TMAC Resources Inc.

Management's Discussion and Analysis
March 31, 2017
(Expressed in Canadian dollars, except where otherwise indicated)

MANAGEMENT'S DISCUSSION AND ANALYSIS
Periods Ended March 31, 2017

*This management's discussion and analysis of the financial condition and results of operations ("**MD&A**") of TMAC Resources Inc. ("**TMAC**" or the "**Company**") was prepared to enable a reader to assess material changes in the financial condition and results of operations of TMAC as at March 31, 2017 and for the three month periods ended March 31, 2017 and March 31, 2016. This MD&A is prepared as at May 12, 2017 and should be read in conjunction with TMAC's unaudited financial statements and notes thereto for the three months ended March 31, 2017 and March 31, 2016 which have been prepared in accordance with IAS 34, Interim Financial Reporting. The accounting policies of TMAC are in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and follow the same accounting policies and methods as noted in note 2 to the Company's audited financial statements for the year ended December 31, 2016 available on www.sedar.com. This MD&A contains forward-looking statements that are based on management's current expectations, are not historical in nature and involve risks and uncertainties. Forward-looking statements are not guarantees as to TMAC's future results as there are inherent difficulties in predicting future results. Accordingly, actual results could differ materially from those expressed or implied in forward-looking statements (please see "Cautionary Note Regarding Forward-Looking Information" below). This MD&A should be read in conjunction with TMAC's audited financial statements and notes for the years ended December 31, 2016 and 2015 and MD&A for the year ended December 31, 2016, available on www.sedar.com. The Company's common shares (the "**Common Shares**") trade on the Toronto Stock Exchange (the "**TSX**") under the stock trading symbol **TMR**. Additional information relevant to the Company's activities, including TMAC's annual information form (the "**AIF**"), can be found at the Company's website www.tmacresources.com and on SEDAR at www.sedar.com.*

COMPANY OVERVIEW

TMAC was incorporated on October 30, 2012, in the Province of Ontario, Canada, and is involved in the exploration, evaluation and development of the Hope Bay mineral property in the Kitikmeot Region of Nunavut, Canada ("**Hope Bay**"). TMAC has a 100% interest in Hope Bay and in the Elu property. The Company's registered head office is 95 Wellington Street West, Suite 1010, Toronto, Ontario, Canada M5J 2N7.

TMAC's efforts are devoted to the exploration, evaluation and development of Hope Bay which includes much of the Hope Bay greenstone belt. TMAC completed a Preliminary Feasibility Study (the "**PFS**"), with an effective date of March 31, 2015, that demonstrated the technical feasibility and commercial viability of three advanced projects at Hope Bay: **"Doris"**; "**Madrid"**; and "**Boston"** (collectively, the "**Hope Bay Project**" or the "**Project**"). Effective April 1, 2015, Doris transitioned from the exploration stage to the development stage. Doris is now in the process of transforming from the development stage to the production stage. TMAC poured its first gold bar at Doris on February 9, 2017 and is expected to achieve commercial production in the second quarter of 2017.

TMAC believes it has sufficient funds available from existing cash on hand at March 31, 2017 to maintain its mineral investments, fund its exploration and evaluation and administration costs and to ramp up production at Doris' processing plant (the "**Processing Plant**") to design capacity and achieve positive cash flow from mining operations.

TMAC is subject to risks and challenges similar to other mining companies as described under the headings "*Risks and Uncertainties*" and "*Cautionary Note Regarding Forward-Looking Statements*".

FIRST QUARTER 2017 HIGHLIGHTS

Overview

- Mining in the first quarter of 2017 produced 29,000 tonnes of ore at an estimated grade of 12.8 g/t, more than replacing the tonnes processed through the Processing Plant in the same period.
- The ore stockpiles at March 31, 2017 are estimated to contain 131,600 tonnes of ore at a grade of 13 g/t, or 56,800 ounces of gold.
- Underground mine development activities progressed as planned with lateral mine development at Doris North to access stoping areas above the dyke for mining in 2017 and 2018 essentially completed. Development of the BTD zone to facilitate increasing tonnages from 1,000 to 2,000 tonnes per day ("**tpd**") in 2018 continued as planned.
- Underground longhole stope drilling stayed on plan with 53,200 tonnes of ore drilled and ready for blasting and mucking. This represents more than one month's mine production.
- Blasting, mucking and hauling of ore to surface has been deliberately slowed down as surface ore stockpiles have reached storage capacity. As the Processing Plant feed rate picks up ore blasting, mucking and hauling to surface can be quickly ramped up.
- Commissioning of the Processing Plant, with a crushing, grinding and flotation concentrate producing circuit (a "**Python**") designed and fabricated by Gekko Systems Pty Ltd. ("**Gekko**") to process 1,000 tpd of ore at full capacity, commenced in January.
- The Processing Plant processed 19,000 tonnes of ore as part of the commissioning process and produced 4,390 ounces of gold in the form of high purity doré bars, of which, 4,250 ounces were sold in the first quarter generating proceeds of $7.0 million which were capitalized to

development costs on the Statement of Financial Position. The gold-in-circuit inventory was estimated to be fully loaded in the first quarter.

- While the Processing Plant operated for a number of days in April at or above its designed capacity of 1,000 tpd, periods of circuit instability resulted in interruptions in availability. Accordingly, the ramp up was slower than planned and Doris is now expected to reach commercial production in the second quarter of 2017.
- The slower than expected ramp up resulted in less gold production than expected in the first quarter necessitating a change in TMAC's 2017 guidance from the previously expected 130,000-140,000 ounces to 100,000-120,000 ounces.
- The overall capital cost guidance, including pre-commercial production, expansion, sustaining and exploration expenditures, has increased from $70 million to $83 million as a result of the slower ramp up of the Processing Plant. This increase will, however, be partially offset by a reduction in total overall operating expenses for the year.
- The cash operating costs and the all-in sustaining cost per ounce sold after achieving commercial production guidance remains at <US$600 per ounce of gold and <US$750 per ounce of gold, respectively.
- Once commercial production and steady state processing is achieved, TMAC plans to optimize its 2017 gold production by blending mill feed from the ore stockpiles and underground production.
- The fabrication by Gekko of the second Python was essentially complete and will be shipped in the 2017 sealift.
- Underground drilling on the BTD zones resumed late in the first quarter of 2017.
- Equipment and supplies required to support the 2017 diamond drilling program at Boston, were transported in March and April from Doris to Boston by the Rimpull tundra transporter on a winter track.
- A 100-person camp, currently located in Cambridge Bay, has been secured by TMAC for delivery to Hope Bay in the 2017 sealift. The extra bed space will facilitate TMAC's future exploration and development efforts on the Hope Bay belt.
- Net loss and comprehensive loss for the quarter totalled $2.4 million, or $0.03 per share, compared with $0.2 million, or $0.00 per share, in the first quarter of 2016. TMAC did not have any revenues in either period and the principal difference between the net loss in the comparative quarters is due to a greater foreign exchange gain in 2016. Cash balances at March 31, 2017 were $28.9 million plus $10.0 million included in restricted cash under the terms of the Credit Facility (defined below).

Processing Plant Update

The Processing Plant ramp up has encountered issues that have affected its availability. As a result, a detailed, systematic plant optimization program has been implemented to improve plant stability to expected steady state levels. Challenges and mitigations include:

- Issues with certain original equipment manufacturers' components resulted in reduced Processing Plant availability. While these components are in the process of being replaced at the supplier's cost, management has and continues to make corrective action to compensate for the mechanical issues.
- A challenging labour market due to a recent increase in competition from other projects currently under development in Canada, affected the availability of qualified processing plant operators. Processing plant labour stability has been significantly improved with most operational positions filled by May with high quality personnel. TMAC has acquired additional assistance from consultants, contractors and others to provide the necessary technical and metallurgical support. The Processing Plant training program has been

augmented to ensure that the new personnel arriving at site are provided with additional specialized classroom and 'hands on' training.

- TMAC has contracted two consultants, an operations' ramp up specialist and a processing plant specialist, to provide additional input into improving the ramp up. Many of their recommendations are now being implemented on a priority basis and a formal Processing Plant improvement process has been implemented to augment TMAC's systematic "root cause analysis" improvement process. The most significant of the improvements currently underway are focused on water balance and management, gravity and flotation mass pull optimization and leach residency optimization.
- The Processing Plant is being fed lower grade stockpile ore while the improvements to circuit stability are being implemented. As plant stability continues to improve, recovery optimization will become the focus.
- The commissioning of the first Python has identified optimizations that are being incorporated into the second Python in time for the 2017 sealift delivery, installation in the fourth quarter and production therefrom planned for 2018.

2017 OUTLOOK

TMAC completed its first gold pour from its Doris mine on February 9, 2017. TMAC's focus for 2017 remains the orderly ramp up of gold production by the Processing Plant and the ramp up of underground development to support an increase in production at Doris in 2018 from approximately 1,000 tpd to 2,000 tpd. A second 1,000 tpd capacity Python is planned for delivery on the 2017 sealift. The key production statistics and expected expenditures in 2017 are provided in Table 1 below.

Table 1: Summary of key production statistics and expected expenditures for 2017.

	Three months ended March 31, 2017	**Revised 2017 forecast**	**Original 2017 forecast**
Ore mined (tonnes)	29,000	260,000	275,000
Average grade mined (grams/tonne)	12.8	13	13
Ore milled (tonnes)	19,000	260,000	325,000
Gold sold (ounces)	4,250	100,000 – 120,000	130,000 – 140,000
Cash cost per ounce sold [(2)(3)]	-	<US$600	<US$600
All-in sustaining cost per ounce sold [(2)(3)]	-	<US$750	<US$750
Capital expenditures:			
Sustaining	-	$16 million	$15 million
Pre-commercial production[(4)] and expansion	$19.0 million	$49 million	$35 million
Exploration and evaluation	$2.6 million	$20 million	$22 million

1. CAD/USD exchange of 1.30.
2. Refer to non-IFRS measures below.
3. Cash cost and all in sustaining cost per ounce sold ("**AISC**") refers to results after achieving commercial production.
4. Total costs before pre-commercial production gold sale proceeds.

Sustaining capital expenditures include costs for improvements to and optimization of the Processing Plant, construction activities in the tailings impoundment area ("**TIA**"), water

discharge, surface equipment, an equipment wash-bay, final installation and commissioning of the last two generators at the power plant and other miscellaneous items.

