TMAC Resources Inc.

Management's Discussion and Analysis
September 30, 2020
(Expressed in Canadian dollars, except where otherwise indicated)

MANAGEMENT'S DISCUSSION AND ANALYSIS
Period Ended September 30, 2020

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*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 September 30, 2020 and for the three and nine month periods ended September 30, 2020 and September 30, 2019. This MD&A is prepared as at November 5, 2020 and should be read in conjunction with TMAC's unaudited condensed interim financial statements and notes thereto for the three and nine months ended September 30, 2020 and September 30, 2019 (the "**Financial Statements**"), which are prepared in accordance with IAS 34, Interim Financial Reporting and TMAC's audited financial statements and notes as at and for the years ended December 31, 2019 and 2018 which were prepared in accordance with International Financial Reporting Standards ("**IFRS**"), as well as the MD&A for the year ended December 31, 2019. The accounting policies of TMAC are in accordance with IFRS as issued by the International Accounting Standards Board and, except where noted in the unaudited condensed interim financial statements, follow the same accounting policies and methods as described in note 2 to the Company's audited financial statements as at and for the years ended December 31, 2019 and 2018, 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 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. At the same time, TMAC scaled down operations and reduced its workforce as the best course of action against the risks posed by the COVID-19 pandemic. See *Response to COVID-19, Reduced Operating Plan and Outlook* below.

TMAC has been successful in operating economically at reduced levels. TMAC expects to be able to continue to operate at reduced operating levels for the remainder of the year and through 2021 but may execute a transition into temporary care and maintenance if the current operating levels cannot be maintained due to COVID-19 related factors.

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 (the "**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 "**SD Gold Transaction**" or the "**Arrangement Agreement**"). The SD Gold Transaction was approved by TMAC's shareholders at a special meeting held on June 26, 2020, after which TMAC received a final order from the Ontario Superior Court of Justice approving the plan of arrangement under the *Business Corporations Act* (Ontario). SD Gold has received all Chinese regulatory approvals in connection with the SD Gold Transaction. The Commissioner of Competition has issued a "no action" letter and terminated the waiting period early, which satisfies the Competition Act approval requirement. In addition to the approvals already received, the SD Gold Transaction is subject to the receipt of additional regulatory approvals including approval under the *Investment Canada Act* (Canada) as well as the satisfaction or waiver of certain closing conditions and other closing conditions customary in transactions of this nature.

On October 15, 2020, TMAC announced receipt of notification that the federal Cabinet had ordered a national security review of the SD Gold Transaction under Section 25.3(1) of the *Investment Canada Act* (Canada). Given the extended timelines under the *Investment Canada Act* (Canada), as a result of Bill C-20, an Act respecting further COVID-19 measures, and the related Ministerial Order issued on July 31, 2020, combined with the ongoing border restrictions and travel constraints due to the COVID-19 pandemic, the Company believes it is now unlikely that the remaining closing conditions can be completed in 2020 and expects the closing of the SD Gold Transaction to occur in the first quarter of 2021. The extension to timelines also means that the Government of Canada may not complete the regulatory review process and provide Investment Canada Act approval by February 8, 2021, which is the extended outside date in the Arrangement Agreement.

As part of the SD Gold Transaction, SD Gold, through a wholly-owned subsidiary, purchased 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 financial flexibility until closing of the SD Gold Transaction, TMAC 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 provides TMAC with its debt facility which had an outstanding principal and cash interest and fees balance of US$131.5 million as at September 30, 2020 (the "**Debt Facility**"). The Sprott Lenders agreed to defer all principal and interest payments until the earlier of closing of the SD Gold Transaction or when the SD Gold Transaction is terminated. Upon closing of the SD Gold Transaction, SD Gold will redeem TMAC's Debt Facility 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 SD Gold Transaction. The Debt Facility matures on December 31, 2020 and TMAC has the option to extend the maturity date to June 30, 2021, for a fee of 2% of the outstanding balance, provided there is no event of default by December 1, 2020. Based on the expected timeline for the closing of the SD Gold Transaction, TMAC intends to exercise its option.

The Company believes it has sufficient cash available to support its business through to the expected closing of the SD Gold Transaction. Should the SD Gold Transaction not close for any reason, the Company will not have sufficient funds to repay all outstanding obligations under the Debt Facility as they become due. For the SD Gold Transaction to close, certain governmental approvals are required that are outside of the Company's control. Therefore, there is a risk that the conditions to the SD Gold Transaction are not satisfied on a timely basis or at all and the SD Gold Transaction may fail to close for this or any other reason. 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 Financial Statements.

In addition to the risks associated with the SD Gold Transaction, TMAC is also 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*".

THIRD QUARTER 2020 HIGHLIGHTS

Q3 2020 Operating Results:

- **Underground mine production** achieved 61,400 tonnes, or 670 tpd, of ore at an average grade of 10.6 g/t, containing 20,900 ounces of gold.
- **Processed** 66,600 tonnes of ore with an average grade of 9.8 g/t at an average rate of 1,630 tpd based on operating days(1) and achieved an average recovery of 88%. Recovery in August was a record 90%.
- **Gold production** was 18,420 ounces during the three months ended September 30, 2020 and a total of 21,200 ounces were poured.
- **Ore stockpiles** at September 30, 2020 were estimated to contain 89,600 tonnes at an average grade of 4.9 g/t containing 14,100 ounces of gold.
  - 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 surface mining the Madrid North Naartok East crown pillar. The primary stockpile at September 30, 2020 was estimated to contain 52,100 tonnes of ore at an average grade of 5.8 g/t, containing 9,800 ounces of gold.
  - The **secondary stockpile** contains material that is below the mining cut-off grade of 4.0 g/t ("**Incremental Ore**") and has been produced from sill development. As at September 30, 2020, the Incremental Ore stockpile contained an estimated 37,500 tonnes at an average grade of 3.6 g/t containing 4,300 ounces of gold.

Q3 2020 Financial Results:

- **Cash on hand** was $99.4 million at September 30, 2020 and is composed of $71.5 million of unrestricted cash and $27.9 million of restricted cash.
- **Current debt** of $169.7 million as at September 30, 2020.
- **Gold sales** of 27,650 ounces generated gross revenues of $70.5 million at a Cost of sales of $44.9 million resulting in a profit from mining operations of $25.6 million.
- **Profit (loss)** for the three months ended September 30, 2020 amounted to a profit of $16.8 million, or $0.13 per share on a basic and fully diluted basis.
- **Cash flow from operating activities before working capital changes** totalled $25.6 million.
- **Cash flow from operating activities** totalled $28.8 million.
- **Average realized price for gold sold** was $2,549 (US$1,910) per ounce.
- **Cash Costs and All-in Sustaining Costs** ("**AISC**")(1) per ounce of gold sold were US$901 and US$1,067, respectively.
- **Sustaining capex**(2) was $2.4 million or US$65 per ounce sold.
- **Expansion capital**(2) was $0.2 million.
- **EBITDA and Adjusted EBITDA**(1) were $35.7 million and $32.7 million, respectively.

