

CORPORATE
RESPONSIBILITY
REPORT **2015**

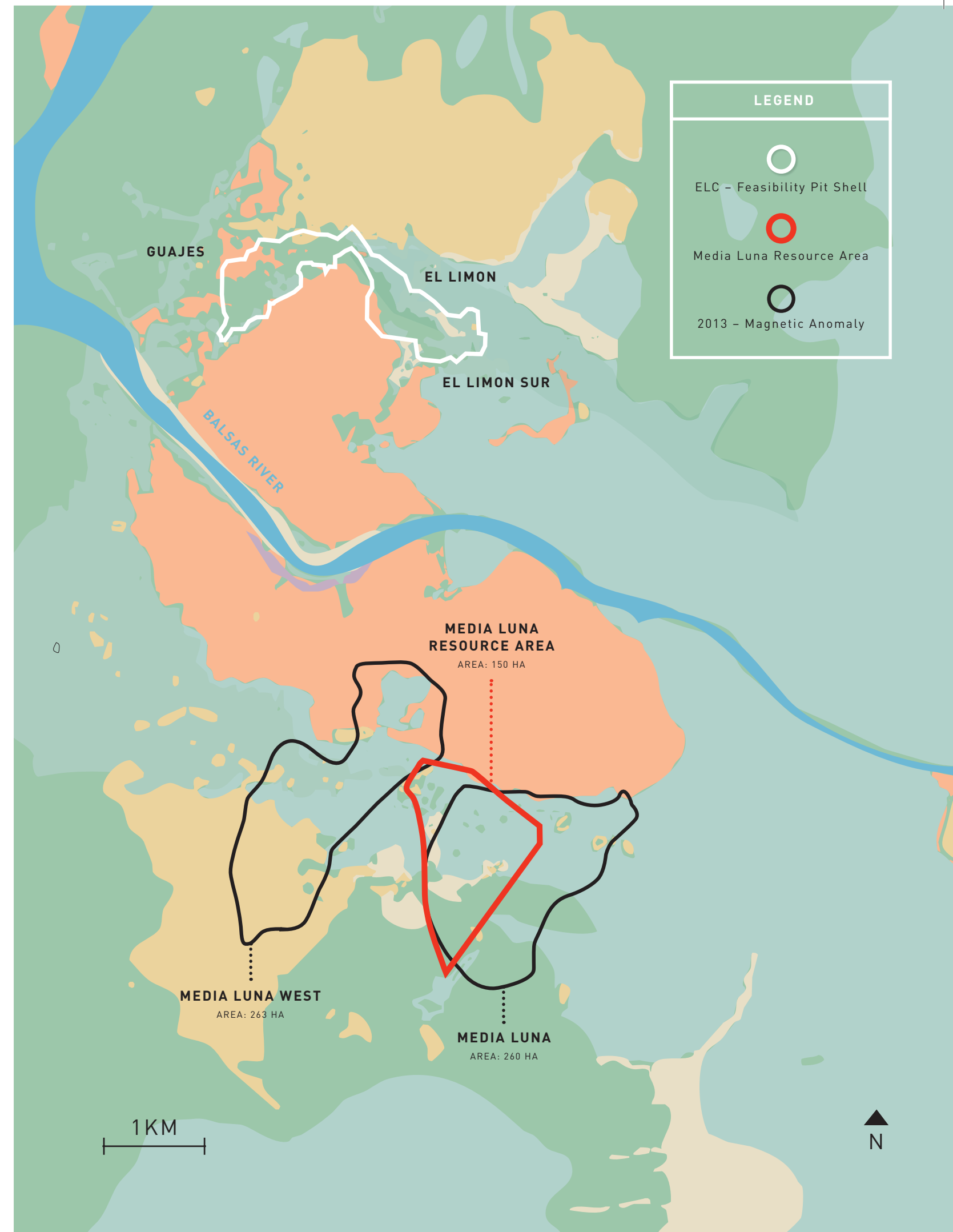


Torex Gold
RESOURCES INC.