Expansion capital includes the costs associated with the development of the Doris North BTD zone, completing and installing the second Python including its related equipment and infrastructure and the purchase and installation of an additional camp for site with bed-space for 100 people. Development of the BTD zones is dependent on further exploration success but is anticipated to be a future source of ore to feed the expanding capacity of the Processing Plant noted above. Expansion capital includes a one-time charge of $8 million, payable to Nunavut Tunngavik Inc. ("**NTI**") in eight equal quarterly instalments commencing in the quarter immediately after achieving commercial production at Hope Bay.

Pre-commercial production capital includes the costs associated with completing the commissioning and ramp up of the Processing Plant and surface infrastructure capital costs incurred up to the point of reaching commercial production.

The delay in achieving commercial production and the additional costs incurred to date and expected to be incurred to achieve commercial production are estimated to total approximately $13 million. Despite the delay, TMAC forecasts sufficient cash on hand to be able to achieve commercial production and achieve positive cash flow from mining operations.

Camp space has been constrained by the number of additional personnel at camp to facilitate the ramp up. This has led to rescheduling of certain regional and Madrid exploration programs.

2017 OBJECTIVES

- Achieve commercial production of gold and ramp up to full production.
- Deliver the second Python on the 2017 sealift and install and commission in the Processing Plant.
- Safely and successfully deliver consumables, materials, supplies and additional mobile equipment on the 2017 sealift.
- Explore and develop the Doris North BTD zone for production by early 2018.
- Construct additional bed-space for at least 80 people at site.
- Commission the remaining two generators at the power plant.
- Conduct 6,500 metres of surface drilling at Naartok.
- Reopen the Boston camp and conduct 7,500 metres of exploration drilling.
- Support the technical review of the Madrid-Boston draft environmental impact statement ("**EIS**") and progress to submission of the final EIS and Type A Water Licence Application.
- Obtain the Madrid Type B Water Licence to allow TMAC to move forward with development of surface infrastructure, underground advanced exploration and bulk sampling at Madrid.

HOPE BAY

Overview

Hope Bay, originally acquired from Newmont Mining Corporation (collectively with subsidiaries "**Newmont**") in March 2013, is located approximately 685 kilometres ("**km**") northeast of Yellowknife, Northwest Territories, and approximately 125 km southwest of Cambridge Bay, and east of Bathurst Inlet, in the Kitikmeot region of western Nunavut, Canada (Figure 1). Hope Bay is approximately 160 km above the Arctic Circle, comprises an area of 1,101 km^2 and forms one large contiguous block of land that is approximately 80 km by 20 km in extent. The Hope Bay

Project comprises the Doris, Madrid and Boston gold bearing mineral deposit trends. TMAC has a 100% interest in Hope Bay (Figure 2). Newmont retained a 1% net smelter return royalty (the "**Newmont NSR**") on the Hope Bay claims and an area of interest around Hope Bay.

In 2013, TMAC acquired from Newmont a 100% interest in the original Elu claims, a separate greenstone belt to the east of the Hope Bay claims covering 31,259 hectares. In June 2016, TMAC staked the extension of the Elu greenstone belt, comprising 37,214 hectares, thereby linking the Elu claims with the Hope Bay claims. The Elu claims now form a land package that comprises an area of 685 km^2 and is approximately 80 km by 10 km in extent (Figure 2).

Figure 1: Hope Bay Project General Location Map.

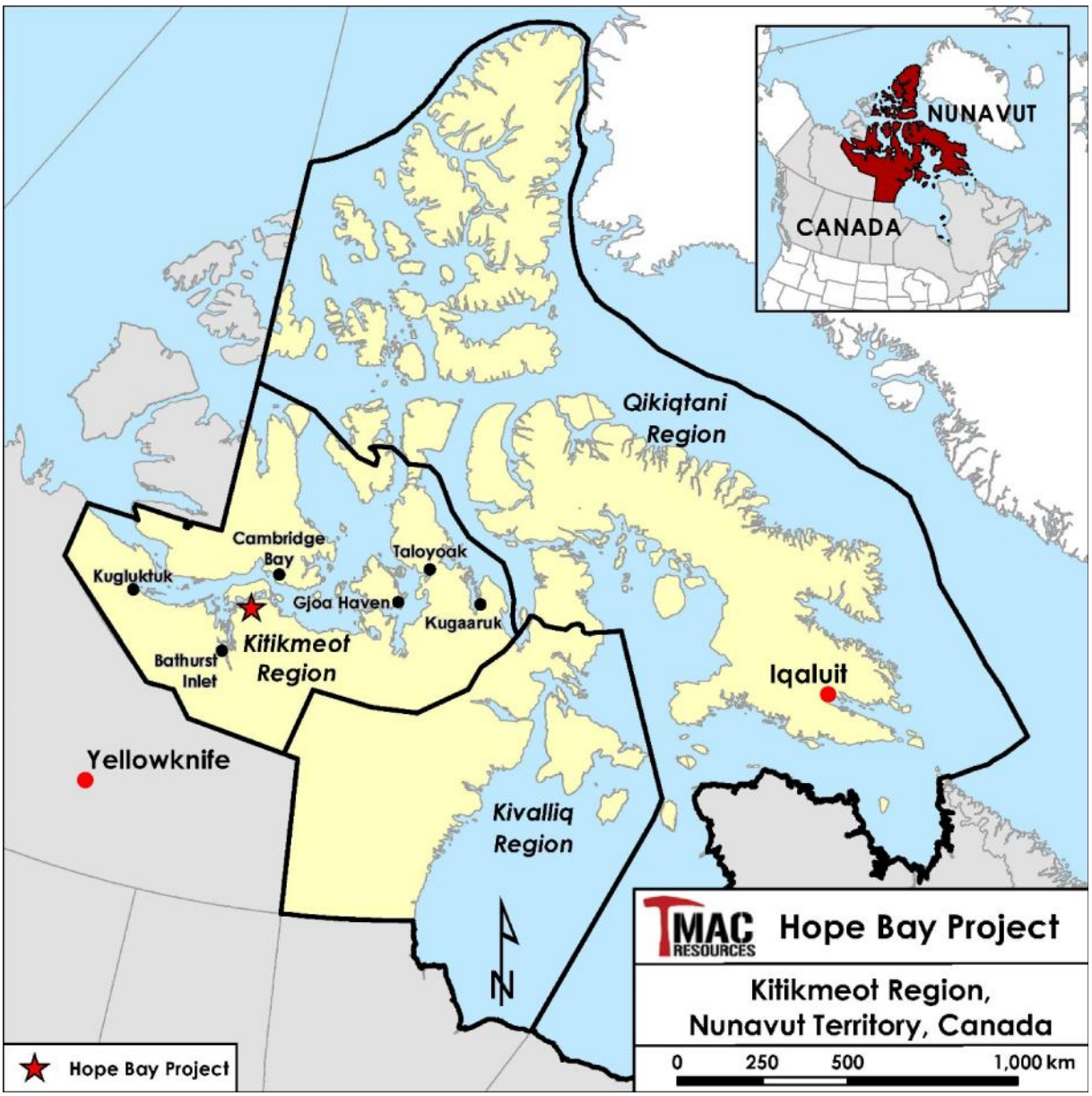
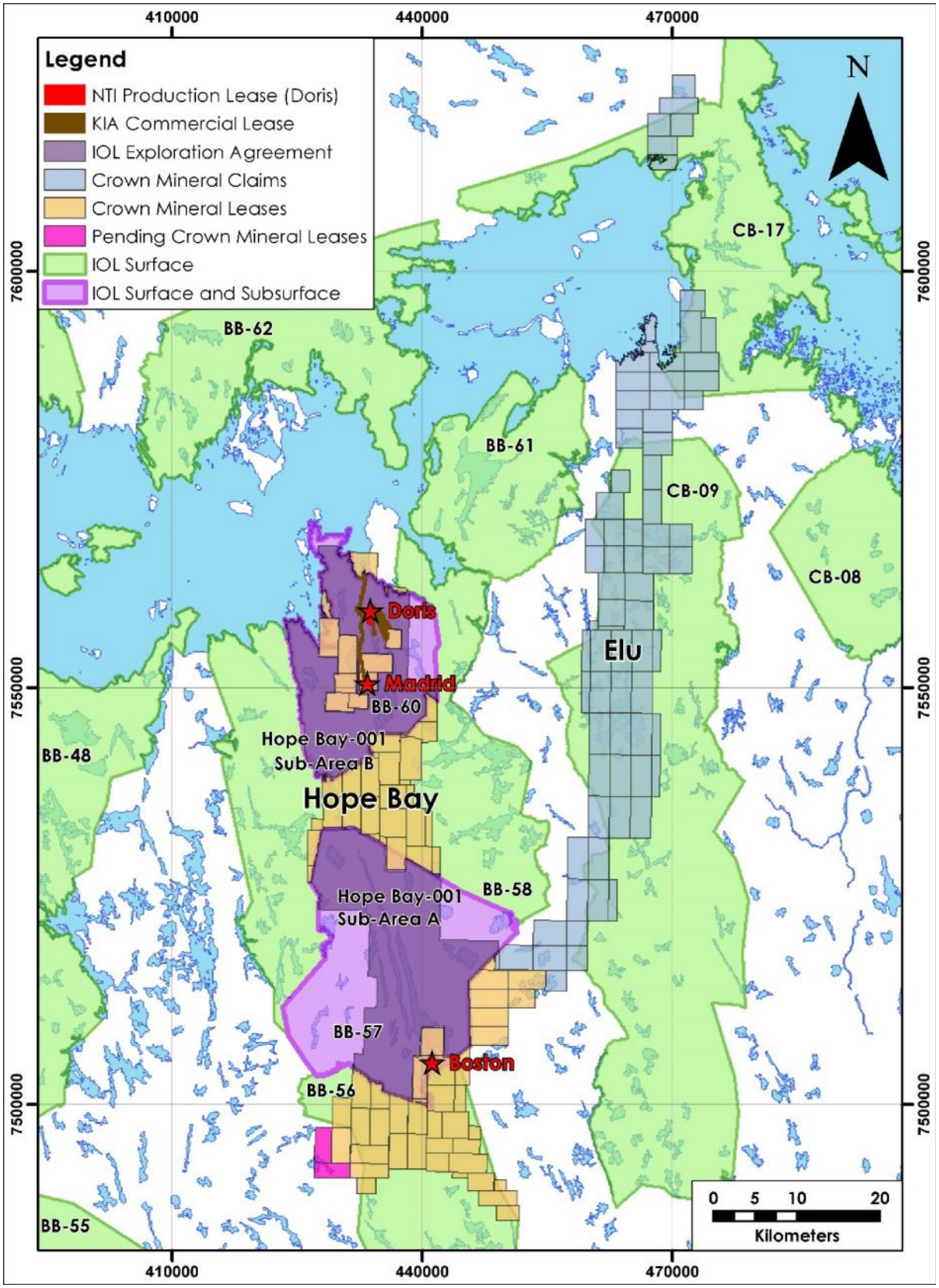


Figure 2: Hope Bay and Elu properties mineral tenures.