(1) During reduced operations, operating days are defined as all days in the quarter within the operating cycle of the campaign. Campaigns generally consist of three operating weeks followed by three down weeks.
(2) Cash Costs, All-in Sustaining Costs, EBITDA, Adjusted EBITDA, Sustaining capex, and Expansion capital are non-IFRS financial measures and exclude non-cash, fair value, and foreign exchange adjustments from EBITDA. Refer to "*Non-IFRS Measures*" section below.

Response to COVID-19, Reduced Operating Plan 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. During the month of September, despite TMAC's best efforts to remain COVID-free, the Government of Nunavut ("**GN**") confirmed numerous positive COVID-19 cases at TMAC's Hope Bay site; fourteen confirmed cases and two presumptive cases. Only two individuals exhibited symptoms while all others were asymptomatic. GN Public Health deployed their on-site rapid response team to help contain the spread. TMAC worked closely with GN Public Health and the workers that were at site to ensure everyone was able to safely return to their respective communities. See "*Response to COVID-19"* below for further information.
- TMAC has been successful in executing its strategy to operate at reduced levels and continue to mine and develop in the available stopes and headings in Doris Connector and Doris BTD. The size of the workforce and activities were adjusted to align operating expenditure with production.
- Leveraging studies just completed, an additional diamond drill rig has been deployed to provide further data to inform the water management and mine planning at Doris Central which will be an important ore source in 2021. Development at Madrid is planned to restart in early 2021, with preparations underway now.
- Campaign processing started at the end of July and has been successful to date. A campaign generally consists of three operating weeks followed by three down weeks. Campaign processing provides flexibility as the schedule can be changed if required and is based on the mine and stockpile feed plan that will produce sufficient ore to operate at the throughput levels currently achievable by the processing plant, for approximately 50% of the time.
- It is expected that AISC will remain at approximately the same level for the remainder of the year.
- It is expected that mining will be able to produce sufficient ore, combined with available stockpiles, to continue to operate economically at similar levels for the foreseeable future and until at least the sealift in the third quarter of 2021.
- TMAC is in the process of preparing its 2021 budget and will provide further details with the release of its year-end financial results.
- The following table summarizes production outlook for the remainder of the year based on the above operating strategy:

	Units	Three months ended September 30, 2020	Nine months ended September 30, 2020	Full-year guidance December 31, 2020
Mining:				
Total ore	tonnes	61,400	223,300	268,000 – 273,000
Ounces	ounces	20,900	82,700	100,000 – 103,000
Processing:				
Tonnes	tonnes	66,600	288,300	345,000 – 350,000
Ounces	ounces	20,900	93,830	112,500 – 117,000
Production	ounces	18,420	79,680	95,000 – 100,000

- TMAC has not experienced a significant impact on its supply chain or its ability to ship and sell gold production. A smaller than usual sealift was completed to resupply diesel and consumables to maintain production and recommence development at Doris Central and Madrid in 2021. The diesel and consumables at site are sufficient to support the planned operations and recommencement of development at Doris Central and Madrid until the 2021 sealift.

- Should the SD Gold Transaction not close by February 8, 2021, the extended outside date under the Arrangement Agreement, the Company expects to have sufficient cash available to repay all outstanding obligations under the Debt Facility prior to June 30, 2021, assuming the maturity date is extended, but not the final amount due upon maturity. Refer to the "*Credit Agreement*" section below.

Exploration:

- All production delineation and exploration diamond drilling was suspended in March in response to the COVID-19 pandemic. Underground production drilling associated with the reduced operating plan resumed at the end of June and continued throughout the third quarter. All surface exploration programs have been deferred to 2021.
- A total of 11,905 metres of underground diamond drilling was completed during the third quarter on the Doris Connector and BTD Extension zones to support production and detailed stope design. Drilling is expected to continue through the fourth quarter of 2020.
- Drilling has also resumed in the Doris Central zone to support further modelling of water-bearing structures and mine design.

Financial and Corporate Developments:

- On October 15, 2020, TMAC announced receipt of notification that the federal Cabinet had ordered a national security review of the SD Gold Transaction under Section 25.3(1) of the *Investment Canada Act* (Canada). Given the extended timelines under the *Investment Canada Act* (Canada), as a result of Bill C-20, an Act respecting further COVID-19 measures, and the related Ministerial Order issued on July 31, 2020, combined with the ongoing border restrictions and travel constraints due to the COVID-19 pandemic, the Company believes it is now unlikely that the remaining closing conditions can be completed in 2020 and expects the closing of the SD Gold Transaction to occur in the first quarter of 2021. The extension to timelines also means that the Government of Canada may not complete the regulatory review process and provide Investment Canada Act approval by February 8, 2021, which is the extended outside date in the Arrangement Agreement. Should the SD Gold Transaction not close by the outside date or otherwise be extended, the Arrangement Agreement will terminate.
- See "*SD Gold Transaction*" below for further information.

Summary of operating highlights:

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

(1) Calculated based on days during the operating cycle of the campaign. Campaigns generally consist of three operating weeks followed by three down weeks. There were 41 operating days during the three months ended September 30, 2020.
(2) Includes ore from mining that is above the mining cut-off grade of 4.0 g/t.
(3) Includes material from sill development that is below the mining cut-off grade of 4.0 g/t.

Summary of financial highlights:

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

(1) Includes depreciation.
(2) This is a non-IFRS financial performance measure. Refer to the definitions of EBITDA, Adjusted EBITDA, Cash Costs, AISC, sustaining capex and expansion capital in the "*Non-IFRS Measures*" section below.
(3) Translated using exchange rates at the time of incurring the expenditure.

RESPONSE TO COVID-19

- In the continuing response to the health risks associated with COVID-19, TMAC initiated the implementation of an Infectious Disease Control Plan at Hope Bay on March 12, 2020 that has subsequently been updated as required based on additional information from within Canada and abroad. Nunavut-based workers were demobilized to their home communities to eliminate the ongoing risk of transmitting the virus to remote communities. The number of southern crew change flights was reduced and enhanced pre-boarding health screening of each passenger by a medical professional was initiated. 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. TMAC is also working with public health professionals on continually improving the Company's COVID-19 procedures and policies as well as the compliant behaviours of TMAC's team. The Company continues to monitor the situation and is working closely with GN to align the steps taken to manage the COVID-19 pandemic.
- Despite TMAC's best efforts to remain COVID-free, during the month of September, the GN confirmed numerous positive COVID-19 cases at TMAC's Hope Bay site; 14 confirmed cases and two presumptive cases. Only two individuals exhibited symptoms while all others were asymptomatic. GN Public Health deployed their on-site rapid response team to help contain the spread. TMAC worked closely with GN Public Health and the workers that were at site to ensure everyone was able to safely return to their respective communities.
- The Company commenced COVID-19 testing of all personnel travelling from Edmonton to Hope Bay effective July 19, 2020. The testing was found to be ineffective and the Company has acquired on-site rapid testing equipment instead and is performing testing on site. Contact tracing technology has also been deployed at Hope Bay.
- The Toronto workforce continues to work 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 GN Departments of Health, Justice and Economic Development and Transportation to align the steps taken to manage the situation.