CONTENTS

MESSAGE FROM THE CEO	04
HIGHLIGHTS	05
OUR PEOPLE	06
SAFETY AND HEALTH	08
STAKEHOLDER ENGAGEMENT	10
LOCAL CONTENT	12
COMMUNITY & ECONOMIC DEVELOPMENT	14
ENVIRONMENT	16
RESETTLEMENT	20
HUMAN RIGHTS	24
NOTES	26

Torex is an emerging intermediate gold producer based in Canada. Torex is engaged in the exploration, development and exploitation 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. Within this property, Torex has two assets, the El Limon-Guajes (ELG) Mine, which started production in December 2015, and the Media Luna Project, at an advanced stage of exploration, with a positive PEA completed in July of 2015. The property remains 75% unexplored.





MESSAGE FROM THE CEO



On behalf of the truly remarkable teams at Torex, I am proud and honored to present our first annual Corporate Responsibility report. The report outlines our commitment to excellence in safety and corporate responsibility, in addition to summarizing our overall performance in 2015.

In December 2015, we reached an important project development milestone when we produced our first ounces of gold. The milestone, which concluded a 24-month construction period, was delivered on-schedule and on-budget. These impressive achievements were made possible due to the dedication of all of our teams working together, our service providers and suppliers, our government and regulatory partners, and, crucially, our community partners. I am extraordinarily proud and deeply appreciative of the thousands of individuals that have worked collectively to turn our intentions into reality.

Safety and corporate responsibility are key business drivers that we continue to work to embed throughout our business. That effort is not without its challenges in a social environment that does not have an industrial history. Early progress has been both encouraging with more than 8 million hours worked without a lost time accident, and then extremely discouraging when in early March of 2016, a single vehicle accident resulted in the death of an employee of a contractor. We will continue to push forward with systemic and behavioural approaches to entrench a steadfast commitment to the safety and health of the workforce, to environmental sustainability, and to the building of sound and lasting partnerships with our stakeholder communities.

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Creativity and innovation are also at the core of our culture, as we work to turn complex technical challenges into commercial and stakeholder advantages. For example, one of the most innovative features of our operation is our use of a rope conveyor to transport ore from one of our mine pits. This approach helps minimize our environmental footprint and minimize a significant safety risk, all while providing operating cost savings. When in motion, the rope conveyor produces energy in the form of electricity, which helps reduce our carbon footprint and energy costs. We also use the emerging “dry-stack” method for tailings disposal, which reduces water requirements and long-term environmental risks in an environmentally sensitive and relatively-high seismic area.

The year 2016 will be an exciting one for Torex as we progress our El Limon-Guajes project into commercial production and continue working to further define the resources at our Media Luna project. With our outstanding management and employee teams in place, we are well-positioned to tackle the inevitable challenges associated with these world-class projects. We look forward to working with our many partners to deliver operational and performance excellence for the benefit of all of our stakeholders.

Fred Stanford, President and Chief Executive Officer



HIGHLIGHTS

4,000+ 4,000+ employees (direct plus contractor)

ZERO
Zero reportable environmental incidents

US\$32 M
US\$32 million invested for resettlement

\$333 MILLION US\$333 million in procurement to Mexican firms

80%
80% of procurement to Mexican firms

64%
64% of workforce from Guerrero

75,000
75,000 hours of employee training

0.75 LTIFR 0.75 LTIFR* per million hours worked

*Lost Time Injury Frequency Rate



OUR PEOPLE

At Torex, we recognize that our teams and our employees have been – and will continue to be – the foundations of our business success. The milestones that we have achieved to date would not have been possible without their talents, professionalism, and dedication to executing our plans.

Our Human Resources teams have established innovative processes and procedures for developing a positive and productive workplace. Crucially, this includes creating a work environment that enables workers to reach – and even exceed – their potential. To do so, we have developed and implemented management systems, teamwork behaviors, and organizational symbols, all of which are based on an integrated set of organizational principles and leadership models.

Organizational Principles

Our organizational principles guide our approach to developing a positive and productive workplace. These principles include:

- **Meritocracy** – People are selected, promoted, and rewarded on their capabilities and performance
- **Simplicity** – Work processes and tools are easy to understand and efficient to use
- **Clarity** – Work is clearly-defined, structured, tasked, and authorized
- **Mutuality** – Relationships are built on mutual benefit, respect, and understanding

Working Together

Working Together is a training course in which every employee at Torex participates, so that our people understand how to work together in a safe and productive environment. *Working Together* is based on a workplace philosophy aimed at providing an environment where everyone willingly gives their best.