Land tenure and mineral claims

TMAC entered into a Mineral Exploration Agreement ("**MEA**") granting TMAC access to the Inuit-owned subsurface mineral rights administered by NTI; TMAC also entered into a Framework Agreement (the "**Framework Agreement**") and an Inuit Impact Benefits Agreement ("**IIBA**") administered by the Kitikmeot Inuit Association (the "**KIA**") for Inuit-owned surface access rights for the Hope Bay Project. Each of the MEA and Framework Agreement are for 20 year periods ending March 30, 2035.

The MEA requires annual rent payments to be made to NTI for the subsurface mineral rights and a 12% net profits interest royalty for the extraction of the minerals on Inuit-owned subsurface rights analogous to the Crown's net profits interest royalty tax on Federal subsurface mineral rights. The Framework Agreement requires payments of $1.0 million per annum to the KIA, adjusted for inflation from 2015, and a 1% net smelter return royalty on mineral production (the "**KIA NSR**").

NTI owns approximately 50% of the subsurface mineral claims at Hope Bay with the other 50% being owned by the Crown. While the ownership of mineral rights is associated with specific claims, it is distributed approximately as follows: Doris - 100% by NTI; Madrid - 50%/50% shared mineral rights between NTI and the Crown; Boston and southwards - 100% owned by the Crown (Figure 2). As the owner of the Inuit owned subsurface mineral rights, NTI is to be paid a 12% net profits interest royalty from any production, with the calculation of the amount being subject to a limit in the allowable deductions of approximately 75% of revenues. Crown lands are subject to a sliding scale net profits interest royalty of up to 13%; however, unlike the NTI net profits royalty, there is no limit to the allowable deductions. The Crown and NTI net profits royalties are mutually exclusive as they pertain to different claims. Both net profit royalties will be included in the provision for taxes for accounting purposes once commercial production commences.

The majority of the Elu claims are on Inuit-owned lands that are not included in the Inuit-owned surface access rights provided through the Framework Agreement. The Crown owns 100% of the Elu subsurface mineral claims.

Hope Bay Project infrastructure

The Roberts Bay port is on Arctic Ocean tidewater and is located approximately three kilometres from Doris. The Roberts Bay port facilities include: a jetty, diesel fuel storage facilities, a gravel airstrip and a large laydown area for equipment and supplies. Infrastructure at Doris includes: a power plant, Processing Plant, camp facilities, additional diesel fuel storage, helipads, administration, maintenance, warehouse and mine-dry buildings, an all-year haul road from Roberts Bay to Doris and through to Madrid, a quarry, an ore pad for the ore in stockpile and a permitted TIA (Figure 3).

Figure 3: Doris site proximity to the Roberts Bay port on Arctic Ocean tidewater and site infrastructure – August 2016.

Infrastructure at Boston includes a gravel airstrip, a camp, diesel fuel storage and a portable power plant.

Operations

Mining and processing

The objective of the 2017 mining plan is to ramp up the Doris underground mine to steady state ore production and, in conjunction with the ore in stockpile on surface, to achieve a throughput of 2,000 tpd in 2018.

Table 2 details the production achieved to March 31, 2017

Table 2: Production metrics to March 31, 2017.

	Three months ended March 31, 2017
Mining	
Ore mined (tonnes)	29,000
Waste mined (tonnes)	71,300
Total mined (tonnes)	100,300
Development advanced (metres)	1,633
Average gold grade (g/t)	12.8
Contained gold (ounces)	12,000
Processing	
Ore processed (tonnes)	19,000
Gold produced (ounces)	4,390
Gold sold (ounces)	4,250
Estimated Stockpile:	
Ore on surface (tonnes)	131,600
Average gold grade (g/t)	13
Contained gold (ounces)	56,800

Underground mine development activities progressed as planned with lateral mine development at Doris North to access stoping areas above the dyke for mining in 2017 and 2018 being essentially completed. Mine development productivity in the first quarter of 2017 averaged over 0.45 metres per man-shift including geology and technical services staff, compared with the PFS assumption of 0.25 metres per man-shift at full production. Direct development productivity achieved an average 0.65 metres per man-shift. Mine development was adjusted in line with the slower ramp up of the Processing Plant and achieved 1,633 metres versus a planned 1,809 metres, averaging 18 metres per day compared with the plan of 20 metres per day as management reduced the number of development mining headings due to the accumulated development metres being ahead of the project to date plan.

Sill development was completed for the longhole stopes planned for the first quarter, however, due to the slower than anticipated ramp-up of the Processing Plant and the resultant continued build-up of the ore in stockpile on surface, longhole production blasting, mucking and hauling to surface was deliberately delayed. In addition, as a result of the completion of Doris North development objectives a total of 100,300 tonnes of ore and waste were mined in the first quarter compared with the budget of 122,500 tonnes. Longhole stope drilling stayed on plan resulting in 53,200 tonnes of ore underground, containing approximately 11,200 ounces of gold, that was drilled but not blasted and mucked at quarter end, representing more than one month's mine production awaiting blasting and hauling. As the Processing Plant run rate picks up ore blasting, mucking and hauling to surface can be quickly ramped up. Once commercial production and steady state processing is achieved, TMAC plans to optimize its 2017 gold production by blending mill feed from the ore stockpiles and underground production.

Mining in the first quarter of 2017 produced 29,000 tonnes of ore at an estimated grade of 12.8 g/t contained approximately 12,000 ounces of gold. Mining in the first quarter more than replaced the tonnes processed through the Processing Plant in the same period.

The difference in the grade mined during the three months ended March 31, 2017 of 12.8 g/t over the three months ended December 31, 2016 of 13.9 g/t reflects sill development in lower grade stoping areas at the margins of the ore body as pre-commercial production development of the above the dyke resources of Doris North is approaching completion. Year-to-date grades of 12.8 g/t are in line with the target of 13.0 g/t despite the lower than planned production from longhole stoping.

A dual-boom, scissor-deck mounted version of the CMAC bolting arms, delivered on the 2016 sealift, was in use during both the fourth quarter of 2016 and the first quarter of 2017 with good results.

Additional mining equipment was purchased in 2016 to facilitate BTD development while maintaining Doris North production plan development schedules. Development of the BTD zone, based on inferred resources, was included in the 2017 budget plan and remains on plan.

The stockpile at March 31, 2017 is estimated to contain 131,600 tonnes of ore at a grade of 13 g/t, or 56,800 ounces of contained gold. The stockpile is to provide the Processing Plant with significant feed for ramp up to 1,000 tpd in 2017 and, following the delivery and installation of a second Gekko fabricated Python to site on the 2017 sealift, to 2,000 tpd in 2018.

Three ore stockpiles (low, medium and high grades) were established to allow for blending of ore going into the Processing Plant.

The Processing Plant processed 19,000 tonnes of ore as part of the commissioning process and produced 4,390 ounces of gold in the form of high purity doré bars, of which, 4,250 ounces were sold in the first quarter generating proceeds of $7.0 million which were capitalized to development costs on the Statement of Financial Position. The gold-in-circuit inventory was estimated to be fully loaded in the first quarter.

Capital Projects

Sustaining capital

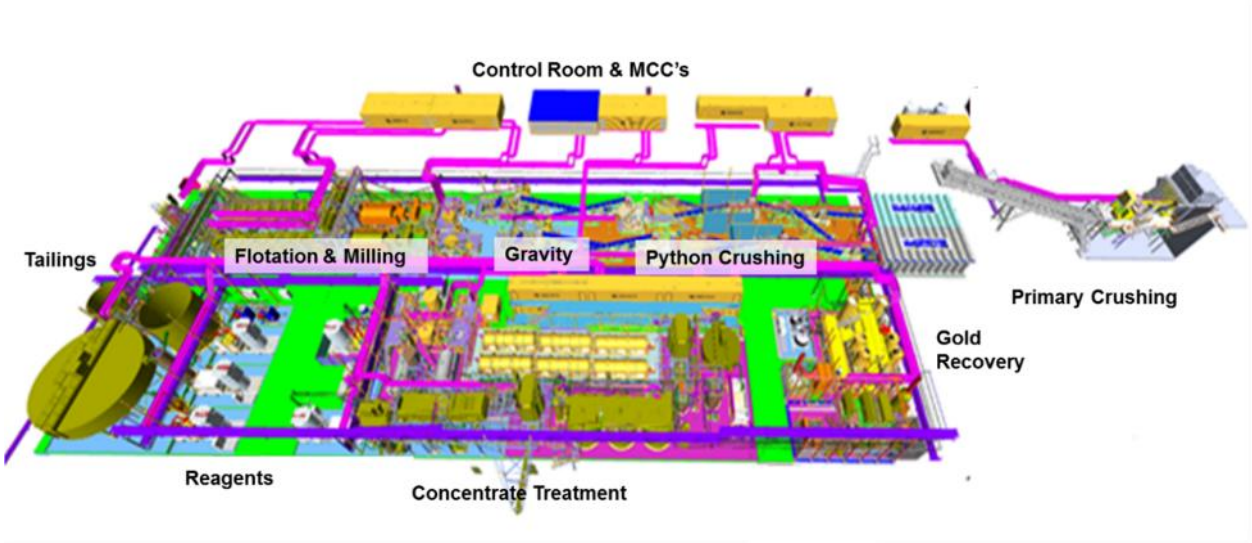
Planned sustaining capital for 2017 includes the capital expenditures on certain electrical and mechanical infrastructure at site, underground mine development to sustain production at Doris, surface infrastructure and surface equipment to replace aging and rental surface equipment.

Pre-commercial production capital

Pre-commercial production capital includes the capital expenditures required to complete stage 1 of the Processing Plant construction and testing and certain electrical and mechanical infrastructure related to the Processing Plant to the point at which commercial production is achieved.

The Processing Plant (Figure 4) has two main production lines: the Python ore crushing and grinding line that produces gold through a gravity circuit and subsequent flotation; and, a concentrate treatment plant ("**CTP**") that will treat both gravity and flotation concentrates. The PFS estimated the final gold recovery rate of the Processing Plant to be 94% for Doris North ores.