SD GOLD TRANSACTION

- TMAC signed a definitive agreement on May 8, 2020 with SD Gold, pursuant to which SD Gold agreed to purchase all of the outstanding shares of TMAC at a price of $1.75 per share in cash. The SD Gold Transaction was approved by TMAC's shareholders at a special meeting held on June 26, 2020, after which TMAC received a final order from the Ontario Superior Court of Justice approving the plan of arrangement under the *Business Corporations Act* (Ontario). SD Gold has received all Chinese regulatory approvals in connection with the SD Gold Transaction. The Commissioner of Competition has issued a "no action" letter and terminated the waiting period early, which satisfies the *Competition Act* approval requirement. In addition to the approvals already received, the SD Gold Transaction is subject to the receipt of additional regulatory approvals including approval under the *Investment Canada Act* (Canada) as well as the satisfaction or waiver of certain closing conditions and other closing conditions customary in transactions of this nature.
- As part of the SD Gold Transaction, SD Gold, through a wholly owned subsidiary, purchased 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 closed on May 15, 2020.
- To provide financial flexibility until closing of the SD Gold Transaction, TMAC also entered into a third amendment to its Credit Agreement with the Sprott Lenders on May 8, 2020. The Sprott Lenders have agreed to defer all principal and interest payments until closing of the SD Gold Transaction or termination of the SD Gold Transaction. Upon closing of the SD Gold Transaction, SD Gold will redeem TMAC's Debt Facility 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 from July 1, 2020 onward. 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 SD Gold Transaction. The consideration for these amendments was 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 SD Gold

Transaction. If the SD Gold Transaction does not close, the interest rate will retroactively 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 SD Gold Transaction. The deferred royalty payments will accrue interest at 6.5% plus the greater of (i) US-dollar three-month LIBOR, or (ii) 1%. Refer to the *Financial and Corporate* section below.

- The maturity date of the Debt Facility is June 30, 2021, assuming the debt is extended, and the current balance of $169.7 million is reported as current. All principal and interest payments have been deferred until the closing of the SD Gold Transaction. TMAC's ability to enter into financing negotiations is constrained in connection with the SD Gold Transaction. The Board of Directors and management of TMAC are also evaluating and preparing for the potentially significant challenges related to the refinancing of its Debt Facility which would be required if the Canadian government does not approve the SD Gold Transaction. The Company will not be in a position to finalize commitments for the 2021 sealift, for which long-lead items are often required in the first quarter, until the Debt Facility has been refinanced. As part of a refinancing strategy, TMAC continues to develop and evaluate Hope Bay mining and processing plant alternative scenarios with the objectives of reducing required capital expenditure and financing requirements and maximizing value, as compared to the 2020 PFS.

THIRD QUARTER OPERATIONS UPDATE

Mining

	Units	Three months ended		Nine months ended	
		September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Mining:					
Doris ore[1]	tonnes	58,600	121,700	206,200	345,000
Average grade	g/t	10.9	9.7	12.1	10.9
Contained gold	ounces	20,600	37,900	80,300	121,100
Mining rate	tpd	640	1,320	750	1,260
Madrid ore	tonnes	-	-	55,700	-
Average grade	g/t	-	-	6.8	-
Contained gold	ounces	-	-	12,100	-
Mining rate	tpd	-	-	210	-
Incremental Ore[2]	tonnes	2,800	11,300	17,100	37,800
Average grade	g/t	3.3	3.6	4.4	3.4
Contained gold	ounces	300	1,300	2,400	4,100
Mining rate	tpd	30	120	60	140
Total ore	tonnes	61,400	133,000	279,000	382,800
Average grade	g/t	10.6	9.2	10.6	10.2
Contained gold	ounces	20,900	39,200	94,800	125,200
Mining rate	tpd	670	1,450	1,020	1,400
Waste	tonnes	12,500	181,900	161,400	369,100
Total tonnes	tonnes	73,900	314,900	440,400	751,900
Development	metres	800	2,140	3,530[3]	5,640

(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) Includes 260 metres of development at Madrid. Doris underground alone was 3,270 metres.

Underground mine production from Doris BTD and Doris Connector achieved 61,400 tonnes, or 670 tpd, of ore at an average grade of 10.6 g/t, containing 20,900 ounces of gold during the three months ended September 30, 2020. Included in underground production is sill development that produced 2,800 tonnes of Incremental Ore at a grade of 3.3 g/t.

All necessary underground development is being executed to support mining of Doris BTD and the Doris Connector, which averaged 8.7 metres per day during the three months ended September 30, 2020, compared with 23.2 metres per day during the three months ended September 30, 2019. A total of 800 metres were developed during the three months ended September 30, 2020.

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

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 surface mining at the Madrid North Naartok East crown pillar 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. 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.

At September 30, 2020, the primary stockpile contained an estimated 52,100 tonnes of ore at an average grade of 5.8 g/t, containing 9,800 ounces of gold.

At September 30, 2020, the secondary stockpile contained an estimated 37,500 tonnes at a grade of 3.6 g/t containing 4,300 ounces of gold.

Doris Central Water Management

Since the public disclosure of the Doris Central zone water management issues 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 water issues, and incorporated some of these sequences into the operating plan for the remainder of 2020 and 2021. The 2020 operating plan does not include any ore mining in the Doris Central zone and allows for additional time to investigate and model the ground water of this area. A grouting program has been successfully initiated and continues. An additional diamond drill rig has been deployed to provide further data to inform the water management and mine planning at Doris Central which will be an important ore source from the second half of 2021. Other areas of the Doris mine are unaffected and continue development and production, with routine water control measures.

Processing

		Three months ended		Nine months ended	
	Units	**September 30, 2020**	**September 30, 2019**	**September 30, 2020**	**September 30, 2019**
Ore processed	tonnes	66,600	157,600	288,300	460,900
Average grade	g/t	9.8	8.8	10.1	9.5
Contained gold	ounces	20,900	44,460	93,830	140,860
Recovery	%	88	82	85	82
Gold produced	ounces	18,420	36,290	79,680	114,860
Gold in process change	ounces	(2,780)	(1,320)	(3,770)	2,010
Gold poured	Ounces	21,200	37,610	83,450	112,850
Gold sold	ounces	27,650	37,580	83,230	114,510

Campaign processing started at the end of July and has been successful to date. A campaign will generally consist of three operating weeks followed by three down weeks. Campaign processing provides flexibility as the schedule could be changed if required and is based on the mine plan that will produce sufficient ore to operate at approximately 50% of the time at current processing throughput levels.

Processed 66,600 tonnes of ore with an average grade of 9.8 g/t at an average rate of 1,630 tpd during operating days and achieved an average recovery of 88% during the three months ended September 30, 2020. Recoveries in August were a record 90% as a result of improvements in leaching efficiencies. Shipments of the loaded resin for offsite treatment continued during the quarter.

