



TMAC Reports Q3 2020 Financial Results

TORONTO, November 5, 2020 /Business Wire/ – TMAC Resources Inc. (TSX: TMR) (“**TMAC**” or the “**Company**”) reports its financial results for the third quarter of 2020. All amounts are in Canadian dollars, unless otherwise indicated.

THIRD QUARTER 2020 FINANCIAL HIGHLIGHTS

▪ Gold production and sales	18,420 ounces produced; 27,650 ounces sold
▪ Gross revenues	\$70.5 million
▪ Average realized gold price	\$2,549 per ounce (US\$1,910 per ounce)
▪ Cash Costs⁽¹⁾	US\$901 per ounce of gold sold
▪ Cost of sales⁽²⁾	US\$1,219 per ounce of gold sold
▪ All-in Sustaining Costs (“AISC”)⁽¹⁾	US\$1,067 per ounce of gold sold
▪ Adjusted EBITDA⁽¹⁾	\$32.7 million
▪ Profit (Loss)	\$16.8 million
▪ Profit (Loss) per share	\$0.13 per share on a basic and fully diluted basis
▪ Cash flow from operations	\$25.6 million before working capital changes \$28.8 million after working capital changes
▪ Sustaining capex⁽¹⁾	\$2.4 million
▪ Expansion capex⁽¹⁾	\$0.2 million
▪ Cash on hand	\$99.4 million at September 30, 2020, including: \$71.5 million of unrestricted cash \$27.9 million of restricted cash
▪ Principal repayments	nil
▪ Current debt	\$169.7 million

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

(2) Includes depreciation.

Jason Neal, President and Chief Executive Officer of TMAC, stated, “We had the challenge of a significant COVID-19 outbreak of fourteen confirmed positive cases in September and October, which delayed the exit of a crew rotation by nearly two weeks. We are confident this episode has now concluded with a full changeover of crews, which has been our practice since March. Hope Bay now has on-site COVID-19 testing established, further enhancement of safety procedures for COVID-19 and great focus from our workers on the behaviours which mitigate future comparable instances. There is no higher priority than maintaining the health and safety of our employees and contractors, their families and the community while we all deal with the COVID-19 pandemic.”

Jason Neal continued, “We continue to successfully operate at reduced levels, including half-time campaigning of the processing plant which began in July. TMAC has sufficient consumables, materials and supplies on site to continue operating at current levels until the

third quarter 2021 sealift and also recommence development at Doris Central and Madrid during the beginning of 2021. We have seen improving operations, including achieving record recovery rates of 90% in August 2020. Supported by all-time high gold prices, TMAC recorded record quarterly profit and EBITDA in the third quarter. Importantly, the Company generated free cash flow sufficient to cover operating costs, reduced sustaining capital expenditures and the third quarter 2020 sealift, as well as add more than \$25 million to our cash balance. While we now report \$169.7 million of current debt with an approaching maturity date in June 2021, our net debt has declined to less than \$100 million."

Jason Neal concluded, "We continue to work with Shandong Gold Mining towards closing of the sale transaction. In October, TMAC received notification that the sale transaction would undergo a national security review. We believe the transaction has a strong overall net benefit to Canada. Given the extended timelines under the *Investment Canada Act*, we expect the closing to occur in the first quarter of 2021 and there is a possibility that the Government of Canada does not complete the regulatory review process by February 8, 2021, which is the extended outside date of the arrangement agreement with Shandong. The Board of Directors and management of TMAC are independently evaluating and preparing for the significant financial challenges related to the refinancing of its debt facility which would be required if the Canadian government does not approve the transaction."

THIRD QUARTER 2020 PRODUCTION HIGHLIGHTS

- **Production** of 18,420 ounces of gold and a total of 21,200 ounces of gold were poured in the third quarter of 2020.
- **Mine production** was 670 tonnes per day ("**tpd**") at an average grade of 10.6 grams per tonne ("**g/t**").
- **The processing plant** achieved throughput of 1,610 tpd based on Operating Days⁽¹⁾ at an average feed grade of 9.8 g/t and an average recovery of 88%.

(1) During reduced operations, operating days are defined as all days in the quarter within the operating cycle of the campaign. Campaigns generally consist of three operating weeks followed by three down weeks.

Please refer to TMAC's news release that summarized the third quarter 2020 operating results, issued on October 14, 2020 titled "[TMAC Announces Q3 2020 Operating Results](#)".