Figure 4: Processing Plant layout including the second Python train to be installed in late 2017.



Assembly of the Processing Plant at site, which began on September 9, 2016, progressed with wet commissioning starting in December 2016, followed by rock in January 2017, processing gold ore in late January 2017, first gold pour on February 9, 2017 (Figure 5) and ramp up to steady state production activities that will continue in the second quarter of 2017.

Figure 5: First TMAC gold bar HB0001 poured on February 9, 2017.

While the Processing Plant processed ore to March 31, 2017 and operated for a number of days in April at or above its designed capacity of 1,000 tpd, periods of circuit instability resulted in

interruptions in availability. As a result, a detailed, systematic plant optimization program has been implemented to improve plant stability to expected steady state levels.

Issues with certain original equipment manufacturers' components resulted in reduced Processing Plant availability. While these components are in the process of being replaced at the supplier's cost, management has and continues to make corrective action to compensate for the mechanical issues. This has also resulted in the initiation of improvements to TMAC's spares management protocols and procedures which are now well underway, including increased warehousing space, and the roll-out of an updated preventative maintenance program scheduled for the second quarter. Operating improvements also include actions to further reduce the introduction of foreign steel into the Processing Plant.

A challenging labour environment, due to a recent increase in competition from other projects currently under development in Canada, impacted the availability of qualified processing plant operators. Processing plant labour stability has been significantly improved with most operational positions filled by May. TMAC has acquired additional assistance from contractors, consultants and others to provide the necessary technical and metallurgical support. The Processing Plant training program has been augmented to ensure that the new personnel arriving at site are provided with additional specialized training.

TMAC has contracted two consultants, an operations' ramp up specialist and a processing plant specialist, to provide additional input into improving the ramp up. Many of their recommendations are now being implemented on a priority basis and a formal Processing Plant improvement process has been implemented.

The Processing Plant is being fed lower grade stockpile ore while the improvements to circuit stability are being implemented.

The commissioning of the first Python has identified optimizations that are being incorporated into the second Python in time for the 2017 sealift delivery, installation in the fourth quarter and production therefrom planned for 2018

The Processing Plant is expected to achieve commercial production in the second quarter of 2017 and targeted to ramp up to budgeted levels of 1,000 tpd at 94% gold recovery during 2017.

The Doris airstrip that was extended from 900 metres length by 20 metres width to 1,500 metres length by 40 metres width in 2015 will be further extended to 1,600 metres in length and a south apron added with aircraft de-icing capabilities to reduce the potential for weather delays and to increase aircraft capacity during the warm summer months. Construction activities on the apron are well underway.

Pre-commercial production capital costs were $10.8 million to March 31, 2017, $7.3 million more than budget, mainly due to the extended time for completing and ramping up of the Processing Plant.

Expansion capital

Expansion capital refers to the fabrication, shipping, installation and commissioning of the second Python and to the development of the BTD zone.

The fabrication by Gekko of the second Python was essentially complete by March 31, 2017. Total fabrication costs for the second Python are approximately $17 million, of which $3.1 million was paid in the first quarter and $16.5 million has been paid to March 31, 2017. Adding transportation and installation costs the total should be approximately $20 million.

To support the BTD zone expansion, equipment will be procured and commissioned. A sand fill plant will be constructed to utilize coarse tailings for mine backfill as part of the plan to increase production to 2,000 tpd in 2018.

A 100-person camp, currently located in Cambridge Bay, has been secured by TMAC for delivery to Hope Bay in the 2017 sealift. The extra bed space will facilitate TMAC's future exploration and development efforts on the Hope Bay belt.

Expansion capital costs to March 31, 2017 of $8.2 million were in line with the budget.

EXPLORATION

The exploration and geoscience program for 2017 is designed to support several aspects of exploration at Hope Bay ranging from immediate production support, through advanced exploration, to the generation of regional targets in preparation for drilling. A key strategy of the exploration program is to develop and maintain a project pipeline consisting of highly prospective exploration targets at various stages of evaluation. The primary objective, however, will be to continue to support infill and expansion diamond drilling, focused on the Doris North BTD zones.

Work continued on Mineral Resource model updates on schedule to meet the June 30, 2017 Mineral Resource Mineral Reserve statement.

Overview

Underground drilling on the BTD zones resumed late in the first quarter of 2017, approximately one month later than scheduled. The 2017 surface exploration programs have been rescheduled and in some cases reduced from the original budget, to make more Camp space available for the additional personnel at site to facilitate the Process Plant ramp up. A summary of the revised surface and diamond underground drill programs for 2017 is provided in Table 3 below.

Table 3: Results of the surface and underground drill programs for the quarter ended March 31, 2017 compared with the plan for 2017.

	Three months ended March 31, 2017	Revised 2017 Plan	Original 2017 Plan
Surface drilling (# metres)			
- Naartok	-	3,700	6,500
- Boston	-	7,500	7,500
- Regional exploration	-	2,650	4,000
Total	-	13,850	18,000
Direct cost per metre ($)[(1)]	-	287	287
All-in cost per metre ($)[(1)]	-	485	485
Underground drilling (# metres)			
- BTD Zone	1,782	20,000	20,000
Direct cost per metre ($)[(1)]	191	160	160
All-in cost per metre ($)[(1)]	311	135	355

(1) Direct cost per metre and all-in cost per metre are non-IFRS measures (see Non-IFRS Measures below).

Drilling costs per metre to March 31, 2017 were higher than had been planned for the full year due to the later than expected start-up of the drilling program and the absorption of proportionately higher camp overhead costs per metre due to fewer metres being drilled than planned for the first quarter.

Doris

Site-based exploration on the Doris deposit commenced at the end of February 2017 with the mobilization of contractor drilling personnel to site in preparation for underground drilling that commenced in March.

Initial exploration drilling from the BTD ramp will test historical intersections south of the known BTD zones.

The underground diamond drilling program has two components: definition and expansion drilling on the high-grade BTD East Limb and BTD Extension zone; and, exploration and follow-up drilling of historical intersections south of the known BTD East Limb.

Madrid

No site-based exploration activities were completed during the first quarter of 2017. The 2017 diamond drilling program included 6,500 metres of surface drilling at Naartok that will target further upgrading and expansion of the Naartok zone. As noted above, the diamond drilling program has been reduced to 3,700 metres and re-scheduled to begin at the end of the second quarter. The metres have been reduced to reflect a shorter drilling period than initially budgeted as typical weather conditions result in inefficient drilling beyond September.

Boston

The objective of the 2017 program at Boston is to demonstrate the potential to add significant high-grade gold ounces to the Boston mineral resource base.

Equipment and supplies required to support the 2017 diamond drilling program at Boston were transported from Doris to Boston in March and April by the Rimpull tundra transporter (Figure 6) on a winter track. The Boston camp facilities will be opened and re-commissioned in the second quarter in preparation for the diamond drilling program scheduled for the third quarter. The 2017 diamond drilling program includes 7,500 metres of surface drilling at Boston that will target expansion of mineral resources and demonstrate the high-grade potential at Boston.

Figure 6: Rimpull tundra transporter with cargo.

Regional Exploration

The regional exploration program for 2017 included 4,000 metres of diamond drilling allocated to high priority targets defined during the 2016 and early 2017 programs. As noted above, the regional drilling program has been reduced to 2,650 metres and re-scheduled to the third quarter and will run concurrently with the Madrid drilling program. Highly prospective areas in the north portion of the Hope Bay belt include the Quaqtuq area west of Doris and the Akunniq area north of the Madrid Deposit. Gold in till sampling during the 2016 season had highlighted possible dispersal trains not associated with the known deposits. Follow-up Reverse Circulation drilling ("**RC drilling**") commenced in March and continued into April, when the program was stopped to make more Camp space available. RC drilling and till sampling results will be used to refine diamond drilling targets scheduled for the third quarter.

Elu

The new Elu link claims, staked by TMAC in June 2016, were approved by the Nunavut mining recorder in the fourth quarter of 2016.

Exploration on the Elu belt in 2017 has not commenced yet but will consist of geological mapping within the Elu link claims and more detailed geological mapping on the main Elu belt, following up on anomalies identified by the 2015 airborne geophysical program.

PERMITTING

TMAC is in possession of Federal and Territorial approvals required to continue production at the Doris Mine. Since the acquisition of Hope Bay in March 2013, TMAC has operated in compliance with environmental requirements and has successfully administered a rigorous environmental monitoring and reporting program. The Company also maintains extensive data collection programs required to support the current permits and future permitting of additional mining areas including those at Madrid and Boston.

TMAC established an on-going permitting program to ensure long-term regulatory compliance of mining activity at Hope Bay. The program has taken a three-pronged approach designed to: permit an increase in the tonnage and mine life at Doris; allow the Company to extract bulk samples from the Madrid South and Madrid North areas; and, extend commercial mining to the Madrid and Boston areas of Hope Bay. By the end of 2016, TMAC received important amendments to both the Doris Mine Project Certificate from the Nunavut Impact Review Board ("**NIRB**") and the Type A Water Licence from the Nunavut Water Board ("**NWB**"), satisfying the first of the three objectives.

Doris

An amended Project Certificate was received on September 23, 2016 and an amended Doris Water Licence was received on December 16, 2016. The Doris mine is now fully permitted for mining and ore processing at the Doris site at currently planned capacities.

Other permits include authorizations from the Department of Fisheries and Oceans (the "**DFO**") (for the life of mine), a navigable waters permit from Transport Canada (for the life of mine) and a jetty lease from Indigenous and Northern Affairs Canada ("**INAC**") for the Roberts Bay jetty which expires in July 2017. At the beginning of July 2015, the Company provided INAC with a renewal advice for the jetty lease and TMAC does not anticipate any difficulties in obtaining the renewal. Further discussions have been held with INAC and the amendments to the applicable lease and permit will include updating the lease on the current jetty as well as provisions to include the proposed in-water infrastructure associated with the saline water discharge pipeline into Roberts Bay. These are expected to be in place before the expiry of the existing lease and permit.

