

TMAC Announces Q4 2019 Financial Results and Provides Corporate Updates

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[TMAC Resources Inc.](#) (TSX:TMR) (“TMAC” or the “Company”) reports its financial results for the fourth quarter and full year 2019. All amounts are in Canadian dollars unless otherwise indicated.

Jason Neal, President and Chief Executive Officer of TMAC, stated, “During the fourth quarter TMAC generated revenues of \$48.0 million from sales of 24,650 ounces of gold at a cash cost of US\$1,172 per ounce and an all-in sustaining cost of US\$1,700 per ounce. These costs were higher than the previous quarter due to significantly lower production and sales volumes. TMAC recorded a non-cash impairment adjustment of \$620.6 million, which does not affect our cash balances, liquidity or operating cash flows. The fair value used for the impairment adjustment is consistent with the value implicit in the Shandong Gold Mining transaction announced on May 8, 2020. We are, therefore, reporting a net loss of \$5.46 per share on a basic and fully diluted basis. Without the impairment, we recorded a loss of 7 cents per share in the fourth quarter and a profit of 8 cents per share for the full year 2019. Even though our quarterly production had been lower, we were able to realize higher gold sales per ounce at a historically high average gold price of US\$1,481 per ounce sold.”

Jason Neal added, “In the fourth quarter the processing plant processed 132,100 tonnes of ore with an average grade of 7.1 grams per tonne at a rate of 1,440 tonnes per day. Gold recovery was 82% for the quarter and had increased to 85% for the month of December.”

FOURTH QUARTER 2019 FINANCIAL HIGHLIGHTS

● Gold production and sales	24,650 o
● Gross revenues	\$48.0 m
● Average realized gold price	\$1,947 p
● Cash Costs ⁽¹⁾	US\$1,17
● Cost of sales ⁽²⁾	US\$1,63
● All-in Sustaining Costs (“AISC”)(¹)	US\$1,70
● Adjusted EBITDA ⁽¹⁾	\$6.7 mill
● Profit (Loss)	(\$628.4)
● Profit (Loss) per share	(\$5.46) p

● Adjusted Profit (Loss) ⁽¹⁾	(\$7.8) m
● Adjusted Profit (Loss) per share ⁽¹⁾	(\$0.07) p
● Cash flow from operations	\$3.8 mill
● Sustaining capex ⁽¹⁾	(\$2.3) m
● Expansion capex ⁽¹⁾	\$13.4 m
	\$6.8 mill
	\$50.1 m
● Cash on hand	\$20.7 m
	\$29.4 m
● Principal repayments	\$nil
● Debt principal balance	\$152.0 m

(1) Refer to the "Non- IFRS Measures" section in the associated MD&A for a description and calculation of these measures.

(2) Includes depreciation.

The Company performed an impairment test and recorded a non-cash impairment charge of \$674.6 million as at December 31, 2019. It includes the write-off of goodwill of \$80.6 million and the write-down of Property, Plant and Equipment of \$594.0 million, partially offset by a \$54.0 million deferred tax adjustment for a net adjustment of \$620.6 million. The carrying value of the Hope Bay assets, after impairment, was \$415.0 million as at year end 2019. The fair value used for the impairment adjustment is consistent with the value implicit in the Shandong Gold Mining transaction announced on May 8, 2020.

FOURTH QUARTER 2019 PRODUCTION HIGHLIGHTS

- Production of 24,650 ounces of gold in the fourth quarter and 139,510 ounces of gold for full year 2019.
- Mine production during the fourth quarter of 2019 was 1,560 tonnes per day at an average grade of 7.0 grams per tonne (g/t) and 1,440 tonnes per day at an average grade of 9.3 g/t for full year 2019. This includes production of 29,100 tonnes at 5.0 g/t from surface mining the crown pillar at Madrid North Naartok East in Q4 2019. Underground production without this material was 1,240 tonnes per day at a grade of 7.6 g/t for Q4 2019 and 1,360 tonnes per day at a grade of 9.6 g/t for full year 2019.
- The Plant achieved throughput of 1,440 tonnes per day at an average feed grade of 7.1 g/t and an average recovery of 82% in the fourth quarter 2019.

Please refer to TMAC's news release that summarizes the fourth quarter 2019 operating results, issued on January 20, 2020 titled "TMAC Announces Q4 2019 Operating Results".

UPDATE ON MINING

Mining in the fourth quarter was primarily in the Doris North BTD Extension and Doris Connector longhole

stopes. The rehabilitation in the Doris BTD East Limb high-grade area was completed in the fourth quarter and the mining of the zone was completed in the first quarter of 2020. A total of 2,080 metres were developed during the fourth quarter of 2019. Surface mining of the Madrid North Naartok East crown pillar continued and produced 29,100 tonnes of ore, containing 4,700 ounces of gold at an average grade of 5.0 g/t. Initial blending of the ore from Madrid crown pillar with Doris ore commenced in the fourth quarter and continued into the first quarter of 2020.

