

TMAC Reports Q1 2020 Financial Results

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[TMAC Resources Inc.](#) (TSX: TMR) (“TMAC” or the “Company”) reports its financial results for the first quarter of 2020. All amounts are in Canadian dollars unless otherwise indicated.

Jason Neal, President and Chief Executive Officer of TMAC, stated, “In the first quarter, TMAC generated gross revenues of \$59.4 million from sales of 27,710 ounces of gold. We produced 32,290 ounces of gold in the quarter. Gold sales were 12% higher and the average realized price of US\$1,587 per ounce was 7% higher than the previous quarter. The cash cost for the quarter was US\$906 per ounce and the all-in sustaining cost was US\$1,317 per ounce. These costs were lower than the previous quarter due to increases in recoveries and grade, resulting in an increase in production. TMAC reported a loss of 16 cents per share, of which 14 cents per share was related to revaluation of US dollar debt.”

Jason Neal added, “We continue to operate the processing plant with material from stockpiles and limited mine production as part of our response to the COVID-19 pandemic. We expect to continue operating at a reduced level for the foreseeable future. Despite the pandemic, we have successfully completed the strategic process announced in January, which included a comprehensive review of a broad range of potential alternatives. As a result of this process, we reached an agreement with SD Gold, announced on May 8, 2020, and secured financing which should allow us to operate until the expected closing of the transaction. Ramping up to full operating levels would be pursued following the completion of the sale to SD Gold. More importantly, we have acted in the interests of all stakeholders to put Hope Bay on a new trajectory for long-term success.”

FIRST QUARTER 2020 FINANCIAL HIGHLIGHTS

? Gold production and sales	32,290 ounces produced; 27,710 ounces sold
? Gross revenues	\$59.4 million
? Average realized gold price	\$2,143 per ounce (US\$1,587 per ounce)
? Cash Costs ⁽¹⁾	US\$906 per ounce of gold sold
? Cost of sales ⁽²⁾	US\$1,173 per ounce of gold sold
? All-in Sustaining Costs (“AISC”)(¹)	US\$1,317 per ounce of gold sold
? Adjusted EBITDA ⁽¹⁾	\$21.6 million
? Profit (Loss)	(\$18.0) million
? Profit (Loss) per share	(\$0.16) per share on a basic and fully diluted basis
? Cash flow from operations	\$18.7 million before working capital changes \$16.7 million after working capital changes
? Sustaining capex ⁽¹⁾	\$10.9 million
? Expansion capex ⁽¹⁾	\$6.7 million
? Cash on hand	\$46.2 million at March 31, 2020, including: \$18.2 million of unrestricted cash \$28.0 million of restricted cash
? Principal repayments	\$nil
? Debt balance outstanding ⁽³⁾	US\$120.6 million

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

(2) Includes depreciation.

(3) Excludes accruals for future fees payable.

FIRST QUARTER 2020 PRODUCTION HIGHLIGHTS

- Production of 32,290 ounces of gold compared with 24,650 ounces of gold produced in the fourth quarter 2019.

- Mine production was 1,760 tonnes per day (tpd) at an average grade of 10.2 grams per tonne (g/t). This includes production of 610 tpd at 6.8 g/t from surface mining at the Madrid North Naartok East crown pillar. Underground production was 1,150 tpd at a grade of 12.0 g/t.
- The processing plant achieved throughput of 1,110 tpd at an average feed grade of 11.9 g/t and an average recovery of 84%.

Please refer to TMAC's news release that summarizes the first quarter 2020 operating results, issued on May 12, 2020 titled "TMAC Announces Q1 2020 Operating Results".

TWO MONTHS ENDED MAY 31, 2020 RESULTS

- Production: 17,410 ounces of gold produced.
- Sales: 14,730 ounces of gold sold.
- Mining: 36,000 tonnes of ore at a grade of 9.0 g/t, containing 10,400 ounces of gold mined from the Doris underground mine.
- Processing: 71,800 tonnes of ore with an average grade of 9.1 g/t and an average recovery of 83%.
- Cash on hand: \$55.0 million, including \$27.0 million of unrestricted cash and \$28.0 million of restricted cash.