The gold in process inventory, including doré bars, was estimated to contain 7,110 ounces at September 30, 2020. The gold in process consists of an estimated 1,680 ounces in doré bars, 3,220 ounces in the circuit, 820 ounces in partially processed material and 1,390 ounces in loaded resins, some of which resides offsite for treatment. The gold in process change during the nine months ended September 30, 2020 includes 3,500 ounces from cleanup/spilled material that has been converted into doré bars.

Capital Projects

Sustaining capital

Sustaining capital for the quarter totalled $2.4 million and mainly included underground development at Doris. Sustaining capital expenditures were lower due to the reduced operating plan.

	Three months ended September 30, 2020 $millions	Three months ended September 30, 2019 $millions	Nine months ended September 30, 2020 $millions	Nine months ended September 30, 2019 $millions
Underground mine development	1.4	12.6	10.9	34.9
Site infrastructure projects	0.4	3.7	1.5	4.8
Delineation drilling	0.6	0.8	2.0	2.5
Total	**2.4**	**17.1**	**14.4**	**42.2**
Total in US$	**1.8**	**12.9**	**10.7**	**31.7**
Gold sold (ounces)	27,650	37,580	83,230	114,510
Sustaining capital expenditure per ounce sold – US$	65	343	129	277

Expansion capital

No significant expansion capital was incurred during the quarter as part of the reduced operating plan. No expansion capital is planned for the remainder of 2020.

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 (quarter ended)	Sep 30 2020	Jun 30 2020	Mar 31 2020	Dec 31 2019	Sep 30 2019	Jun 30 2019	Mar 31 2019
Cash Cost	901	865	906	1,172	729	729	658
Sustaining capital expenditures	65	25	296	414	343	254	235
AISC	1,067	990	1,317	1,700	1,155	1,081	992

Cash Costs in the third quarter of 2020 were US$901 per ounce sold which is 24% more than the comparable period in 2019 due to the volume of ounces sold. The ounces sold during Q3 2020 are lower due to lower production as the processing plant was only operated for approximately 50% of the time since campaign processing was started in July 2020. The fixed cost component has been partially reduced.

AISC for the three months ended September 30, 2020 was US$1,067 per ounce sold, which is 8% lower than the comparable period due to a reduction in sustaining capital expenditures and 8% more than the previous quarter due to a slight increase in sustaining capital expenditures and reduced output levels. The sustaining capital expenditures incurred in the third quarter of 2020 were $2.4 million, or US$65 per ounce of gold sold.

EXPLORATION

On March 30, 2020, drilling activities were suspended in response to the COVID-19 pandemic. Underground production drilling associated with the reduced operating plan resumed at the end of June and continued throughout the third quarter. No surface exploration drilling was completed during the third quarter and none is planned for the remainder of 2020. As a result of restrictions related to the COVID-19 pandemic, Nunavut Tunngavik Inc. ("**NTI**") has waived the annual exploration expenditure commitments for 2020 under the Mineral Exploration Agreement. All surface exploration programs have been deferred to 2021.

Doris

A total of 11,905 metres of underground definition diamond drilling was completed during the third quarter, including 5,473 metres in the BTD Extension area, 4,116 metres in the Doris Connector zone, and 2,316 metres in the Doris Central zone. Drilling was completed to support production and detailed stope design. Drilling in the Doris Central zone will support further modelling of water-bearing structures and development design.

Madrid

No drilling or exploration was performed during the quarter.

Boston

No drilling or exploration was performed during the quarter.

Regional Exploration

No drilling or exploration was performed during the quarter.

Elu

No drilling or exploration was performed during the quarter.

REGULATORY AFFAIRS, PERMITTING AND ACCESS

TMAC is in possession of, and remains in compliance with, 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. Infrastructure and activities outlined in the 2020 PFS are largely supported by existing permits, while some amendments may be required depending on the final location of infrastructure and scope of activities to be pursued.

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 NTI. TMAC also entered into a 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. The Framework Agreement requires that the implementation of the agreements should be reviewed every five years and the first review was due in 2020. The KIA requested that the review be deferred to 2021 due to practical issues posed by the COVID-19 pandemic.

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

Environmental Rehabilitation and Payment Security

During the quarter, TMAC posted no additional environmental rehabilitation guarantees.

As at September 30, 2020, a total of $40.0 million of letters of credit were posted for environmental rehabilitation and $6.0 million as payment security to the NTI and KIA, compared with $40.0 million and $7.2 million, respectively, as at December 31, 2019. The environmental rehabilitation letters of credit are secured with Demand Bonds (as defined below) that require $23.6 million of cash collateral to be posted. 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. The principal and interest payment due April 1, 2020 was deferred and was 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 was a fee of 1% of the adjusted principal balance that was scheduled to 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. The maturity date can only be extended if there is no event of default existing at the time of extension. 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.

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 described above but excluding the extension fee of 2% payable on December 1, 2020, until the closing of the SD Gold Transaction or termination of the SD Gold 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 SD Gold Transaction. The deferred principal and interest payments become due if the SD Gold 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 SD Gold Transaction not close, the interest rate will be retroactively increased by 3% effective July 1, 2020. Interest is currently accrued at 6.5% plus the greater of (i) US-dollar three-month LIBOR, or (ii) 1%.

The following table shows the remaining estimated scheduled payments to be made on the Debt Facility if it is assumed that the SD Gold Transaction is terminated on February 8, 2021, the extended outside date in the Arrangement Agreement, using an interest rate of 10.5% (6.5% plus an increase of 3%, plus the greater of (i) US-dollar three-month LIBOR, or (ii) 1%).

Date	US$millions	$millions
December 1, 2020 – Extension fee	2.6	3.5
February 8, 2021 – Outside date of SD Gold Transaction	24.5	32.7
April 1, 2021 – Scheduled principal and interest payment	5.6	7.5
June 30, 2021 – Debt maturity	109.3	145.8
Total	**142.0**	**189.5**

The minimum cash balance covenant was set as $6.0 million from July 1, 2020. 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 SD Gold Transaction.

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 ("**Demand Bonds**") to liberate cash from TMAC's restricted cash balance. The Demand Bonds are posted as security for TMAC's environmental reclamation liabilities.

As at September 30, 2020, TMAC had $29.8 million of Demand Bonds outstanding that require 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 require 40% collateral provided through $4.1 million of cash-collateralized letters of credit.

Diesel Purchase Agreement

In 2019, TMAC renewed the diesel fuel purchase and storage agreement with a subsidiary of Macquarie Bank Ltd. (“**Macquarie**”) whereby Macquarie purchased and delivered diesel fuel to Hope Bay and stored the fuel in TMAC’s tanks at Roberts Bay (the “**Diesel Purchase Agreement**”). The Diesel Purchase Agreement was terminated in Q3 2020 after the remaining fuel owned by Macquarie was purchased. TMAC purchased and entered into agreements with suppliers to deliver the diesel fuel during the 2020 sealift.

