscription Receipt being exchangeable by the holder thereof into one common share in the capital of Trilogy Metals Inc. and one Common Share purchase warrant, wherein each whole Warrant shall entitle the holder thereof to purchase one Common Share at a price of \$0.75 per Common Share at any time prior to 5:00 p.m. (Calgary time) on the date that is 24 months from December 19, 2007, upon the terms and conditions set forth in the Subscription Agreement for Subscription Receipts; and

6,949,741 Flow Through Subscription Receipts at a price of \$0.55 per Flow Through Subscription Receipt, each Flow Through Subscription Receipt being exchangeable by the holder thereof into one flow through common share in the capital of Trilogy Metals Inc., upon the terms and conditions set forth in the Subscription Agreement for Flow Through Subscription Receipts;

- (b) the Exemption relied upon is Part 2.3 of National Instrument NI 45-106.

Item 7: Complete the following table for each Canadian and foreign jurisdiction where purchasers of the securities reside. Do not include in this table, securities issued as payment for commissions or finder's fees disclosed under item 8, below.

Each jurisdiction where purchasers reside	Number of purchasers	Price per security (Canadian \$) 1	Total dollar value raised from purchasers in the jurisdiction (Canadian \$)
Alberta	1 Non-FT	\$0.50	\$21,508.00
	2 FT	\$0.55	249,425.00
British Columbia	4 Non-Ft	\$0.50	\$105,000.00
	12 FT	\$0.55	\$817,799.95
Ontario	10 Non-FT	\$0.50	\$4,965,000.00
	14 FT	\$0.55	\$2,570,889.75

Newfoundland	3 Non-FT 2 FT	\$0.55 \$0.50	\$252,165.50 \$43,017.70
Nova Scotia	7 Non-FT 4 FT	\$0.50 \$0.55	\$308,350.00 \$130,225.15
Quebec	1 FT	\$0.55	\$11,000.00
Total number of Purchasers	60		
Total dollar value of distribution in all jurisdictions (Canadian \$)			\$9,474,381.05

Note 1: If securities are issued at different prices list the highest and lowest price the securities were sold for.

Commissions and finder's fees

Item 8: Complete the following table by providing information for each person who has received or will receive compensation in connection with the distribution(s). Compensation includes commissions, discounts or other fees or payments of a similar nature. Do not include payments for services incidental to the distribution, such as clerical, printing, legal or accounting services.

If the securities being issued as compensation are or include convertible securities, such as warrants or options, please add a footnote describing the terms of the convertible securities, including the term and exercise price. Do not include the exercise price of any convertible security in the total dollar value of the compensation unless the securities have been converted.

Full name and address of the person being compensated	Compensation paid or to be paid (cash and/or securities)				
	Cash (Canadian \$)	Securities Number and type of securities issued	Price per security	Exemption relied on and date of distribution	Total dollar value of compensation (Canadian \$)
GMP Securities L.P. Suite 1600, 500 - 4 th Avenue SW Calgary, Alberta T2P 2V6	\$600,000.00	N/A	N/A	N/A	\$600,000.00

Item 9: If a distribution is made in Ontario, please include the attached "Authorization of Indirect Collection of Personal Information for Distributions in Ontario". The "Authorization of Indirect Collection of Personal Information for Distributions in Ontario" is only required to be filed with the Ontario Securities Commission.

Certificate

On behalf of the issuer, I certify that the statements made in this report are true.

Date: December 20, 2007

Trilogy Metals Inc.
Name of issuer (please print)

Gerry Tussey, Chief Financial Officer (604) 681.9588
Print name, title and telephone number of person signing

Signature 