TMAC Resources Inc.

Management's Discussion and Analysis
December 31, 2019
(Expressed in Canadian dollars, except where otherwise indicated)

MANAGEMENT'S DISCUSSION AND ANALYSIS
Period Ended December 31, 2019

*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 December 31, 2019 and for the three and twelve month periods ended December 31, 2019 and December 31, 2018. This MD&A is prepared as at May 12, 2020 and should be read in conjunction with TMAC's audited financial statements and notes thereto for the years ended December 31, 2019 and December 31, 2018 (the "**Financial Statements**"), which are prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board, available at 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). The Company's 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 is incorporated in the Province of Ontario, Canada, and is involved in the exploration, evaluation, development and mining of the Hope Bay mineral property in the Kitikmeot Region of Nunavut, Canada ("**Hope Bay**" or the "**Hope Bay Property**"). Hope Bay is located approximately 685 kilometres ("**km**") northeast of Yellowknife, Northwest Territories, approximately 125 km southwest of Cambridge Bay and east of Bathurst Inlet in the Kitikmeot region of western Nunavut, Canada. 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 Company's registered head office is 181 University Avenue, Suite 300, Toronto, Ontario, Canada M5H 3M7.

TMAC has a 100% interest in Hope Bay and in the adjacent Elu property. Hope Bay currently comprises three gold deposit trends: "**Doris**", "**Madrid**" and "**Boston**". Doris is in production and the underground development of the Naartok zone, a subset of the Madrid trend, was approved for development by the board of directors on September 26, 2019. The remainder of Madrid and Boston are in the exploration and evaluation ("**E&E**") stage.

TMAC prepared an updated preliminary feasibility study, dated March 30, 2020, with an effective date of January 1, 2020 (the "**2020 PFS**") that replaces the previous preliminary feasibility study on Doris, Madrid and Boston, which was completed in 2015 as the basis for financing and constructing the current Doris operations, and had an effective date of March 31, 2015 (the "**2015 PFS**"). The 2020 PFS expands on the 2015 PFS and increases the throughput from 2,000 tonnes per day ("**tpd**") for years 2021 to 2023 to 4,000 tpd for 2024 onward via the construction of a new processing plant at Madrid (the "**Madrid Plant**").

On March 30, 2020, the Company announced that it had implemented a number of initiatives to manage through the COVID-19 pandemic and to protect its employees and contractors, their families and local communities from the virus. On March 30, 2020, TMAC scaled down operations and reduced its workforce as the best course of action against the risks posed by the COVID-19 pandemic. If the risk of COVID-19 continues, TMAC may execute a controlled transition into temporary care and maintenance.

On January 20, 2020, TMAC announced it had initiated a strategic process to explore, review and evaluate a broad range of potential alternatives focused on maximizing shareholder value ("**Strategic Process**"). The Strategic Process resulted in TMAC signing a definitive agreement on May 8, 2020 with Shandong Gold Mining Co. Ltd ("**SD Gold**") pursuant to which SD Gold have agreed to purchase all of the outstanding shares of TMAC at a price of $1.75 per share in cash (the "**Transaction**"). The Transaction will be completed pursuant to a Plan of Arrangement under the *Business Corporations Act* (Ontario). The Transaction will be subject to the approval of at least 66 ⅔% of the votes cast by shareholders at a special meeting of TMAC shareholders expected to be held in June 2020. In addition to shareholder and court approvals, the Transaction is also subject to the receipt of applicable regulatory approvals including, but not limited to, TSX approval, approval under the *Investment Canada Act* (Canada), the *Competition Act* (Canada) and approval by relevant authorities in China, as well as the satisfaction of certain other closing conditions customary in transactions of this nature.

As part of the Transaction, a wholly-owned subsidiary of SD Gold has agreed to purchase 12.0 million common shares of the Company at a price of C$1.75 per share for a total investment of approximately US$15 million in a non-brokered private placement (the "**Private Placement**").

To provide TMAC financial flexibility until closing of the Transaction, TMAC has also entered into an amendment to its amended and restated credit agreement dated July 26, 2017 and as subsequently amended (the "**Credit Agreement")** with Sprott Private Resource Lending (Collector) LP and associated lenders (the "**Sprott Lenders**"). The Credit Agreement proves TMAC with its debt facility which had an outstanding principal balance of US$117.0 million as at December 31, 2019 (the "**Debt Facility**"). The Sprott Lenders have agreed to defer all principal and interest payments until the earlier of closing of the Transaction or when the Transaction is terminated. Upon closing of the Transaction, SD Gold will redeem TMAC's debt as per the terms of the Credit Agreement. In addition, Maverix Metals Inc. ("**Maverix**") has agreed to defer its 1.75% additional net smelter return ("**NSR**") royalty payments until the closing of the Transaction.

As a result of the financing arrangements described above, the Company believes it has sufficient cash available to support its business through to the expected closing of the Transaction. Should the Transaction not close for any reason, the Company will not have sufficient funds to fund its operations and to repay all outstanding obligations under the Debt Facility as they become due. For the Transaction to close, shareholder and certain governmental approvals are required that are outside of the Company's control. As a result, there exists a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Accordingly, the disclosure of this material uncertainty has been made in the notes to the annual financial statements.

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 Information*".

FOURTH QUARTER AND FULL YEAR 2019 HIGHLIGHTS

Q4 and Full Year 2019 Operating Results:

- **Mine production** of 143,200 tonnes of ore at a grade of 7.0 grams per tonne ("**g/t**"), containing 32,500 ounces of gold during the three months ended December 31, 2019; these tonnes were mined from the Doris underground mine and surface mining of the Madrid North Naartok East crown pillar at a combined mining rate of 1,560 tpd. Mine production for 2019 from all sources totalled 526,000 tonnes of ore at a grade of 9.3 g/t, containing 157,700 ounces of gold.
- **Underground mine production** achieved 114,100 tonnes, or 1,240 tpd, of ore at an average grade of 7.6 g/t, containing 27,800 ounces of gold during the three months ended December 31, 2019 bringing the total for the year to 496,900 tonnes, or 1,360 tpd, of ore at an average grade of 9.6 g/t, containing 153,000 ounces of gold. Included in this is 108,300 tonnes of ore at an average grade of 7.8 g/t, produced from longhole stoping and sill development during the quarter and 453,300 tonnes of ore at an average grade of 10.2 g/t during the year. Sill development produced a further 5,800 tonnes of material at a grade of 2.7 g/t during the quarter, which is below the mining cut-off grade of 4.0 g/t ("**Incremental Ore**") and 43,600 tonnes of material at a grade of 3.3 g/t during the year.
- **Production from surface mining the Madrid North Naartok East crown pillar** ("**Madrid Crown Pillar Mining**") produced 29,100 tonnes of ore at a grade of 5.0 g/t, containing 4,700 ounces of gold during the three months ended December 31, 2019. The production rate from surface mining was 320 tpd in the fourth quarter.
- **Processed** 132,100 tonnes of ore with an average grade of 7.1 g/t at an average rate of 1,440 tpd and achieved an average recovery of 82% during the three months ended December 31, 2019, bringing the total for the year to 593,000 tonnes of ore processed at an average grade of 9.0 g/t and at an average rate of 1,620 tpd while achieving an average recovery of 82%.
- **Gold production** was 24,650 ounces during the three months ended December 31, 2019, bringing total production for the year to 139,510 ounces. A total of 24,290 ounces were poured during the three months ended December 31, 2019, bringing the total ounces poured for the year to 137,140 ounces.
- **Ore stockpiles** at December 31, 2019 were estimated to contain 98,900 tonnes at an average grade of 4.1 g/t containing 13,100 ounces.
  - The **primary stockpile** contains ore from underground mining that is above the 4.0 g/t mining cut-off grade at Doris and ore from the Madrid Crown Pillar Mining. The primary stockpile at December 31, 2019 was estimated to contain 25,400 tonnes of ore at an average grade of 5.9 g/t, or 4,800 ounces of contained gold.
  - The **secondary stockpile** contains Incremental Ore below the mining cut-off grade of 4.0 g/t and has been produced mainly from sill development. As at December 31, 2019, the Incremental Ore stockpile contained an estimated 73,500 tonnes at an average grade of 3.5 g/t containing 8,300 ounces of gold.

Processing plant and mining update:

- Commissioning of the scavenger resin-in-column circuit commenced during the fourth quarter. Beginning in October, sacrificial, or strong-based, resin was used to treat the solution tail from the leaching circuit in a single pass. The system is being partially commissioned and the commissioning timeline is being adversely impacted by the slowdown of operations implemented as a result of COVID-19. Sacrificial resin needs to be shipped offsite for processing with the first shipment having been made in February 2020.
- Development advances at the Doris mine have been in line with plan in January but slowed in February. While conducting initial underground delineation diamond drilling in the Doris Central zone in 2020, TMAC encountered groundwater of high enough pressure and flowrate to warrant suspension of development in this zone and re-evaluation of the development strategy. Geological structural modelling indicates there are several ways water may be entering the mine, including sub-vertical faults and/or historical surface diamond drillholes from Doris Lake. The size and extent of the water bearing structure relative to the orebody is not yet known and is still being tested. Grouting experts prepared a grouting program that has been successful to date and has been continued during the temporary suspension of operations during COVID-19. See *Doris Central Water Management* below for further information.

Q4 and Full Year 2019 Financial Results:

- **Cash on hand** was $50.1 million at December 31, 2019 and is composed of $20.7 million of unrestricted cash and $29.4 million of restricted cash.
- **Gold sales** of 24,650 ounces during the three months ended December 31, 2019 generated gross revenues of $48.0 million at a Cost of sales of $53.1 million resulting in a loss from mining operations of $5.1 million before impairment charges. A total of 139,160 ounces were sold during the year generating gross revenues of $254.8 million and a Cost of sales of $212.6 million, resulting in a profit from mining operations of $42.2 million before impairment charges.
- **Impairment** charge of $674.6 million to the Statement of Profit or Loss, partially offset by a $54.0 million deferred tax adjustment for a net adjustment of $620.6 million. The write-down includes the write-off of Goodwill of $80.6 million and the write-down of Property, Plant and Equipment of $594.0 million. Of the $594.0 million write-down to Property, Plant and Equipment, $163.9 million of it relates to the processing plant. The carrying value of the Hope Bay assets, after impairment, was $415.0 million as at December 31, 2019. The fair value used for determining the impairment charge is consistent with the value implicit in the Transaction with SD Gold. See *Impairment* below for further information.
- **Profit (loss)** for the three months ended December 31, 2019 totalled a $628.4 million loss, or $5.46 per share on a basic and fully diluted basis. Profit (loss) for the year totalled a $611.6 million loss, or $5.38 per share on a basic and fully diluted basis.
- **Adjusted Profit (loss)**(1) for the three months ended December 31, 2019 totalled a $7.8 million loss, or $0.07 per share on a basic and fully diluted basis. Adjusted Profit (loss) for the year totalled a $9.0 million profit, or $0.08 per share on a basic and fully diluted basis.
- **Cash flow from operating activities before working capital changes** for the three months ended December 31, 2019 totalled $3.8 million. Cash flow from operating activities before working capital changes for the year totalled $79.0 million.
- **Cash flow used in operating activities** for the three months ended December 31, 2019 totalled $2.3 million. Cash flow from operating activities for the year totalled $64.9 million.
- **Average realized price for gold sold** was $1,947 (US$1,481) per ounce during the three months ended December 31, 2019 and $1,831 (US$1,381) per ounce during the year ended December 31, 2019.
- **Cash Costs and All-in Sustaining Costs** ("**AISC**")(1) per ounce of gold sold were US$1,172 and US$1,700, respectively, for the three months ended December 31, 2019 and were US$788 and US$1,186, respectively, for the year.
- **Sustaining capex**(1) was $13.4 million for the three months ended December 31, 2019, or US$414 per ounce sold, and was $55.6 million for the year ended December 31, 2019, or US$301 per ounce sold.
- **Expansion capital**(1) was $6.8 million for the three months ended December 31, 2019 and was $41.7 million for the year ended December 31, 2019.

- **EBITDA and Adjusted EBITDA**(1) were $(664.8) million and $6.7 million, respectively, for the three months ended December 31, 2019 and were $(571.6) million and $92.1 million, respectively, for the year ended December 31, 2019.
  (1) Cash Costs, All-in Sustaining Costs, Adjusted Profit (loss), EBITDA, Adjusted EBITDA, Sustaining capex, and Expansion capex are non-IFRS financial measures which exclude impairment charges and deferred tax adjustments from impairment charges from net income/(loss) and exclude non-cash, fair value, and foreign exchange adjustments from EBITDA. Refer to "*Non-IFRS Measures*" section below.

Exploration:

- A total of 13,293 metres of underground diamond drilling was completed during the fourth quarter and included 5,611 metres on Doris BTD and 7,682 metres on Doris Connector-Central zone. Also, during the quarter, 4,471 metres of surface diamond drilling was completed, consisting of 662 metres on south belt regional targets and 3,809 metres on the Boston deposit.
- The remaining south belt regional drilling was focused on the Domani trend, characterized by mineralized quartz veining found within an approximately 6km-long, strongly iron-carbonate altered shear zone, extending south from the Boston deposit. Drilling on the Boston deposit was targeted below the current Indicated mineral resources, testing the down-dip extensions of the higher-grade plunges identified in the upper portions of the Boston deposit.
- Significant results from the 2019 Boston deposit drilling include 13.6 g/t over 14.2 metres in drillhole TMBO-19-00001, and 274 g/t over 1.1 metres and 14.2 g/t over 6.8 metres in drillhole TMBO-19-00002.
- Complete assay results for the fourth quarter drilling on the Boston deposit and regionally were reported in the news release issued on February 5, 2020 titled "*TMAC Fourth Quarter Drilling Results Include High-Grade Gold at Boston and Regionally*".
- Following the land-based exploration program at Boston, the Boston camp was decommissioned prior to the end of the year. Drilling during 2020 will focus on areas with potential to impact near to mid-term production at both Doris and Naartok West.

Environment and Permitting:

- Discharges made by the Company into Doris Creek back in 2015 (the "**2015 Discharges**") consisted of naturally occurring lake water and water obtained from TMAC's water management system. The water was sampled, tested and analyzed prior to and during discharges. The water was found to be compliant with the water quality standards set out in TMAC's water licence and met all discharge criteria outlined in the former Metal Mine Effluent Regulations (the "**MMER**"), now referred to as the Metal and Diamond Mine Effluent Regulations (the "**MDMER**"), including 100% survival of the species tested.
- Prior to the 2015 Discharges, TMAC had received a letter from Environment and Climate Change Canada ("**ECCC**") advising that TMAC's Hope Bay Property was considered a mine under development and that it may, in the future, become subject to the reporting requirements under the MMER. Management did not interpret the letter as it was intended and did not realize that the ECCC considered the Hope Bay Property as being required to report all discharges to them. As a result, TMAC made an administrative error in reporting the compliant 2015 Discharges of fresh water into Doris creek only to the Nunavut Water Board ("**NWB**") and not to the ECCC too.
- The Crown and TMAC provided a joint sentencing position to the Court of a $50,000 fine for which payment was submitted by the Company on October 29, 2019. The funds are payable to the Environmental Damages Fund administered by the ECCC. See *Regulatory Affairs, Permitting and Access* below for further information.