The training is co-facilitated by senior leaders and features a combination of theory and hands-on learning via team exercises. Safety requirements are also key components. The training is reinforced through refresher training as well as ongoing on-site coaching where honesty, dignity, and fairness are encouraged and considered when making workplace decisions.

“Our Human Resources teams have established innovative processes and procedures for developing a positive and productive workplace. Crucially, this includes creating a work environment that enables workers to reach – and even exceed – their potential.”



SOME OF OUR FEMALE EMPLOYEES WITH THE ROPE CON AND CRUSHER IN THE BACKGROUND



SAFETY & HEALTH

Providing a safe and healthy work environment for our employees and site personnel is a key driver of our business. Therefore, when we measure our overall success as a company, our safety and health performance is paramount.

To achieve excellence in our safety and health performance, we strive to embed a strong safety culture within our company. Our approach to doing so is guided by the principle of 'zero harm', which is a core value that we have embraced at Torex. This approach is underpinned by our safety motto 'Si no es seguro, no lo hagas' (If it is not safe, don't do it').

Safety and Health Management

We manage safety and health risks through a comprehensive, site-wide safety and health management system. Key components of the system include daily safety talks, documented workplace procedures, safety and health inspections, and the use of leading indicators to guide our safety programs.

We have a company-wide policy on safety and health, which forms part of our *Code of Business Conduct and Ethics*. Under the *Code*, and in line with our culture of teamwork, everyone is accountable for their own safety and health, as well as the workplace safety and health of our team members.

Safety and Health Performance

Our commitment to building a strong safety culture – combined with our robust safety and health management systems – has resulted in excellent safety performance over the past year. We have achieved a performance level that is truly remarkable for a large construction project like the El Limon-Guajes project. Specifically, in February 2016, we achieved over eight million hours worked without a lost time injury incident (an incident that results in an individual missing at least one work shift due to a work-related injury).

As part of our commitment to safety and health performance excellence, we report on our safety and health performance annually using key performance indicators (for MML and combined MML and contractors) as presented in the table below.

We will also set annual targets for these indicators, with the aim of driving continual improvement in our safety and health performance. As we move from construction to operations, our declared LTIFR target for 2016 is <2.0.

	LOST TIME INJURIES	LOST TIME INJURY FREQUENCY RATE (LTIFR)	TOTAL INJURIES	TOTAL HOURS WORKED
MML	0	-	1	1,230,920
MML DIRECT CONTRACTOR	0	-	12	599,838
M3 – CONSTRUCTION LEAD CONTRACTOR	7	0.92	103	7,611,284
TOTAL	7	0.74	116	9,442,042



“We manage safety and health risks through a comprehensive, site-wide safety and health management system.”

GOLD POUR IN THE MML REFINERY



STAKEHOLDER ENGAGEMENT

In order to secure and strengthen our social license, we are committed to building sound and lasting partnerships with local stakeholders.

We view local communities and their leaders as key partners in the ongoing development and delivery of our projects. Consequently, we encourage our teams to engage these groups for feedback and input into our decision-making processes. The use of open and honest dialogue to build relationships and trust is based on our values. We respect the cultural heritage of our stakeholders.

Values Continuum

Our approach to working with local stakeholders is guided by what we at Torex refer to as the 'values continuum'. In short, this means understanding that communities judge our actions through six value brackets: fair to unfair; loving to unloving; trustworthy to untrustworthy; courageous to cowardly; dignifying to disrespectful; and honest to dishonest. In order to build successful relationships, we recognize that we must always strive to be on the left side of each bracket.

Agreements with Local Ejidos

By adopting the values continuum as a guiding framework for our engagement with stakeholders,

we have, since acquiring the project, been able to improve project outcomes for local communities and for our business.

Specifically, when we first acquired the project properties in 2009, community relations had been strained, particularly with local *Ejidos*, which are sub-municipal entities that represent local communities. Leaders and members of the *Ejidos* were distrustful of developers and were reluctant to engage in dialogue with the project proponents. This had resulted in a lengthy blockade of the project by local people prior to its acquisition by Torex.

On acquiring the project, one of our top priorities was to reinvigorate the approach to working with the local communities (including the *Ejidos*). We redrafted agreements with two *Ejidos* and established a new agreement with a third, all of which helped address pertinent community concerns. In turn, this enabled Torex to acquire the necessary land access, surface and water rights, and change in land use permits for the development of our project.