Results of Operations

Results of operations for the three and nine months ended September 30, 2020 compared with the three and nine months ended September 30, 2019:

$millions	**Three months ended**			**Nine months ended**		
	Sep 30, 2020	**Sep 30, 2019**	**Change**	**Sep 30, 2020**	**Sep 30, 2019**	**Change**
Revenues						
Metal sales	70.5	72.8	(2.3)	196.3	206.8	(10.5)
Cost of sales						
Production costs	30.3	34.0	(3.7)	92.2	102.3	(10.1)
Royalties & selling expenses	2.9	2.3	0.6	8.0	5.2	2.8
Depreciation	11.7	17.2	(5.5)	32.4	52.0	(19.6)
	44.9	**53.5**	**(8.6)**	**132.6**	**159.5**	**(26.9)**
Profit (loss) from mine operations	**25.6**	**19.3**	**6.3**	**63.7**	**47.3**	**16.4**
General and administration						
Salaries and wages	1.9	1.9	-	6.5	6.2	0.3
Share-based payments	0.3	1.1	(0.8)	1.3	4.4	(3.1)
Depreciation	0.2	-	0.2	0.7	-	0.7
Other corporate	1.1	0.9	0.2	2.8	3.1	(0.3)
Profit (loss) before the following	**22.1**	**15.4**	**6.7**	**52.4**	**33.6**	**18.8**
Net finance expense	(5.9)	(4.9)	(1.0)	(23.3)	(14.3)	(9.0)
Foreign exchange gain (loss)	3.8	(1.7)	5.5	(4.4)	4.8	(9.2)
Fair value adjustments	(0.8)	(1.2)	0.4	(3.8)	(2.5)	(1.3)
Profit on sale of Property, Plant and Equipment	-	5.5	(5.5)	-	5.5	(5.5)
Other	(1.3)	(0.1)	(1.2)	(2.8)	(0.2)	(2.6)
Profit (loss) before income taxes	**17.9**	**13.0**	**4.9**	**18.1**	**26.9**	**(8.8)**
Current income tax expense	(1.1)	(1.3)	0.2	(3.2)	(3.7)	0.5
Deferred income tax (expense) recovery	-	(3.3)	3.3	-	(6.4)	6.4
Profit (loss) and comprehensive profit (loss) for the period	**16.8**	**8.4**	**8.4**	**14.9**	**16.8**	**(1.9)**

Results for the three months ended September 30, 2020 and 2019

Profit (loss) and comprehensive profit (loss) for the three months ended September 30, 2020 was a profit of $16.8 million, compared with a profit of $8.4 million for the three months ended September 30, 2019. The reasons for the variances between the components above are described below.

Metal sales for the three months ended September 30, 2020 totalled $70.5 million (US$52.8 million). During the three months ended September 30, 2020, 27,650 ounces of gold were sold at an average price of $2,549 (US$1,910) per ounce, compared with $72.8 million (US$55.2 million) from the sale of 37,580 ounces of gold at an average price of $1,938 (US$1,469) per ounce for the three months ended September 30, 2019.

Cost of sales for the three months ended September 30, 2020 totalled $44.9 million compared with $53.5 million during the three months ended September 30, 2019. Production costs representing direct and indirect costs of mining, processing, and onsite general and administration totalled $30.3 million for the three months ended September 30, 2020, compared with $34.0 million for the three months ended September 30, 2019. Cost of sales is dependant on the levels of production and sales during the period. Depreciation of Property, Plant and Equipment used in the production process was $11.7 million for the three months ended September 30, 2020, compared with $17.2 million during the three months ended September 30, 2019. Depreciation decreased due to the impairment charge processed in Q4 2019.

Salaries and wages for the three months ended September 30, 2020 totalled $1.9 million, similar to the comparable period in 2019.

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 September 30, 2020, totalled $0.3 million, compared with $1.1 million for the comparable period in 2019. The expense decreased as the 2020 grant to directors and employees has been deferred until either the closing or termination of the SD Gold Transaction.

Depreciation of non-production assets, primarily related to the office leases, for the three months ended September 30, 2020 totalled $0.2 million, compared with $nil for the comparable period in 2019.

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 September 30, 2020 these expenses totalled $1.1 million, compared with $0.9 million for the comparable period in 2019.

Finance income for the three months ended September 30, 2020 totalled $0.1 million, similar to the comparable period in 2019. Finance income was earned on the cash balances on hand during the respective periods.

Finance expense for the three months ended September 30, 2020 totalled $6.0 million, compared with $5.0 million for the comparable period in 2019. Finance expense was higher during the third quarter of 2020 compared with the third quarter of 2019 primarily due to the accretion of future extension and repayments payable on the Debt Facility, combined with the accretion of the royalty repurchase option and partially offset by lower interest rates. Finance expense includes the Debt Facility interest expense and accretion of future extension and repayment fees payable, amortization of transaction costs paid under the Debt Facility, 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 September 30, 2020 totalled a gain of $3.8 million, compared with a loss of $1.7 million for the comparable period in 2019. The strengthening Canadian dollar decreased 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. While there was a favourable foreign exchange impact, the price of gold increased significantly during the three months ended September 30, 2020 resulting in an increase in the Gold Call Options liability and the associated fair value loss. During the quarter, the remaining 6,625 Gold Call Options were exercised resulting in outflows of $6.4 million. During the comparable period in 2019, the price of gold similarly increased thereby resulting in an increase in the Gold Call Options liability and the associated fair value loss for that period. Refer to the *Gold Call Options* discussion under the *Financial Position* section below.

Other income (expenses) for the three months ended September 30, 2020 of $1.3 million, compared with $0.1 million for the comparable period in 2019, relates to non-recurring costs associated with the SD Gold Transaction as well as other general corporate activities.

Profit on sale of Property, Plant and Equipment for the three months ended September 30, 2020 was $nil, compared with $5.5 million for the comparable period in 2019. The profit arose last year as a result of the Royalty Amendment with Maverix completed during the quarter. The Royalty Amendment was bifurcated into two components for accounting purposes: (i) a sale of a mineral interest as control over the future gold production had passed to the purchaser (ii) a financial liability for the Royalty Repurchase Options as control was not deemed to pass to the purchaser due to TMAC's right to exercise the Royalty Repurchase Option in the future. The proceeds were 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 three months ended September 30, 2020 of $1.1 million, compared with $1.3 million for the comparable period in 2019, 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 for the three months ended September 30, 2020 was $nil. The deferred income tax expense for the three months ended September 30, 2019 of $3.3 million mainly related to the profit for tax purposes incurred during the period as well as the impact of the qualifying expenditures (i.e., the net expense for the renunciation of Canadian Exploration Expenses ("**CEE**") for flow-through shares issued) incurred during the period, partially offset by the deferred tax effect of the NTI royalty calculation.

Results for the nine months ended September 30, 2020 and 2019

Profit (loss) and comprehensive profit (loss) for the nine months ended September 30, 2020 was a profit of $14.9 million, compared with a profit of $16.8 million for the nine months ended September 30, 2019. The reasons for the variances between the components above are described below.

