

X015716
\$ 800,000
June 14, 2007

FORM 45-106F1
REPORT OF EXEMPT DISTRIBUTION

Issuer Information

Item 1: State the full name of the issuer of the security distributed and the address and telephone number of its head office. If the issuer of the security distributed is an investment fund, state the name of the fund as the issuer, and provide the full name of the manager of the investment fund and the address and telephone number of the head office of the manager. Include the former name of the issuer if its name has changed since last report.

Trilogy Metals Inc. (the "Issuer")
Suite 1003, 409 Granville Street
Vancouver, B.C.
V6C 1T2

Telephone: (604) 681-9588

Item 2: State whether the issuer is or is not a reporting issuer and, if reporting, each of the jurisdictions in which it is reporting:

The Issuer is a reporting issuer in the Provinces of 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.

- | | |
|---|--|
| <input type="checkbox"/> Bio-Tech | <input type="checkbox"/> Financial Services |
| <input type="checkbox"/> investment companies and funds | <input type="checkbox"/> mortgage investment companies |
| <input type="checkbox"/> Forestry | <input type="checkbox"/> Hi-tech |
| <input type="checkbox"/> Industrial | |

- Mining
- | |
|---|
| <input checked="" type="checkbox"/> exploration/development |
| <input type="checkbox"/> production |
| <input type="checkbox"/> Oil and gas |
| <input type="checkbox"/> Real estate |
| <input type="checkbox"/> Utilities |
| <input type="checkbox"/> Other (describe) |

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: State the distribution date. If the report is being filed for securities distributed on more than one distribution date, state all distribution dates.

June 14, 2007

Item 6: For each security distributed:

- (a) describe the type of security,

- (b) state the total number of securities distributed. If the security is convertible or exchangeable, describe the type of underlying security, the terms of exercise or conversion and any expiry date; and
- (c) state the exemption(s) relied on.

The Company has closed its non-brokered private placement of 10,000,000 units at \$0.08 per unit. Each unit is comprised of one common share and one share purchase warrant exercisable to purchase one additional common share at a price of \$0.10 for one year from the date of closing.

The offering has been made in accordance with the following exemptions from the prospectus requirements:

- (a) the "Accredited Investor" exemption (section 2.3 of National Instrument 45-106);
- (b) the British Columbia, Alberta, Manitoba and New Brunswick "Family, Friends and Business Associates" exemption (section 2.5 of National Instrument 45-106);
- (c) the Saskatchewan "Family, Friends and Business Associates" exemption (section 2.6 of national Instrument 45-106);
- (d) the "offshore purchaser" exemption (BC Instrument 72-503);
- (e) the "exempt purchasers" exemption (s. 74(2)(3), *Securities Act* (British Columbia)); and
- (f) such other exemptions as may be available under Applicable Legislation.

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 \$)	Total dollar value raised from purchasers in the Jurisdiction (Canadian \$)
British Columbia, Canada	Five (5)	\$0.08 per share	\$304,000.00
Ontario, Canada	One (1)	\$0.08 per share	\$6,000.00
Panama	Four (4)	\$0.08 per share	\$388,400.00
Cayman Islands	One (1)	\$0.08 per share	\$101,600.00
Total Number of Purchasers	11		
Total dollar value of distribution In all jurisdictions (Canadian \$)			\$800,000.00

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)				Total dollar value of compensation (Canadian \$)
	Cash (Canadian \$)	Number and type of securities issued	Price per security	Exemption relied on and date of distribution	
Not Applicable					

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.

See Attached

Certificate

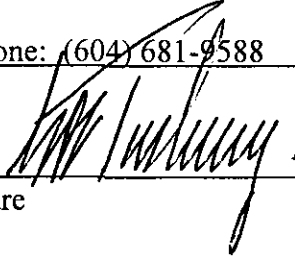
On behalf of the issuer, I certify that the statements made in this report are true.

Date: June 25, 2007

Trilogy Metals Inc.
Name of issuer (please print)

Gerald R. Tuskey, Director
Print name, title and telephone number
of person signing

Telephone: (604) 681-9588


Signature

Item 10: State the name, title and telephone number of the person who may be contacted with respect to any questions regarding the contents of this report, if different than the person signing the certificate.

IT IS AN OFFENCE TO MAKE A MISREPRESENTATION IN THIS REPORT.