FIRST QUARTER 2020 HIGHLIGHTS

Response to COVID-19:

- In line with many other mining operators, TMAC announced its decision on March 30, 2020 to scale down operations and reduce its workforce as the best course of action against the risks posed by the COVID-19 pandemic. The Company has reduced underground activities and suspended exploration activities at Hope Bay and is focusing on producing from developed stopes and bringing ore to surface at Doris. The Company expects to continue to operate the processing plant through July with material from its stockpiles and limited mine production and are analysing opportunities to extend mining and processing further. If the risk of COVID-19 continues, TMAC may execute a controlled transition into temporary care and maintenance. During any care and maintenance period, on-site personnel would be limited to critical activities necessary to maintain the site until normal operations can resume.
- Currently, TMAC has reduced the number of employees and contractors on site to approximately 120, in a camp that accommodates approximately 345 people. The Company would reduce this number further to approximately 30 people should Hope Bay be placed into a state of temporary care and maintenance. The Cambridge Bay office of three employees has been closed to the public while employees of the Toronto office have transitioned to working from home. See *Response to COVID-19 and Outlook* below for further information.

Financial and Corporate Developments:

- TMAC signed a definitive agreement on May 8, 2020 with SD Gold. pursuant to which they agreed to purchase all of the outstanding shares of TMAC at a price of $1.75 per share in cash. The Transaction will be completed pursuant to a Plan of Arrangement under the *Business Corporations Act* (Ontario). The Transaction will be subject to the approval of at least 66-⅔% of the votes cast by shareholders at a special meeting of TMAC shareholders expected to be held in June 2020. In addition to shareholder and court approvals, the Transaction is also subject to the receipt of applicable regulatory approvals including, but not limited to, TSX approval, approval under the *Investment Canada Act* (Canada), the *Competition Act*, (Canada) and approval by relevant authorities in China, as well as the satisfaction of certain other closing conditions customary in transactions of this nature. SD Gold plans to complete the feasibility study with respect to the expansion of Hope Bay mining and processing, following on 2020 PFS, and be in a position to execute and fund the capital expenditure required.
- As part of the Transaction, a wholly owned subsidiary of SD Gold has agreed to purchase 12.0 million common shares of the Company at a price of C$1.75 per share, for a total investment of approximately US$15 million in a non-brokered private placement.
- On March 6, 2020, TMAC signed a second amendment to its Credit Agreement with the Sprott Lenders. The principal and interest payment due April 1, 2020, equal to US$5.0 million, was deferred and will be added to the July 1, 2020 scheduled principal and interest payment. The $10.0 million minimum cash balance covenant was reduced to US$0.5 million until June 30, 2020. Other covenants were also deferred to June 30, 2020. The consideration for these amendments is a fee of 1% of the adjusted principal balance that will be paid on July 1, 2020 and an increase in the extension fee from 1% to 2% should TMAC elect to extend the maturity date from December 31, 2020 to June 30, 2021. Subject to the receipt of regulatory approval, as applicable, the repayment fee and extension fee under the facility are payable in cash or shares, at the election of the Sprott Lenders. Refer to the *Financial and Corporate* section below.
- To provide TMAC financial flexibility until closing of the Transaction, TMAC has also entered into a third amendment to its Credit Agreement with the Sprott Lenders. The Sprott Lenders have agreed to defer all principal and interest payments until closing of the Transaction or termination of the Transaction. Upon closing of the Transaction, SD Gold will redeem TMAC's debt as per the terms of the Credit Agreement and subsequent amendments. The $10.0 million minimum cash balance covenant was reduced to $6.0 million. Certain other covenants were also waived or amended in relation to TMAC's reduced operating plan and in connection with the Sprott Lenders consenting to the Transaction. The consideration for these amendments is a deferral fee of 0.5% of the outstanding principal balance that will be accrued at the time of each principal and interest deferral. The deferral fees are payable at the closing of the Transaction. If the Transaction does not close, the interest rate will increase by 3%

effective July 1, 2020. In addition, Maverix has agreed to defer the 1.75% additional royalty payments until the closing of the Transaction. The deferred royalty payments will accrue interest at Libor plus 6.5%. Refer to the *Financial and Corporate* section below.

2020 PFS:

- On March 30, 2020, TMAC announced a summary of key results from the 2020 PFS for its 100%-owned Hope Bay Property located in the Kitikmeot region of Nunavut, Canada, as outlined in the technical report entitled *NI 43-101 Technical Report on the Hope Bay Property, Nunavut, Canada* which is available on SEDAR at www.sedar.com.

Q1 2020 Operating Results:

- **Mine production** of 160,600 tonnes of ore at a grade of 10.2 g/t, containing 52,600 ounces of gold during the three months ended March 31, 2020; these tonnes were mined from the Doris underground mine and surface mining of the Madrid North Naartok East crown pillar at a combined mining rate of 1,760 tpd.
- **Underground mine production** achieved 104,900 tonnes, or 1,150 tpd, of ore at an average grade of 12.0 g/t, containing 40,500 ounces of gold during the three months ended March 31, 2020. Included in this is 96,700 tonnes of ore at an average grade of 12.6 g/t, produced from longhole stoping and sill development during the quarter. Sill development produced a further 8,200 tonnes of material at a grade of 4.6 g/t during the quarter.
- **Production from Madrid Crown Pillar Mining** produced 55,700 tonnes of ore at a grade of 6.8 g/t, containing 12,100 ounces of gold during the three months ended March 31, 2020. The production rate from surface mining was 610 tpd in the first quarter.
- **Processed** 100,600 tonnes of ore with an average grade of 11.9 g/t at an average rate of 1,110 tpd and achieved an average recovery of 84% during the three months ended March 31, 2020.
- **Gold production** was 32,290 ounces during the three months ended March 31, 2020. A total of 29,420 ounces were poured during the three months ended March 31, 2020.
- **Ore stockpiles** at March 31, 2020 were estimated to contain 158,900 tonnes at an average grade of 5.3 g/t containing 27,300 ounces.
    - The **primary stockpile** contains ore from underground mining that is above the 4.0 g/t mining cut-off grade at Doris and ore from the Madrid Crown Pillar Mining. The primary stockpile at March 31, 2020 was estimated to contain 80,200 tonnes of ore at an average grade of 7.0 g/t, or 18,100 ounces of contained gold.
    - The **secondary stockpile** contains Incremental Ore below the mining cut-off grade of 4.0 g/t and has been produced mainly from sill development. As at March 31, 2020, the Incremental Ore stockpile contained an estimated 78,800 tonnes at an average grade of 3.6 g/t containing 9,200 ounces of gold.

Summary of operating highlights:

	Units	Three months ended December 31, 2019	Three months ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2018
Mining:					
Ore[(1)]	tonnes	137,400	200,400	482,400	444,200
Average grade	g/t	7.2	7.6	9.9	8.4
Contained gold	ounces	32,000	48,700	153,100	119,800
Incremental Ore[(2)]	tonnes	5,800	12,000	43,600	31,600
Average grade	g/t	2.7	4.9	3.3	3.8
Contained gold	ounces	500	1,900	4,600	3,900
Total ore	tonnes	143,200	212,400	526,000	475,800
Average grade	g/t	7.0	7.4	9.3	8.1
Contained gold	ounces	32,500	50,600	157,700	123,700
Mining rate	tpd	1,560	2,310	1,440	1,300
Waste	tonnes	387,000	298,700	756,100	499,100
Total tonnes	tonnes	530,200	511,100	1,282,100	974,900
Development	metres	2,080	1,620	7,720	6,470
Processing:					
Processing rate	tpd	1,440	1,800	1,620	1,280
Ore processed	tonnes	132,100	164,900	593,000	464,200
Average grade	g/t	7.1	7.8	9.0	9.4
Contained gold	ounces	30,050	41,480	170,910	140,520
Recovery	%	82	82	82	79
Gold produced	ounces	24,650	34,080	139,510	110,970
Gold in process change	ounces	360	1,330	2,370	(80)
Gold poured	ounces	24,290	32,750	137,140	111,050
Gold sold	ounces	24,650	31,380	139,160	108,820
Stockpiles:					
Primary stockpile:					
Ore on surface[(1)]	tonnes	25,400	68,600	25,400	68,600
Average grade	g/t	5.9	6.7	5.9	6.7
Contained gold	ounces	4,800	14,700	4,800	14,700
Secondary stockpile:					
Ore on surface[(2)]	tonnes	73,500	52,200	73,500	52,200
Average grade	g/t	3.5	3.7	3.5	3.7
Contained gold	ounces	8,300	6,200	8,300	6,200

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

Summary of financial highlights:

	Units	Three months ended December 31, 2019	December 31, 2018	Year ended December 31, 2019	December 31, 2018
P&L Summary:					
Revenue	ounces	24,650	31,380	139,160	108,820
Revenue	$millions	48.0	51.4	254.8	178.0
Cost of sales(1)	$millions	53.1	44.3	212.6	172.2
Impairment of Property, Plant and Equipment and Goodwill	$millions	674.6	-	674.6	-
Profit (loss) from mining operations	$millions	(679.7)	7.1	(632.4)	5.8
General and administration	$millions	3.5	4.4	17.2	17.4
Net finance expense	$millions	5.4	5.1	19.7	20.1
Foreign exchange gain (loss)	$millions	3.3	(8.9)	8.1	(15.3)
Profit (loss)	$millions	(628.4)	(13.5)	(611.6)	(42.1)
Per share	$/share	(5.46)	(0.12)	(5.38)	(0.43)
Adjusted Profit (loss)(2)	$millions	(7.8)	(13.5)	9.0	(42.1)
Per share	$/share	(0.07)	(0.12)	0.08	(0.43)
EBITDA(2)	$millions	(664.8)	5.7	(571.6)	22.8
Adjusted EBITDA(2)	$millions	6.7	15.7	92.1	37.7
Unit Costs:					
Cost of sales(1)	$/oz	2,154	1,412	1,528	1,582
Cost of sales(3)	US$/oz	1,635	1,068	1,150	1,219
Cash Costs(3)	US$/oz	1,172	752	788	868
Sustaining capex(4)	US$/oz	414	252	301	296
Other sustaining costs(4)	US$/oz	114	108	97	127
AISC(2)(3)(4)	US$/oz	1,700	1,112	1,186	1,291
Cash Flow Summary:					
Cash from operating activities before working capital changes	$millions	3.8	11.9	79.0	24.2
Cash from operating activities	$millions	(2.3)	(10.0)	64.9	21.6
Cash used in investing activities	$millions	(25.7)	(23.1)	(85.2)	(84.6)
Cash from financing activities	$millions	1.0	43.6	16.6	45.1
Net increase/(decrease) in cash	$millions	(26.7)	11.2	(4.1)	(17.2)
Cash at end of period	$millions	20.7	24.8	20.7	24.8
USD Results:					
Average exchange rate	CAD/USD	1.32	1.32	1.33	1.30
Revenue	US$millions	36.5	38.7	192.2	136.8
Average realized sales price	US$/oz	1,481	1,233	1,381	1,257
Average spot price of gold – London PM Fix	US$/oz	1,481	1,226	1,393	1,268
CAPEX Summary:					
Sustaining(4)	$millions	13.4	10.3	55.6	41.8
Expansion(4)	$millions	6.8	8.9	41.7	45.1
E&E	$millions	5.7	4.1	22.8	14.6

(1) Includes depreciation.
(2) This is a non-IFRS financial performance measure. Refer to the definitions of EBITDA, Adjusted EBITDA, Adjusted Profit (loss), Cash Costs, AISC, sustaining capex and expansion capex in the "*Non-IFRS Measures*" section below.
(3) Translated using exchange rates at the time of incurring the expenditure.
(4) AISC is calculated using the updated guidance from the World Gold Council, issued in November 2018, and certain projects, previously classified as sustaining capital, have been reclassified as expansion capital in the comparable periods.

RESPONSE TO COVID-19 AND OUTLOOK

- TMAC has implemented a number of initiatives to manage the COVID-19 pandemic and to protect its employees and contractors, their families and local communities from the virus, as well as manage derived business risks. At the present time, there are no confirmed cases of COVID-19 at the Hope Bay site or any of the Company's offices. As a result of the uncertainty around the length of the impact, TMAC is not in a position to issue 2020 guidance.
- In response to the health risks associated with COVID-19, TMAC initiated the implementation of an Infectious Disease Control Plan (the "**Plan**") at Hope Bay on March 12, 2020. The Plan will be adapted as required based on additional information from within Canada and abroad. The decision to demobilize Nunavut-based workers to their home communities pursuant to the Plan was communicated to the Company's workforce on March 17, 2020. This was done to eliminate the ongoing risk of transmitting the virus to remote communities. Southern crew change flights continue, but as part of the Plan, enhanced pre-boarding health screening of each passenger by a medical professional was initiated on March 17, 2020. The frequency and rigour of the already robust hygiene measures at Hope Bay have been increased, along with a range of communications and information campaigns to employees and contractors. All non-essential work and visits to Hope Bay have been suspended until further notice.
- In line with many other mining operators, TMAC announced its decision on March 30, 2020 to scale down operations and reduce its workforce as the best course of action against the risks posed by the COVID-19 pandemic. The Company has reduced underground activities and suspended exploration activities at Hope Bay and is focusing on producing from developed stopes and bringing ore to surface at Doris. The Company expects to continue to operate the processing plant through July with material from its stockpiles and limited mine production and are analysing opportunities to extend mining and processing further. If the risk of COVID-19 continues, TMAC may execute a controlled transition into temporary care and maintenance. During any care and maintenance period, on-site personnel would be limited to critical activities necessary to maintain the site until normal operations can resume.
- Currently, TMAC has reduced the number of employees and contractors on site to approximately 120, in a camp that accommodates approximately 345 people. The Company would reduce this number further to approximately 30 people should the operations be suspended completely. The Cambridge Bay office of three employees has been closed to the public while employees of the Toronto office have transitioned to working from home.
- Management continues to monitor and evaluate the progression of the COVID-19 pandemic and its potential effects on its operations, liquidity and workforce at Hope Bay. The Company has been in regular contact with the Government of Nunavut Departments of Health, Justice and Economic Development and Transportation to align the steps taken to manage the situation.

2020 PRE-FEASIBILITY STUDY

On March 30, 2020 the Company announced a summary of key results from the 2020 PFS for its Hope Bay Property. Refer to the news release titled *"TMAC Announces Results of 2020 Pre-Feasibility Study"*. Below are some highlights from the 2020 PFS:

- Pre-tax net present value discounted at 5% ("**$NPV_{5\%}$**") of Hope Bay of $549 million, after-tax $NPV_{5\%}$ of $486 million, based on Proven and Probable Mineral Reserves
- Life of Mine ("**LOM**") of 15 years
- Proven and Probable Mineral Reserve estimate at Hope Bay is 3.5 million ounces of gold
- Updated Measured and Indicated Mineral Resource estimate at Hope Bay:
  - 5.2 million ounces of gold Measured and Indicated Resource, and
  - 2.1 million ounces of gold Inferred Resource
- Processing throughput capacity:
  - 2,000 tpd for years 2021 to 2023 from the processing plant at Doris
  - 4,000 tpd for 2024 onward from the Madrid Plant
- 16.9 million tonnes of ore mined and processed containing an estimated 3.5 million ounces of gold at an average grade of 6.5 g/t.
- Total recovered gold totals 3.1 million ounces.
- LOM Cash Cost of US$841/oz and All-in Sustaining Cost of US$986/oz
- Expansion capital expenditures for 2020 to 2023 of $683 million, including $184 million for a new conventional processing plant

The 2020 PFS used consensus gold prices, as compiled by a Canadian bank, of US$1,500 for 2020 and 2021, US$1,475 for 2022, US$1,474 for 2023 and US$1,400 long-term. A 1.34:1 C$/US$ exchange rate was used.

Additional new infrastructure planned for Hope Bay includes the Madrid Plant, already permitted roads to be developed including a haul road from Madrid North to Madrid South and Boston and a service road from Madrid North to the tailings impoundment area and supporting infrastructure at the Madrid and Boston mines. Permitted tailings impoundment area upgrades will include increasing storage capacity to 18 million tonnes and a tailings pipeline at a capital cost of $22 million. An additional 20 million litres of fuel storage capacity that is already permitted will be added to the tank farm at Roberts Bay that will bring the total Roberts Bay storage capacity to 45 million litres, as well as other fuel storage areas. The Madrid North site will also include a new power generation facility and power distribution network, accommodation for 400 people, maintenance and warehousing facilities, as well as utility water systems.