Metal sales for the nine months ended September 30, 2020 totalled $196.3 million (US$144.9 million). During the nine months ended September 30, 2020, 83,230 ounces of gold were sold at an average price of $2,359 (US$1,741) per ounce, compared with $206.8 million (US$155.7 million) from the sale of 114,510 ounces of gold at an average price of $1,806 (US$1,360) per ounce for the nine months ended September 30, 2019.

Cost of sales for the nine months ended September 30, 2020 totalled $132.6 million compared with $159.5 million during the nine months ended September 30, 2019. Production costs representing direct and indirect costs of mining, processing, and onsite general and administration totalled $92.2 million for the nine months ended September 30, 2020, compared with $102.3 million for the nine months ended September 30, 2019. Cost of sales is dependant on the levels of production and sales during the period. Depreciation of Property, Plant and Equipment used in the production process was $32.4 million for the nine months ended September 30, 2020, compared with $52.0 million during the nine months ended September 30, 2019. Depreciation decreased due to the impairment charge processed in Q4 2019.

Salaries and wages for the nine months ended September 30, 2020 totalled $6.5 million compared with $6.2 million for the comparable period in 2019. The expense was higher in the first nine months of this year compared to 2019 due to increased headcount.

Share-based payments relate to the expense for Share purchase Options, restricted share rights, director share units and restricted share units which, for the nine months ended September 30, 2020, totalled $1.3 million, compared with $4.4 million for the comparable period in 2019. The expense decreased as the 2020 grant to directors and employees has been deferred until either the closing or termination of the SD Gold Transaction.

Depreciation of non-production assets, primarily related to the office leases, for the nine months ended September 30, 2020 totalled $0.7 million, compared with $nil for the comparable period in 2019.

The remaining *general and administration* expenses represent regulatory compliance costs to operate the Company and maintain the Toronto and Cambridge Bay offices. For the nine months ended September 30, 2020 these expenses totalled $2.8 million, compared with $3.1 million for the comparable period in 2019.

Finance income for the nine months ended September 30, 2020 totalled $0.3 million, compared with $0.4 million for the comparable period in 2019. Finance income was earned on the cash balances on hand during the respective periods.

Finance expense for the nine months ended September 30, 2020 totalled $23.6 million, compared with $14.7 million for the comparable period in 2019. Finance expense was higher during the first nine months of 2020 primarily due to the accretion of future extension and repayments payable on the Debt Facility, combined with the accretion of the royalty repurchase option and partially offset by lower interest rates. Finance expense includes the Debt Facility interest expense and accretion of future extension and repayment fees payable, amortization of transaction costs paid under the Debt Facility, 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 nine months ended September 30, 2020 totalled a loss of $4.4 million, compared with a gain of $4.8 million for the comparable period in 2019. The weakening Canadian dollar increased the amount of the Canadian-dollar equivalent US-dollar borrowings under the Debt Facility and resulted in a foreign exchange loss on the revaluation thereof, and had an opposite, albeit smaller, foreign exchange gain on TMAC's US-dollar cash balances. The opposite is true when the Canadian dollar strengthens. A strengthening Canadian dollar decreases the future Canadian-dollar equivalent revenue that TMAC generates through US-dollar denominated gold sales, which offsets the gain 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. The price of gold increased during the nine months ended September 30, 2020, further compounded by the unfavourable foreign exchange impact, resulting in an increase in the Gold Call Options liability and the associated fair value loss. During the nine months ended September 30, 2020, a total of 8,675 Gold Call Options were exercised resulting in outflows of $8.1 million. During the comparable period in 2019, the price of gold also increased, the impact of which was partially offset by the change in the US/Canadian dollar exchange rate, resulting in an increase in the Gold Call Options liability and the associated fair value loss for that period. Refer to the *Gold Call Options* discussion under the *Financial Position* section below.

Other income (expenses) for the nine months ended September 30, 2020 of $2.8 million, compared with $0.2 million for the comparable period in 2019, relates to non-recurring costs associated with the SD Gold Transaction and other general corporate activities.

Profit on sale of Property, Plant and Equipment for the nine months ended September 30, 2020 was $nil, compared with $5.5 million for the comparable period in 2019. The gain arose as a result of the Royalty Amendment with Maverix completed last year that was accounted for as sale of the right of future production.

Current income tax expense for the nine months ended September 30, 2020 of $3.2 million, compared with $3.7 million for the comparable period in 2019, relates to the 12% NTI net profits interest royalty.

Deferred income tax for the nine months ended September 30, 2020 was $nil. The deferred income tax expense for the nine months ended September 30, 2019 of $6.4 million mainly relates to the profit for tax purposes incurred during the period further compounded by the impact of the qualifying expenditures (i.e., the net expense for the renunciation of CEE for flow-through shares issued) incurred during the period.

Summary of Quarterly Results

Summary of certain of the Company's quarterly financial information for the eight quarters ended September 30, 2020:

$millions (except for per share data)	Sep 30 2020	Jun 30 2020	Mar 31 2020	Dec 31 2019	Sep 30 2019	Jun 30 2019	Mar 31 2019	Dec 31 2018
Profit (loss) for the period	16.8	16.1	(18.0)	(628.4)	8.4	1.2	7.2	(13.5)
Profit (loss) per share	$0.13	$0.13	$(0.16)	$(5.46)	$0.07	$0.01	$0.06	$(0.12)
Cash and cash equivalents	71.5	45.6	18.2	20.7	47.4	14.6	25.6	24.8
Total assets	602.6	584.3	570.2	556.6	1,244.4	1,196.9	1,200.8	1,199.4
Deficit	699.3	716.1	732.2	714.2	85.8	94.2	95.4	102.6

Through September 30, 2020, seasonality and commodity market fluctuations, excluding the price of gold, 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 impairments. The loss for the three months ended December 31, 2019 included a net impairment charge of $624.6 million. 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 $71.5 million as at September 30, 2020, compared with $20.7 million as at December 31, 2019 and does not include restricted cash (see below). TMAC's Debt Facility required that a US$0.5 million minimum cash balance be maintained up to June 30, 2020 and that a $6.0 million minimum cash balance be maintained from July 1, 2020 thereafter. The cash and cash equivalents balance increased as cash flow generated from operating activities and financing activities of $53.3 million and $23.3 million, respectively, exceeded cash used in investing activities of $26.0 million.

Amounts receivable

Amounts receivable totalled $1.0 million as at September 30, 2020, compared with $2.1 million as at December 31, 2019. The balance at September 30, 2020 consists of $0.9 million of sales tax and fuel tax receivables and $0.1 million of interest and other receivables. The December 31, 2019 balance included $1.9 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 450 ounces of gold at September 30, 2020 and represents amounts of unsold refined gold and gold that is in the process of being refined. 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 September 30, 2020, consisted of an estimated 7,110 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 52,100 tonnes of ore containing an estimated 9,800 ounces of gold at an average grade of 5.8 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 37,500 tonnes at a grade of 3.6 g/t containing an estimated 4,300 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 $86.8 million balance at September 30, 2020 includes $17.3 million of diesel (19.5 million litres) and $69.5 million of jet fuel, spare parts and other materials and supplies, compared with $79.6 million at December 31, 2019 that included $5.0 million of diesel (5.0 million litres) and $74.6 million of jet fuel, spare parts and other materials and supplies.