We now regularly meet with our local stakeholders and their leaders aiming to promote their active participation in decision-making processes. From the beginning of our community engagement, we included the active participation of Mexican government officials, who have since commended our efforts at reconciliation and promoting social harmony. Our local stakeholders and the Mexican and Guerrero State governments are now able to share our success as we advance the production of gold from the mine.

“By adopting the values continuum as a guiding framework for our engagement with stakeholders, we have, since acquiring the project, been able to improve project outcomes for local communities and for our business.”

SIGNING OF COMMUNITY AGREEMENTS





LOCAL CONTENT

In order to enhance the economic benefits of our operations for local communities, we actively seek their involvement through local hiring and local procurement.

This not only creates direct economic benefits for local communities but it also creates indirect benefits in the form of spin-off economic activity, such as increased local spending, additional job creation, and improved economic stability resulting in improved local security.

Local Hiring

A number of processes have been implemented by our teams to facilitate local hiring. When a position becomes available, our Human Resources department initiates its search for potential candidates locally, and regionally, before seeking talent from outside of the state. All general helper positions are reserved for residents from local communities.

In 2015, our El Limon-Guajes project, and our exploration projects, directly employed some 490 people, almost 100% of which were Mexican nationals. In addition, some 311 of these workers were residents of the State of Guerrero. This represented over US\$5 million paid directly by MML in salaries and wages. In addition, during the peak construction period at our El Limon-Guajes project, some 4,000 people were directly and indirectly employed by Torex, of which about 450 were employed from our local stakeholder communities.

Local Training

A variety of training initiatives have been implemented to help enable local residents to fill positions within the company. This includes: training for operational positions, such as haul-truck driver and process plant maintenance positions; community vocational training; and, establishing partnerships with local higher education institutions to establish mining-related careers.

Local Procurement

We provide local entrepreneurs with procurement assistance to help them enter our supply chain. We have also spearheaded the creation of the Guerrero State Mining Cluster, which, in 2016, will formalize partnerships with State higher education institutions and work with Chambers of Commerce statewide to identify regional procurement opportunities.

During the mine construction phase, local vendors provided transportation for our contractors, provided meals to our teams and those of our contractors, and leased equipment to the contractors. As we transition to operations, we are working with local entrepreneurs to identify potential opportunities to provide services directly to the project. The local procurement program will focus on identifying opportunities and formalizing businesses to meet the company's service and commercial needs.

"In 2015, our El Limon-Guajes project, and our exploration projects, directly employed some 490 people, almost 100% of which were Mexican nationals."

LOCAL EMPLOYEES ORGANIZING DRILL CORE FOR OUR EXPLORATION DEPARTMENT





COMMUNITY & ECONOMIC DEVELOPMENT

At Torex, we recognize the role we can play in being a catalyst for both community and economic development in the communities in which we operate. We also believe that it is our legacy to provide lasting economic benefits for our local communities.

Therefore, we partner with community producers, government institutions, and development agencies to facilitate sustainable economic development projects. We are also seeking partnerships with international development agencies to bolster our existing efforts. Programs capitalize on existing community knowhow, are developed in a participatory manner, and are funded by multiple stakeholders, including the local producers themselves.

Aquaculture Program

With the help of Torex, consultants have helped formalize local fishing businesses and expand their potential markets for the commercialization of locally-produced Tilapia. In addition, our staff identified the untapped potential for local development of red-claw crayfish in the Rio Balsas habitat. In 2016, we will partner with local fishermen to standardize and commercialize the red claw crayfish production according to the needs of the regional and national markets. One of our community partners has already taken the initiative to train other local people in the commercialization of red claw crayfish.

Farming Program

We contributed to local producers' efforts to increase their farming yields by constructing a 300-meter-deep well installed with a pump for the irrigation of crops and pasture. Additionally, we worked with local ranchers to provide water for cattle during the dry season from some of our water sources. In 2016, through funding from Mexican government institutions, and training and assistance from Torex, local producers will begin production of crops year-round.

Nuevo Balsas Water Project

In 2011, we started a project with the Guerrero government agency responsible for the provision of drinking water (*La Comisión de Agua Potable Alcantarillado y Saneamiento del Estado Guerrero - CAPASEG*). The project involved conducting repairs to the drinking water system for the community of Nuevo Balsas with its approximately 2,000 inhabitants.