Madrid and Boston and the remaining Hope Bay Belt

To carry out exploration in Nunavut, a Type B water licence is required from the NWB. TMAC holds two Type B water licences: one for the Boston area at the southern end of the Hope Bay property, which permits a 65-person camp, surface exploration and the extraction of a bulk sample of ore by a previous owner that is currently stockpiled at the Boston site; and, one for exploration drilling over the Hope Bay greenstone belt. The Boston Type B licence is scheduled to expire in July 2017. In January 2017, TMAC initiated a renewal application for the licence with the NWB

and anticipates receiving the renewal prior to expiration. Comments on the renewal application have been received from INAC and the staff of the NWB and responses have been provided for NWB's consideration. The NWB is currently considering these responses along with a reduced estimate for camp reclamation cost. In the unlikely event that this should be delayed, there is provision in the legislation for temporary extensions.

Madrid advanced exploration application

In December 2014, the Company submitted an application to NWB for a new Type B Water Licence for advanced exploration, including the collection of bulk samples from each of the Madrid North and Madrid South deposits. The NWB referred the application to the NIRB for screening, and in June 2016, NIRB determined that the project could proceed and returned the application to NWB to prepare a licence. A technical review has been undertaken by regulatory bodies and a number of responses prepared by TMAC for the NWB's consideration. NWB has confirmed that the licence has been approved, subject to minor text revisions. Accordingly, TMAC anticipates that the Madrid Type B Water Licence will be issued by the end of the second quarter, 2017.

Commercial mining at Madrid and Boston

The current long-term mining plan for Hope Bay includes the development of commercial mining operations at the Madrid and Boston sites. The bulk sample program currently under permitting consideration is an integral part of determining the viability of the Madrid deposits. For the Boston deposits, it is anticipated that plans for commercial development would be derived from existing knowledge augmented by additional exploration undertaken in the future under the renewed Boston Type B Water Licence.

From a permitting perspective, commercial mining at Madrid and Boston requires a two-stage process. The first stage involves initiating an EIS process covering the proposed developments. TMAC submitted the draft EIS to NIRB and NWB on December 28, 2016. TMAC received 392 requests for additional information on the draft EIS on February 28, 2017 and responded to all requests on March 17, 2017. NIRB then issued an outline of the next steps for the coordinated review of the draft EIS by NIRB and NWB and initiated a public technical review culminating in public technical meetings in mid-June of 2017. Thereafter, NIRB will provide instructions as to modifications requested to the proposed project for submission in the final EIS. TMAC anticipates submitting a completed final EIS before the end of 2017.

Based on similar projects, the Company anticipates an estimated two-year review period from submission of the draft EIS, through preparation, review and approval of the final EIS before a project certificate covering the southern developments is issued by NIRB. The second stage of the permitting process entails acquiring Type A Water Licences from NWB to cover the proposed mining operations. The Company anticipates receipt of the water licence approximately one year following receipt of the project certificate.

Environmental rehabilitation and production lease bonding

As part of TMAC's environmental rehabilitation responsibilities for Hope Bay, the Company deposited funds into certificates of deposits with certain large Canadian financial institutions that collateralized letters of credit issued to INAC, DFO and KIA for bonding of Hope Bay's environmental rehabilitation liabilities. The certificates of deposit amounts are included in restricted cash on the Statement of Financial Position.

Under TMAC's Framework Agreement with the KIA, the KIA is entitled to hold security for the rehabilitation of the land affected by the operations. INAC is entitled to hold security for the rehabilitation of water affected by the operations. In the Type A Water Licence, the NWB set the amounts to be held by KIA and INAC at $17.6 million and $13.1 million, respectively.

In addition to the letters of credit that TMAC maintains for environmental rehabilitation liabilities, pursuant to the Framework Agreement, TMAC is required to provide the KIA with additional environmental rehabilitation assurance that, essentially, provides twice the amount of assurance required by the Federal regulators ("**Overbonding**") on certain aspects of the Hope Bay Project's environmental rehabilitation, totalling $9.7 million (the "**Overbonding Amount**"). The Overbonding Amount is secured by a general security agreement with the KIA (the "**KIA GSA**"). Pursuant to the definitive Credit Agreement entered into on July 23, 2015 (the "**Credit Agreement**"), the KIA GSA was subordinated to the Debt Facility. Also as part of the Framework Agreement, TMAC agreed to provide the KIA with letters of credit equal to 5% of the Overbonding Amount in each calendar year to systematically replace the KIA GSA. One year after commercial production is achieved, TMAC is required to provide letters of credit in favour of the KIA for the full amount of any Overbondng requirements. The letters of credit are collateralized through cash deposits that are included in restricted cash. TMAC has entered into discussions with both the KIA and INAC in an attempt to resolve the Overbonding issue. In accordance with the production lease with NTI, TMAC is required to provide additional letters of credit to collateralize the expected one-year forecast payments on the NTI's net profits interest royalty.

During the period ended March 31, 2017, the Company transferred an additional $0.6 million to restricted cash pursuant to an Overbonding Amount and $6.9 million to restricted cash as security for the payments under the production lease with NTI.

FINANCIAL AND CORPORATE

Debt Facility

On July 23, 2015, TMAC entered into a definitive Credit Agreement with a syndicate of lenders (the "**Lenders**") led by Sprott Resource Lending Partnership (as Agent) and Morgan Stanley Capital Group Inc. with respect to the Debt Facility having an aggregate principal amount of up to US$120 million and maturing on December 31, 2018 (the "**Debt Facility**"). Advances under the Debt Facility bear interest at 8.75% per annum, compounded and payable quarterly. Until September 30, 2017, the Company has the option to pay interest in cash or defer such interest, in which case such interest will continue to be outstanding and accrue interest at the same rate as the rate stipulated in the Debt Facility until paid in full. The Credit Agreement does not require TMAC to complete any gold or foreign exchange hedging. The Company can choose to prepay the Debt Facility prior to December 31, 2018, subject to defined prepayment fees if prepayment is made before July 23, 2017. TMAC drew down the entire US$120 million Debt Facility by December 12, 2016.

As partial compensation for entering into the Credit Agreement, the Company issued the Lenders 1,900,001 share purchase warrants (the "**Warrants**"), with each Warrant being exercisable for one Common Share at an exercise price of $7.50 per Common Share. The Warrants have a term of five years expiring on July 23, 2020 and can be accelerated by the Company in the event the closing price per Common Share is higher than $15.00 for 20 consecutive trading days at any time after July 23, 2016 which occurred on August 23, 2016. The fair value of the Warrants on the date of issuance was $2.9 million calculated using the Black-Scholes option pricing model. A total of 1,116,167 Warrants were exercised in 2016, leaving 783,834 Warrants unexercised at

December 31, 2016. On February 16, 2017, 350,000 Warrants were exercised for total cash proceeds of $2.6 million leaving 433,834 Warrants unexercised at March 31, 2017.

Also as partial compensation for entering into the Debt Facility, the Company issued the Lenders call options for 12,000 ounces of gold at a strike price of US$1,140 per ounce with a term of five years expiring July 23, 2020 (the "**Gold Call Options**"). The Company has the option to satisfy its obligations with respect to any Gold Call Options exercised prior to June 30, 2017 in cash or by way of an increase in the principal amount of the Debt Facility. The fair value of the Gold Call Options on the date of issuance was $3.1 million calculated using the Black-Scholes option pricing model. The Gold Call Options are revalued every reporting period with any resultant fair value adjustment recorded in the Statement of Profit or Loss. The fair value at March 31, 2017 was calculated as $3.7 million and a fair value loss of $0.8 million was recorded in the Statement of Profit or Loss for the three months ended March 31, 2017.

In addition to the Warrants and Gold Call Options, $3.6 million of transaction costs were incurred, including a $1.5 million (US$1.2 million) payment to the Lenders as an arrangement fee, plus legal, due diligence costs and other costs. The cash transaction costs, the $2.9 million fair value of the Warrants and the $3.1 million fair value for the Gold Call Options totalled $9.6 million. These costs will be recognized in the Statement of Profit or Loss over the term of the Debt Facility. The Credit Agreement provides for TMAC to pay the Lenders a fee on each of the first and second anniversaries of the last drawdown date (each, an "**Anniversary Date**"), an amount equal to 1.0% of the outstanding balance of the Debt Facility on each such Anniversary Date, payable at TMAC's election either in (i) cash, or (ii) Common Shares issued at a deemed price equal to a 5% discount to the volume weighted average trading price of the Common Shares on the TSX for the ten trading days immediately prior to the second business day prior to each applicable Anniversary Date using the exchange rate on the third business day prior to each applicable Anniversary Date.

Monthly payments under the Credit Agreement will equal 1/22 of the total Debt Facility outstanding as at June 30, 2017 (including any capitalized interest and obligations in relation to the Gold Call Options), and will be made beginning on July 31, 2017 and ending on November 30, 2018, with a final payment equal to the remaining amount owed under the Debt Facility on December 31, 2018. The Debt Facility is secured by a first ranking charge over all of the Company's present and subsequently acquired property, plant and equipment subject to certain limited exceptions.

The Credit Agreement has certain financial covenants, including maintaining a $10.0 million minimum cash balance and a $20.0 million minimum working capital balance, and other customary non-financial covenants. As of March 31, 2017, the Company is in compliance with the covenants.

Results of operations

Table 4: Results of operations for the three months ended March 31, 2017 compared with the three months ended March 31, 2016.

$ Millions	Three months ended		
	Mar 31, 2017	**Mar 31, 2016**	**Change**
Expenses			
Salaries and wages	1.7	1.6	0.1
Share-based payments	0.7	0.6	0.1
Professional fees and consulting	0.2	0.2	-
Travel	0.1	0.1	-
Investor relations	0.2	0.1	0.1
Office, regulatory and general	0.4	0.2	0.2
Loss before the following	**3.3**	**2.8**	**0.5**
Finance income	(0.2)	(0.1)	(0.1)
Finance expense	0.1	0.2	(0.1)
Foreign exchange loss (gain)	(1.0)	(3.5)	2.5
Fair value loss (gain)	0.8	1.5	(0.7)
Other	0.1	-	0.1
Loss before income taxes for the period	**3.1**	**0.9**	**2.2**
Current income tax expense (recovery)	0.1	-	0.1
Deferred income tax expense (recovery)	(0.8)	(0.7)	(0.1)
Net loss and comprehensive loss for the period	**2.4**	**0.2**	**2.2**

Results of operations for the three months ended March 31, 2017 and 2016

Net loss and comprehensive loss for the three months ended March 31, 2017 was $2.4 million, compared with a net loss and comprehensive loss of $0.2 million for the three months ended March 31, 2016. The reasons for the fluctuations in the three-month periods are described below:

Salaries and wages for the three months ended March 31, 2017 were $0.1 million higher than the comparable period in 2016. The expense was higher in the first quarter of 2017 compared with the first quarter of 2016 due to the increase in the number of corporate support personnel and compensation as the Company ramped up the development of the Hope Bay Project towards achieving commercial production in April of 2017.