TMAC has all necessary permits and approvals in place for existing infrastructure and activities at Hope Bay, with additional permits and licenses received in 2018 and 2019, allowing significant development at Madrid North, Madrid South and Boston. Existing permits provide opportunities for significant infrastructure components to be constructed to assist with site capture and development of infrastructure that could support a multitude of development scenarios at Hope Bay, including many aspects of the 2020 PFS. Key infrastructure that is permitted that could support future development scenarios include the all-weather road to Boston, additional cargo unloading and fuel facilities at Roberts Bay and extensive mine infrastructure at Madrid North, Madrid South and Boston, including but not limited to, power plants, ore storage, maintenance facilities and accommodations. Additionally, the existing permits and approvals provide a strong foundation for future permitting modifications or amendments that could be advanced prior to the completion of a feasibility study.

The suspension of operations related to the COVID-19 pandemic is expected to be temporary and the duration of the business disruption and related financial impact cannot be reasonably estimated at this time. As a result, the 2020 PFS does not take into account potential significant delays in carrying out critical tasks, being able to order long-lead items or complete critical testwork, analysis and engineering necessary to maintain the schedules presented in the 2020 PFS which may arise due to the pandemic.

Mineral Resources

December 31, 2019 Measured and Indicated Mineral Resources (Table 1) resulted in a 21% increase in tonnes, 11% decrease in gold grade, and 8% increase in gold ounces versus the December 31, 2018 estimate, and a 49% increase in tonnes, 12% decrease in grade and 31% increase in ounces of Inferred Resources. The increases in tonnage and ounces are primarily due to a decrease in the cut-off grade across the property as a result of higher gold prices and higher recovery associated with the Madrid Plant. Mining depletion at Doris and Madrid North Naartok East was offset by additional drilling and sampling in 2019 and re-interpretation and re-modelling based on new information and experience gained through mining.

Table 1: Hope Bay Measured, Indicated and Inferred Resources as of December 31, 2019

	Ore Tonnes (000 t)	Gold Grade (g/t)	Gold Ounces (000 oz)
Measured			
Doris	240	11.0	85
Madrid North	-	-	-
Suluk	-	-	-
Madrid South	-	-	-
Boston	1,330	9.3	397
Total	**1,570**	**9.5**	**481**
Indicated			
Doris	1,726	9.0	499
Madrid North	10,761	6.6	2,273
Suluk	3,670	7.2	851
Madrid South	648	14.0	292
Boston	3,441	7.0	776
Total	**20,246**	**7.2**	**4,691**
Measured and Indicated			
Doris	1,966	9.2	584
Madrid North	10,761	6.6	2,273
Suluk	3,670	7.2	851
Madrid South	648	14.0	292
Boston	4,771	7.6	1,173
Total	**21,816**	**7.4**	**5,173**
Inferred			
Doris	1,750	7.1	399
Madrid North	1,113	5.3	190
Suluk	4,339	5.7	792
Madrid South	662	7.1	152
Boston	3,053	6.1	594
Total	**10,917**	**6.1**	**2,127**

1. CIM definitions were followed for the statement of Mineral Resources.
2. Mineral Resources are inclusive of those resources converted to Mineral Reserves and are in-situ resources excluding stockpiles.
3. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
4. The Mineral Resources for each individual deposit were defined utilizing a block cut-off grade of 3.5 g/t.
5. All Mineral Resources are estimated using an average long-term gold price of US$1,500 per ounce and a C$/US$ exchange rate of 1.34.
6. A 50 m crown pillar allowance was applied to Mineral Resources located below lakes where applicable.
7. A minimum intercept width of 1.5 m was applied to the Mineral Resource modelling.
8. Ore density was calculated using the geological block model density field.
9. Numbers may not add due to rounding.

Mineral Reserves

December 31, 2019 Proven and Probable Mineral Reserves (Table 2) result in a 2% increase in tonnes, 3% decrease in gold grade, and 1% decrease in gold ounces versus the December 31, 2018 estimate. The decreases were primarily due to mining depletion at Doris, Naartok East, and stockpiles during 2019, partially offset by increased tonnage and ounces from lower reserve cut-off grades, utilizing lower assumed operating costs and higher gold prices for 2019 as well as conversion of additional Measured and Indicated Resources as a result of drilling and sampling in 2019.

Table 2: Hope Bay Proven and Probable Mineral Reserves as of December 31, 2019

	Ore Tonnes (000 t)	Gold Grade (g/t)	Gold Ounces (000 oz)
Proven			
Stockpiles	99	4.1	13
Total	**99**	**4.1**	**13**
Probable			
Doris	1,194	8.4	321
Madrid North UG	7,525	6.1	1,466
Madrid North Naartok East Crown Pillar	212	5.7	39
Madrid North Subtotal	**7,737**	**6.1**	**1,505**
Suluk	3,703	5.8	695
Madrid South	842	9.1	245
Boston	3,306	7.2	766
Total	**16,782**	**6.5**	**3,532**
Proven and Probable			
Stockpiles	99	4.1	13
Doris	1,194	8.4	321
Madrid North UG	7,525	6.1	1,466
Madrid North Naartok East Crown Pillar	212	5.7	39
Madrid North Subtotal	**7,737**	**6.1**	**1,505**
Suluk	3,703	5.8	695
Madrid South	842	9.1	245
Boston	3,306	7.2	766
Total	**16,881**	**6.5**	**3,545**

1. CIM definitions were followed for the statement of Mineral Reserves.
2. The Mineral Reserves for each Individual deposit were defined utilizing the following cut-off grades:
   a. 4.0 g/t gold for longhole stopes.
   b. 3.0 g/t gold for incremental development ore required for mining.
   c. 2.0 g/t gold for the Madrid Crown Pillar Mining.
3. All Mineral Reserves are estimated using an average long-term gold price of US$1,325 per ounce and a C$/US$ exchange rate of 1.34.
4. A 50-m crown pillar allowance was applied to Mineral Reserves located below lakes where applicable.
5. Numbers may not add due to rounding.

FOURTH QUARTER OPERATIONS UPDATE

Mining

	Units	Three months ended December 31, 2019	Three months ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2018
Mining:					
Ore[(1)]	tonnes	137,400	200,400	482,400	444,200
Average grade	g/t	7.2	7.6	9.9	8.4
Contained gold	ounces	32,000	48,700	153,100	119,800
Mining rate	tpd	1,490	2,180	1,320	1,210
Incremental Ore[(2)]	tonnes	5,800	12,000	43,600	31,600
Average grade	g/t	2.7	4.9	3.3	3.8
Contained gold	ounces	500	1,900	4,600	3,900
Mining rate	tpd	60	130	120	90
Total ore	tonnes	143,200	212,400	526,000	475,800
Average grade	g/t	7.0	7.4	9.3	8.1
Contained gold	ounces	32,500	50,600	157,700	123,700
Mining rate	tpd	1,560	2,310	1,440	1,300
Waste	tonnes	387,000	298,700	756,100[(3)]	499,100
Total tonnes	tonnes	530,200	511,100	1,282,100	974,900
Development	metres	2,080	1,620	7,720	6,470

(1) Includes material from mining that is above the mining cut-off grade of 4.0 g/t.
(2) Includes material from development that is below the mining cut-off grade of 4.0 g/t.
(3) Excludes 239,200 tonnes of waste from Madrid Crown Pillar Mining that were mined prior to September 30, 2019

Underground mine production achieved 114,100 tonnes, or 1,240 tpd, of ore at an average grade of 7.6 g/t, containing 27,800 ounces of gold during the three months ended December 31, 2019 bringing the total for the year to 496,900 tonnes, or 1,360 tpd, of ore at an average grade of 9.6 g/t, containing 153,000 ounces of gold. Included in this is 108,300 tonnes of ore at an average grade of 7.8 g/t, produced from longhole stoping and sill development during the quarter and 453,300 tonnes of ore at an average grade of 10.2 g/t during the year. Sill development produced a further 5,800 tonnes of Incremental Ore at a grade of 2.7 g/t during the quarter and 43,600 tonnes of Incremental Ore at a grade of 3.3 g/t during the year.

Mining in the fourth quarter was primarily in the BTD extension and Doris Connector longhole stopes, and development ore was sourced from the Doris BTD extension and the Doris Connector. The mine rate continued to be constrained by the lack of available stopes; however, it is planned to be mitigated by development of the Madrid Naartok West underground mine, which was collared in the fourth quarter and infrastructure was set up to support advancement of this heading. The Doris BTD zone is being mined with longhole techniques which is being defined through ore silling and definition drilling due to the complexity of the vein system. A drift-and-fill technique is contemplated for flat-lying ore not amenable to longhole; however, to date, no ore has been identified that would require this method.

The Doris BTD East Limb high-grade zone required significant ground support rehabilitation of the ore sill as a result of changing stress conditions as mining approached the diabase dyke which overlays the stoping block. These types of stress conditions appear to be unique to mining sill areas that approach the diabase dyke. The rehabilitation was completed in the fourth quarter and the mining of the zone was completed in the first quarter of 2020.

Underground mine development at Doris averaged 22.9 metres per day during the second half of the year, compared with 19.3 metres per day during the first half of the year. A total of 2,080 metres were developed during the three months ended December 31, 2019.

Madrid Crown Pillar Mining continued during the fourth quarter and produced 371,800 tonnes of waste and 29,100 tonnes of ore, containing 4,700 ounces at an average grade of 5.0 g/t. The mining of phase 1 was completed in the first quarter of 2020. Initial blending of the ore from Madrid Crown Pillar Mining with Doris ore commenced in the fourth quarter and continued into the first quarter of 2020. The metallurgical performance of the ore from Madrid Crown Pillar mining from the initial benches was similar to that experienced with Doris ore, however metallurgical testwork indicates recovery may be slightly lower as ore from deeper benches is processed.

Initial gold reconciliation for phase 1 of the Madrid Crown Pillar Mining is minus 16% compared to the Mineral Reserve model on a project to date basis after completion of this first phase in March 2020. Reconciliation trends have improved with deeper mining and so management plans to proceed with phase 2 of the design and complete extraction of the Mineral Reserve when conditions permit.

Dilution was in line with planned expectations of the Mineral Reserves.

Stockpiles are composed of a primary stockpile that contains ore above the 4.0 g/t mining cut-off grade at Doris and ore from the Madrid Crown Pillar Mining and a secondary stockpile that contains Incremental Ore produced from mine and stope development that is below the mining cut-off grade of 4.0 g/t.

At December 31, 2019, the primary stockpile contained an estimated 25,400 tonnes of ore at an average grade of 5.9 g/t, or 4,800 ounces of contained gold.

At December 31, 2019, the secondary stockpile contained an estimated 73,500 tonnes at a grade of 3.5 g/t containing 8,300 ounces of gold. The cost of producing the Incremental Ore is included in production costs of the primary ore resulting in the Incremental Ore stockpile being carried at zero cost.

Mining – Q1 2020

During the first quarter of 2020, mine production totalled 160,600 tonnes of ore at a grade of 10.2 g/t, containing 52,600 ounces of gold. These tonnes were mined from the Doris underground mine, sill development and Madrid Crown Pillar Mining at a combined mining rate of 1,760 tpd.

Underground mine production achieved 104,900 tonnes, or 1,150 tpd, of ore at an average grade of 12.0 g/t, containing 40,500 ounces of gold during the three months ended March 31, 2020. Included in this is 96,700 tonnes of ore at an average grade of 12.6 g/t, produced from longhole stoping and sill development. Sill development produced a further 8,200 tonnes of Incremental Ore at a grade of 4.6 g/t.

Madrid Crown Pillar Mining produced 55,700 tonnes of ore at a grade of 6.8 g/t, containing 12,100 ounces of gold during the three months ended March 31, 2020. The production rate from surface mining was 610 tpd in the first quarter.

At March 31, 2020, the primary stockpile contained an estimated 80,200 tonnes of ore at an average grade of 7.0 g/t, or 18,100 ounces of contained gold.

At March 31, 2020, the secondary stockpile contained an estimated 78,800 tonnes at a grade of 3.6 g/t containing 9,200 ounces of gold.

Doris Central Water Management

As TMAC developed into the Doris Connector zone, the Company encountered several exploration diamond drillholes that were drilled from Doris Lake and were not fully sealed off. TMAC utilized a conventional procedure to manage this risk by identifying and plugging all potential drillholes that could be affected and will have grouting crews available as the mine is developed past these holes.

While conducting initial underground delineation diamond drilling in the Doris Central zone in the first two months of 2020, TMAC encountered groundwater of a high enough pressure and flowrate to warrant suspension of development in this zone and re-evaluation of the development strategy. Geological structural modelling indicates there are several ways water may be entering the mine, including sub-vertical faults and/or historical surface diamond drillholes from Doris Lake. The size and extent of the water bearing structures relative to the orebody is not yet known. Grouting experts have now completed a successful test grouting program and the Company will perform further probing of the Doris Central zone once the current inflow of water in this area is mitigated. As a result, development of the Doris Central zone is expected to be delayed by at least several months. TMAC had anticipated Doris Central to represent nearly 15% of its 2020 production, commencing in the second half of the year, and a significant portion of its 2021 production. There is a risk that Doris Central production in 2020 will be significantly less and that 2021 production from Doris Central may also be impacted. The Company is assessing the anticipated costs to control these water flows, the length of the potential delay of development, the impact of the water issues on resources and how any lost production from the Doris Central zone could be replaced with other ore within the Hope Bay Property and the ultimate impact of this issue. Grouting and other procedures will continue even while Doris is placed under suspension due to COVID-19 pandemic measures implemented by the Company.

Since the public disclosure of this information in a news release dated March 6, 2020, TMAC has re-evaluated several mine sequencing opportunities to potentially mitigate the production delay in Doris Central as a result of the disclosed water issues. Other areas of the Doris mine are unaffected and continue development and production, with routine cautionary water control measures.

Processing

	Units	Three months ended December 31, 2019	Three months ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2018
Ore processed	tonnes	132,100	164,900	593,000	464,200
Average grade	g/t	7.1	7.8	9.0	9.4
Contained gold	ounces	30,050	41,480	170,910	140,250
Recovery	%	82	82	82	79
Gold produced	ounces	24,650	34,080	139,510	110,970
Gold in process change	ounces	360	1,330	2,370	(80)
Gold poured	ounces	24,290	32,750	137,140	111,050
Gold sold	ounces	24,650	31,380	139,160	108,820

Throughput was 132,100 tonnes, or 1,440 tpd during the fourth quarter. Processing plant availability was impacted by a major maintenance shutdown of the first concentrating line crusher circuit when the wet tertiary screen was replaced and issues with the powerhouse generators that resulted in at least one concentrating line being taken down. The generator issues resulted in operating for approximately 16 days with either the North or the South concentrating lines offline in order to conserve power sitewide, resulting in a throughput decrease of 50% compared with plan during the downtime.

Feed grade averaged 5.5 g/t in October and November and increased to 11.3 g/t in December as feed from Doris BTD East Limb commenced in December after completing rehabilitation work.

Overall recovery was 80% for October and November and increased to 85% in December. The increase in December was due to combined flotation and gravity recovery being greater than 91%, along with very high leach circuit recovery of 98% of gold recovered to flotation and gravity concentrates that reported to solution. The new scavenger columns will target gold from the concentrate treatment plant solution tail. Gold recoveries are expected to increase when higher grade material is processed. Improved operability and maintainability in gravity unit operations, including pumping, screening and piping systems, resulted in an increase in the utilization rates of the batch SB1350 and continuous C2000 gravity concentrators from values previously reported during commissioning at the start of the year. Maintaining improved gravity concentrator availability in 2020 is required to further reduce losses in the flotation tails.