We contributed funds for the technical studies to define the required work. We submitted the work request to the Municipality of Cocula and CAPASEG. We then received an approval for the repairs to the water system, which were implemented in 2015 and completed in early 2016.

The joint management approach enabled us to contribute funds to the project (approximately US\$0.73 million) while still allowing our partners to complete the majority of the work. This helps to ensure that we act as a catalyst for sustainable development, rather than replacing existing government organizations.



LOCAL FISHERMEN (AND MML EMPLOYEES) HOLDING BAGS OF FISH FRY TO BE RELEASED INTO THE PRESA CARACOL

“We partner with community producers, government institutions, and development agencies to facilitate sustainable economic development projects.”



ENVIRONMENT

Our operations have the potential to adversely effect the surrounding environment beyond our direct footprint.

In order to manage our overall environmental footprint, we have implemented a comprehensive environmental management system.

However, as with any large and complex construction project, managing and minimizing environmental effects begins with project design. Our innovative approach to designing our project helps us turn complex technical and environmental challenges into business and stakeholder advantages.

RopeCon

We have installed a rope conveyor (RopeCon) to transport ore from the El Limón mining area to the processing facilities. Therefore, haul roads are not required for the mine trucks from this pit. Since we do not transport ore using haul trucks, we do not use diesel, which reduces our greenhouse gas emissions as well as our operating costs. Noise levels are also reduced, which traditionally can be a nuisance for local communities. When the RopeCon is moving ore to the processing plant area, electricity is produced, which further reduces our traditional energy requirements and our overall carbon footprint.

Dry Stack Tailings

An important environmental management component for mining projects is the leftover waste (tailings) that is generated after the recovery of the gold. Traditional tailings disposal methods require the construction of retaining embankments, which adds risk to a project when constructed in an area prone to earthquakes, like the MML ELG mine.

At Torex, we use the emerging “dry-stack” method of tailings placement. The tailings first pass through a

cyanide destruction circuit before the water is removed in a filter plant. The resulting tailings can then be placed in the tailings dry stack facility without the need for a retaining embankment. This allows us to carefully control the placement of the material, which is then compacted to increase its stability. At the end of the mine life, the tailings dry stack can then be rehabilitated to its next land use without the need to remove any water.

This approach enhances water conservation and the long-term risks to the environment are reduced with the development of a benign, stable facility.

Environmental Management System

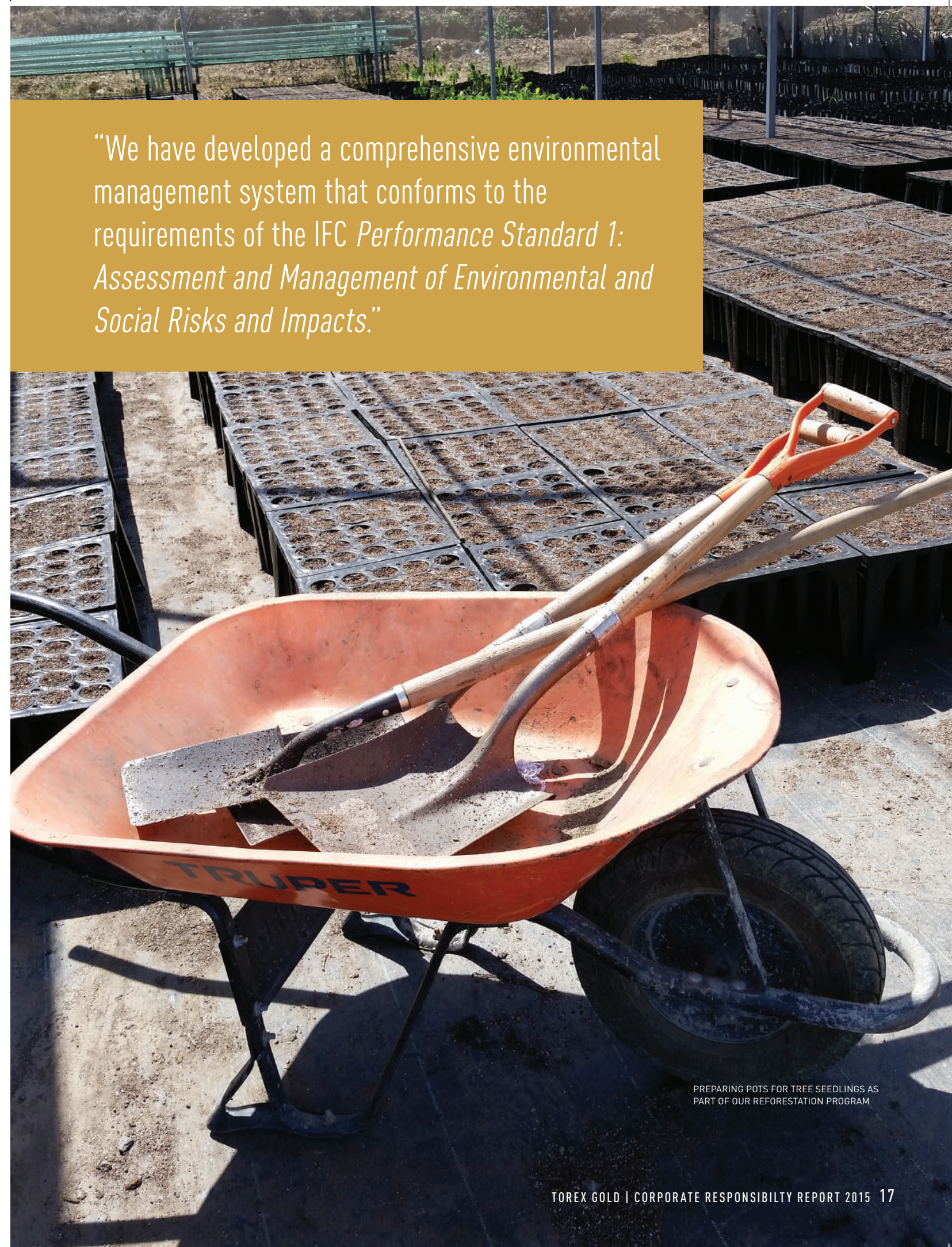
We have developed a comprehensive environmental management system that conforms to the requirements of the IFC *Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts*. Key elements of the system include the following:

