



## TOREX GOLD ANNOUNCES Q1 2020 FINANCIAL AND OPERATING RESULTS

*(All amounts expressed in U.S. Dollars unless otherwise stated)*

TORONTO, Ontario, May 6, 2020 – Torex Gold Resources Inc. (the “Company” or “Torex”) (TSX: TXG) reports the Company’s financial and operating results for the three months ended March 31, 2020.

Fred Stanford, President & CEO of Torex, stated:

“Operationally this was a solid quarter, with 108,537 gold ounces produced. The production performance was complemented by the continued outstanding safety performance. As of the end of March, the team had worked over 5.5 million hours without a lost time injury. Since then, the lost time injury free record has been extended to over 6 million hours and more than one year worked. This commitment to safe work practices has been expanded to healthy work practices as well. To date, we have had no known or suspected cases of COVID-19 at our operation.

“Cost control was successful, with oxygen addition to the leach circuit resulting in a 25% reduction in cyanide consumption since the start of the program. Accounting changes in the treatment of stockpiled ore, and a wild swing in the value of the Mexican peso, created more challenges. For the quarter the accounting changes to stockpiled ore resulted in an increase of approximately \$100 per ounce to TCC and AISC. This impact will decline over the coming quarters and is expected to average out at the impact expected in the original annual guidance numbers. The US monetary stimulus in reaction to COVID-19 resulted in the depreciation in many emerging market currencies, including Mexico’s. This has us offside with our currency hedges and when ‘marked to market’, the significant lost opportunity to benefit from the depreciated peso, affected earnings. There were also benefits realized due to the rapid deterioration in the value of the peso. All said and done, the business was solid for the quarter, the financials are a bit messy.

“At the end of the quarter we started a significant planned maintenance shutdown. The decree to suspend non-essential businesses in Mexico was enacted during this shutdown, and we did not restart when the maintenance was completed. Extensive infection control has been effective, and the care and maintenance team has remained free from COVID-19 infection. It is too early to be certain, but we anticipate a lifting of the suspension decree in our area by May 18<sup>th</sup>. In preparation for that event, we are warming up the processing plant with feed from stockpiles to test the effectiveness and durability of the repairs that were completed during the maintenance shutdown. This will highlight whether additional repairs are required, and they can then be completed before the decree is lifted.

“This should be the last long quote from me in a press release...our succession plan is for Jody Kuzenko to take over as CEO at the annual shareholder meeting and for me to transition to the Executive Chair role. With Jody at the helm, well-established management, technical, and social systems firmly in place, and given the underlying talent of those throughout the entire organization, I am extremely confident in the future direction and success of the Company.”

This release should be read in conjunction with the Company’s March 31, 2020 Financial Statements and MD&A on the Company’s website or on SEDAR. A summary of Torex’s operating and financial results can be found in Table 1.

### First Quarter 2020 Highlights

- **Gold production:** Produced 108,537 ounces of gold.
- **Plant throughput and availability:** Plant throughput averaged 12,464 tpd. Plant availability increased to 90%.
- **Gold sold:** 108,064 ounces at an average realized gold price of \$1,571/oz.
- **Total cash costs<sup>1</sup> and All-in sustaining costs<sup>1</sup>:** Total cash cost of \$794/oz and all-in sustaining cost of \$975/oz.
  - The change in estimate for accounting for stockpiles resulted in \$10.8 million of inventory transferred to operating costs, which contributed approximately \$100/oz to total cash costs and all-in sustaining costs during the quarter.