The gold in process inventory, including doré, was estimated to contain 9,400 ounces at December 31, 2019 compared with 10,100 ounces at December 31, 2018. The gold in process consists of 5,100 ounces in the circuit and an estimated 4,300 ounces in partially processed material. Gold in process inventory is expected to increase now that the scavenger columns are installed as the resin and carbon material used in the scavenger columns will be sent offsite for processing and recovery.

Processing – Q1 2020

Processed 100,600 tonnes of ore with an average grade of 11.9 g/t at an average rate of 1,110 tpd and achieved an average recovery of 84% during the three months ended March 31, 2020.

Plant availability in the quarter was impacted by a 17-day shutdown of the first concentrator line as a result of a failed major bearing on the secondary crusher.

The combined flotation and gravity recovery of the concentrator lines was 92% and the concentrate treatment process recovery was 92%, resulting in an overall recovery of 84%. The concentrate treatment recovery improved due to the additional adsorption capacity of gold solutions as a result of the new scavenger columns. Shipments of the loaded resin commenced in the quarter for offsite treatment.

The gold in process inventory, including doré, was estimated to contain 11,100 ounces at March 31, 2020. The gold in process consists of 3,000 ounces in the circuit, an estimated 4,500 ounces in partially processed material and 3,600 ounces in loaded resins which will be shipped offsite for treatment.

Capital Projects

Sustaining capital

Sustaining capital for the quarter included underground development at Doris, the construction and upgrading of sustaining surface infrastructure and the purchase of equipment.

	Three months ended December 31, 2019 $millions	**Three months ended December 31, 2018 $millions**	**Year ended December 31, 2019 $millions**	**Year ended December 31, 2018 $millions**
Underground mine development	12.9	8.7	47.8	26.7
Site infrastructure projects	0.5	1.6	5.3	15.1
Delineation drilling	-	-	2.5	-
Total	**13.4**	**10.3**	**55.6**	**41.8**
Total in US$	**10.2**	**7.9**	**41.9**	**32.2**
Gold sold (ounces)	24,650	31,380	139,160	108,820
Sustaining capital expenditure per ounce sold – US$[(1)]	414	252	301	296

(1) Certain capital expenditures reported as sustaining capex in prior periods are included as expansion capital based on the updated guidance from the World Gold Council. See "*Non-IFRS Measures*" section below.

Sustaining capital totalled $13.4 million and $55.6 million for the three and twelve months ended December 31, 2019, respectively.

Expansion capital

Expansion capital during the fourth quarter included the continued construction of a marine outfall pipeline that will allow for water management of the tailings impoundment area, expansion of the processing plant's assay and metallurgical lab, and surface infrastructure and development of the Madrid Crown Pillar Mining project.

Expansion capital totalled $41.7 million for the year. Expansion capital includes: (i) the cost to purchase equipment and to commence development of the Naartok portal and the required surface infrastructure at Madrid; (ii) the engineering, procurement and installation of the scavenger columns being added to treat the solutions tails from the concentrate treatment plant; (iii) the installation and commissioning of the marine outfall pipeline, including a filtration system to remove suspended solids prior to discharge to the ocean; (iv) capital for the gravity concentrator project which was completed by the end of the second quarter; and (v) the infrastructure development costs related to the Madrid Crown Pillar Mining.

Cash Costs and All-In Sustaining Costs

Operating cash costs have a large fixed cost component. An increase in processing throughput and recoveries or mine production does not result in a proportional increase in the total gross cost thereby resulting in decreased unit costs. Grade has a similar impact on profitability.

US$ per ounce sold	Dec 31 2019	Sep 30 2019	Jun 30 2019	Mar 31 2019	Dec 31 2018	Sep 30 2018	Jun 30 2018
Cash Cost	1,172	729	729	658	752	825	928
Sustaining capital expenditures	414	343	254	235	252	286	299
AISC(1)	1,700	1,155	1,081	992	1,112	1,217	1,363

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

Cash Costs in the fourth quarter of 2019 were US$1,172 per ounce sold which is 56% more than the comparable period in 2018 and 61% more than the previous quarter due to reduced throughput and grade, resulting in lower production. Gold sales decreased by 34% compared with the previous quarter and decreased by 21% compared with the comparable period in 2018, while gross Cash Costs increased by 22% when compared with the comparable period in 2018.

Cash Costs for the year ended December 31, 2019 were US$788 per ounce sold which is 9% lower than the previous year due to economies of scale from increased throughput and production. Gold sales increased by 28% compared with the previous year, while gross Cash Costs increased by 16% when compared with 2018.

AISC for the three months ended December 31, 2019 was US$1,700 per ounce sold, which is 53% more than the comparable period and 47% higher than the previous quarter. The sustaining capital expenditures incurred in the fourth quarter of 2019 were $13.4 million, or US$414 per ounce of gold sold. The increase in cost per ounce is partially due to gold sales being lower by 34%.

AISC for the year ended December 31, 2019 was US$1,186 per ounce sold, which was 8% lower than the previous year.

IMPAIRMENT

In accordance with the Company's accounting policy, the carrying amount of goodwill is tested and reviewed each year or when an indicator of impairment is considered to exist. Management performed an impairment test as at December 31, 2019.

The Hope Bay cash generating unit ("**Hope Bay CGU**") was allocated Goodwill of $80.6 million as a result of the acquisition of Hope Bay from Newmont in 2013. At December 31, 2019, following the impairment test, the carrying value of the Hope Bay CGU net assets was written down to its net realizable value, which included the write-off of the entire goodwill amount.

The impairment test was performed using the Fair Value Less Costs of Disposal ("**FVLCD**") method. The Net Present Value ("**NPV**") was determined based on a discounted cash flow analysis using the 2020 PFS discounted cash flow as a basis with adjustments that management believes a market participant would make. These include the following:

- Certain corporate and exploration expenditures to maintain exploration and other licences related to the Hope Bay property.
- The Company included the fair value of the estimated recoverable amount of known resources beyond the 2020 PFS by considering the historical conversion of Inferred Resources and deposit strike lengths as determined by exploration drilling and expanding the life of mine in the discounted cash flow.
- An increase in the discount rate from 5% to 7% to include risk adjustment factors related to financing the additional project capital, if executed by TMAC.

Management also considered other indicators of fair value, including information from the Strategic Process announced on January 20, 2020 and the Company's market capitalization. The Company is trading at a market capitalization that is considerably less than its net asset value. Management believes that the current market capitalization is not representative of fair value due to the liquidity constraints of the Company and the production issues experienced by the processing plant. The market capitalization decreased further after December 31, 2019 due to non-Company specific risks such as the impact of the COVID-19 pandemic on capital markets. Management analyzed this information and believes that the fair value determined by using the discounted cash flows falls within the range of fair values indicated through external sources.

The NPV determined using the method described above was lower than the carrying value of the assets as at December 31, 2019 and resulted in an impairment of $620.6 million being charged to the Statement of Profit or Loss. The impairment charge includes the write-off of goodwill of $80.6 million and the write-down of Property, Plant and Equipment of $594.0 million, offset by a $54.0 million deferred tax adjustment. Of the $594.0 million write-down to Property, Plant and Equipment, $163.9 million of it relates to the processing plant. The carrying value of the Hope Bay assets, after impairment is $415.0 million as at December 31, 2019.

The resulting fair value obtained is consistent with the value implicit in the Transaction.

Calculating the FVLCD requires management to make estimates and assumptions with respect to future production levels and operating, capital and closure costs in the life of mine plan, continued license to operate, future metal prices, foreign exchange rates, discount rates, net asset value multiples, and the value of reserves and resources outside the Mineral Reserves and Mineral Resources. Changes in any of the assumptions or estimates used in determining the fair values could impact the impairment analysis and its conclusions.

The key assumptions used in the impairment test are summarized in the table below:

Assumption	**2020-21**	**2022**	**2023**	**Long-term**
US$ gold price per ounce(1)	1,500	1,475	1,474	1,400
Foreign exchange rate	1.30	1.30	1.30	1.30
Discount rate	7%	7%	7%	7%

(1) The impairment test used consensus gold prices, as compiled by a Canadian bank.

EXPLORATION

Overview

The 2019 exploration activities comprised surface and underground diamond drilling that support both short-term production through longer-term definition and expansion of resources at Doris, Madrid North, and Boston, as well as significant regional exploration drilling. Underground drilling at Doris continued in Q4 2019 with production support drilling and exploration drilling supporting the 2019 strategy for continued Mineral Reserve and Mineral Resource expansion.

During the fourth quarter, TMAC continued regional exploration drilling in the southern portion of the Hope Bay belt and commenced drilling on the Boston deposit. Surface drilling programs were supported out of the Boston camp and continued until the closing of the Boston camp in December.

Results of the surface and underground diamond drill programs for the three and twelve months ended December 31, 2019 compared with the plan for the 2019:

	Three months ended December 31, 2019	**Year ended December 31, 2019**	**2019 Full-Year Plan**
Surface diamond drilling (# metres)			
- Doris	-	2,200	-
- Madrid North	-	10,091	10,000
- Boston	3,809	3,809	6,000
- Regional exploration	662	16,006	14,000
Subtotal	4,471	32,106	30,000
Underground diamond drilling (# metres)			
- Doris	13,293	43,849	30,000
Total	17,764	75,955	60,000

Doris

The 2019 underground diamond drilling program had three main objectives: (i) definition and expansion drilling of the high-grade zones in Doris BTD, which has been extended to the north and has lateral potential; (ii) infilling drilling within Doris Connector to support detailed mine planning; and (iii) exploration drilling testing targets near current underground infrastructure.

A total of 13,293 metres of underground diamond drilling was completed during the fourth quarter and included 5,611 metres on Doris BTD and 7,682 metres on Doris Connector-Central zone. Underground drilling at Doris consisted of infill drilling within the current resources to facilitate detailed mine planning and stope design.

Madrid

There was no exploration drilling on the Madrid North deposit during the fourth quarter, and all of 2019's drilling results have been reported in previous news releases. The Madrid structure extends more than 2 km south of the Naartok and Suluk zones where wide-spaced historical drilling has intersected significant mineralization not currently accounted for in the Mineral Resource. During Q2 2019, an ice-based drilling program in the Patch 7 area targeted below historical drilling and results were reported in the July 15, 2019 news release titled "*TMAC Resources' Second Quarter Exploration Results Include High-Grade Intercepts at Doris and Madrid North*").

During the third quarter, two additional drillholes, following up on the positive results from the Q2 drilling, were completed as part of the northern regional exploration drilling program. Assay results include 19.8 g/t over 0.7 metres and 6.3 g/t over 9.3 metres in drillhole TMMP7-19-00030 and 15.6 g/t over 7.7 metres and 32.4 g/t over 2.5 metres in drillhole TMMP7-19-00031. Complete results are reported in the news release issued on February 5, 2020 titled "*TMAC Fourth Quarter Results Include High-Grade Gold at Boston and Regionally*".

Boston

The Boston camp was opened late in the second quarter and a south belt regional drilling program was completed in the third quarter before transitioning to drilling on the Boston deposit in the fourth quarter. Initial drilling at Boston targeted the high-grade plunges of the B3 and B2 zones, below the Indicated Mineral Resource. Historical drilling below the Inferred Resources intersected high-grade gold mineralization over significant widths to depths greater than 1,000 metres. Notable historical intersections include drillhole 11SBD414 returning 28.5 g/t over 7.1 metres and 46.6 g/t over 7.8 metres at the 600-metre level and drillhole SO-293 intersecting 56.6 g/t over 8.7 metres at the 1,020-metre level. Four drillholes completed in 2019 by TMAC intersected similar high-grade mineralization, including 13.6 g/t over 14.2 metres in drillhole TMBO-19-00001, and 274 g/t over 1.1 metres and 14.2 g/t over 6.8 metres in drillhole TMBO-19-00002. Complete results are reported in the February 5, 2020 news release titled "*TMAC Fourth Quarter Results Include High-Grade Gold at Boston and Regionally*". Although the 2019 drilling program was limited, assay results demonstrate the significant potential to expand the Boston deposit below the current Indicated Mineral Resources and add to the current Mineral Resource base.

Regional Exploration

The regional exploration program is designed to focus on highly prospective targets that are in proximity to established or planned infrastructure and where successful exploration will influence TMAC's decisions with respect to property-wide mine development. In defining targets, TMAC benefits from a significant database of historic work completed by previous owners and by TMAC, including geological mapping, sampling and airborne geophysical surveys. Field activities for 2019 include gold in glacial till sampling, lake-bottom sediment sampling, mapping and prospecting and diamond drilling.

The regional exploration program was split into two programs: (i) a northern regional program based out of the Doris camp, which commenced during the second quarter; and (ii) a southern regional program based out of the Boston camp, which commenced in the third quarter. During the year, more than 15,000 metres of regional exploration diamond drilling were completed within both the north and south portions of the Hope Bay belt.

Regional exploration drilling activities continued into the fourth quarter focused on targets proximal to the Boston camp, including the Too showing and Domani trend. The Domani trend is characterized by mineralized quartz veining found within an approximately 6 km-long, strongly iron-carbonate altered shear zone up to 40 metres wide, extending south from the Boston deposit. Initial results from the 2019 programs were reported in the October 15, 2019 news release titled "*TMAC Continues to Intersect High-Grade at Doris BTD Extension Zone*", and the remaining regional drilling results were reported in the news release issued on February 5, 2020 titled "*TMAC Fourth Quarter Results Include High-Grade Gold at Boston and Regionally*".

Elu

The Elu claim block was acquired as part of the purchase of Hope Bay from Newmont in 2013. The Elu Link, staked in 2016 by TMAC, joined the Elu belt with the Hope Bay belt. The Elu greenstone belt is similar in age to the Hope Bay belt and has the potential to host both gold and base metal deposits.

A limited regional gold in glacial till sampling and prospecting program was completed over a portion of the Elu claim block late in the second quarter. No work was undertaken on the Elu property during the second half of 2019.

REGULATORY AFFAIRS, PERMITTING AND ACCESS

On January 14, 2019, the Minister of Intergovernmental and Northern Affairs and Internal Trade approved the two licences as recommended by the NWB on December 7, 2018. This was the final approval for the two Type A Water Licences for the Madrid and Boston projects and concluded the final step in the environmental permitting process. TMAC is now in possession of all Federal and Territorial approvals required for continued mining and gold production at Doris and for the development and mining of the Madrid North, Madrid South and Boston deposits. Refer to TMAC's news release issued on January 15, 2019 titled "*TMAC Completes Permitting – Approval of Water Licences for the Madrid and Boston Projects*".

On October 2, 2019, the Company and the Crown provided a joint sentencing position to the Court for failing to report compliant and clean discharges of water under section 78 of the Fisheries Act. The 2015 Discharges of water were to Doris Creek and consisted of naturally occurring lake water and water obtained from TMAC's water management system. The water was sampled, tested and analyzed prior to and during discharges. The water was found to be compliant with the water quality standards set out in TMAC's water licence and met all discharge criteria outlined in the MMER, now referred to as the MDMER, including 100% survival of the species tested.

Prior to the 2015 Discharges, TMAC had received a letter from ECCC advising that TMAC's Hope Bay Project was considered a mine under development and that it "may, in the future, become subject to the reporting requirements under MMER". TMAC's interpretation of the letter was different than ECCC's proposed intent and, as a result, TMAC reported the compliant 2015 Discharges to the NWB, similar to previous years, but not to ECCC as subsequently determined by ECCC to be required under the MMER going forward.