On March 6, 2020 in the news release titled "TMAC Announces Credit Agreement Amendment and Provides Update on Operations", the Company disclosed that it had encountered groundwater in the Doris Central zone, which led to the suspension of development in this zone. The water has only impacted development in the Doris Central zone, while other areas of the Doris mine remain unaffected. TMAC has implemented a grouting program to mitigate the impact of water inflow and a vast majority of the mine has been dewatered. Grouting and dewatering have continued while Doris is placed under reduced operations due to COVID-19 pandemic measures implemented by the Company. The Company is currently re-evaluating several mine sequencing opportunities to potentially mitigate the production delay in Doris Central.

UPDATE ON PLANT THROUGHPUT AND RECOVERIES

The average recovery rate achieved in the fourth quarter was 82%. Feed grade averaged 5.5 g/t in October and November and increased to 11.3 g/t in December as feed from Doris BTD East Limb commenced in December after completing rehabilitation work. Overall recovery was 80% in October and November due to the low feed grade; however, it increased to 85% in December. The Company expects to continue seeing good results from the scavenger columns commissioned in the fourth quarter, targeting gold from the concentrate treatment plant solution tail. Gold recoveries are expected to increase when higher grade material is processed. The resin material used in the scavenger columns was sent offsite for processing and recovery, with the first shipment having been made in February 2020.

UPDATE ON EXPLORATION

The 2019 exploration activities comprised 17,764 metres of surface and underground diamond drilling, supporting both short-term production and longer-term definition and expansion of resources at Doris, Madrid North, and Boston, as well as significant regional exploration drilling. Please refer to TMAC's news release that summarizes the fourth quarter 2019 drill results, issued on February 5, 2020 titled "TMAC Fourth Quarter Drilling Results Include High-Grade Gold at Boston and Regionally".

UPDATE ON STRATEGIC PROCESS

On May 8, 2020 TMAC announced the completion of the strategic review process initiated in January 2020. The Company has entered into a definitive agreement with Shandong Gold Mining Co. Ltd. (SH:600547; SEHK:1787) ("SD GOLD"), pursuant to which SD GOLD has agreed to acquire all of the outstanding shares of TMAC. For more information, please refer to the news release titled "TMAC to be Acquired by SD GOLD".

UPDATE ON COVID-19 RESPONSE AND 2020 OUTLOOK

In the news release issued on March 30, 2020 titled "TMAC Announces Initiatives in Response to COVID-19", TMAC announced a number of initiatives to manage the COVID-19 pandemic. Management continues to monitor and evaluate the progression of the COVID-19 pandemic and its potential effects on its operations, liquidity and workforce at Hope Bay. The Company expects to continue to operate the processing plant through July with material from its stockpiles and limited mine production from developed stopes at Doris. There are significant uncertainties with respect to future developments and impact on the Company related to the COVID-19 pandemic. As a result of these uncertainties, TMAC is not in a position to issue 2020 guidance.

TEMPORARY REGULATORY FILING RELIEF

In light of the impact of the COVID-19 pandemic on market participants, the Canadian securities regulators

announced temporary blanket relief in March 2020, which provides a 45-day extension to the filing deadlines for certain periodic filings required to be made on or before June 1, 2020. The Company intends to rely on this blanket relief and expects to file its financial statements and management's discussion and analysis for the quarter ended March 31, 2020 on or before June 29, 2020. Management and other insiders of the Company are subject to the Company's Insider Trading Policy which reflects the principles in section 9 of National Policy 11-207. The Company also confirms that all material business developments as at the date of this news release have been disclosed in news releases.

This news release should be read in conjunction with the Company's audited consolidated financial statements and management's discussion and analysis for the three and twelve months ended December 31, 2019 filed on SEDAR at www.sedar.com and on the Company's website at www.tmacresources.com.

SUMMARY OF FINANCIAL RESULTS

		Three months ended		Year ended	
	Units	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
P&L Summary:					
Revenue	ounces	24,650	31,380	139,160	108,820
Revenue	\$millions	48.0	51.4	254.8	178.0
Cost of sales ⁽¹⁾	\$millions	53.1	44.3	212.6	172.2
Impairment of Property, Plant and Equipment and Goodwill	\$millions	674.6	-	674.6	-
Profit (loss) from mining operations	\$millions	(679.7)	7.1	(632.4)	5.8
General and administration	\$millions	3.5	4.4	17.2	17.4
Net finance expense	\$millions	5.4	5.1	19.7	20.1
Foreign exchange gain (loss)	\$millions	3.3	(8.9)	8.1	(15.3)
Profit (loss)	\$millions	(628.4)	(13.5)	(611.6)	(42.1)
Per share	\$/share	(5.46)	(0.12)	(5.38)	(0.43)
Adjusted profit (loss) ⁽²⁾	\$millions	(7.8)	(13.5)	9.0	(42.1)
Per share	\$/share	(0.07)	(0.12)	0.08	(0.43)
EBITDA ⁽²⁾	\$millions	(664.8)	5.7	(571.6)	22.8
Adjusted EBITDA ⁽²⁾	\$millions	6.7	15.7	92.1	37.7
Unit Costs:					
Cost of sales ⁽¹⁾	\$/oz	2,154	1,412	1,528	1,582
Cost of sales ⁽³⁾	US\$/oz	1,635	1,068	1,150	1,219
Cash Costs ⁽³⁾	US\$/oz	1,172	752	788	868
Sustaining capex ⁽⁴⁾	US\$/oz	414	252	301	296
Other sustaining costs ⁽⁴⁾					