- **Net loss:** Reported loss of \$47.0 million, or \$0.55 per share on a basic basis and a loss of \$0.57 per share on a diluted basis.
  - Net loss was negatively impacted by the 24.8% depreciation in the Mexican peso relative to the US dollar during the quarter.
- **Adjusted net earnings<sup>1</sup>:** Adjusted net earnings of \$19.9 million, or \$0.23 per share on a basic and diluted basis.
- **EBITDA<sup>1</sup> and Adjusted EBITDA<sup>1</sup>:** Generated EBITDA of \$39.4 million and adjusted EBITDA of \$67.4 million.
- **Cash flow from operations:** Cash flow from operations totalled \$29.5 million (\$21.8 million prior to changes in non-cash working capital).
  - The Company paid \$47.2 million in taxes during the quarter, primarily related to the March payment regarding taxes accrued in 2019.
- **Free cash flow<sup>1</sup>:** Generated \$2.1 million in free cash flow (\$14.9 million prior to non-sustaining capital expenditures).
- **Debt payments:** Repaid \$21.8 million of outstanding debt during the quarter.
- **Lost time injury frequency:** Exited the quarter with a LTIF of 0.31 per million hours worked. We now have worked over 6 million hours without a lost time injury, with our last reported LTI on April 22, 2019.

### COVID-19 Update

While the complete suspension of operations at ELG was a post quarter event, much time during the quarter was spent designing and executing COVID-19 scenario plans. The purpose of the various plans was two-fold:

- To look after the health of our employees, contractors and community members during the global health pandemic.
- To maintain production for as long as possible and, subsequently, to resume production as early as possible.

As the spread of COVID-19 increased overseas, we undertook several initiatives to protect the health of our employees, contractors, and local community members. These initiatives included:

- Educational campaigns at site, and in the local communities, about the virus, methods by which the virus can be transmitted, and the need for good hygiene.
- Made a significant donation of hand sanitizer and protective masks to the local communities.
- Enacted various control measures at site including social distancing, meetings held in outdoor spaces, additional sinks for hand washing, increased cleaning of vehicles, rooms, and common areas, and a symptom reporting system.
- Proactive measures were taken to shore up the supply chain, given some of our critical consumables are sourced from affected regions.

As the global impact of the virus intensified, our actions evolved as we implemented enhanced protocols at site with the purpose of maintaining full production with the fewest people at site. These enhanced measures included:

- International travel for all employees was suspended and international travelers were restricted from site.
- The majority of employees providing service and support roles transitioned to working remotely.
- High-risk employees were identified and commenced working from home.
- Created laydown areas for contractors delivering supplies to site without having to directly interact with employees.
- Three-tiered health screening was implemented for all employees and contractors arriving at site.
- Suspended exploration drilling at both ELG and Media Luna as well as on-site testing of Muckahi.

In April, we placed our assets on care and maintenance in accordance with the Decree issued by the Mexican Federal Health Ministry on March 31<sup>st</sup>. The majority of employees went home to isolate. In addition to the care and maintenance crews, we

retained a healthy security force to safeguard the assets. We also chose to maintain a contingent of community relations employees based in the local communities to continue with education and information campaigns. During the suspension of operations, we have continued to pay all employees their wages, paid out the annual bonus, and are staying current with tax payments and accounts payable.

Uncertainty remains around the timing of a re-start of full operations but with the possibility for the decree to be lifted on May 18<sup>th</sup> for communities with low infection rate, we are preparing for that possibility. Site activities will ramp-up in step with the ability to maintain contagion prevention protocols. The initial step is processing of ore from stockpiles. Mining will restart later. How much later, depends upon a number of factors, including working together with local communities to understand and mitigate net risk.

### **Guidance Update**

The Company is not able to re-establish full year guidance at this time given the uncertainties related to COVID-19. Torex withdrew full year guidance on April 2<sup>nd</sup> given there was no clear line of sight as to when, how often, and how long this pandemic could affect the Company's ability to produce gold at El Limon Guajes. The visibility on production and costs is still unclear, and as such, Torex is not in a position to re-establish guidance.

### **Enhanced Balance Sheet Liquidity**

In late April, Torex drew \$50 million on its revolving loan facility in order to provide additional cash liquidity during the suspension of operations. The Company ended April with \$134.8 million in cash and has now drawn \$100 million on the \$150 million facility.