The December 31, 2019 balance does not include 14.6 million litres that were held by Macquarie. The Macquarie Diesel Purchase Agreement was not renewed in 2020 and TMAC purchased all the fuel directly from suppliers.

Consumables, materials and supplies consist of warehouse inventory and spare parts required for mining, development, exploration and processing activities. A significant portion 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 and Other assets

Prepaid expenses of $2.1 million as at September 30, 2020, compared with $4.3 million as at December 31, 2019, related to prepaid insurance, inventory items and deposits for goods or services to be received over the next twelve months.

Other assets of $2.3 million as at September 30, 2020 relate to deposits for capital items.

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 exploration and evaluation stage.

Details of production and development assets:

	Balance Dec 31, 2019 $millions	**Additions $millions**	**Balance Sep 30, 2020 $millions**
Property	51.1	0.4	51.5
Plant and Equipment	241.6	4.7	246.3
Development	148.2	16.7	164.9
Total	**440.9**	**21.8**	**462.7**

*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.

Development expenditures during the period related to underground development activities at Doris.

Details of exploration and evaluation *expenditures:*

	Balance Dec 31, 2019 $millions	Additions $millions	Balance Jun 30, 2020 $millions
Property	59.6	0.2	59.8
Plant and Equipment	6.0	-	6.0
Exploration and evaluation expenditure	24.4	3.7	28.1
Total	**90.0**	**3.9**	**93.9**

*Property e*xpenditures 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.

Exploration and evaluation expenditure includes drilling, assaying and costs for running the camp that were allocated to exploration and evaluation 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 and environmental costs that were incurred to support compliance and reporting activities for Doris and Madrid.

Restricted cash

The balance of restricted cash as at September 30, 2020 of $27.9 million comprises $22.0 million of cash collateral posted with the Demand Bonds underwriters and $5.9 million of investments in guaranteed investment certificates as collateral for letters of credit, compared with $22.0 million and $7.4 million, respectively, as at December 31, 2019.

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities decreased to $24.0 million at September 30, 2020 from $35.3 million at December 31, 2019. The decrease relates to lower levels of expenditure incurred while operating at reduced levels. The balance at September 30, 2020 contains $2.4 million of deferred royalty payments, payable in cash or shares at either the closing or termination of the SD Gold Transaction.

Debt Facility

During the nine months ended September 30, 2020, the Company was not required to make any principal or interest payments. As at September 30, 2020 the outstanding balance of the Debt Facility of $169.7 million includes principal of $156.1 million (US$117.0 million), cash interest and fees payable of $13.5 million (US$10.2 million), and an accrual for future extension and repayment fees of $5.8 million (US$4.3 million), partially offset by unamortized transaction costs of $5.7 million (December 31, 2019: $5.8 million).

Gold Call Options

During the nine months ended September 30, 2020, all of the remaining outstanding Gold Call Options were exercised and TMAC paid proceeds of $8.1 million (US$6.0 million). The Gold Call Options were issued under the original Credit Agreement and were carried at fair value. Fair value adjustments were recorded in the Statement of Profit or Loss.

Other liabilities (current and non-current)

Other liabilities increased to $19.9 million at September 30, 2020 from $18.3 million at December 31, 2019. The balance at September 30, 2020 consisted of $18.2 million that relates to the Maverix royalty repurchase option exercisable after June 30, 2021 and $1.7 million for office leases which commenced in Q3 2019.

Provision for environmental rehabilitation

The *Provision for environmental rehabilitation* balance as at September 30, 2020 remained unchanged from $44.8 million as at December 31, 2019.

Deferred tax liabilities

The deferred tax liabilities as at September 30, 2020 remained unchanged from the $nil balance at December 31, 2019. The deferred tax benefit of deductions available under the NTI net profits royalty has not been recognized. The deferred tax benefit 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 $1,017.0 million at September 30, 2020 from $992.6 million at December 31, 2019 due to the Private Placement, the exercise of share-based payments and the quarterly royalty payments made to Maverix and Resource Capital Funds ("**RCF**") exercising their participation right.

On January 30, 2020, TMAC issued 252,828 shares to Maverix for a portion of the Q4 2019 NSR payment.

On April 30, 2020, TMAC issued 1,955,686 shares to Maverix for a portion of the Q1 2020 NSR payment. TMAC also issued 852,916 shares to RCF in connection with the shares issued to Maverix.

On May 15, 2020, TMAC issued 12,012,857 shares pursuant to the Private Placement to Shandong Gold Mining (HongKong) Co., Limited, a wholly-owned subsidiary of SD Gold, to support the operations and working capital requirements of the Company.

Related Party Transactions

Transactions with Newmont

Newmont Corporation ("**Newmont**") is a related party as a result of its 24.7% ownership interest in TMAC's common shares at September 30, 2020. No transactions occurred during the nine months ended September 30, 2020 and no amounts were owing to Newmont at September 30, 2020 and 2019.

Transactions with RCF

RCF is a related party as a result of it owning or exercising voting control over 27.5% of TMAC's common shares at September 30, 2020. In order to maintain its share ownership interest, RCF elected to exercise its participation right by subscribing for an additional 852,916 common shares of TMAC at $0.53 per share as a result of the Q1 2020 NSR payment that was made in shares to Maverix on April 30, 2020. No amounts were owing to RCF at September 30, 2020 and 2019.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow from operating activities was positive during the nine months ended September 30, 2020. The proceeds from the Private Placement are being used to fund operations, including the recently completed 2020 sealift.

Management believes it has sufficient cash available to support its business through to the expected closing of the SD Gold Transaction. Should the SD Gold Transaction not close for any reason, the Company expects to have sufficient cash available to repay all outstanding obligations under the Debt Facility prior to June 30, 2021, assuming the maturity date is extended, but not the final amount due upon maturity. The Company will not be in a position to finalize commitments for the 2021 sealift if a solution to refinance its Debt Facility is not in place. For the SD Gold Transaction to close, certain governmental approvals are required that are outside 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 $10.0 million from July 1, 2020 thereafter.

Working capital additions for 2020 include the replenishment of consumables, materials and supplies via the 2020 sealift to support the reduced operating plan. The accounts payable balance as at September 30, 2020 contains $2.4 million of deferred royalty payments, payable in cash or shares at either the closing or termination of the SD Gold Transaction.

