

# TMAC Enters into a Royalty Amendment with Maverix

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[TMAC Resources Inc.](#) (TSX: TMR) ("TMAC" or the "Company") is pleased to announce that it has entered into an amending agreement (the "Royalty Amendment") to the existing 1% net smelter royalty ("NSR") with Maverix Metals Inc. ("Maverix"). The Royalty Amendment provides Maverix with an additional 1.5% NSR for proceeds of US\$40 million. The Royalty Amendment includes negotiated step down and buyback rights in favour of the Company.

Jason Neal, President and Chief Executive Officer of TMAC, stated, "This royalty amendment has strengthened the Company's balance sheet to enable ongoing investment in growth at Hope Bay while providing a buffer against operational volatility and funding our seasonal sealift. One area for such growth is exploration at the Doris mine, an update to which was discussed in a concurrent press release this morning. We determined this royalty transaction to be the most attractive cost of capital, preserves the best participation in strengthening gold prices for our shareholders, and importantly has the benefit of maintaining both financial and strategic flexibility."

## Key Terms of the Royalty Amendment

- US\$40 million proceeds for the Additional 1.5% NSR Royalty Amendment and US\$3 million concurrent equity issuance to Maverix at a price of C\$6.00 per share (US\$43 million total proceeds)
- Short term incremental 0.25% NSR until the additional 1.5% NSR is registered against the property, which is expected to occur once the Sprott debt is repaid (expected in 2021)
- Full buyback right for the entire additional 1.5% NSR (and bonus 0.25% NSR) for US\$50 million in the event of a change of control transaction that is announced before June 30, 2021
- Partial buyback right of 0.5% of the additional 1.5% NSR for US\$15 million after June 30, 2021
- Step-down of the additional 1.5% NSR, regardless of whether the partial buyback right has been exercised, to 0.75% after three million ounces of gold have been produced at Hope Bay from the effective date.
- Ability for TMAC to pay the quarterly additional NSR amounts with common shares at then current share prices until June 30, 2021
- Effective date of August 1, 2019 for new NSR payments
- The transaction is expected to close on or around August 16, 2019

Certain provisions in the Royalty Amendment have been structured to obtain the approval of the Sprott Lenders, who have sole discretion to approve additional royalties at Hope Bay. These provisions include: (i) the ability to pay royalties with common shares; (ii) that the additional 1.5% NSR (and bonus 0.25% NSR) will not be registered against the property prior to full repayment of the debt facility, for which Maverix is being compensated with via the bonus 0.25% NSR; and, (iii) the full buyback right coincident with a change of control of the Company. The Sprott Lenders provided approval for the transaction as required under the Credit Agreement and TMAC will pay an upfront fee of US\$500,000.

CIBC Capital Markets acted as financial advisor to the TMAC Board of Directors.

## RELATED PARTY DISCLOSURE

As Maverix may be considered a "related party" of the Company (since [Newmont Goldcorp Corp.](#) ("Newmont") holds approximately 27% of Maverix and approximately 28.5% of the Company), the Royalty Amendment and the concurrent private placement to Maverix, as well as the exercise of participation rights by Resource Capital Funds or Newmont (who are both "related parties" of the Company) could be considered "related party transactions" for purposes of Multilateral Instrument 61-101 ("Protection of Minority Security Holders in Special Transactions" ("MI 61-101")). The Company intends to rely on the exemptions from the requirements to obtain a formal

valuation and approval of the Company's minority shareholders pursuant to Section 5.5(a) and 5.7(a) of MI 61-101 on the basis that the aggregate fair market value of the subject matter of and the fair market value of the consideration for such transactions does not exceed 25% of the Company's market capitalization as determined in accordance with MI 61-101. The Company will file a material change report in respect of these transactions; however, it will be filed less than 21 days before closing, which the Company deems reasonable in the circumstances so as to be able to avail itself of potential financing opportunities and complete the transactions in an expeditious manner.

## ABOUT TMAC RESOURCES INC.

TMAC Resources operates Hope Bay located in Nunavut, Canada. The property and operations are remote but not isolated, serviced by both a port and airstrip. Hope Bay is an 80 km by 20 km Archean greenstone belt that has been explored by BHP, Miramar, Newmont and TMAC over a period spanning more than 30 years. In that time, more than \$1.5 billion of sunk expenditures have been spent in exploration and evaluation, surface infrastructure, and mine and process plant development. TMAC began producing gold in early 2017 from Doris, its first mine at Hope Bay, and processed gold at the Doris Plant which originally had nameplate capacity of 1,000 tonnes per day and expanded to 2,000 tonnes per day midway through 2018. Hope Bay has 4.8 million ounces of measured and indicated resources at Doris, Madrid and Boston deposits, largely within 350 metres of surface. There is potential to grow these established deposits considerably at depth, and then grow resources further through the prioritized exploration of the more than 90 other identified regional targets. TMAC is now permitted to produce from both Madrid and Boston.

## FORWARD-LOOKING INFORMATION

This release contains "forward-looking information" within the meaning of applicable securities laws that is intended to be covered by the safe harbours created by those laws. "Forward-looking information" includes statements that use forward-looking terminology such as "may", "will", "expect", "anticipate", "believe", "continue", "potential" or the negative thereof or other variations or comparable terminology and includes statements regarding the closing of the transactions, the impact of the Royalty Amendment and the use of proceeds and the expected closing date. There is no certainty that the transactions described in this release will be completed on the terms described or at all.

"Forward-looking information" is not a guarantee of future performance and management bases forward-looking statements on a number of estimates and assumptions at the date the statements are made. Furthermore, such "forward-looking information" involves a variety of known and unknown risks, uncertainties and other factors, which may cause the actual plans, intentions, activities, results, performance or achievements expressed or implied. See "Risk Factors" in the Company's Annual Information Form dated March 11, 2019 filed on SEDAR at [www.sedar.com](http://www.sedar.com) for a discussion of these risks.

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