### **Conference Call and Webcast Details**

The Company will host a conference call today at 9:00 AM (ET) where senior management will discuss the first quarter operating and financial results. Please call the below numbers approximately 10 minutes prior to the start of the call:

- Toronto local or international: 1-416-915-3239
- Toll-Free (North America): 1-800-319-4610
- Toll-Free (France): 0800-900-351
- Toll-Free (Switzerland): 0800-802-457
- Toll-Free (United Kingdom): 0808-101-2791

A live audio webcast of the conference call will be available on the Company's website at [www.torexgold.com](http://www.torexgold.com). The webcast will be archived on the Company's website.

*<sup>1</sup> Refer to "Non-IFRS Financial Performance Measures" in the Company's March 31, 2020 MD&A for further information and a detailed reconciliation.*

### **About Torex Gold Resources Inc.**

Torex is an intermediate gold producer based in Canada, engaged in the exploration, development and operation of its 100% owned Morelos Gold Property, an area of 29,000 hectares in the highly prospective Guerrero Gold Belt located 180 kilometers southwest of Mexico City. The Company's principal assets are the El Limón Guajes mining complex ("ELG" or the "ELG Mine Complex"), comprised of the El Limón, Guajes and El Limón Sur open pits, the El Limón Guajes underground mine including zones referred to as Sub-Sill and El Limón Deep ("ELD"), and the processing plant and related infrastructure, which is in the commercial production stage as of April 1, 2016, and the Media Luna deposit, which is an early stage development project, and for which the Company issued an updated preliminary economic assessment in September 2018 (the "Technical Report"). The property remains 75% unexplored.

For further information, please contact:

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**CAUTIONARY NOTES**

**Forward-Looking Statements**

This news release contains “forward-looking statements” and “forward-looking information” within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, information with respect to the future exploration, development and exploitation plans concerning the Morelos Gold Property; the adequacy of the Company’s financial resources, particularly in light of the COVID-19 pandemic; the impact of the accounting changes to stockpiled ore declining over the coming quarters and averaging out at the impact expected in the original annual guidance numbers; management’s expectation that the suspension decree in our area will be lifted by May 18th and the timing for restart of operations at the ELG Mining Complex; statements with respect to the succession plan of the Company and the Company’s business plans and strategy; the timing and ability of the Company being able to re-establish guidance, and other events or conditions that may occur in the future. Generally, forward-looking information can be identified by the use of forward-looking terminology such as “plans,” “expects,” or “does not expect,” “is expected,” “budget,” “scheduled,” “goal,” “estimates,” “forecasts,” “intends,” “anticipates,” or “does not anticipate,” “believes” or “potential” or variations of such words and phrases or statements that certain actions, events or results “may,” “could,” “would,” “might,” or “will be taken,” “occur,” or “be achieved.”

Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including risks associated with the COVID-19 pandemic; risks associated with the adequacy of the Company’s liquidity position; predictability of the grade; ability to achieve design gold recovery levels; fluctuation in gold and other metal prices; commodity price risk; currency exchange rate fluctuations; capital and operational cost estimates; satisfying financial covenants under the Debt Facility; illegal blockades; dependence on good relationships with employees and contractors and labour unions; dependence on key executives and employees; limited operating history; generating positive cash flow; the ability of the Company to secure additional financing if required; the safety and security of the Company properties; servicing of the indebtedness of the Company; the ability to secure necessary permits and licenses, title to the land on which the Company operates, including surface and access rights; foreign operations and political and country risk; the uncertainty of diversifying the Company’s single asset risk; government policies and practices in respect of the administration of recovery of VAT funds and recovery of VAT funds; exploration, development, exploitation and the mining industry generally; environmental risks and hazards; decommissioning and reclamation costs; parameters and assumptions underlying mineral resource and mineral reserve estimates and financial analyses being incorrect; actual results of current exploration, development and exploitation activities not being consistent with expectation; risks associated with skarn deposits; potential litigation; hiring the required personnel and maintaining personnel relations; future commodity prices; infrastructure; single property focus; use and reliance of experts outside Canada; competition; hedging contracts; interest rate risk; price and volatility of public stock; conflicts of interest of certain personnel; credit and liquidity risk; compliance with anti-corruption laws; enforcement of legal rights; accounting policies and internal controls as well as those risk factors included herein and elsewhere in the Company’s public disclosure.

Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect. Although the Company believes that the assumptions and expectations reflected in such forward-looking information are reasonable, undue reliance should not be placed on forward-looking information because the Company can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified in this press release, the Company’s most recent MD&A and in the Company’s annual information form (“AIF”) and Technical Report, assumptions have been made regarding, among other things: the Company’s ability to carry on its exploration, development and exploitation activities planned for the Morelos Gold Property; material assumptions with respect to the COVID-19 pandemic, including, but not limited to: the Company being able to resume mining and exploration operations at the ELG Mine Complex and the Media Luna Project on or around May 18, 2020; there being no cases of COVID-19 in the Company’s workforce no members of the workforce are required to self-isolate; the responses of the relevant governments to the COVID-19 pandemic being sufficient to contain the impact of the COVID-19 pandemic; and there being no material disruption to the Company’s supply

chains and workforce that would interfere with the Company's mining and exploration operations at the ELG Mine Complex and the Media Luna Project following resumption of mining and exploration operations; and the long-term economic effects of the COVID-19 pandemic not having a material adverse impact on the Company's operations or liquidity position; the assumption that the impact of the accounting changes to stockpiled ore will decline over the coming quarters and averaging out at the impact expected in the original annual guidance numbers; the assumption that the suspension decree in our area will be lifted by May 18, 2020; assumptions with respect to the succession plan of the Company and the Company's business plans and strategy; the price of gold; sufficient cash flow to satisfy its financial covenants under the Debt Facility and service its indebtedness, particularly in light of the COVID-19 pandemic; the ability of the Company to satisfy other covenants under the Debt Facility; the ability of the Company to access the ELG Mine Complex and the Media Luna Project without disruption; the ability of the Company to obtain qualified personnel, equipment, goods, consumables and services in a timely and cost-efficient manner; the timing and receipt of any required approvals and permits; the ability of the Company to operate in a safe, efficient and effective manner; the ability of the Company to obtain additional financing on acceptable terms if required; the accuracy of the Company's mineral resource and mineral reserve estimates, annual production, the financial analysis contained in the Technical Report including the PEA, and geological, operational and price assumptions on which these are based. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. The forward-looking information contained herein is presented for the purposes of assisting investors in understanding the Company's expected financial and operating performance and the Company's plans and objectives and may not be appropriate for other purposes. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