Share-based payments relate to the expense for share purchase options ("**Options**") which, for the three months ended March 31, 2017, were $0.1 million higher than the comparable period in 2016. In addition to the share-based payment expense, the Company capitalized $0.1 million of share-based payments to property, plant and equipment in the three months ended March 31, 2016.

The remaining general and administrative expenses represented regulatory compliance costs to operate the Company, maintain the Toronto office and market the Company to existing and potential investors. The aggregate difference between the three months ended March 31, 2017 and March 31, 2016 was an increase of $0.3 million mainly due to higher regulatory costs.

Finance income for the three months ended March 31, 2017 was $0.2 million compared with $0.1 million of finance income for the three months ended March 31, 2016. Finance income was earned on the average cash balances on hand during the respective periods.

Finance expense for the three months ended March 31, 2017 was $0.1 million, compared with $0.2 million for the three months ended March 31, 2016. Finance expense during the three months ended March 31, 2017 and the comparable period in 2016 includes the accretion of the provision for environmental rehabilitation and interest charges on the letters of credit. Interest charges of $3.6 million and amortization of transaction costs of $0.8 million on the Debt Facility, totalling $4.4 million for the three months ended March 31, 2017, were capitalized as borrowing costs.

Foreign exchange gain for the three months ended March 31, 2017 was $1.0 million compared with a $3.5 million gain in the comparable period in 2016. A strengthening Canadian dollar decreases the amount of the Canadian dollar equivalent US dollar borrowings under the Debt Facility and results in a foreign exchange gain on the revaluation thereof, and will have an opposite, albeit smaller, effect on TMAC's US dollar cash balances resulting in a net foreign exchange gain. The opposite is true when the Canadian dollar weakens.

Fair value loss (gain) results from the period-to-period change in the fair value of the Gold Call Options issued under the Credit Agreement. The fair value is primarily affected by changes in the price of gold in Canadian dollar terms; however, the other inputs into Black-Scholes calculations, including interest rates, volatility and time to maturity, also impact the fair value. For the three months ended March 31, 2017, the price of gold increased resulting in an increase in the Gold Call Options liability and the associated fair value loss. The price of gold also increased during the comparable period in 2016, but to a greater extent.

Current income tax expense for the three months ended March 31, 2017 of $0.1 million relates to the NTI net profits interest royalty.

Deferred income tax recovery for the three months ended March 31, 2017 of $0.8 million relates to the loss incurred in the period. The deferred income tax recovery for the three months ended March 31, 2016 of $0.7 million included a recovery for the losses incurred during the period, partially offset by the expenditure of CEE for flow-through shares in the period.

Summary of quarterly results

Table 5: Summary of certain of the Company's quarterly financial information for the eight quarters ended March 31, 2017:

$ Millions (except for per share data)	Mar 31 2017	Dec 31 2016	Sep 30 2016	Jun 30 2016	Mar 31 2016	Dec 31 2015	Sep 30 2015	Jun 30 2015
Loss for the period	2.4	7.2	2.8	3.0	0.2	3.1	1.9	2.5
Loss per share	$0.03	$0.09	$0.03	$0.04	$0.00	$0.04	$0.02	$0.05
Cash and cash equivalents	28.9	62.5	92.0	37.2	83.7	44.1	85.0	23.4
Total assets	1,087.1	1,089.8	1,059.3	931.1	927.1	854.4	858.2	705.9
Deficit	37.6	35.2	28.0	25.2	22.2	22.0	19.0	17.1

To date, seasonality or commodity market fluctuations have limited direct impact on the Company's results of operations.

TMAC's loss in each period primarily reflected the level of general and administrative expenses, impairments and write-downs, a foreign exchange gain of $1.0 million in the first quarter of 2017

related to the Debt Facility and US Dollar denominated cash balances that was partially offset by a fair value loss of $0.8 million from the revaluation of the Gold Call Options in the same period, a $1.4 million impairment charge in the fourth quarter of 2015 for the redundant camp stored at Becancour, Quebec and a loss on the sale of the Durban Plant of $1.3 million in the fourth quarter of 2015. Cash balances fluctuated as a result of the various financings, offset by expenditures in the period. Total assets decreased in the first quarter of 2017 primarily as a result of a reduction in cash expended on the Hope Bay Project.

Financial position

Cash and liquidity

Cash and cash equivalents, exclusive of restricted cash, totalled $28.9 million as at March 31, 2017, compared with $62.5 million at December 31, 2016. The decrease in cash and cash equivalents resulted from expenditures incurred to commission the Processing Plant, partially offset by pre-commercial production revenue of $7.0 million and the exercise of Warrants in the first quarter for total cash proceeds of $2.6 million.

The US and Canadian cash and cash equivalents are held on deposit with major Canadian financial institutions.

Amounts receivable

Receivables of $1.4 million as at March 31, 2017 were $5.9 million less than the $7.3 million balance at December 31, 2016 due to the receipt during the quarter ended March 31, 2017 of sales taxes related to the 2016 sealift. The balance at March 31, 2017 consists of sales and diesel tax receivables of $0.9 million and $0.5 million of interest and other receivables.

Inventories

Inventories comprise ore in stockpiles, gold in circuit and consumables, materials and supplies.

Ore in stockpiles

The stockpile consists of 131,600 tonnes of ore containing 56,800 ounces of gold at a grade of 13 g/t. The actual costs incurred in 2017 up to the point of stockpiling the ore consist of on-site mining costs, underground longhole development costs, the applicable share of on-site general and administrative costs, permitting and compliance costs and land management costs, adjusted for abnormal items.

Gold in circuit

Gold in circuit represents gold that is flowing through the Processing Plant. The actual costs incurred in 2017 up to the point of shipping the doré from site include processing costs and the applicable share of on-site general and administrative costs, adjusted for abnormal items.

Consumables, materials and supplies

The $48.6 million balance at March 31, 2017 included $16.0 million of diesel fuel, $1.1 million of jet fuel and $31.5 million of spare parts and other materials and supplies, compared with the $52.8

million balance at December 31, 2016 which included $19.4 million of diesel fuel, $1.1 million of jet fuel and $32.3 million of spare parts and other materials and supplies.

Spare parts and other materials and supplies consist of warehouse inventory and spare parts required for mining, development, exploration and processing activities. The majority of TMAC's consumables, materials and supplies are brought in during the annual sealift as it is the most cost efficient transportation method for most goods to site.

Prepaid expenses

Prepaid expenses of $3.4 million as at March 31, 2017, compared with $0.8 million as at December 31, 2016, relate to prepaid insurance, inventory items and deposits for the work programs at Hope Bay.

Property, plant and equipment

Effective April 1, 2015, Doris transitioned from the exploration and evaluation stage to the development stage. All projects, other than Doris, are currently in the exploration and evaluation stage.

Table 6: Details of the Hope Bay Project's capitalized expenditures:

	Balance Dec 31, 2016 $millions	**Additions $millions**	**Balance Mar 31, 2017 $millions**
Property	216.5	0.9	217.4
Plant and equipment	367.5	26.3	393.8
Mobile equipment	38.9	-	38.9
Development and engineering	18.0	5.3	23.3
Camp and logistics	59.7	5.8	65.5
Drilling and assaying	49.3	0.7	50.0
Environment	22.7	0.9	23.6
Evaluation	2.3	-	2.3
Geology	8.3	0.1	8.4
Share-based payments	1.9	-	1.9
Environmental liability adjustment	6.7	(0.1)	6.6
Borrowing costs capitalized	9.7	4.4	14.1
Pre-commercial production gold sales	-	(7.0)	(7.0)
Total	**801.5**	**37.3**	**838.8**

Property expenditures include land claim payments to the Federal government, the annual payment to the KIA for surface access rights and property taxes paid to the Government of Nunavut.

Plant and equipment expenditures mainly consist of costs related to the installation and commissioning of the Processing Plant and the costs to complete fabrication of the second Python for delivery on the 2017 sealift.

Mobile equipment expenditures relate to mobile equipment purchases. Mobile equipment is usually purchased as part of the annual sealift.

Development and engineering costs relate to underground development activities at Doris during the three months ended March 31, 2017.

Pre-commercial production gold sales relate to gold sale proceeds during the pre-commercial production period that were capitalized in the three months ended March 31, 2017.

Camp and logistics costs relate to costs for running the camp, including diesel fuel used in the power plant to generate electricity for the camp, transporting people, equipment and materials to and from site, and contractors' costs for general site supervision, medical, catering, cleaning and waste management services.

Drilling and assaying costs were incurred for drilling programs. Drilling costs mainly consist of drill contractor costs and helicopter services for providing support to the drill crews, including the mobilization of drill rigs.

Environment costs, primarily consisting of consulting and legal fees, were incurred to perform compliance activities to maintain permits and to support permitting activities to obtain additional permits.

Geology costs mainly consist of consulting fees and software expenditures to analyze and model drilling results.

Share-based payments relate to share-based payments for employees whose compensation costs are capitalized to one of the other property, plant and equipment categories described above.

Environmental liability adjustments represent the change in the provision for environmental liabilities due to changes in assumptions used to calculate the provision. The changes mainly relate to the discount and inflation rates used in the calculation of the liability.

Goodwill

Goodwill of $80.6 million relates to the acquisition of Hope Bay in 2013 and was the result of the requirement under business combinations accounting to recognize a deferred income tax liability for the difference between the fair value of the identifiable assets and liabilities and their tax base at the date of acquisition.

Restricted cash

Restricted cash of $52.0 million as at March 31, 2017 increased from $44.5 million as at December 31, 2016. The balance of restricted cash as at March 31, 2017 comprises investments in guaranteed investment certificates to collateralize the Letters of Credit for the $35.1 million of environmental rehabilitation liabilities, $6.9 million of security provided under the NTI production lease, and $10.0 million as a minimum cash balance requirement under the Debt Facility. The increase in restricted cash since December 31, 2016 is due to an increase in the magnitude of investments in guaranteed investment certificates to collateralize the letters of credit for environmental rehabilitation liabilities.

Other assets

Other assets of $0.4 million as at March 31, 2017 decreased from $15.0 million at December 31, 2016 as a result of the transfer of a deposit with Gekko for $16.5 million related to the fabrication of the second Python that is now essentially complete and ready for shipment to Hope Bay on the 2017 sealift. Installation and commissioning will commence in late 2017. The balance as at March 31, 2017 consists of deposits for construction services and the purchase of long lead-time capital items.