US\$/oz

AISC ⁽²⁾⁽³⁾⁽⁴⁾	US\$/oz	1,700	1,112	1,186	1,291
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Cash Flow Summary:

Cash from operating activities before working capital changes	\$millions	3.8	11.9	79.0	24.2
Cash from operating activities	\$millions	(2.3)	(10.0)	64.9	21.6
Cash used in investing activities	\$millions	(25.7)	(23.1)	(85.2)	(84.6)
Cash from financing activities	\$millions	1.0	43.6	16.6	45.1
Net increase/(decrease) in cash	\$millions	(26.7)	11.2	(4.1)	(17.2)
Cash at end of period	\$millions	20.7	24.8	20.7	24.8

USD Results:

Average exchange rate	CAD/USD	1.32	1.32	1.33	1.30
Revenue	US\$millions	36.5	38.7	192.2	136.8
Average realized sales price	US\$/oz	1,481	1,233	1,381	1,257
Average spot price of gold – London PM Fix	US\$/oz	1,481	1,226	1,393	1,268

CAPEX Summary:

Sustaining ⁽⁴⁾	\$millions	13.4	10.3	55.6	41.8
Expansion ⁽⁴⁾	\$millions	6.8	8.9	41.7	45.1
Exploration and evaluation	\$millions	5.7	4.1	22.8	14.6

(1) Includes depreciation.

Refer to the definitions of EBITDA, Adjusted EBITDA, Adjusted Profit (loss), Cash Costs, AISC, sustaining
(2) capex and expansion capex in the “Non-IFRS Measures” section in the associated MD&A for a description and calculation of these measures.

(3) Translated using exchange rates at the time of incurring the expenditure.

AISC is calculated using the updated guidance from the World Gold Council, issued in November 2018, and
(4) certain projects, previously classified as sustaining capital, have been reclassified as expansion capital in the comparable periods.

SUMMARY OF OPERATING RESULTS

		Three months ended		Year ended	
		December	December	December	December
		31, 2019	31, 2018	31, 2019	31, 2018
Units					
Mining:					
Ore ⁽¹⁾	tonnes	137,400	200,400	482,400	444,200
Average grade	g/t	7.2	7.6	9.9	8.4
Contained gold	ounces	32,000	48,700	153,100	119,800

Incremental Ore ⁽²⁾	tonnes	5,800	12,000	43,600	31,600
Average grade	g/t	2.7	4.9	3.3	3.8
Contained gold	ounces	500	1,900	4,600	3,900
Total ore	tonnes	143,200	212,400	526,000	475,800
Average grade	g/t	7.0	7.4	9.3	8.1
Contained gold	ounces	32,500	50,600	157,700	123,700
Mining rate	tpd	1,560	2,310	1,440	1,300
Waste	tonnes	387,000	298,700	756,100	499,100
Total tonnes	tonnes	530,200	511,100	1,282,100	974,900
Development	metres	2,080	1,620	7,720	6,470
Processing:					
Processing rate	tpd	1,440	1,800	1,620	1,280
Ore processed	tonnes	132,100	164,900	593,000	464,200
Average grade	g/t	7.1	7.8	9.0	9.4
Contained gold	ounces	30,050	41,480	170,910	140,520
Recovery	%	82	82	82	79
Gold produced	ounces	24,650	34,080	139,510	110,970
Gold in process change	ounces	360	1,330	2,370	(80)
Gold poured	ounces	24,290	32,750	137,140	111,050
Gold sold	ounces	24,650	31,380	139,160	108,820
Stockpiles:					
Primary stockpile:					
Ore on surface ⁽¹⁾	tonnes	25,400	68,600	25,400	68,600
Average grade	g/t	5.9	6.7	5.9	6.7
Contained gold	ounces	4,800	14,700	4,800	14,700
Secondary stockpile:					
Ore on surface ⁽²⁾	tonnes	73,500	52,200	73,500	52,200
Average grade	g/t	3.5	3.7	3.5	3.7
Contained gold	ounces	8,300	6,200	8,300	6,200

(1) Includes ore from mining that is above the mining cut-off grade of 4.0 g/t.

(2) Includes material from sill development that is below the mining cut-off grade of 4.0 g/t.

ABOUT TMAC RESOURCES INC.

TMAC operates the Hope Bay property 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 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 processing plant which originally had nameplate capacity of 1,000 tpd and expanded to 2,000 tpd midway through 2018. There is potential to grow TMAC's 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.

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 May 12, 2020 filed on SEDAR at www.sedar.com for a discussion of these risks.

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