**Table 1: Operating and financial results summary**

	Three Months Ended					
	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019	
<i>In millions of U.S. dollars, unless otherwise noted</i>						
<b>Operating Data</b>						
<i>Mining</i>						
Ore tonnes mined	kt	1,837	1,573	1,416	1,810	1,153
Waste tonnes mined	kt	11,726	10,795	11,923	11,450	12,281
Total tonnes mined	kt	13,563	12,368	13,339	13,260	13,434
Strip ratio <sup>2</sup>	waste:ore	6.8	7.3	9.1	6.8	11.5
Average gold grade of ore mined <sup>4</sup>	gpt	2.52	3.06	3.19	2.91	2.45
Ore in stockpile <sup>5</sup>	mt	3.1	2.4	1.9	1.7	0.9
<i>Processing</i>						
Total tonnes processed	kt	1,134	1,116	1,139	1,062	1,076
Average plant throughput	tpd	12,464	12,130	12,380	11,670	11,956
Average gold recovery	%	89	89	89	88	88
Average gold grade of ore processed	gpt	3.35	3.87	4.11	3.92	2.62
<i>Production and sales</i>						
Gold produced	oz	108,537	125,151	138,145	113,645	77,870
Gold sold	oz	108,064	126,910	132,535	113,419	76,473
<b>Financial Data</b>						
Revenue	\$	172.0	190.0	198.2	150.7	101.9
Cost of sales	\$	144.1	149.0	130.1	115.7	85.1
Earnings from mine operations	\$	27.9	41.0	68.1	35.0	16.8
Net (loss) income	\$	(47.0)	35.1	27.4	10.0	(1.3)
Per share - Basic	\$/share	(0.55)	0.41	0.32	0.12	(0.02)
Per share - Diluted	\$/share	(0.57)	0.41	0.32	0.12	(0.02)
Adjusted net earnings (loss) <sup>1</sup>	\$	19.9	34.0	30.8	8.8	(5.7)
Per share - Basic <sup>1</sup>	\$/share	0.23	0.40	0.36	0.10	(0.07)
Per share - Diluted <sup>1</sup>	\$/share	0.23	0.40	0.36	0.10	(0.07)
EBITDA <sup>1</sup>	\$	39.4	102.2	116.6	74.3	37.2
Adjusted EBITDA <sup>1</sup>	\$	67.4	105.1	115.1	76.5	36.2
Cost of sales	\$/oz	1,333	1,174	982	1,020	1,113
Total cash costs <sup>1</sup>	\$/oz	794	617	561	606	745
All-in sustaining costs <sup>1</sup>	\$/oz	975	767	675	760	1,161
Average realized gold price <sup>1</sup>	\$/oz	1,571	1,481	1,478	1,314	1,302
Cash from operating activities	\$	29.5	97.9	122.5	48.6	32.3
Cash from operating activities before changes in non-cash working capital <sup>6</sup>	\$	21.8	101.4	116.9	72.6	36.4
Free cash flow <sup>1</sup>	\$	2.1	71.6	96.4	20.6	(7.4)
Net debt <sup>1</sup>	\$	26.3	21.7	97.2	221.2	234.4
Cash and cash equivalents	\$	135.7	161.8	168.0	83.5	91.6
Restricted cash	\$	-	-	-	32.3	26.9
Working capital (deficiency) <sup>3</sup>	\$	105.1	96.5	116.7	(27.4)	18.1
Total debt	\$	155.2	174.9	255.7	298.2	318.3
Total assets	\$	1,154.7	1,229.6	1,263.1	1,230.2	1,251.7
Total liabilities	\$	373.7	394.8	464.6	461.0	493.8

- Adjusted net earnings (loss), total cash costs, all-in sustaining costs, average realized gold price, EBITDA, adjusted EBITDA, free cash flow and net debt are financial performance measures with no standard meaning under International Financial Reporting Standards ("IFRS"). Refer to "Non-IFRS Financial Performance Measures" for further information and a detailed reconciliation.
- Ore mined from the ELG Underground (defined herein) of 101 kt is included in ore tonnes mined and excluded from the strip ratio in the three months ended March 31, 2020. For the three months ended December 31, 2019, September 30, 2019, June 30, 2019, and March 31, 2019, ore mined from the ELG Underground was 98 kt, 102 kt, 117 kt and 83 kt, respectively.
- Current liabilities at June 30, 2019 included a scheduled repayment of \$75.0 million in June 2020 under the 2017 Revolving Facility (defined herein). As a result of the subsequent refinancing, the \$75.0 million due under the 2017 Revolving Facility was deferred.
- Included within average gold grade of ore mined is the mined long term, low grade inventory. Excluding the long term, low grade inventory, the average gold grade of ore mined is 2.62 gpt for the three months ended March 31, 2020. For the three months ended December 31, 2019, September 30, 2019, June 30, 2019, and March 31, 2019, the average gold grade of ore mined is 3.23 gpt, 3.37 gpt, 3.33 gpt and 2.66 gpt, respectively.
- Included within ore in stockpile is 0.9 mt of long term, low grade inventory, with a carrying value of nil at March 31, 2020. As at December 31, 2019, September 30, 2019, June 30, 2019, and March 31, 2019, the long term, low grade inventory was 0.8 mt, 0.6 mt, 0.5 mt and 0.2 mt, respectively, with nil carrying value. As at March 31, 2020 the long term, low grade inventory has an average grade of 0.87 gpt.
- Cash generated from operating activities before changes in non-cash working capital was amended to exclude current income tax expense in order to align with changes in presentation of the Company's Statement of Cash Flows.
- Sum of quarters may not add to the year to date amounts due to rounding.