UPDATE ON COVID-19 RESPONSE

Despite TMAC's best efforts to remain COVID-free, during the month of September 2020, the Government of Nunavut ("**GN**") announced fourteen confirmed cases of COVID-19 at TMAC's Hope Bay site. Only two individuals exhibited symptoms while all others were asymptomatic. GN Public Health deployed their on-site rapid response team to help contain the spread. TMAC worked closely with GN Public Health and the workers that were at site to ensure everyone was able to safely return to their respective communities.

The Company commenced COVID-19 testing of all personnel travelling from Edmonton to Hope Bay effective July 19, 2020. The Company lost confidence in this testing protocol and has acquired on-site COVID-19 testing equipment from a different supplier instead and is now performing testing on site.

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 has been in regular contact with the Government of Nunavut's Departments of Health, Justice and Economic Development and Transportation to align the steps taken to manage the situation.

REDUCED OPERATING PLAN AND OUTLOOK

TMAC has been successful in executing its strategy to operate at reduced levels and continue to mine and develop in the available stopes and headings at Doris Connector and Doris BTD. The size of the workforce and activities were reduced to align operating expenditure with production. The Company is forecasting to mine between 268,000 and 273,000 tonnes of ore in 2020 and combined with processing stockpiled material, maintains its full year production guidance of 95,000 to 100,000 ounces of gold. It is expected that mining will be able to produce sufficient ore, combined with available stockpiles, to continue to operate economically at production levels similar to the third quarter for the foreseeable future and until at least the third quarter of 2021. TMAC is in the process of preparing its 2021 budget and will provide further details with the release of its year-end financial results.

Leveraging studies just completed, an additional diamond drill rig has been deployed to provide further data to inform the water management and mine planning at Doris Central, which will be an important ore source in 2021. Development at Madrid is only planned to restart in early 2021, with preparations underway now.

Campaign processing started at the end of July and has been successful to date. A campaign generally consists of three operating weeks followed by three down weeks. Campaign processing provides flexibility as the schedule can be changed if required and is based on the mine and stockpile feed plan that will produce sufficient ore to operate at the throughput levels currently achievable by the processing plant, for approximately 50% of the time. The operating schedule was adjusted as a result of the COVID-19 outbreak at site in September 2020, but the Company expects the number of operating days in the fourth quarter to be materially in line with plan.

TMAC has not experienced a significant impact on its supply chain or its ability to ship and sell gold production. A smaller than usual sealift was completed to resupply diesel and consumables to maintain production and recommence development at Doris Central and Madrid in 2021. The diesel and consumables at site are sufficient to support the planned operations and commencement of development at Doris Central and Madrid until the 2021 sealift. Should the transaction with Shandong Gold not close by February 8, 2021, the Company expects to have sufficient cash available to repay all outstanding obligations under the Debt Facility prior to June 30, 2021, assuming the maturity date is extended, but not the final amount due upon maturity.

UPDATE ON MINING

In the third quarter, TMAC mined 61,400 tonnes of ore at a grade of 10.6 g/t, containing 20,900 ounces of gold. Mine production came primarily from the Doris underground mine in the BTD Extension and Connector zones. Madrid underground development and crown pillar mining

has been suspended and underground development is expected to recommence in early 2021, with preparation work underway.

Underground mine development at Doris averaged 8.7 metres per day during the third quarter of 2020, compared with 23.2 metres per day during the same period of 2019. A total of 800 metres were developed during the third quarter of 2020. The primary ore stockpile at quarter-end was estimated to contain 52,100 tonnes at an average grade of 5.8 g/t, containing 9,800 ounces of gold and the secondary stockpile was estimated to contain 37,500 tonnes at a grade of 3.6 g/t, containing 4,300 ounces of gold.

UPDATE ON PROCESSING

In the third quarter of 2020, the Company produced 18,420 ounces of gold and poured 21,200 ounces of gold. The average recovery rate achieved in the second quarter was 88%. Feed grade averaged 9.8 g/t at an average rate of 1,630 tpd during operating days. Recoveries in August were a record 90% as a result of improvements in leaching efficiencies. Shipments of the loaded resin for offsite treatment continued during the quarter.

The gold in process inventory, including doré, was estimated to contain 7,110 ounces on September 30, 2020. The gold in process consists of an estimated 1,680 ounces in doré bars, 3,220 ounces in the circuit, 820 ounces in partially processed material and 1,390 ounces in loaded resins, some of which resides offsite for treatment.

UPDATE ON EXPLORATION

All production delineation and exploration diamond drilling was suspended in March 2020 in response to the COVID-19 pandemic. Underground production drilling associated with the reduced operating plan resumed at the end of June and continued throughout the third quarter. All surface exploration programs have been deferred to 2021.