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities decreased to $20.0 million at March 31, 2017 from $26.8 million at December 31, 2016. The decrease is due to a decrease in construction and installation activities related to the Processing Plant.

Other liabilities

Other liabilities relate to the remaining unamortized premium attributable to the proceeds from the issuance of flow-through common shares.

Gold Call Options

The *Gold Call Options* were issued under the Credit Agreement and are carried at fair value. Fair value adjustments are recorded in the Statement of Profit or Loss. TMAC's right to add the amount of any Gold Call Options exercised by the Lenders to the principal balance of the Debt Facility ends on June 30, 2017.

Provision for environmental rehabilitation

The *provision for environmental rehabilitation* balance as at March 31, 2017 of $24.9 million remains unchanged from the December 31, 2016 balance. There were no changes in the calculation assumptions during the period ended March 31, 2017.

Deferred tax

The *deferred tax liability* decreased to $67.2 million at March 31, 2017 from $67.9 million at December 31, 2016, due to the deferred tax recovery recognized on the loss incurred year-to-date. The deferred tax impact of deductions available under the NTI net profits royalty has not been recognized. The deferred tax on these deductions will be recognized when NTI approves the amounts of acquisition and historical expenditures incurred in the production lease area.

Equity

Share capital increased to $833.7 million at March 31, 2017 from $830.2 million at December 31, 2016 mainly due to the exercise of 350,000 Warrants and the exercise of options during the period.

During the three months ended March 31, 2017, 350,000 Warrants were exercised by a Lender for proceeds to TMAC of $2.6 million.

Related party transactions

Transactions with Newmont

Newmont is a related party as a result of its 28.8% ownership interest in TMAC's Common Shares at March 31, 2017.

In the three months ended March 31, 2017, the Company did not make any payments to Newmont (March 31, 2016 - $0.3 million) related to finance expenses for environmental rehabilitation. During the three months ended March 31, 2017, TMAC accrued $0.1 million for the Newmont NSR on first quarter of 2017 gold sales proceeds (March 31, 2016 – nil).

Transactions with RCF

RCF is a related party as a result of its 30.5% ownership interest in TMAC's Common Shares at March 31, 2017. No transactions took place during the quarter ended March 31, 2017 and no amounts were owing to RCF at March 31, 2017 or 2016.

LIQUIDITY AND CAPITAL RESOURCES

The Company is completing the development and ramp up of the Doris project and has not generated significant amounts of sales proceeds or cash flow from its mineral properties to date. To March 31, 2017, TMAC's cash flow has primarily been generated from financing activities, namely, the issuance of equity securities in private placements, public equity offerings and from proceeds under the Debt Facility.

Working capital

Table 7: Working capital[(1)].

	March 31, 2017 $millions	December 31, 2016 $millions	Change $millions
Current assets			
Cash and cash equivalents	28.9	62.5	(33.6)
Receivables	1.4	7.3	(5.9)
Ore, consumables, materials and supplies	81.7	77.7	4.0
Prepaid expenses and other assets	3.4	0.8	2.6
	115.4	**148.3**	**(32.9)**
Current liabilities			
Trade and other payables	20.0	26.8	(6.8)
Debt Facility	70.1	46.1	24.0
Gold Call Options	3.7	2.9	0.8
Other liabilities	0.7	0.8	(0.1)
	94.5	**76.6**	**17.9**
Working capital	**20.9**	**71.7**	**(50.8)**

(1) Working capital is not a recognized measure under IFRS (see *Non-IFRS Measures* below).

Cash on hand and working capital, in conjunction with proceeds from gold sales during the pre-commercial production period, are expected to be sufficient to complete the ramp up of the

Processing Plant to full production, all rehabilitation and other bonding requirements, general and administration costs and to continue to conduct planned exploration activities. In addition, the working capital exceeds the $20.0 million minimum balance required under the Debt Facility. For purposes of the Credit Agreement, the Lenders have agreed that the $10 million minimum cash balance in restricted cash is included in current assets and the current portion of the Debt Facility is excluded from current liabilities

Working capital requirements for 2017 will include the replenishment of consumables, materials and supplies via the 2017 sealift to support the operations at 2,000 tpd during 2018 and additional Letters of Credit of $6.6 million to be issued for security deposits related to Inuit organizations.

Operating activities

Cash used in operating activities totaled $5.0 million for the three month period ended March 31, 2017, compared with cash generated from operating activities of $0.7 million for the three month period ended March 31, 2016. The decrease in cash generated from operating activities is mainly due to the pre-operating expenses incurred during the pre-commercial production period included in inventory.

Investing activities

Investing activities, predominantly related to expenditures on the Hope Bay Project and posting of collateral for the Letters of Credit, resulted in cash outflows of $31.2 million for the three month period ended March 31, 2017, compared with $38.0 million for the three month period ended March 31, 2016. The activities relate to the expenditures associated with ramping up production in the Processing Plant and the BTD advanced exploration activities in 2017.

Financing activities

Financing activities during the three month period ended March 31, 2017 consist of 350,000 Warrants that were exercised for total cash proceeds of $2.6 million, compared with $78.4 million for the three month period ended March 31, 2016, that mainly relates to drawdowns on the Debt Facility.

COMMITMENTS AND CONTINGENCIES

Table 8: Commitments.

	2017 $millions	**2018 $millions**	**2019 $millions**	**2020 $millions**	**2021 $millions**
Accounts payable and accrued liabilities	20.0	-	-	-	-
Contractual commitments	3.7	-	-	-	-
Debt Facility payments	79.6	104.7	-	-	-
Rental and lease payments	0.5	0.5	0.3	-	-
	103.8	**105.2**	**0.3**	-	-

Rental and lease payments mainly consist of office lease commitments for the Toronto office that expire in 2019. Contractual commitments include commitments for the second Python and mobile equipment.

TMAC estimates the required annual landholding payments and environmental compliance work for the Hope Bay Project to be approximately $1.7 million and $2.5 million, respectively. None of these payments are contractual commitments but are required to maintain the Company's permits and land tenure agreements in good-standing. Certain areas of Doris are permitted as an operating mine site resulting in environmental monitoring requirements and costs that are above those of an exploration-only or development-only site. The landholding agreements with the KIA and NTI have a 20-year term expiring in 2035.

The Company stores a redundant camp in Becancour, Quebec on a month-to-month basis for an approximate cost of $10,000 per month. The stored camp has a carrying cost of $nil due to the write-down in the fourth quarter of 2016.

The Company has not made any commitments for years including and subsequent to 2020.

OUSTANDING SHARE, OPTIONS AND RESTRICTED SHARE RIGHTS DATA

As at May 11, 2017, the Company had 84,008,248 Common Shares, 4,015,467 common share purchase options, 231,487 restricted share rights and 433,834 Warrants for a total of 88,689,036 Common Shares outstanding on a fully-diluted basis.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

NON-IFRS MEASURES

The Company uses certain non-IFRS measures in this MD&A such as working capital, cash cost per ounce sold ("**Cash Cost**"), all-in sustaining cost per ounce sold ("**AISC**") and cost per metre of drilling. In the gold mining industry, these are common performance measures but may not be comparable to similar measures presented by other issuers as they have no standardized meaning under IFRS. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company's performance, profitability and ability to generate cash flow. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Working capital

The Company calculates working capital as its current assets, excluding assets held for sale, less its current liabilities. Management uses working capital as an internal measure to better assess performance trends. Management understands that a number of investors and others that follow the Company's business assess performance in this way. In addition, the Credit Agreement has an event of default linked to a minimum working capital amount which includes the $10 million of minimum cash required and the current portion of the Debt Facility; however, for purposes of the Credit Agreement, the Lenders have agreed that the $10 million minimum cash balance in restricted cash is included in current assets and the current portion of the Debt Facility is excluded from current liabilities. For a calculation of the Company's working capital, please refer to the section entitled *Liquidity and Capital Resources – Working Capital* in this MD&A.

Cash cost per ounce of gold sold and all-in sustaining cost per ounce of gold sold

Cash Cost in 2017 will be based on cost of sales. It excludes, among other things, the impact of non-cash costs such as depreciation.

AISC includes both operating and sustaining capital expenditure as well as general and administration and mine exploration and evaluation costs.

The Company provides Cash Cost and AISC as a key performance indicator to assess its profit potential and performance relative to its peers. TMAC reports Cash Cost per ounce sold and AISC in accordance with the guidance published by the World Gold Council in June 2013.The most direct comparable measure to cash costs calculated in accordance with IFRS is cost of sales.

Cost per metre of drilling

Cost per metre of drilling includes all costs associated with the drilling activity. Management understands that a number of investors use this information to evaluate the Company's drilling programs. Management uses this metric as an important tool to monitor drilling costs.

FINANCIAL INSTRUMENTS, CRITICAL ACCOUNTING ESTIMATES AND NEW AND REVISED IFRSs

The discussion and analysis of TMAC's financial condition and results of operations are based upon its financial statements which have been prepared in accordance with IFRS. The preparation of financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities at the date of the financial statements. Actual results may differ from these estimates under different assumptions or conditions.

The impact of financial instruments and areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are discussed in more detail in the Company's audited annual financial statements for the year ended December 31, 2016 which are available on the Company's website www.tmacresources.com and SEDAR at www.sedar.com.

In addition to the above, assumptions and estimates were made for the valuation of the Gold Call Options and the Warrants using parameters available when the transactions were incurred and in determining the fair value adjustment of the Gold Call Options when the financial statements were prepared.

INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES

The Company's management, with the participation of its Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of TMAC's internal controls over financial reporting and disclosure controls and procedures as at December 31, 2016. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that, as at December 31, 2016, the Company's internal controls over financial reporting and disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by the Company in reports it files is recorded, processed, summarized and reported within the appropriate time periods.

Since December 31, 2016, there have been no significant changes in the Company's internal controls over financial reporting and disclosure controls and procedures and their design, therefore, remains effective.

TMAC's management, including the Chief Executive Officer and the Chief Financial Officer, does not expect that its internal controls over financial reporting and disclosure controls and procedures will prevent or detect all errors and frauds. A cost-effective system of internal controls, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the internal controls over financial reporting are achieved.