TMAC did not discharge a harmful substance to Doris Creek and was not a polluter. Instead, TMAC made an administrative error under section 78 of the Fisheries Act in not reporting the 2015 Discharges to ECCC within the 90-day period prescribed by the MMER. The Crown and TMAC provided a joint position to the Court of a $50,000 fine payable to the Environmental Damages Fund administered by ECCC with the funds targeted for projects in the Kitikmeot region of Nunavut. The Court approved the plea bargain and noted:

- The wording of the letter from ECCC to TMAC was convoluted; in fact, the judge acknowledged that she had to read, a couple of times, the statement that made it an offence and that she could totally understand by the wording of the letter why it was misunderstood by TMAC.
- The judge agreed that the offence was in no way intentional; instead, TMAC could be characterized as closer to missing the standard of due diligence and, as such, culpability was at the lower end of the scale.
- The fact that TMAC tested the water prior to discharging and made sure it was within the limits of its water licence make it clear that the potential for harm was low in this case.
- It was clear that TMAC was collecting and monitoring the correct information and reported it to the NWB but that the Company just missed reporting it to the ECCC as well under the "parallel reporting regime".
- TMAC has taken responsibility for the administrative error of not reporting discharges of clean water under Section 78 by pleading guilty. The presence of TMAC's Vice President, Environmental Affairs, in the courtroom was noted and appreciated by the Court.

Access to surface and subsurface mineral rights

In 2015, TMAC entered into a Mineral Exploration Agreement ("**MEA**") granting the Company access to the Inuit-owned subsurface mineral rights administered by Nunavut Tunngavik Inc. ("**NTI**"). TMAC also entered into a Framework Agreement (the "**Framework Agreement**") and an Inuit Impact Benefits Agreement administered by the Kitikmeot Inuit Association (the "**KIA**") for surface access rights on Inuit-owned lands at Hope Bay. Each of the MEA and Framework Agreement are for 20-year periods ending March 30, 2035.

TMAC has all the required leases and claims for Federal-owned subsurface mineral rights.

TMAC is in possession of all Federal and Territorial permits and approvals required for continued mining and gold production at Doris and for mining of the Madrid North, Madrid South and Boston deposits and development of all associated infrastructure and all-weather roads.

The permits not only fully cover the development scenario described in the 2015 PFS, but also provide additional flexibility, including additional water use and processing and other infrastructure at Madrid and Boston, alternative wind power generation and additional tailings capacity. The permitting also includes surface crown pillar recovery similar in approach to what was executed at Doris and is being executed at Madrid. With regards to the scope of the 2020 PFS, the existing permits exceed the development scenario in many instances (i.e., process plant and tailings facility at Boston) but would need to be amended to accommodate any additional water use, infrastructure or activities not addressed during the water licence applications and environmental and socio-economic impact assessment submitted to the NWB and the Nunavut Impact Review Board, respectively, in December 2017. It is anticipated that an amendment process for existing permits would be achievable in reasonable timeframes given that all deposits have permits for significant infrastructure, mining activities, and freshwater use from local water sources.

As part of the mining activities approved for the Madrid North, Madrid South and Boston sites, TMAC has permits in place to use and expand specific infrastructure at Doris and Roberts Bay in addition to the construction and operation of new infrastructure at Madrid North, Madrid South, and Boston. TMAC is permitted for storage of tailings in the existing tailings impoundment area at Doris of up to 18 million tonnes and for storage of up to 5.1 million tonnes of tailings at Boston.

Other leases and permits include a mineral production lease issued by NTI and a commercial lease issued by the KIA.

Going forward, TMAC will secure other leases, authorizations, and permits, as necessary, for project development, including mineral production leases issued by NTI, commercial leases and/or advanced exploration leases issued by the KIA, and authorizations from the Department of Fisheries and Oceans (the "**DFO**").

Environmental Rehabilitation and Payment Security

As part of TMAC's environmental rehabilitation responsibilities for Hope Bay, the Company has issued, through financial institutions, letters of credit to Crown Indigenous Relations and Northern Affairs Canada ("**CIRNAC**"), DFO and KIA as security for Hope Bay's environmental rehabilitation liabilities.

Under the Framework Agreement and territorial regulations, the KIA is entitled to hold security for certain payments and the rehabilitation of the land affected by the operations. CIRNAC is entitled to hold security for the rehabilitation of water affected by the operations. The total security to be held by each of the KIA and CIRNAC at the end of the mine life is $61.6 million and $37.9 million, respectively. This includes $62.0 million for Doris and Madrid sites and $37.5 million for Boston. TMAC has applied for and received approval for staged bonding, which allows TMAC to post the security only once certain activities commence.

In accordance with the production lease with NTI, TMAC provides additional letters of credit as payment security for an amount equal to one year of forecast payments of NTI's net profits interest royalty.

In addition to the letters of credit that TMAC maintains for environmental rehabilitation liabilities, pursuant to the Framework Agreement, TMAC was previously required to provide the KIA with additional environmental rehabilitation assurance that, essentially, provides twice the amount of assurance required by the Federal regulators on certain aspects of Hope Bay's environmental rehabilitation ("**Overbonding**"). Under the most recently issued water licences, TMAC was able to address and eliminate Overbonding by working with the NWB to reallocate existing security from CIRNAC to KIA for existing Doris infrastructure and by ensuring the structure and overall amounts of security set by the NWB for Doris, Madrid North, Madrid South, and Boston sites was agreed to by the KIA and CIRNAC. The letters of credit issued for the Overbonding amount were returned by March 31, 2019 releasing $1.2 million of restricted cash.

During the year, the NTI informed TMAC that the agreement entered into in 2018 to reduce certain letters of credit related to payment security would not be extended and thus an additional $3.2 million of letters of credit were issued on April 4, 2019 under the NTI production lease and MEA. These letters of credit were cash-collateralized.

During the year, TMAC posted $4.1 million in additional environmental rehabilitation guarantees for Madrid North development.

As at December 31, 2019, a total of $40.0 million of letters of credit were posted for environmental rehabilitation and $7.2 million as payment security to the NTI and KIA. The environmental rehabilitation letters of credit are secured with Demand Bonds (as defined below) that require $23.6 million of cash collateral. The letters of credit issued for payment security are secured with cash deposits.

FINANCIAL AND CORPORATE

Credit Agreement

On March 6, 2020, TMAC signed a second amendment to its Credit Agreement with the Sprott Lenders to defer the April 1, 2020 principal and interest payment to July 1, 2020. The extension fee for the option to extend the maturity date from December 31, 2020 to June 30, 2021 was increased to 2%. The extension fee payable is payable on the then outstanding principal balance. As consideration for the March 6, 2020 amendment, TMAC agreed to pay US$1.7 million on July 1, 2020.

On May 8, 2020, TMAC signed a third amendment to its Credit Agreement with the Sprott Lenders allowing TMAC to defer all principal and interest payments, including the fee for the second amendment, until the closing of the Transaction or termination of the Transaction. The consideration for the third amendment is a deferral fee of 0.5% of the outstanding principal balance that will be accrued at the time of each principal and interest deferral. The deferral fees are payable at the closing of the Transaction. The deferred principal and interest payments become due if the Transaction does not close for any reason, after which quarterly US$ 2.5 million principal payments and quarterly accrued interest payments will recommence. Should the Transaction not close, the interest will be increased by 3% effective from July 1, 2020. Interest is currently accrued at Libor plus 6.5%.

The minimum cash balance covenant is US$0.5 million until June 30, 2020 and increases to C$6.0 million thereafter. Certain other covenants were also waived or amended as part of the third amendment in relation to TMAC's reduced operating plan and in connection with the Sprott Lenders consenting to the Transaction.

A 2% repayment fee is payable on the repayment of any part of the principal balance as allowed under the amended terms, including the final principal payment on maturity but excluding scheduled quarterly principal payments. The repayment fee is payable on the portion of the debt that is prepaid at the time of the prepayment.

As consideration for the first amendment to the Credit Agreement signed on April 30, 2019, TMAC agreed to reprice the 1,900,000 outstanding warrants held by the Sprott Lenders that were issued in 2017. The warrants were repriced to $4.70 per share, a 25% premium to the five-day volume weighted share price ending April 30, 2019. The repriced warrants were determined to have an incremental fair value in excess of the original warrants totalling $1.4 million which was credited to the statement of changes in shareholders' equity. Cash transaction costs, amounting to $0.2 million, were incurred and capitalized to the Debt Facility.

The Debt Facility is secured by a first ranking charge over all of the Company's present and subsequently acquired Property, Plant and Equipment, and consumables and supplies subject to certain limited exceptions. The Credit Agreement does not require TMAC to complete any gold or foreign exchange hedging but permits a limited amount of hedging should TMAC determine it to be desirable to do so.

Amendment to the Maverix NSR

On August 14, 2019, TMAC entered into an amendment agreement (the "**Royalty Amendment**") to the 1% NSR with Maverix and a concurrent US$3.0 million private placement at $6.00 per share. The Royalty Amendment provides Maverix with an additional 1.5% NSR in return for a US$40 million payment. There is a bonus 0.25% NSR (the "**Bonus NSR**") payable until the Royalty Amendment is registered on title, occurring on the earlier of June 30, 2021 or the date the Debt Facility is repaid in full. TMAC can repurchase one-third (i.e., 0.5%) of the additional NSR for US$15 million any time after June 30, 2021 (the "**Royalty Repurchase Option**") or can repurchase 100% of the additional 1.5% NSR for US$50 million in the event of a change of control transaction that is announced before June 30, 2021. The additional NSR decreases to 0.75% after 3,000,000 ounces of saleable gold have been produced

The payment of the additional 1.5% NSR and the Bonus NSR has been deferred until the close of the Transaction. Should the Transaction not close, the deferred payments are payable in cash or shares 15 days after termination. Refer to *Liquidity and Capital Resources* below. The proceeds from the Royalty Amendment were used to fund the 2019 annual sealift, which required a significant investment in working capital, and equipment purchases.

Demand Bonds

TMAC, in cooperation with CIBC and several insurance companies that are leaders in the issuance of surety bonds for environmental reclamation liabilities, designed and developed an insurance product referred to as "**Demand Bonds**", to liberate cash from TMAC's restricted cash balance.

The current securityholders, including the KIA, continue to hold the same letters of credit as they do today; however, in place of cash collateral, the issuing bank will hold the Demand Bonds that are provided by the same insurance companies which provide surety bonds.

By December 31, 2018, TMAC had issued $37 million of Demand Bonds and posted $22 million as collateral with the surety underwriters that resulted in the release of $15 million of the restricted cash balance. During the year ended December 31, 2019, TMAC issued $4.2 million of Demand Bonds required under the Madrid permits and posted a $2.1 million cash-collateralized letter of credit as security to the underwriter. The Demand Bonds for Madrid were issued by a different insurance company and required 50% collateral, compared with the 60% collateral required under the previously issued Demand Bonds. The $2 million of security for Overbonding was cancelled and the collateral was reduced.

During September 2019, $6.0 million of the Demand Bonds were transferred to the insurance company that requires 50% collateral. The insurance company further reduced their collateral to 40% resulting in the release of $1.6 million of the collateral.

As at December 31, 2019, TMAC had $29.8 million of Demand Bonds outstanding that requires 60% collateral provided through $17.9 million of cash deposits held by the insurance company issuing those Demand Bonds and $10.2 million of Demand Bonds outstanding that requires 40% collateral provided through $4.1 million of cash-collateralized letters of credit. There is an opportunity to release additional funds as TMAC demonstrates improved operational performance and an improved financial position by reducing the amount of collateral required for Demand Bonds.

Diesel Purchase Agreement

TMAC renewed the diesel fuel purchase and storage agreement with a subsidiary of Macquarie Bank Ltd. ("**Macquarie**") whereby Macquarie purchases and delivers diesel fuel to Hope Bay and stores the fuel in TMAC's tanks at Roberts Bay (the "**Diesel Purchase Agreement**").

TMAC will purchase and pay for the diesel fuel as it is consumed. The price of the diesel fuel is fixed in Canadian dollars at the time of delivery to site under the same terms as TMAC's existing fuel supply and delivery agreement, plus a premium. The Diesel Purchase Agreement provides a mechanism that enables TMAC to better manage the levels of working capital and reduce the seasonal volatility of its operating cash outflows.

Results of Operations

Results of operations for the three and twelve months ended December 31, 2019 compared with the three and twelve months ended December 31, 2018:

$millions	**Three months ended**			**Twelve months ended**		
	Dec 31, 2019	**Dec 31, 2018**	**Change**	**Dec 31, 2019**	**Dec 31, 2018**	**Change**
Revenues						
Metal sales	48.0	51.4	(3.4)	254.8	178.0	76.8
Cost of sales						
Production costs	36.2	30.0	6.2	138.5	118.6	19.9
Royalties & selling expenses	1.9	1.2	0.7	7.1	4.0	3.1
Depreciation	15.0	13.1	1.9	67.0	49.6	17.4
	53.1	**44.3**	**8.8**	**212.6**	**172.2**	**40.4**
Impairment of Property, Plant and Equipment and Goodwill	674.6	-	674.6	674.6	-	674.6
Profit (loss) from mine operations	**(679.7)**	**7.1**	**(686.8)**	**(632.4)**	**5.8**	**(638.2)**
General and administration						
Salaries and wages	1.2	2.2	(1.0)	7.4	7.8	(0.4)
Share-based payments	1.2	1.7	(0.5)	5.6	6.7	(1.1)
Depreciation	0.4	-	0.4	0.4	-	0.4
Other corporate	0.7	0.5	0.2	3.8	2.9	0.9
Profit (loss) before the following	**(683.2)**	**2.7**	**(685.9)**	**(649.6)**	**(11.6)**	**(638.0)**
Net finance income (expense)	(5.4)	(5.1)	(0.3)	(19.7)	(20.1)	0.4
Foreign exchange gain (loss)	3.3	(8.9)	12.2	8.1	(15.3)	23.4
Fair value adjustments	(0.2)	(1.1)	0.9	(2.7)	0.4	(3.1)
Gain on sale of Property, Plant and Equipment	-	-	-	5.5	-	5.5
Other	(0.1)	(0.1)	-	(0.3)	(0.3)	-
Profit (loss) before income taxes	**(685.6)**	**(12.5)**	**(673.1)**	**(658.7)**	**(46.9)**	**(611.8)**
Current income tax expense	(0.9)	(0.9)	-	(4.6)	(3.2)	(1.4)
Deferred income tax (expense) recovery	58.1	(0.1)	58.2	51.7	8.0	43.7
Profit (loss) and comprehensive profit (loss) for the period	**(628.4)**	**(13.5)**	**(614.9)**	**(611.6)**	**(42.1)**	**(569.5)**

Results for the three months ended December 31, 2019 and 2018

Profit (loss) and comprehensive profit (loss) for the three months ended December 31, 2019 was a loss of $628.4 million, compared with a loss and comprehensive loss of $13.5 million for the three months ended December 31, 2018. The reasons for the variances between the components above are described below:

Metal sales for the three months ended December 31, 2019 totalled $48.0 million (US$36.5 million). During the three months ended December 31, 2019, 24,650 ounces of gold were sold at an average price of $1,947

(US$1,481) per ounce, compared with $51.4 million (US$38.7 million) from the sale of 31,380 ounces of gold at an average price of $1,635 (US$1,233) per ounce for the three months ended December 31, 2018.

Cost of sales for the three months ended December 31, 2019 totalled $53.1 million compared with $44.3 million during the three months ended December 31, 2018. Production costs representing direct and indirect costs of mining, processing, and onsite general and administration totalled $36.2 million for the three months ended December 31, 2019, compared with $30.0 million for the three months ended December 31, 2018. Production costs increased due to the processing of the higher-grade material from Madrid Crown Pillar Mining resulting in the accumulation of a lower-grade stockpile and a subsequent year-end NRV adjustment. Depreciation of Property, Plant and Equipment used in the production process was $15.0 million for the three months ended December 31, 2019, compared with $13.1 million during the three months ended December 31, 2018.