UPDATE ON MINING

In the first quarter of 2020, TMAC mined 160,600 tonnes of ore at a grade of 10.2 g/t, containing 52,600 ounces of gold. Mine production came from the Doris underground mine, stoping and sill development and surface mining of the Madrid North Naartok East crown pillar at a combined mining rate of 1,760 tpd. Underground mining was primarily in the BTD East Limb, BTD extension, and Doris Connector. Underground mine production achieved 104,900 tonnes, or 1,150 tpd, of ore at an average grade of 12.0 g/t, containing 40,500 ounces of gold, including 96,700 tonnes of primary ore at an average grade of 12.6 g/t, produced mainly from longhole stoping. Sill development during the first quarter of 2020 also produced 8,200 tonnes of incremental material at a grade of 4.6 g/t.

Underground mine development at Doris and Madrid averaged 23.4 metres per day during the first quarter of 2020, compared with 18.4 metres per day during the same period of 2019. A total of 2,130 metres were developed during the first quarter of 2020. Ore stockpiles at quarter-end were estimated to contain 159,000 tonnes at an average grade of 5.3 g/t, containing 27,300 ounces of gold.

TMAC has re-evaluated several mine sequencing opportunities to potentially mitigate the production delay in Doris Central as a result of the water issues disclosed on March 6, 2020. Grouting experts prepared a grouting program that has been successful to date and has been continued during the temporary reduction of operations during COVID-19. Other areas of the Doris mine are unaffected by groundwater and continue development and production with routine cautionary water control measures.

UPDATE ON PROCESSING

In the first quarter of 2020 the Company produced 32,290 ounces of gold. The average recovery rate achieved in the first quarter was 84%. Feed grade averaged 11.9 g/t at 1,110 tpd. Processing plant availability in the quarter was impacted by a 17-day shutdown of the first concentrator line as a result of a failed major bearing on the secondary crusher. Concentrate treatment recovery improved due to the additional adsorption capacity of gold solutions as a result of the new scavenger columns. Shipments for offsite treatment of the loaded resin from the scavengers commenced in the quarter.

The gold in process inventory, including doré, was estimated to contain 11,970 ounces at March 31, 2020. The gold in process consists of 4,470 ounces in the circuit, an estimated 4,500 ounces in partially processed material and 3,000 ounces in loaded resins, some of which has been shipped offsite for treatment.

UPDATE ON EXPLORATION

During the first quarter, drilling was focused on infill drilling to support production and mine planning at both

Doris and Madrid North. While no surface exploration drilling was undertaken at Doris, 13,509 metres of underground diamond drilling was completed on the Doris BTD extension and Doris Central zones to support production and detailed stope design, and 3,358 metres of surface definition diamond drilling was completed at Madrid North on the Naartok West zone to facilitate detailed stope design and development. Drilling and development activities were suspended in March in response to the COVID-19 pandemic and it is uncertain when they will resume.

FINANCIAL AND CORPORATE DEVELOPMENTS

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. (SD Gold), pursuant to which SD Gold agreed to purchase all of the outstanding shares of TMAC at a price of \$1.75 per share in cash. For more information, please refer to the news release titled "TMAC to be Acquired by SD GOLD".

As part of the transaction, a wholly-owned subsidiary of SD Gold purchased 12.0 million common shares of the Company at a price of \$1.75 per share for a total investment of approximately US\$15 million in a non-brokered private placement. SD Gold plans to complete a feasibility study with respect to the expansion of Hope Bay mining and processing, following on the Preliminary Feasibility Study, dated March 30, 2020, and be in a position to execute and fund the capital expenditures required.

SPECIAL MEETING OF SHAREHOLDERS

The Company will hold a special meeting of shareholders (the "Meeting") on Friday, June 26, 2020 at 10:30 a.m. (Eastern Time). The purpose of the Meeting is to consider and, if deemed advisable, to pass a special resolution approving the previously announced proposed acquisition by SD Gold of all of the issued and outstanding common shares of TMAC by way of a Plan of Arrangement under the Business Corporations Act (Ontario). The Management Information Circular (the "Circular"), containing a detailed description of the arrangement, and related voting materials (the "Meeting Materials") were mailed to shareholders on June 4, 2020. For more information, please refer to the news release titled "TMAC Announces Filing of Management Information Circular for Proposed Arrangement with Shandong". The Meeting Materials are also available on the Company's website at www.tmacresources.com and under TMAC's profile on SEDAR at www.sedar.com.

Given the rapidly evolving situation resulting from the COVID-19 pandemic, in order to mitigate potential risks to the health and safety of our communities, shareholders, employees and other stakeholders, the Company is urging all shareholders to vote by proxy in advance of the Meeting and not to attend the Meeting in person, unless and until all social distancing recommendations or restrictions have been lifted. Shareholders who wish to attend the Meeting in person must follow the procedures set out in the Circular.