INDUSTRY AND ECONOMIC FACTORS AFFECTING PERFORMANCE

TMAC is a mineral exploration, evaluation and development entity whose activities include the selection, acquisition, exploration, evaluation and development of mineral properties. The Company's current focus is to develop the Hope Bay Project. TMAC's future performance is largely tied to the development of its property interests and other prospective business opportunities and the overall financial markets. Financial markets for mineral companies have been and continue to be volatile, reflecting ongoing concerns about the stability of commodity prices. The Company's financial success will be dependent upon the extent to which it can achieve milestones in developing the deposits at the Hope Bay Project or the economic viability of any new discoveries that it may make. The development of such assets may take years to complete and the resulting revenue, if any, is difficult to determine with any certainty. The sales value of any minerals mined by TMAC is largely dependent upon factors beyond its control, such as the sale or purchase of precious metals by certain banks and financial institutions, interest rates, exchange rates, inflation or deflation, global and regional supply and demand, and the political and economic conditions of major precious metal producing and consuming countries throughout the world. There are significant uncertainties regarding the prices of precious metals and the availability of equity financing for the purposes of exploration and development. Global commodity markets remain volatile and uncertain, which has contributed to difficulties in raising equity and borrowing funds. As a result, the Company may have difficulties raising equity financing, if needed, for the purposes of exploring, evaluating and developing mineral properties, particularly without excessively diluting the interests of existing shareholders. These trends may limit the ability of TMAC to complete the development of and/or further explore or evaluate its current mineral exploration properties and any other property interests that may be acquired in the future.

RISKS AND UNCERTAINTIES

In addition to the risks noted above, risks related to Financial Instruments as set forth in this MD&A and those risk factors described in the Company's AIF, dated February 23, 2017 and filed on SEDAR, should be given special consideration when evaluating trends, risks and uncertainties relating to the Company's business.

NOTE REGARDING SCIENTIFIC AND TECHNICAL INFORMATION

Scientific and technical information contained in this document was reviewed and approved by David King, P.Geo., the Vice President, Exploration and Geoscience of TMAC, and Paul Christman, P.Eng., the Manager of Mining of TMAC, each of whom is a "qualified person" as defined by NI 43-10.

Information of a scientific or technical nature in respect of the Hope Bay Project other than mineral reserve estimates for the stockpile and exploration information for exploration conducted in 2016 and 2015 is based upon the PFS, entitled "Technical Report on The Hope Bay Project, Nunavut, Canada", dated May 28, 2015, with an effective date of March 31, 2015, prepared by Graham G. Clow, P.Eng., Normand L. Lecuyer, P.Eng., Sean Horan, P.Geo., and Holger Krutzelmann, P.Eng., all of Roscoe Postle Associates Inc., Derek Chubb, P.Eng., of ERM Consultants Canada Inc., E. Maritz Rykaart, Ph.D., P.Eng., of SRK Consulting (Canada) Inc., and Timothy Hughes, FAusIMM, of Gekko Systems Pty Ltd., each of whom is "independent" and a "qualified person" as such terms are defined under NI 43-101.

Mineral reserve estimate for the stockpile

The mineral reserve estimate for the ore stockpiles has an effective date of March 31, 2017 and is based on the estimated grade and recovery rate in the PFS for the portion of the Hope Bay Project that was mined to produce the stockpile.

Exploration

For a complete description of TMAC's sample preparation, analytical methods, data verification and QA/QC procedures that were used in relation to the exploration information disclosed herein, refer to the PFS, as filed on TMAC's profile at www.sedar.com. For further details regarding exploration activities, please refer to the Company's news releases.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains "forward-looking statements" or "forward-looking information" within the meaning of applicable securities laws that are intended to be covered by the safe harbours created by those laws. "Forward-looking statements" or "forward-looking information" include statements that use forward-looking terminology such as "may", "will", "expect", "anticipate", "envision", "believe", "continue", "potential" or the negative thereof or other variations thereof or comparable terminology. Such forward-looking information in this MD&A includes, without limitation, any economic analysis or projection regarding the Hope Bay Project, including capital and operating costs, cash flow amounts and timing, recoveries and estimated production amounts and timing, mineral reserve estimates, the completion of the development of the Hope Bay Project, commercial production in the second quarter of 2017, the processing rates for the Processing Plant, cash flows being used to develop the rest of Hope Bay and the potential to discover additional mineralization to add to TMAC's mineral resources.

Forward-looking information is not a guarantee of future performance and is based upon a number of estimates and assumptions of management, in light of management's experience and perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances, as of the date the statements are made including, without limitation, assumptions about: favourable equity and debt capital markets; the ability to raise any necessary additional capital on reasonable terms to advance the development of the Hope Bay Project and pursue planned exploration; future prices of gold and other metal prices; the timing and results of exploration and drilling programs; the accuracy of any mineral reserve and mineral resource estimates; the geology of the Hope Bay Project being as described in the PFS; the metallurgical characteristics of the Hope Bay Project being suitable for the Processing Plant; the successful operation and ramp up of the Processing Plant; the successful completion of the TIA; production costs; the accuracy of budgeted exploration and development costs and expenditures, including to complete development of the

infrastructure at the Hope Bay Project; the price of other commodities such as diesel fuel; future currency exchange rates and interest rates; operating conditions being favourable, including whereby the Company is able to operate in a safe, efficient and effective manner; political and regulatory stability; the receipt of governmental and third party approvals, licences and permits on favourable terms; obtaining required renewals for existing approvals, licences, permits and Inuit agreements and obtaining all other required approvals, licences, permits and Inuit agreements on favourable terms; sustained labour stability; stability in financial and capital goods markets; availability of equipment; positive relations with the KIA, NIRB, NWB, and NTI and other local groups and the Company's ability to meet its obligations under its property agreements with such groups; the Company's ability to operate in the harsh northern Canadian climate; and satisfying the terms and conditions of the Debt Facility. While the Company considers these assumptions to be reasonable, the assumptions are inherently subject to significant business, social, economic, political, regulatory, competitive and other risks and uncertainties, contingencies and other factors that could cause actual actions, events, conditions, results, performance or achievements to be materially different from those projected in the forward-looking information. Many assumptions are based on factors and events that are not within the control of the Company and there is no assurance they will prove to be correct.

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 of the Company to be materially different from any future plans, intentions, activities, results, performance or achievements expressed or implied by such forward-looking information. Such risks include, without limitation: general business, social, economic, political, regulatory and competitive uncertainties; differences in size, grade, continuity, geometry or location of mineralization from that predicted by geological modelling and the subjective and interpretative nature of the geological modelling process; the speculative nature of mineral exploration and development, including the risk of diminishing quantities or grades of mineralization and the inherent riskiness of inferred mineral resources; a material decline in the price of gold; a failure to achieve commercial viability, despite an acceptable gold price, or the presence of cost overruns which render the Hope Bay Project uneconomic; geological, hydrological and climatic events which may adversely affect infrastructure, operations and development plans, and the inability to effectively mitigate or predict with certainty the occurrence of such events; credit and liquidity risks associated with the Company's financing activities, including constraints on the Company's ability to raise and expend funds as a result of operational and reporting covenants associated with the Debt Facility and the risk that the Company will be unable to service its indebtedness; risks that the Company will not have sufficient funds to submit additional cash collateralized letters of credit for future bonding and rehabilitation obligations; the Company's inability to raise sufficient funds to develop the Hope Bay Project into commercial production; delays in construction or development of the Hope Bay Project resulting from delays in the performance of the obligations of the Company's contractors and consultants, the receipt of governmental and third party approvals, licences and permits in a timely manner or to complete and successfully operate mining and processing components; the Company's failure to accurately model and budget future capital and operating costs associated with the development and operation of the Hope Bay Project; difficulties with transportation and logistics relating to the delivery of essential equipment and supplies to the Hope Bay Project, including by way of airlift and sealift, and the logistical challenges presented by the Hope Bay Project's location in a remote Arctic environment; the Company's failure to develop or supply adequate infrastructure to sustain the development and operation of the Hope Bay Project, including the provision of reliable sources of electrical power, water, and transportation; adverse fluctuations in the market prices and availability of commodities and equipment affecting the Company's business and operations; the unavailability of specialized expertise in respect of operating in a remote, environmentally extreme

and ecologically sensitive area such as in the Kitikmeot region of Nunavut; the Company's management being unable to successfully apply their skills and experience and attract and retain highly skilled personnel; the cyclical nature of the mining industry and increasing prices and competition for resources and personnel during mining cycle peaks; the Company's failure to maintain good working relationships with Inuit organizations; the Company's failure to comply with laws and regulations or other regulatory requirements; the Company's failure to comply with existing approvals, licences and permits, and Inuit agreements, and the Company's inability to renew existing approvals, licences, permits and Inuit agreements or obtain required new approvals, licences, permits and Inuit agreements on timelines required to support development plans; the Company's failure to comply with environmental regulations, the tendency of such regulations to become more strict over time, and the costs associated with maintaining and monitoring compliance with such regulations; the adverse influence of third-party stakeholders including social and environmental non-governmental organizations; the adverse impact of competitive conditions in the mineral exploration and mining business; the Company's failure to maintain satisfactory labour relations and the risk of labour disruptions or changes in legislation relating to labour; the Company's lack of operating history and no history of earnings; limits of insurance coverage and uninsurable risk; the adverse effect of currency fluctuations on the Company's financial performance; difficulties associated with enforcing judgments against directors residing outside of Canada; conflicts of interest; the significant control exercised by RCF and Newmont over the Company; reduction in the price of Common Shares as a result of sales of Common Shares by existing shareholders; the dilutive effect of future acquisitions or financing activities and the failure of future acquisitions to deliver the benefits anticipated; trading and volatility risks associated with equity securities and equity markets in general; the Company's stance to not pay dividends in the foreseeable future or ever; failure of the Company's information technology systems or the security measures protecting such systems; the costs associated with legal proceedings should the Company become the subject of litigation or regulatory proceedings; costs associated with complying with public company regulatory reporting requirements; and other risks involved in the exploration, development and mining business generally, including, without limitation, environmental risks and hazards, cave-ins, flooding, rock bursts and other acts of God or natural disasters or unfavourable operating conditions. Although the Company has attempted to identify important factors that could cause actual actions, events, conditions, results, performance or achievements to differ materially from those described in forward-looking information, there may be other factors that cause actions, events, conditions, results, performance or achievements to differ from those anticipated, estimated or intended.

TMAC cautions that the foregoing list of important factors and assumptions is not exhaustive. Other events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in, or implied by, this forward-looking information. Forward-looking information contained herein is made as of the date of this document and TMAC disclaims any obligation to update or revise any forward-looking information, whether as a result of new information, future events or results or otherwise, except as required by applicable law. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information.