Impairment of Property, Plant and Equipment and Goodwill totalled $620.6 million and was charged to the Statement of Profit or Loss. The impairment charge includes the write-off of Goodwill of $80.6 million and the write-down of Property, Plant and Equipment of $594.0 million, partially offset by a $54.0 million deferred tax adjustment. Of the $594.0 million write-down to Property, Plant and Equipment, $163.9 million of it relates to the processing plant. The carrying value of the Hope Bay CGU assets, after impairment, was $415.0 million as at December 31, 2019.

Salaries and wages for the three months ended December 31, 2019 totalled $1.2 million compared with $2.2 million for the comparable period in 2018. The expense was lower in the fourth quarter of this year compared to 2018, despite increased headcount, due to reduced bonus accruals.

Share-based payments relate to the expense for share purchase options ("**Share Options**"), restricted share rights, director share units and restricted share units which, for the three months ended December 31, 2019, totalled $1.2 million, compared with $1.7 million for the comparable period in 2018.

Depreciation of non-production assets, primarily related to the office leases, for the three months ended December 31, 2019 totalled $0.4 million, compared with $nil for the comparable period in 2018.

The remaining *general and administration* expenses represent regulatory compliance costs to operate the Company and maintain the Toronto and Cambridge Bay offices. For the three months ended December 31, 2019 these expenses totalled $0.7 million, compared with $0.5 million for the comparable period in 2018.

Finance income for the three months ended December 31, 2019 totalled $0.2 million, which was similar to the comparable period in 2018. Finance income was earned on the cash balances on hand during the respective periods.

Finance expense for the three months ended December 31, 2019 totalled $5.6 million, compared with $5.3 million for the comparable period in 2018. Finance expense was higher during the fourth quarter of 2019 compared with the fourth quarter of 2018 primarily due to the accretion of the Royalty Repurchase Option, partially offset by a reduction in the principal balance of the Debt Facility and by lower interest rates. Finance expense includes the Debt Facility interest expense, accretion of both the Royalty Repurchase Option and Provision for environmental rehabilitation, and interest charges on the letters of credit and Demand Bonds.

Foreign exchange for the three months ended December 31, 2019 totalled a gain of $3.3 million, compared with a loss of $8.9 million for the comparable period in 2018. The strengthening Canadian dollar reduced the amount of the Canadian-dollar equivalent US-dollar borrowings under the Debt Facility and resulted in a foreign exchange gain on the revaluation thereof, and had an opposite, albeit smaller, foreign exchange loss on TMAC's US-dollar cash balances. The opposite is true when the Canadian dollar weakens. A weakening Canadian dollar increases the future Canadian-dollar equivalent revenue that TMAC generates through US-dollar denominated gold sales, which offsets the loss realized on the revaluation of the US-dollar denominated Debt Facility recorded in the Statement of Profit or Loss.

Fair value adjustments result from the period-to-period change in the fair value of the gold call options issued under the Credit Agreement in 2015 (the "**Gold Call Options**"). The fair value is primarily affected by changes in the price of gold in Canadian-dollar terms; however, other inputs into the Black-Scholes calculations, including interest rates, volatility and time to maturity, also impact the fair value. The price of gold increased during the three months ended December 31, 2019, partially offset by the favourable foreign exchange impact, resulting in an increase in the Gold Call Options liability and the associated fair value loss. During the quarter, no Gold Call Options were exercised. The price of gold also increased during the comparable period in 2018 causing the same effect on the Gold Call Options liability and the associated fair value adjustment for that period.

Current income tax expense for the three months ended December 31, 2019 of $0.9 million, compared with $0.9 million for the comparable period in 2018, relates to the 12% NTI net profits interest royalty. For the extraction of minerals on Inuit-owned subsurface rights, the MEA requires a 12% net profits interest royalty to be paid to NTI on any production therefrom, with the calculation of the amount being subject to a limit in the allowable deductions of between 70% and 85% of revenues depending upon the source of the ore. The NTI net profits interest royalty is analogous to the Crown's net profits interest royalty tax on Federal subsurface mineral rights; however, the Federal net profits interest royalty does not have a cap on allowable deductions. The NTI and Federal net profits interest royalties are mutually exclusive as they cover different portions of the Hope Bay Property.

Deferred income tax recovery for the three months ended December 31, 2019 of $58.1 million mainly relates to the adjustment of $54.0 million related to the impairment and the loss for tax purposes incurred during the period partially offset by the impact of the qualifying expenditures (i.e., the net expense for the renunciation of Canadian Exploration Expenses ("**CEE**")) related to the flow-through common shares incurred during the period and by the deferred tax effect of the NTI royalty calculation. The deferred income tax expense for the three months ended December 31, 2018 of $0.1 million mainly related to the loss for tax purposes incurred during that period.

Results for the years ended December 31, 2019 and 2018

Profit (loss) and comprehensive profit (loss) for the year ended December 31, 2019 was a loss of $611.6 million, compared with a loss and comprehensive loss of $42.1 million for the year ended December 31, 2018. The reasons for the variances between the components above are described below:

Metal sales for the year ended December 31, 2019 totalled $254.8 million (US$192.2 million). During the year ended December 31, 2019, 139,160 ounces of gold were sold at an average price of $1,831 (US$1,381) per ounce, compared with $178.0 million (US$136.8 million) from the sale of 108,820 ounces of gold at an average price of $1,635 (US$1,257) per ounce for the year ended December 31, 2018.

Cost of sales for the year ended December 31, 2019 totalled $212.6 million compared with $172.2 million during the year ended December 31, 2018. Production costs representing direct and indirect costs of mining, processing, and onsite general and administration expenses totalled $138.5 million for the year ended December 31, 2019, compared with $118.6 million for the year ended December 31, 2018. Depreciation of Property, Plant and Equipment used in the production process was $67.0 million for the year ended December 31, 2019, compared with $49.6 million during the year ended December 31, 2018 due to higher production and sales. Cost of sales increased due to higher production and sales, with Cost of sales increasing by $40.4 million, or 23%, while revenues increased by $76.8 million, or 43%.

Impairment of Property, Plant and Equipment and Goodwill totalled $620.6 million and was charged to the Statement of Profit or Loss. The impairment charge includes the write-off of Goodwill of $80.6 million and the write-down of Property, Plant and Equipment of $594.0 million, partially offset by a $54.0 million deferred tax adjustment. Of the $594.0 million write-down to Property, Plant and Equipment, $163.9 million of it relates to the processing plant. The carrying value of the Hope Bay CGU assets, after impairment, was $415.0 million as at December 31, 2019.

Salaries and wages for the year ended December 31, 2019 totalled $7.4 million, compared with $7.8 million for the comparable period in 2018. The expense was lower in 2019 compared with 2018, despite increased headcount, due to reduced bonus accruals.

Share-based payments relate to the expense for Share Options, restricted share rights, director share units and restricted share units which, for the year ended December 31, 2019, totalled $5.6 million, compared with $6.7 million for the comparable period in 2018.

Depreciation of non-production assets, primarily related to the office leases, for the year ended December 31, 2019 totalled $0.4 million, compared with $nil for the comparable period in 2018.

The remaining general and administration expenses represent regulatory compliance costs to operate the Company and maintain the Toronto and Cambridge Bay offices. For the year ended December 31, 2019 these expenses totalled $3.8 million compared with $2.9 million for the comparable period in 2018.

Finance income for the year ended December 31, 2019 totalled $0.6 million, compared with $0.8 million for the comparable period in 2018. Finance income was earned on the cash balances on hand during the respective periods.

Finance expense for the year ended December 31, 2019 totalled $20.3 million, compared with $20.9 million for the comparable period in 2018. Finance expense was lower during 2019 due to a reduction of the principal balance of the Debt Facility during the year, partially offset by increased interest rates. Finance expense includes the Debt Facility interest expense, accretion of both the Royalty Repurchase Option and the provision for environmental rehabilitation, and interest charges on the letters of credit and Demand Bonds.

Foreign exchange for the year ended December 31, 2019 totalled a gain of $8.1 million, compared with a loss of $15.3 million for the comparable period in 2018. The strengthening Canadian dollar reduced the amount of the Canadian-dollar equivalent US-dollar borrowings under the Debt Facility and resulted in a foreign exchange gain on the revaluation thereof, and had an opposite, albeit smaller, foreign exchange loss on TMAC's US-dollar cash balances.

Fair value adjustments result from the period-to-period change in the fair value of the Gold Call Options. The fair value is primarily affected by changes in the price of gold in Canadian-dollar terms; however, other inputs into the Black-Scholes calculations, including interest rates, volatility and time to maturity, also impact the fair value. The price of gold increased during the year ended December 31, 2019 resulting in an increase in the Gold Call Options liability and the associated fair value loss. A total of 3,325 Gold Call Options were exercised during the year. The price of gold decreased during the comparable period in 2018, thereby causing the opposite effect on the Gold Call Options liability and the associated fair value adjustment.

Gain on sale of Property, Plant and Equipment for the year ended December 31, 2019 was $5.5 million, compared with $nil for the comparable period in 2018. The gain arose as a result of the Royalty Amendment with Maverix completed during the year that was accounted for as a sale to the right of future production. The Royalty Amendment has been bifurcated into two components for accounting purposes: (i) a sale of a mineral interest as control over the future gold production has passed to the purchaser (ii) a financial liability for the Royalty Repurchase Option as control is not deemed to pass to the purchaser due to TMAC's right to exercise the Royalty Repurchase Option in the future. The proceeds have been allocated to the individual components based on the proportion of the value estimated for each component using the estimated future royalty payments over the life of mine of Hope Bay. The proceeds related to the sale of the mineral interest totalled $37.4 million. The book value of the Property, Plant and Equipment disposed of totalled $30.6 million and was determined as a proportion of the percentage of the estimated net asset value that was sold. Costs associated with the completion of the Royalty Amendment, including a $0.7 million (US$0.5 million) payment to the Sprott Lenders for providing consent to enter into the Royalty Amendment as required under the terms of the Credit Agreement, totalled $1.3 million.

Current income tax expense for the year ended December 31, 2019 of $4.6 million, compared with $3.2 million for the comparable period in 2018, relates to the 12% NTI net profits interest royalty. For the extraction of minerals on Inuit-owned subsurface rights, the MEA requires a 12% net profits interest royalty to be paid to NTI on any production therefrom, with the calculation of the amount being subject to a limit in the allowable deductions of between 70% and 85% of revenues depending upon the source of the ore. The NTI net profits interest royalty is analogous to the Crown's net profits interest royalty tax on Federal subsurface mineral rights; however, the Federal net profits interest royalty does not have a cap on allowable deductions. The NTI and Federal net profits interest royalties are mutually exclusive as they cover different portions of the Hope Bay Property.

Deferred income tax recovery for the year ended December 31, 2019 of $51.7 million mainly relates to the adjustment of $54.0 million related to the impairment and the loss for tax purposes incurred during the year partially offset by the impact of the qualifying expenditures (i.e., the net expense for the renunciation of CEE) related to the flow-through common shares incurred during the year. The deferred income tax recovery for the year ended December 31, 2018 of $8.0 million mainly related to the loss for tax purposes incurred during that period.

Summary of Quarterly Results

Summary of certain of the Company's quarterly financial information for the eight quarters ended December 31, 2019:

$millions (except for per share data)	Dec 31 2019	Sep 30 2019	Jun 30 2019	Mar 31 2019	Dec 31 2018	Sep 30 2018	Jun 30 2018	Mar 31 2018
Profit (loss) for the period	(628.4)	8.4	1.2	7.2	(13.5)	(3.3)	(10.3)	(15.0)
Profit (loss) per share	$(5.46)	$0.07	$0.01	$0.06	$(0.12)	$(0.04)	$(0.11)	$(0.16)
Cash and cash equivalents	20.7	47.4	14.6	25.6	24.8	13.6	24.2	35.7
Total assets	556.6	1,244.4	1,196.9	1,200.8	1,199.4	1,169.7	1,158.6	1,159.8
Deficit	714.2	85.8	94.2	95.4	102.6	89.1	85.8	75.5

Through December 31, 2019, seasonality and commodity market fluctuations have limited direct impact on the Company's results of operations.

TMAC's profit (loss) in each period primarily reflects the level of production revenue and expenses, general and administration expenses, unrealized foreign exchange adjustments and write-downs. The loss for the three months ended December 31, 2019 includes a $620.6 million impairment charge and $5.4 million of net finance expenses offset by a foreign exchange gain of $3.3 million related to the Debt Facility and US-dollar denominated cash balances. Cash balances fluctuated as a result of the various financings, combined with revenues and expenditures in the periods.

Financial Position

Cash and cash equivalents

Cash and cash equivalents totalled $20.7 million as at December 31, 2019, compared with $24.8 million as at December 31, 2018 and does not include restricted cash (see below). TMAC's Debt Facility requires that a $6.0 million minimum cash balance be maintained. The cash and cash equivalents balance decreased as cash used in investing activities of $85.2 million exceeded cash flow generated from operating activities and financing activities of $64.9 million and $16.6 million, respectively.

Amounts receivable

Amounts receivable totalled $2.1 million as at December 31, 2019, compared with $3.5 million as at December 31, 2018. The balance at December 31, 2019 consists of $1.9 million of sales tax and fuel tax receivables and $0.2 million of interest and other receivables. The December 31, 2018 balance included $3.3 million of sales tax and fuel tax receivables and $0.2 million of interest and other receivables.

Inventories

Inventories comprise ore in stockpiles, gold in process and consumables, materials and supplies. Most of the consumables, materials and supplies are brought in for the year during the annual sealift in August and September.

Finished metal

Finished metal contains 940 ounces of gold at December 31, 2019 and the balance represents residual amounts of unsold refined gold. The carrying value includes the weighted average cost per ounce of gold produced that was transferred from gold in process inventory and the cost of refining and transportation up to the point of selling the refined gold.

Gold in process

Gold in process fluctuates from period to period and, at December 31, 2019, consisted of an estimated 9,380 ounces of recoverable gold and represents doré, gold bearing ore that has been crushed and has begun the gold extraction process within the processing plant and includes partially processed materials and gold in solution.

The carrying value includes costs transferred from the ore in stockpiles inventory balance at the weighted average carrying cost per tonne, processing costs and the applicable share of onsite General and administration expenses incurred up to the point of shipping the doré from site.

Ore in stockpiles

The primary stockpile consists of 25,400 tonnes of ore containing 4,800 ounces of gold at an average grade of 5.9 g/t. The carrying value consists of onsite mining costs, underground longhole development costs, the applicable share of onsite general and administration expenses, permitting and compliance costs and land management costs, up to the point of stockpiling the ore.

The Incremental Ore stockpile contained an estimated 73,500 tonnes at a grade of 3.5 g/t containing 8,300 ounces of gold. The carrying value of the Incremental Ore is zero and the cost of mining Incremental Ore is included in production costs.

Consumables, materials and supplies

The $79.6 million balance at December 31, 2019 includes diesel and jet fuel, spare parts and other materials and supplies, compared with $79.4 million at December 31, 2018.

Consumables, 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 $4.3 million as at December 31, 2019, compared with $4.2 million as at December 31, 2018, relate to prepaid insurance, inventory items and deposits for goods or services to be received over the next twelve months.

Property, Plant and Equipment

The underground development of the Naartok zone, a subset of the Madrid trend, was approved for development by the board of directors in Q3 2019. The remainder of Madrid and Boston are in the E&E stage.

An impairment charge of $620.6 million was recognized (as described above).

A component of the Royalty Amendment was accounted for as a sale of Property, Plant and Equipment (see above). The book value of the Property, Plant and Equipment sold was $30.6 million and included $12.6 million of production assets and $18.0 million of E&E assets.