A total of 11,905 metres of underground diamond drilling was completed during the third quarter in the Doris Connector and Doris BTD Extension zones to support production and detailed stope design. Drilling is expected to continue through the fourth quarter of 2020. Drilling has been initiated to support further modelling of water-bearing structures in the Doris Central zone.

UPDATE ON TRANSACTION WITH SHANDONG GOLD MINING CO., LTD.

On May 8, 2020, TMAC announced the completion of the strategic review process initiated in January 2020, when the Company entered into a definitive agreement (the "**Arrangement Agreement**") with Shandong Gold Mining Co. Ltd. and a wholly-owned subsidiary, which was subsequently assigned to another indirect wholly-owned subsidiary, Streamers Gold Mining Corporation Limited (together "**Shandong**"), pursuant to which Shandong agreed to purchase all of the outstanding shares of TMAC at a price of \$1.75 per share in cash (the "**Transaction**"). For more information, please refer to the May 8, 2020 news release titled "[*TMAC to be Acquired by SD GOLD*](#)".

As previously disclosed, the Transaction was approved by TMAC's shareholders at a special meeting held on June 26, 2020, with 97% of the shareholders represented at such meeting

voting in favour, after which TMAC received a final order from the Ontario Superior Court of Justice approving the plan of arrangement to implement the Transaction under the *Business Corporations Act* (Ontario). Shandong has received all Chinese regulatory approvals in connection with the Transaction. The Commissioner of Competition in Canada has also issued a “no action” letter and terminated the waiting period early, which satisfies the Competition Act approval requirement.

On October 15, 2020, TMAC announced receipt of notification that the federal Cabinet has ordered a national security review under the *Investment Canada Act* (Canada) of the Arrangement Agreement with Shandong. Given the extended timelines under the *Investment Canada Act*, the Company expects closing of the Transaction to occur in the first quarter of 2021. The extension to timelines as a result of Bill C-20, *An Act respecting further COVID-19 measures*, and the related Ministerial Order issued on July 31, 2020, mean that the Government of Canada may not complete the regulatory review process and provide *Investment Canada Act* approval by February 8, 2021, which is the extended outside date in the Arrangement Agreement. Should the Transaction not close by the outside date or otherwise be extended, the Arrangement Agreement will terminate.

TMAC and Shandong remain committed to working with the Investment Review Division to obtain approval of the Transaction.

The Board of Directors and management of TMAC are also evaluating and preparing for the potentially significant challenges related to the refinancing of its debt facility which would be required if the Canadian government does not approve the Transaction. The Company will not be in a position to finalize commitments for the 2021, for which long lead items are often required in the first quarter, until the debt has been refinanced. As part of a refinancing strategy, TMAC continues to develop and evaluate Hope Bay mining and processing plant alternative scenarios with the objectives of reducing required capital expenditure and financing requirements and maximizing value, as compared to the 2020 PFS.

SUMMARY OF FINANCIAL RESULTS

	Units	Three months ended		Nine months ended	
		September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
P&L Summary:					
Revenue	ounces	27,650	37,580	83,230	114,510
Revenue	\$millions	70.5	72.8	196.3	206.8
Cost of sales ⁽¹⁾	\$millions	44.9	53.5	132.6	159.5
Profit (loss) from mining operations	\$millions	25.6	19.3	63.7	47.3
General and administration	\$millions	3.5	3.9	11.3	13.7
Net finance expense	\$millions	5.9	4.9	23.3	14.3
Foreign exchange gain (loss)	\$millions	3.8	(1.7)	(4.4)	4.8
Profit (loss)	\$millions	16.8	8.4	14.9	16.8
Per share	\$/share	0.13	0.07	0.12	0.15
EBITDA ⁽²⁾	\$millions	35.7	35.1	74.5	93.2
Adjusted EBITDA ⁽²⁾	\$millions	32.7	38.0	82.7	90.9
Unit Costs:					
Cost of sales ⁽¹⁾	\$/oz	1,624	1,424	1,593	1,393
Cost of sales ⁽³⁾	US\$/oz	1,219	1,075	1,177	1,046
Cash Costs ⁽³⁾	US\$/oz	901	729	890	705
Sustaining capex ⁽³⁾	US\$/oz	65	343	129	277
Other sustaining costs ⁽³⁾	US\$/oz	101	82	106	93
AISC ⁽²⁾⁽³⁾	US\$/oz	1,067	1,155	1,125	1,075
Cash Flow Summary:					
Cash from operating activities before working capital changes	\$millions	25.6	28.4	69.7	75.2
Cash from operating activities	\$millions	28.8	12.0	53.3	67.2
Cash used in investing activities	\$millions	(2.9)	(3.4)	(26.0)	(59.5)
Cash from financing activities	\$millions	-	25.6	23.3	15.6
Net increase/(decrease) in cash	\$millions	25.9	32.8	50.8	22.6
Cash at end of period	\$millions	71.5	47.4	71.5	47.4
USD Results:					
Average exchange rate	CAD/USD	1.33	1.32	1.35	1.33
Revenue	US\$millions	52.8	55.2	144.9	155.7
Average realized sales price	US\$/oz	1,910	1,469	1,741	1,360
Average spot price of gold – London PM Fix	US\$/oz	1,909	1,472	1,735	1,364
CAPEX Summary:					
Sustaining	\$millions	2.4	17.1	14.4	42.2
Expansion	\$millions	0.2	17.7	6.9	34.9
Exploration and evaluation	\$millions	0.4	8.1	4.0	17.1