SUMMARY OF FINANCIAL RESULTS

		Three months ended		
	Units	March	March	
		31, 2020	31, 2019	
P&L Summary:				
Revenue	ounces	27,710	39,200	
Revenue	\$millions	59.4	67.9	
Cost of sales ⁽¹⁾	\$millions	43.8	50.1	
Profit (loss) from mining operations	\$millions	15.6	17.8	
General and administration				

\$millions

Net finance expense	\$millions	11.0	4.5
Foreign exchange gain (loss)	\$millions	(15.9)	3.2
Profit (loss)	\$millions	(18.0)	7.2
Per share	\$/share	(0.16)	0.06
EBITDA ⁽²⁾	\$millions	4.2	31.9
Adjusted EBITDA ⁽²⁾	\$millions	21.6	28.6
Unit Costs:			
Cost of sales ⁽¹⁾	\$/oz	1,581	1,278
Cost of sales ⁽³⁾	US\$/oz	1,173	962
Cash Costs ⁽³⁾	US\$/oz	906	658
Sustaining capex	US\$/oz	296	235
Other sustaining costs	US\$/oz	115	99
AISC ⁽²⁾⁽³⁾	US\$/oz	1,317	992
Cash Flow Summary:			
Cash from operating activities before working capital changes	\$millions	18.7	26.9
Cash from operating activities	\$millions	16.7	35.4
Cash used in investing activities	\$millions	(20.4)	(23.5)
Cash from financing activities	\$millions	0.8	(10.6)
Net increase/(decrease) in cash	\$millions	(2.5)	0.8
Cash at end of period	\$millions	18.2	25.6
USD Results:			
Average exchange rate	CAD/USD	1.34	1.33
Revenue	US\$millions	44.0	51.1
Average realized sales price	US\$/oz	1,587	1,302
Average spot price of gold – London PM Fix	US\$/oz	1,583	1,304
CAPEX Summary:			
Sustaining	\$millions	10.9	12.3
Expansion	\$millions	6.7	5.8
Exploration and evaluation	\$millions	3.0	4.6

(1) Includes depreciation.

(2) This is a non-IFRS financial performance measure. Refer to the definitions of EBITDA, Adjusted EBITDA, Cash Costs, AISC, sustaining capex and expansion capex in the “Non-IFRS Measures” section below.

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

SUMMARY OF OPERATING RESULTS

		Three months ended	
		Units	March
		March	March
		31, 2020	31, 2019
Mining:			
Doris ore ⁽¹⁾	tonnes	96,700	131,700
Average grade	g/t	12.6	10.8
Contained gold	ounces	39,300	45,900
Madrid ore	tonnes	55,700	-
Average grade	g/t	6.8	-
Contained gold	ounces	12,100	-
Incremental Ore ⁽²⁾	tonnes	8,200	12,300
Average grade	g/t	4.6	3.0
Contained gold	ounces	1,200	1,200
Total ore	tonnes	160,600	144,000
Average grade	g/t	10.2	10.2
Contained gold	ounces	52,600	47,100
Mining rate	tpd	1,760	1,600
Waste	tonnes	141,600	110,600
Total tonnes	tonnes	302,200	254,600
Development	metres	2,130	1,660
Processing:			
Processing rate	tpd	1,110	1,610
Ore processed	tonnes	100,600	145,000
Average grade	g/t	11.9	10.3
Contained gold	ounces	38,480	47,880
Recovery	%	84	84
Gold produced	ounces	32,290	40,050
Gold in process change	ounces	2,590	2,870
Gold poured			

ounces

29,420

37,180

Gold sold	ounces	27,710	39,200
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Stockpiles:

Primary stockpile:

Ore on surface ⁽¹⁾	tonnes	80,200	55,300
Average grade	g/t	7.0	7.2
Contained gold	ounces	18,100	12,800

Secondary stockpile:

Ore on surface ⁽²⁾	tonnes	78,800	64,500
Average grade	g/t	3.6	3.6
Contained gold	ounces	9,200	7,400

(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.

This news release should be read in conjunction with the Company's financial statements and management's discussion and analysis for the three months ended March 31, 2020 filed on SEDAR at www.sedar.com and on the Company's website at www.tmacresources.com.

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 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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