Details of production and development assets:

	Balance Dec 31, 2018 $millions	Additions/ Disposals/ Transfers $millions	Impairment Charges $millions	Balance Dec 31, 2019 $millions
Property	56.3	47.1	(52.3)	51.1
Plant and Equipment	519.3	51.2	(328.9)	241.6
Development	146.6	96.6	(95.0)	148.2
Total	**722.2**	**194.9**	**(476.2)**	**440.9**

*Property e*xpenditures include land claim payments to the Federal government, a portion of the annual payment to the KIA for surface access rights, and a non-cash adjustment to the provision for environmental rehabilitation.

Plant and Equipment expenditures during the period mainly consisted of the costs for continued construction of a marine outfall pipeline that allows for water discharge from the tailings impoundment area and underground mine at Doris, the completion of the installation of the additional gravity concentrators to increase the processing plant recoveries above what is achievable under the prior design, and the expansion of the metallurgical and assay labs.

Development expenditures during the period related to underground development activities at Doris. During the year, the Naartok mineral deposit transitioned from the E&E stage to the development stage and $91.8 million of the E&E expenditures were transferred to development costs as a result.

Details of E&E expenditures:

	Balance Dec 31, 2018 $millions	Additions/ Disposals/ Transfers $millions	Impairment Charges $millions	Balance Dec 31, 2019 $millions
Property	195.1	(59.0)	(76.5)	59.6
Plant and Equipment	16.7	(6.1)	(4.6)	6.0
E&E assets	93.3	(32.2)	(36.7)	24.4
Total	**305.1**	**(97.3)**	**(117.8)**	**90.0**

*Property e*xpenditures included in E&E include land claim payments to the Federal government and a portion of the annual payment to the KIA for surface access rights. Property cost represents the portion related to Madrid and Boston. The balance also includes a non-cash adjustment to the provision for environmental rehabilitation.

Camp and logistics costs relate to costs for running the camp that were allocated to E&E activities, including diesel fuel used in the power plant to generate electricity, 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 support compliance and reporting activities for Doris and Madrid.

Goodwill

Goodwill of $80.6 million as at the beginning of the year related 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.

The total value of Goodwill was fully written off as impaired at December 31, 2019 (as described above).

Restricted cash

The balance of restricted cash as at December 31, 2019 of $29.4 million comprises $22.0 million of cash collateral posted with the Demand Bonds underwriters and $7.4 million of investments in guaranteed investment certificates as collateral for letters of credit.

During the year ended December 31, 2019, TMAC issued an additional $3.3 million of cash-collateralized letters of credit and released $1.6 million through the Demand Bond structure.

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities decreased to $35.3 million at December 31, 2019 from $37.8 million at December 31, 2018.

Debt Facility

During the year ended December 31, 2019, the Company made principal payments in the amount of $11.6 million (US$8.8 million). The principal balance outstanding was US$117.0 million as at December 31, 2019.

Gold Call Options

The Gold Call Options were issued under the original Credit Agreement and are carried at fair value. Fair value adjustments are recorded in the Statement of Profit or Loss.

Other liabilities (current and non-current)

Other liabilities increased to $18.3 million at December 31, 2019 from $5.1 million at December 31, 2018. The balance of $18.3 million at December 31, 2019 consisted of $16.1 million for the component of the Royalty Amendment that relates to the Royalty Repurchase Option exercisable after June 30, 2021 (see above) and $2.2 million for office leases which commenced in Q3 2019.

The MEA required a one-time charge payable in eight equal instalments commencing in the quarter immediately after achieving commercial production at the first mine on the Hope Bay Property, but not in respect of any subsequent mine achieving commercial production. The Hope Bay commercial production obligation of $8.0 million was accrued as a result of achieving commercial production at Doris, payable in quarterly installments of $1.0 million each. During the year ended December 31, 2019 the Company paid the final $2.0 million of installments to NTI and settled the commercial production obligation.

The $3.1 million premium attributable to the proceeds from the issuance of flow-through common shares that arose as a result of the equity financing completed in 2018 was fully amortized by the Company during the year ended December 31, 2019.

Provision for environmental rehabilitation

The *Provision for environmental rehabilitation* balance increased to $44.8 million as at December 31, 2019 from $41.9 million at December 31, 2018. The increase is due to additional environmental disturbances incurred during the year, the completion of various capital projects, as well as from updating calculation assumptions during the year ended December 31, 2019.

Deferred tax liabilities

The deferred tax liabilities decreased to $nil at December 31, 2019 from $48.6 million at December 31, 2018 due primarily to the deferred tax expense recognized on the impairment and profit incurred during the year. 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 completes its review of the amounts of acquisition and historical expenditures incurred in the production lease area.

Equity

Share capital increased to $992.6 million at December 31, 2019 from $975.5 million at December 31, 2018 due to the exercise of share-based payments and the private placement and sale of mineral interest completed with Maverix in connection with the Royalty Amendment.

On October 30, 2019, TMAC issued 157,355 shares to Maverix for the third quarter NSR payment for the additional royalty under the Royalty Amendment.

During the year ended December 31, 2019, RCF participated in two private placements in connection with the Royalty Amendment and maintained their pro-rata share ownership as a result of TMAC paying the royalty in common shares. A total of 291,765 shares at a price of $6.00 per share and 68,857 shares at a price of $4.72 per share were issued for proceeds of $2.1 million.

On January 30, 2020, TMAC issued 252,828 shares to Maverix for the fourth quarter NSR payment for the additional royalty under the Royalty Amendment.

Related Party Transactions

Transactions with Newmont

Newmont is a related party as a result of its 28.0% ownership interest in TMAC's common shares at December 31, 2019. Newmont sold its 1% NSR royalty on mineral production from the Hope Bay claims and an area of interest around Hope Bay to Maverix on June 29, 2018. During the year ended December 31, 2018, the Company expensed $0.3 million and paid Newmont $0.6 million for net smelter return royalties earned prior to the sale of the NSR royalty.

Transactions with RCF

RCF is a related party as a result of it owning or exercising voting control over 30.4% of TMAC's common shares at December 31, 2019. In order to maintain its share ownership interest, RCF subscribed for 291,765 common shares of TMAC at $6.00 per share in a private placement completed on September 5, 2019 and elected to exercise its participation right by subscribing for an additional 68,857 shares as a result of the Q3 2019 NSR payment that was made in shares to Maverix on October 30, 2019 in connection with the Royalty Amendment. No amounts were owing to RCF at December 31, 2019 and 2018.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow from operating activities was positive during the year ended December 31, 2019.

The proceeds from the Royalty Amendment were used to fund the 2019 annual sealift, which requires a significant investment in working capital and equipment purchases that were expected to be financed with cash flow from operating activities.

The proceeds from the Private Placement will be used to fund operations and the 2020 sealift.

As a result of the financing arrangements made by the Company, management believes it has sufficient cash available to support its business through to the expected closing of the Transaction. Should the Transaction not close for any reason, the Company will not have sufficient funds to fund its operations and to repay all outstanding obligations under the Debt Facility as they become due. For the Transaction to close, shareholder and certain governmental approvals are required that are outside of the Company's control.

The adequacy of the Company's capital structure is monitored on an ongoing basis and adjusted as necessary according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company continues to manage its operating and financial risks and will take any additional required actions should operations not generate sufficient cash flow. These actions could include raising additional capital or rescheduling or refinancing debt payments.

Working capital

The Debt Facility requires working capital, as defined, to exceed $20.0 million.

Working capital additions for 2019 included the replenishment of consumables, materials and supplies via the 2019 sealift to support the activities at Hope Bay. As the operating activities increase, the working capital balance is expected to increase considerably. The Diesel Purchase Agreement provides a means to enable TMAC to better manage its working capital and reduce the seasonal volatility of its operating cash outflows.

Working capital(1)(2):

	December 31, 2019 $millions	**December 31, 2018 $millions**	**Change $millions**
Current assets:			
Cash and cash equivalents	20.7	24.8	(4.1)
Amounts receivables	2.1	3.5	(1.4)
Inventories	104.0	101.6	2.4
Prepaid expenses	4.3	4.2	0.1
	131.1	**134.1**	**(3.0)**
Current liabilities:			
Accounts payable and accrued liabilities	35.3	37.8	(2.5)
Debt Facility	13.0	41.2	(28.2)
Gold Call Options	4.3	3.3	1.0
Other liabilities	0.8	5.1	(4.3)
	53.4	**87.4**	**(34.0)**
Working capital	**77.7**	**46.7**	**31.0**
Adjustments for Debt Facility covenants:			
Current portion of the Debt Facility	13.0	41.2	(28.2)
Adjusted working capital for Debt Facility	**90.7**	**87.9**	**2.8**

(1) Working capital is not a recognized measure under IFRS (see "*Non-IFRS Measures*" section below).
(2) As part of the second amendment to the Credit Agreement, the working capital requirement was waived until July 1, 2020

Cash Flows

Operating activities

Cash flow generated by operating activities totalled $64.9 million for the year ended December 31, 2019, compared with $21.6 million for the year ended December 31, 2018. Operating cash flow includes $254.8 million of proceeds from gold sales, offset by the Cash Cost of sales and adjusted for non-cash working capital items, general and administration expenses and cash interest and taxes paid.

Investing activities

Investing activities related to expenditures on Hope Bay plus additional collateral posted for letters of credit (i.e., restricted cash) offset by the proceeds received from the sale of mineral interest, resulted in cash outflows of $85.2 million for the year ended December 31, 2019, compared with $84.6 million for the year ended December 31, 2018. The activities relate to expenditures associated with ramping up production in the processing plant and Doris underground development activities in 2019 partially offset by the sale of mineral interest to Maverix.

Financing activities

Cash flow generated by financing activities during the year ended December 31, 2019 totalled $16.6 million, consisting of $15.7 million in financing from the sale of mineral interest, $5.7 million from the exercise of share-based payments and $6.8 million from a private placement, partially offset by outflows of $11.6 million related to a repayment of the Debt Facility compared with cash flow generated from financing activities of $45.1 million from the equity financing completed in 2018 along with the exercise of share-based payments, offset by the repayment of the Debt Facility during the year ended December 31, 2018.

COMMITMENTS AND CONTINGENCIES

Commitments at December 31, 2019:

	2020 $millions	2021 $millions	2022 $millions	2023 $millions	2024 $millions
Accounts payable and accrued liabilities	35.3	-	-	-	-
Contractual commitments					
- Diesel purchase	14.2	-	-	-	-
- Consumables, materials and supplies	3.5	-	-	-	-
Debt Facility payments					
- Principal	9.7	142.2	-	-	-
- Interest and other	14.3	8.9	-	-	-
Rental and lease payments	0.9	0.9	0.5	0.1	0.1
	77.9	**152.0**	**0.5**	**0.1**	**0.1**

Rental and lease payments mainly consist of office lease commitments for the Toronto office that expire in 2021. Contractual commitments include commitments for infrastructure improvements.

TMAC estimates the required annual landholding payments for Hope Bay to be approximately $2.0 million, property taxes to be approximately $1.0 million, and environmental compliance work to be approximately $2.5 million. None of these payments are contractual commitments but they are required to maintain the Company's permits and land tenure agreements in good-standing. The landholding agreements with the KIA and NTI each have 20-year terms expiring in 2035.

OUTSTANDING SHARE, SHARE OPTIONS, RESTRICTED SHARE RIGHTS, RESTRICTED SHARE UNITS, DIRECTOR SHARE UNITS, AND WARRANTS DATA

Quantity outstanding at May 12, 2020:	
Common shares	118,116,421
Share Options	2,996,065
Restricted share units	769,229
Restricted share rights	470,597
Director share units	100,634
Warrants	2,333,834
	124,786,780

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 (as all defined below) such as working capital, Cash Costs per ounce sold, AISC, average realized sales price, and earnings before interest, taxes, depreciation and amortization (see below). 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 as defined therein. 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 Costs per ounce sold ("Cash Costs")

Cash Costs is a common financial performance measure in the gold mining industry that does not have a standard meaning under IFRS. TMAC reports total Cash Costs on a per ounce of gold sold basis. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, such as costs of sales, certain investors use this information to evaluate the Company's performance and ability to generate operating income and cash flow from its mining operations. Management uses this metric as an important tool to monitor operating costs. Total Cash Costs are calculated in accordance with the standard developed by the Gold Institute, a forerunner of the World Gold Council ("**WGC**"). Adoption of the standard is voluntary and other companies may quantify this measure differently as a result of different underlying principles and policies applied.

All-in Sustaining Cost

AISC is a common financial performance measure in the gold mining industry that does not have a standard meaning under IFRS. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, such as Cost of sales and cash flow from operating activities, certain investors use this information to evaluate the Company's operating performance and its ability to generate free cash flow from current operations. Management uses this metric as an important tool to monitor all-in costs. TMAC reports AISC in accordance with the updated guidance issued by the WGC in November 2018; as such, certain of the projects previously classified as sustaining capital in prior years have been reclassified as expansion capital. TMAC also reports sustaining capital expenditure per ounce sold as a component of AISC.

The WGC definition of AISC seeks to extend the definition of total Cash Costs by adding corporate general and administrative costs, reclamation and remediation costs (including accretion and amortization), exploration and study costs and sustaining capital expenditures and represents the total costs of producing gold from current operations. AISC excludes income tax payments, interest costs, costs related to business acquisitions and items needed to normalize earnings. Consequently, these measures are not representative of all of the Company's cash expenditures.

In addition, the calculation of AISC does not include depreciation expense as it does not reflect the impact of expenditures incurred in prior periods. Therefore, it is not indicative of the Company's overall profitability. Other companies may quantify these measures differently as a result of different underlying principles and policies applied. Differences may also occur due to different definitions of sustaining versus non-sustaining capital.

QTD reconciliation of Cost of sales to Cash Costs and AISC:

	Three months ended December 31, 2019		Three months ended December 31, 2018	
$millions	**$**	**US$**	**$**	**US$**
Gold sold (ounces)	24,650	24,650	31,380	31,380
Production costs per Statement of Profit or Loss	36.2	27.4	30.0	22.7
Royalties & selling expenses	1.9	1.5	1.2	0.9
Cash Costs	**38.1**	**28.9**	**31.2**	**23.6**
Cash Costs per ounce sold	**1,546**	**1,172**	**994**	**752**
Corporate general and administration costs	3.5	2.7	4.4	3.3
Reclamation and remediation costs(1)	0.2	0.1	0.1	0.1
Sustaining capital expenditures(2)(3)	13.4	10.2	10.3	7.9
AISC	**55.2**	**41.9**	**46.0**	**34.9**
AISC per ounce sold	**2,239**	**1,700**	**1,466**	**1,112**

(1) Includes depreciation and accretion of the rehabilitation assets and liabilities.
(2) Sustaining capital expenditures are defined as those expenditures required to sustain current operations and exclude all expenditures incurred at new operations or major projects at existing operations where these projects will materially benefit the operation.
(3) TMAC reclassified certain expenditures as expansion capital expenditures based on the updated guidance from the WGC that was issued in November 2018. Refer to the table below for further information.

YTD reconciliation of Cost of sales to Cash Costs and AISC:

$millions	**$**	**Year ended December 31, 2019 US$**	**$**	**Year ended December 31, 2018 US$**
Gold sold (ounces)	139,160	139,160	108,820	108,820
Production costs per statement of Profit or Loss	138.5	104.3	118.6	91.4
Royalties & selling expenses	7.1	5.3	4.0	3.1
Cash Costs	**145.6**	**109.6**	**122.6**	**94.5**
Cash Costs per ounce sold	**1,046**	**788**	**1,127**	**868**
Corporate general and administration costs	17.2	13.0	17.4	13.4
Reclamation and remediation costs(1)	0.7	0.5	0.5	0.4
Sustaining capital expenditures(2)(3)	55.6	41.9	41.8	32.2
AISC	**219.1**	**165.0**	**182.3**	**140.5**
AISC per ounce sold	**1,574**	**1,186**	**1,675**	**1,291**

(1) Includes depreciation and accretion of the rehabilitation assets and liabilities.
(2) Sustaining capital expenditures are defined as those expenditures required to sustain current operations and exclude all expenditures incurred at new operations or major projects at existing operations where these projects will materially benefit the operation.
(3) TMAC reclassified certain expenditures as expansion capital expenditures based on the updated guidance from the WGC that was issued in November 2018. Refer to the table below for further information.