Working capital(1):

	September 30, 2020 $millions	December 31, 2019 $millions	Change $millions
Current assets:			
Cash and cash equivalents	71.5	20.7	50.8
Amounts receivables	1.0	2.1	(1.1)
Inventories	111.4	104.0	7.4
Prepaid expenses	2.1	4.3	(2.2)
	186.0	**131.1**	**54.9**
Current liabilities:			
Accounts payable and accrued liabilities	24.0	35.3	(11.3)
Debt Facility	169.7	13.0	156.7
Gold Call Options	-	4.3	(4.3)
Other liabilities	0.9	0.8	0.1
	194.6	**53.4**	**141.2**
Working capital	**(8.6)**	**77.7**	**(86.3)**
Adjustments for Debt Facility covenants:			
Current portion of the Debt Facility	169.7	13.0	156.7
Adjusted working capital for Debt Facility	**161.1**	**90.7**	**70.4**

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

Cash Flows

Operating activities

Cash flow generated by operating activities totalled $53.3 million for the nine months ended September 30, 2020, compared with $67.2 million for the nine months ended September 30, 2019. Operating cash flow includes $196.3 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 offset by the release of $1.5 million from restricted cash resulted in cash outflows of $26.0 million for the nine months ended September 30, 2020, compared with $59.5 million for the nine months ended June 30, 2019. The activities relate primarily to expenditures associated with both Doris and Madrid underground development activities in 2020 as well as certain capital expenditures including, but not limited to, continued work associated with the scavenger columns and the completion of the marine outfall pipeline.

Financing activities

Cash flow generated by financing activities during the nine months ended September 30, 2020 totalled $23.3 million and resulted from the Private Placement and RCF exercising its participation right after TMAC issued shares to Maverix to pay the quarterly NSR royalty, compared with $15.6 million during the nine months ended September 30, 2019 consisting of $15.7 million in financing from the sale of mineral interest, $7.5 million from the exercise of share-based payments, and $4.0 million from a private placement, partially offset by outflows of $11.6 million related to a repayment of the Debt Facility.

COMMITMENTS AND CONTINGENCIES

Commitments at September 30, 2020:

	2020 $millions	2021 $millions	2022 $millions	2023 $millions	2024 $millions
Accounts payable and accrued liabilities	24.0	-	-	-	-
Contractual commitments					
- Sealift	1.2	13.9	-	-	-
- Consumables, materials and supplies	0.7	-	-	-	-
Debt Facility payments					
- Principal	-	156.1	-	-	-
- Interest and other	3.4	27.0	-	-	-
Rental and lease payments	0.2	0.9	0.5	0.1	0.1
	29.5	**197.9**	**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 November 5, 2020:

Common shares	130,276,215
Share Options	2,602,236
Restricted share units	627,739
Restricted share rights	470,597
Director share units	86,521
Warrants	1,900,000
	135,963,308

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. 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. 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 September 30, 2020		Three months ended September 30, 2019	
$millions	**$**	**US$**	**$**	**US$**
Gold sold (ounces)	27,650	27,650	37,580	37,580
Production costs per Statement of Profit or Loss	30.3	22.7	34.0	25.7
Royalties & selling expenses	2.9	2.2	2.3	1.7
Cash Costs	**33.2**	**24.9**	**36.3**	**27.4**
Cash Costs per ounce sold	**1,201**	**901**	**966**	**729**
Corporate general and administration costs	3.5	2.6	3.9	3.0
Reclamation and remediation costs(1)	0.2	0.2	0.2	0.1
Sustaining capital expenditures(2)	2.4	1.8	17.1	12.9
AISC	**39.3**	**29.5**	**57.5**	**43.4**
AISC per ounce sold	**1,421**	**1,067**	**1,530**	**1,155**

(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.

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

	Nine months ended September 30, 2020		Nine months ended September 30, 2019	
$millions	**$**	**US$**	**$**	**US$**
Gold sold (ounces)	83,230	83,230	114,510	114,510
Production costs per Statement of Profit or Loss	92.2	68.1	102.3	76.9
Royalties & selling expenses	8.0	6.0	5.2	3.8
Cash Costs	**100.2**	**74.1**	**107.5**	**80.7**
Cash Costs per ounce sold	**1,204**	**890**	**939**	**705**
Corporate general and administration costs	11.3	8.3	13.7	10.3
Reclamation and remediation costs(1)	0.6	0.5	0.5	0.4
Sustaining capital expenditures(2)	14.4	10.7	42.2	31.7
AISC	**126.5**	**93.6**	**163.9**	**123.1**
AISC per ounce sold	**1,520**	**1,125**	**1,431**	**1,075**

(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.

Reconciliation of capital expenditures to the Statement of Cash Flows:

	Three months ended September 30, 2020 $millions	Three months ended September 30, 2019 $millions	Nine months ended September 30, 2020 $millions	Nine months ended September 30, 2019 $millions
Sustaining capital expenditures				
Underground mine development	1.4	12.6	10.9	34.9
Site infrastructure projects	0.4	3.7	1.5	4.8
Delineation drilling	0.6	0.8	2.0	2.5
	2.4	**17.1**	**14.4**	**42.2**
Expansion capital expenditures				
Scavenger columns	0.2	-	3.5	-
Underground development for Madrid	-	-	2.9	-
Marine outfall pipeline	-	4.1	0.5	9.3
Gravity concentrator project	-	-	-	5.4
Madrid crown pillar equipment & infrastructure	-	1.6	-	5.7
2,000 tpd expansion and indirect support costs	-	2.9	-	4.4
Underground equipment for Madrid	-	3.2	-	4.1
Surface development – Madrid	-	5.9	-	6.0
	0.2	**17.7**	**6.9**	**34.9**
E&E expenditures	**0.4**	**8.1**	**4.0**	**17.1**
Additions per Statement of Cash Flows	**3.0**	**42.9**	**25.3**	**94.2**

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.

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		Nine months ended	
	September 30, 2020	**September 30, 2019**	**September 30, 2020**	**September 30, 2019**
Profit (loss) for the period	16.8	8.4	14.9	16.8
Adjustments:				
Net finance expense	5.9	4.9	23.3	14.3
Current income tax expense	1.1	1.3	3.2	3.7
Deferred income tax expense (recovery)	-	3.3	-	6.4
Depreciation	11.9	17.2	33.1	52.0
EBITDA	**35.7**	**35.1**	**74.5**	**93.2**

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		Nine months ended	
	September 30, 2020	**September 30, 2019**	**September 30, 2020**	**September 30, 2019**
EBITDA	35.7	35.1	74.5	93.2
Foreign exchange (gain) loss	(3.8)	1.7	4.4	(4.8)
Fair value adjustments	0.8	1.2	3.8	2.5
Adjusted EBITDA	**32.7**	**38.0**	**82.7**	**90.9**

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 and the warrants issued in 2015 and 2017 using parameters available when the transactions were incurred and in determining the fair value adjustment of the Gold Call Options.

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, are responsible for establishing and maintaining adequate internal control over financial reporting and associated disclosure as described in the MD&A for the year ended December 31, 2019.

There were no changes to the Company's internal controls during the quarter ended September 30, 2020 that have materially affected, or a likely to materially affect, the Company's internal control over financial reporting or disclosure controls and procedures. Management, including the President and Chief Executive Officer and the Chief Financial Officer will continue to monitor the effectiveness of the internal controls over financial reporting and disclosure controls and procedures and will implement changes to the controls as and when appropriate.

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, misstatements, 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.

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", "would", "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, 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 SD Gold 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 Fisheries and Oceans Canada; 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 Infectious Disease Control Plan; the design, timing and processing capacity of the new Madrid 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 SD Gold 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 SD Gold 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.