(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 capital in the "Non-IFRS Measures" section below.

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

SUMMARY OF OPERATING RESULTS

	Units	Three months ended		Nine months ended	
		September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Mining:					
Doris ore ⁽¹⁾	tonnes	58,600	121,700	206,200	345,000
Average grade	g/t	10.9	9.7	12.1	10.9
Contained gold	ounces	20,600	37,900	80,300	121,100
Madrid ore	tonnes	-	-	55,700	-
Average grade	g/t	-	-	6.8	-
Contained gold	ounces	-	-	12,100	-
Incremental Ore ⁽²⁾	tonnes	2,800	11,300	17,100	37,800
Average grade	g/t	3.3	3.6	4.4	3.4
Contained gold	ounces	300	1,300	2,400	4,100
Total ore	tonnes	61,400	133,000	279,000	382,800
Average grade	g/t	10.6	9.2	10.6	10.2
Contained gold	ounces	20,900	39,200	94,800	125,200
Mining rate	tpd	670	1,450	1,020	1,400
Waste	tonnes	12,500	181,900	161,400	369,100
Total tonnes	tonnes	73,900	314,900	440,400	751,900
Development	metres	800	2,140	3,530	5,640
Processing:					
Processing rate	tpd	1,630 ⁽¹⁾	1,710	1,290 ⁽¹⁾	1,690
Ore processed	tonnes	66,600	157,600	288,300	460,900
Average grade	g/t	9.8	8.8	10.1	9.5
Contained gold	ounces	20,900	44,460	93,830	140,860
Recovery	%	88	82	85	82
Gold produced	ounces	18,420	36,290	79,680	114,860
Gold in process change	ounces	(2,780)	(1,320)	(3,770)	2,010
Gold poured	ounces	21,200	37,610	83,450	112,850
Gold sold	ounces	27,650	37,580	83,230	114,510
Stockpiles:					
Primary stockpile:					
Ore on surface ⁽²⁾	tonnes	52,100	7,400	52,100	7,400
Average grade	g/t	5.8	5.9	5.8	5.9
Contained gold	ounces	9,800	1,400	9,800	1,400
Secondary stockpile:					
Ore on surface ⁽³⁾	tonnes	37,500	35,200	37,500	35,200
Average grade	g/t	3.6	3.4	3.6	3.4
Contained gold	ounces	4,300	3,900	4,300	3,900

(1) Calculated based on days during the operating cycle of the campaign. Campaigns generally consist of three operating weeks followed by three down weeks. There were 41 operating days during the three months ended September 30, 2020.

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

(3) 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 and nine months ended September 30, 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 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 in this press release includes, but is not limited to, statements regarding the Company's operations at reduced levels, expected production and sustaining capital, the upcoming sealift, the future impacts of the COVID-19 pandemic, expectations regarding processing and exploration programs, the impact of steps taken to potentially mitigate the production delay and restart of mining at Doris Central, the ability of the Company and Shandong to obtain all required approvals and satisfy all required conditions, and the expected closing date of the Transaction.

"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, to be materially different. See "Risk Factors" in the Company's Annual Information Form dated May 12, 2020, and the "Risk Factors" in the Company's management information circular dated May 28, 2020 (for risks related to the completion of the Transaction), both filed on SEDAR at www.sedar.com for a discussion of these risks.

For further information please contact: TMAC Resources Inc.

Jason Neal
President and Chief Executive Officer
Phone: 647-480-3111

Lisa Wilkinson
Vice President, Investor Relations and Strategic Development
Phone: 647-480-3110
Email: Lisa.Wilkinson@tmacresources.com
www.tmacresources.com