Reconciliation of capital expenditures to the Statement of Cash Flows:

	Three months ended December 31, 2019 $millions	**Three months ended December 31, 2018 $millions**	**Year ended December 31, 2019 $millions**	**Year ended December 31, 2018 $millions**
Sustaining capital expenditures				
Underground mine development	12.9	8.7	47.8	26.7
Site infrastructure projects	0.5	1.6	5.3	15.1
Delineation drilling	-	-	2.5	-
	13.4	**10.3**	**55.6**	**41.8**
Expansion capital expenditures				
Gravity concentrator project(1)	-	7.5	5.4	11.4
Marine outfall pipeline(1)	1.2	1.4	10.5	7.6
Surface development – Madrid	-	-	6.0	-
Madrid crown pillar equipment & infrastructure	0.1	-	5.8	5.9
Scavenger columns	2.8	-	4.6	-
2,000 tpd expansion and indirect support costs	0.2	-	2.8	6.3
Underground equipment for Madrid	-	-	4.1	-
South dam(1)	-	-	-	13.9
Underground development for Madrid	2.5	-	2.5	-
	6.8	**8.9**	**41.7**	**45.1**
E&E expenditures	**5.7**	**4.1**	**22.8**	**14.6**
Additions per Statement of Cash Flows	**25.9**	**23.3**	**120.1**	**101.5**

(1) TMAC reclassified prior year expenditures as expansion capital expenditures based on the updated guidance from the WGC that was issued in November 2018. These expenditures are seen to materially benefit the operation as it either increases the life of mine by more than 10% or increases the net present value of the project by more than 10%.

Reconciliation of Cost of sales to Cash Costs and AISC per quarter:

$millions	**Dec 31 2019**	**Sep 30 2019**	**Jun 30 2019**	**Mar 31 2019**	**Dec 31 2018**	**Sep 30 2018**	**Jun 30 2018**	**Mar 31 2018**
Gold sold (ounces)	24,650	37,580	37,730	39,200	31,380	32,140	25,760	19,540
Production costs per Statement of Profit or Loss	36.2	34.0	35.5	32.8	30.0	33.5	29.8	25.3
Royalties & selling expenses	1.9	2.3	1.4	1.5	1.2	1.1	1.0	0.7
Cash Costs	**38.1**	**36.3**	**36.9**	**34.3**	**31.2**	**34.6**	**30.8**	**26.0**
Cash Costs per ounce - C$	1,546	966	978	875	994	1,077	1,196	1,331
Cash Costs per ounce - US$	1,172	729	729	658	752	825	928	1,049
Corporate general and administration costs	3.5	3.9	4.8	5.0	4.4	4.4	4.4	4.2
Reclamation and remediation costs(1)	0.2	0.2	0.1	0.2	0.1	0.0	0.2	0.2
Sustaining capital expenditures(2)(3)	13.4	17.1	12.8	12.3	10.3	12.0	10.1	9.4
AISC	**55.2**	**57.5**	**54.6**	**51.8**	**46.0**	**51.0**	**45.5**	**39.8**
AISC per ounce - C$	2,239	1,530	1,446	1,321	1,466	1,587	1,766	2,037
AISC per ounce - US$	1,700	1,155	1,081	992	1,112	1,217	1,363	1,607

(1) Includes depreciation and accretion of the rehabilitation assets and liabilities.
(2) Sustaining capital expenditures are defined as those expenditures required to sustain current operations and exclude all expenditures incurred at new operations or major projects at existing operations where these projects will materially benefit the operation.
(3) TMAC reclassified certain expenditures from prior years as expansion capital expenditures based on the updated guidance from the WGC that was issued in November 2018. Refer to the table below for further information.

Reconciliation of capital expenditures to the Statement of Cash Flows:

$millions	Dec 31 2019	Sep 30 2019	Jun 30 2019	Mar 31 2019	Dec 31 2018	Sep 30 2018	Jun 30 2018	Mar 31 2018
Sustaining capital expenditures								
Underground mine development	12.9	12.6	12.1	10.2	8.7	6.2	6.6	5.3
Site infrastructure projects	0.5	3.7	-	1.1	1.6	5.8	3.5	4.1
Delineation drilling	-	0.8	0.7	1.0	-	-	-	-
	13.4	**17.1**	**12.8**	**12.3**	**10.3**	**12.0**	**10.1**	**9.4**
Expansion capital expenditures								
Marine outfall pipeline[1]	1.2	4.1	3.5	1.7	1.4	5.5	0.6	0.2
Scavenger columns	2.8	1.3	0.2	-	-	-	-	-
2,000 tpd expansion and indirect support costs	0.2	1.6	1.2	0.1	-	-	3.2	3.1
Surface development – Madrid	-	5.9	0.1	-	-	-	-	-
Madrid crown pillar equipment and infrastructure	0.1	1.6	4.1	-	-	5.9	-	-
Gravity concentrator project[1]	-	-	1.4	4.0	7.5	3.8	0.1	-
Underground equipment for Madrid	-	3.2	0.9	-	-	-	-	-
Underground mine development – Madrid	2.5	-	-	-	-	-	-	-
South dam[1]	-	-	-	-	-	0.7	8.5	4.6
	6.8	**17.7**	**11.4**	**5.8**	**8.9**	**15.9**	**12.4**	**7.9**
E&E expenditures	**5.7**	**8.1**	**4.4**	**4.6**	**4.1**	**4.4**	**4.6**	**1.5**
Additions per Statement of Cash Flows	**25.9**	**42.9**	**28.6**	**22.7**	**23.3**	**32.3**	**27.1**	**18.8**

(1) TMAC reclassified expenditures from prior years as expansion capital expenditures based on the updated guidance from the WGC that was issued in November 2018. These expenditures are seen to materially benefit the operation as it either increases the life of mine by more than 10% or increases the net present value of the project by more than 10%.

Average Realized Sales Price

Average realized sales price per ounce of gold sold is used to better understand and compare the gold price realized by the Company to the market price during the reporting period. Average realized sales price is quantified as revenue per the Statement of Profit or Loss divided by the number of ounces sold during the period. The average realized sales price in US dollars is calculated by dividing the actual revenues generated in US dollars by the ounces sold during the reporting period.

Adjusted Profit (loss)

Adjusted Profit (loss) is a non-IFRS measure defined as Profit (loss) adjusted to exclude specific items that are significant but not reflective of the underlying operating performance of the Company, such as impairment provisions and the tax effect of such impairment provisions.

Certain investors use adjusted profit (loss) in addition to conventional measures prepared in accordance with IFRS to measure the underlying operating performance of the Company. Presenting this measure from period to period helps investors evaluate earnings trends more readily in comparison with results from prior periods.

Calculation of Adjusted Profit (loss):

	Three months ended		Year ended	
	December 31, 2019	**December 31, 2018**	**December 31, 2019**	**December 31, 2018**
Profit (loss) for the period	(628.4)	(13.5)	(611.6)	(42.1)
Adjustments:				
Impairment charge	674.6	-	674.6	-
Deferred income tax adjustments from impairment charge	(54.0)	-	(54.0)	-
Adjusted Profit (loss)	**(7.8)**	**(13.5)**	**9.0**	**(42.1)**

Earnings before interest, taxes, depreciation and amortization ("EBITDA")

EBITDA is a non-IFRS financial measure which excludes finance costs, finance income, income tax expense and depreciation from net profit or loss.

Certain investors use EBITDA in addition to conventional measures prepared in accordance with IFRS as an indicator of the Company's ability to generate liquidity by producing operating cash flow to fund working capital needs, service debt obligations and fund capital expenditures.

Calculation of EBITDA:

	Three months ended		Year ended	
	December 31, 2019	**December 31, 2018**	**December 31, 2019**	**December 31, 2018**
Profit (loss) for the period	(628.4)	(13.5)	(611.6)	(42.1)
Adjustments:				
Net finance (income) expense	5.4	5.1	19.7	20.1
Current income tax expense	0.9	0.9	4.6	3.2
Deferred income tax expense (recovery)	(58.1)	0.1	(51.7)	(8.0)
Depreciation	15.4	13.1	67.4	49.6
EBITDA	**(664.8)**	**5.7**	**(571.6)**	**22.8**

Adjusted EBITDA

Adjusted EBITDA is a non-IFRS financial measure which excludes non-cash fair value and foreign exchange adjustments from EBITDA.

Certain investors use Adjusted EBITDA in addition to conventional measures prepared in accordance with IFRS as an indicator of the Company's ability to generate liquidity by producing operating cash flow to fund working capital needs, service debt obligations and fund capital expenditures.

Calculation of Adjusted EBITDA:

	Three months ended		Year ended	
	December 31, 2019	**December 31, 2018**	**December 31, 2019**	**December 31, 2018**
EBITDA	(664.8)	5.7	(571.6)	22.8
Foreign exchange (gain) loss	(3.3)	8.9	(8.1)	15.3
Fair value adjustments	0.2	1.1	2.7	(0.4)
Gain on sale of Property, Plant and Equipment	-	-	(5.5)	-
Impairment of Property, Plant and Equipment	594.0	-	594.0	-
Impairment of Goodwill	80.6	-	80.6	-
Adjusted EBITDA	**6.7**	**15.7**	**92.1**	**37.7**

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 Financial Statements, which are available on the Company's website at 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, the 2015 Warrants and the 2017 Warrants using parameters available when the transactions were incurred and in determining the fair value adjustment of the Gold Call Options at the period end date.

The Company adopted IFRS 16, *Leases* ("**IFRS 16**"), effective January 1, 2019. IFRS 16 requires lessees to recognize assets and liabilities for most leases. The Company collected data from existing agreements that extend beyond January 1, 2019 that would possibly qualify under the standard. Upon completion of the assessment, the Company concluded that no material change was applicable after the application of IFRS 16 to its financial statements. Certain contracts qualify as short-term leases and variable lease arrangements and therefore have been disclosed in the financial statements.

As of January 1, 2019, the Company also adopted IFRIC 23, *Uncertainty over Income Tax Treatments* ("**IFRIC 23**"), which did not have an impact on these condensed interim financial statements.

INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES

The Company's management, with the participation of its President and 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, 2019. In making this evaluation, management used the criteria set forth in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that evaluation, the Company's President and Chief Executive Officer and Chief Financial Officer concluded that, as at December 31, 2019, 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, 2019, there have been no significant changes in the Company's internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting and disclosure controls and procedures or their design.

TMAC's management, including the President and 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, development and mining entity whose activities include the selection, acquisition, exploration, evaluation, development and mining of mineral properties. The Company's current focus is the mining of Doris and the further development of Hope Bay. TMAC's future performance is largely tied to the mining and ongoing 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 the performance of the processing plant and further developing the deposits at Hope Bay 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 additional debt and equity financing for the purposes of exploration and further 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 additional debt and/or 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 further 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, should be given special consideration when evaluating trends, risks and uncertainties relating to the Company's business.

NOTE REGARDING SCIENTIFIC AND TECHNICAL INFORMATION

Information of a scientific or technical nature in respect of the Hope Bay project included or incorporated by reference in this document, other than in respect of scientific and technical information as at a date subsequent to the effective date of the 2020 PFS, entitled "*NI 43-101 Technical Report on the Hope Bay Property, Nunavut, Canada*", is based upon the 2020 PFS, prepared by TMAC's technical team with assistance from Optimize Group Inc. and Hatch Engineering, industry leading firms with extensive experience in the construction and operation of mining projects. To the best of the Company's knowledge, after reasonable inquiry, as of the date hereof, the aforementioned firms do not beneficially own, directly or indirectly, any common shares.

The scientific and technical information included or incorporated by reference in this MD&A, subsequent to the effective date of the 2020 PFS, has been reviewed and approved by Gil Lawson, P. Eng., Chief Operating Officer of the Company, and David King, P.Geo., Vice President, Exploration and Geoscience of the Company, each of whom, by virtue of their education and relevant experience, is a "qualified person" as defined by NI 43-101.

Mineral reserve estimate for the stockpile

The Mineral Reserve estimate for the ore stockpiles has an effective date of December 31, 2019 and is based on the estimated recovery rate in the 2020 PFS for the portion of Hope Bay 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 2020 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 "guidance", "outlook", "target", "may", "will", "expect", "estimates", "plans", "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 Hope Bay, 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 rest of Hope Bay, the processing rates for the processing plant and the Madrid Plant, water inflows from Doris Central, cash flows being used to develop the rest of Hope Bay; the potential to discover additional mineralization to add to TMAC's mineral resources; the Company being able to complete the Transaction on the terms and timing described herein, if at all; the amendment process for existing permits being achievable in reasonable timeframes; the Company being able to secure other leases, authorizations, and permits, as necessary, for project development, including mineral production leases issued by NTI, commercial leases and/or advanced exploration leases issued by the KIA, and authorizations from the DFO; water inflows at Doris Central and its effects on the Company's 2020 and 2021 production guidance, once re-established; the Company's expectations with respect to its operations during the COVID-19 pandemic under the Plan; the design, timing and processing capacity of the new Madrid processing plant and, any other statement that may predict, forecast, indicate or imply future plans, intentions, levels of activity, results, performance or achievements.

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: the Royalty Amendment, favourable equity and debt capital markets; the ability to raise any necessary additional capital on reasonable terms to advance the development of the rest of Hope Bay 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 Hope Bay being as described in the 2020 PFS; the metallurgical characteristics of Hope Bay being suitable for the processing plant and the Madrid Plant; the successful operation and ramp-up of the processing plant and the Madrid Plant, including the planned improvements with respect to gravity recoverable gold concentrators and the scavenger columns; production costs; the accuracy of budgeted exploration and development costs and expenditures, including to complete development of the infrastructure at Hope Bay; 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, particularly in light of the COVID-19 pandemic; 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, the Nunavut Impact Review Board, the NWB, and NTI and other local groups and the Company's ability to meet its obligations under its property agreements; the Company's ability to operate in the harsh northern Canadian climate; the successful delivery of consumables, parts and equipment with the annual sealift; the successful mitigation of water inflows in the Doris underground mine; satisfying the terms and conditions of the Debt Facility the Company being able to complete the Transaction on the terms and timing described herein, if at all; there being no cases of COVID-19 in the Company's workforce or reasons for some or all of the Company's workforce to self-isolate as a result of the COVID-19 pandemic; the responses of the relevant governments to the COVID-19 pandemic being sufficient to contain the impact of the COVID-19 pandemic; and, there not being a prolonged economic recession or downturn as a result of the COVID-19 pandemic. 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 and maintain commercial viability, despite an acceptable gold price, or the presence of cost overruns which render Hope Bay 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; delays in further construction and development of Hope Bay 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 Hope Bay; difficulties with transportation and logistics relating to the delivery of essential equipment and supplies to Hope Bay, including by way of airlift and sealift, and the logistical challenges presented by Hope Bay's location in a remote Arctic environment; the Company's failure to develop or supply adequate infrastructure to sustain the development and operation of Hope Bay, 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 particularly in light of the COVID-19 pandemic; 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 rather short operating history and no history of profits; 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 influence 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, if 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; water inflows in the Doris underground mine having a material adverse effect on 2020 or 2021 production estimates, once re-established; risks related to the completion of the Transaction; risks relating to pandemics such as COVID-19, including the risk of cases of COVID-19 in the Company's workforce, the Company's workforce being required to self-isolate and partially or fully suspend operations at the Hope Bay Property, the responses of the relevant governments to the COVID-19 pandemic not being sufficient to contain the impact of the COVID-19 pandemic, and the risk of a significant and prolonged economic recession or downturn. 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.