- A formal policy on the environment;
- Identification of risks and potential effects;
- Management programs;
- Organizational capacity and competency;
- Emergency preparedness and response;
- Stakeholder engagement; and,
- Monitoring and review.

Environmental Performance

As part of our commitment to environmental sustainability, we report on our environmental performance annually. This includes a set of key performance indicators to track our progress and to help drive continual improvement.

We are pleased to report that in 2015 there were zero reportable environmental incidents at our operations. We continued to develop our environmental baseline through comprehensive monitoring of air and water quality.



“We have developed a comprehensive environmental management system that conforms to the requirements of the IFC *Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts*.”

PREPARING POTS FOR TREE SEEDLINGS AS PART OF OUR REFORESTATION PROGRAM

ROPE CON WITH THE GOLD RECOVERY PLANT IN THE LOWER FRONT





RESETTLEMENT

Our approach to resettlement conforms to all applicable Mexican laws as well as the International Finance Corporation (IFC) *Performance Standard 5: Land Acquisition and Involuntary Resettlement*. As such, we avoid resettlement wherever possible.

To allow for the development of the mine, we implemented the resettlement of the La Fundición community as this community was within the footprint of one of our waste dumps. Although not within the current footprint, we also elected to resettle the community of Real del Limón, which is adjacent to La Fundición. Real del Limón will be affected towards the end of the mine's life. The resettlement of Real del Limón was undertaken to maintain the social fabric of the two communities.

The resettlement activities were implemented with appropriate disclosure of information, consultation, and the informed participation of the two communities.

As part of each resettlement initiative, Resettlement Action Plans (RAPs) are developed to manage the process. The primary purposes of RAP are to document the legal framework for the resettlement, develop the stakeholder engagement approach, and determine the appropriate compensation mechanisms for the affected persons. The RAPs are prepared in accordance with IFC guidelines.

La Fundición

In September 2015, we completed the resettlement of the community of La Fundición, which then enabled the mining of the El Limon open pit.

Some 102 families moved into newly-constructed homes at the new La Fundición site. The homes were designed with individual input on home type, yard, and amenities. An important consideration for the residents was to maintain their own separate and unique identities of their homes. In addition, the homes were designed with block walls and concrete slab and roofs, which residents consider an overall improvement to the prior conditions of adobe walls and metal panel roofs. Each home is also equipped with electrical, water, and sewage systems.

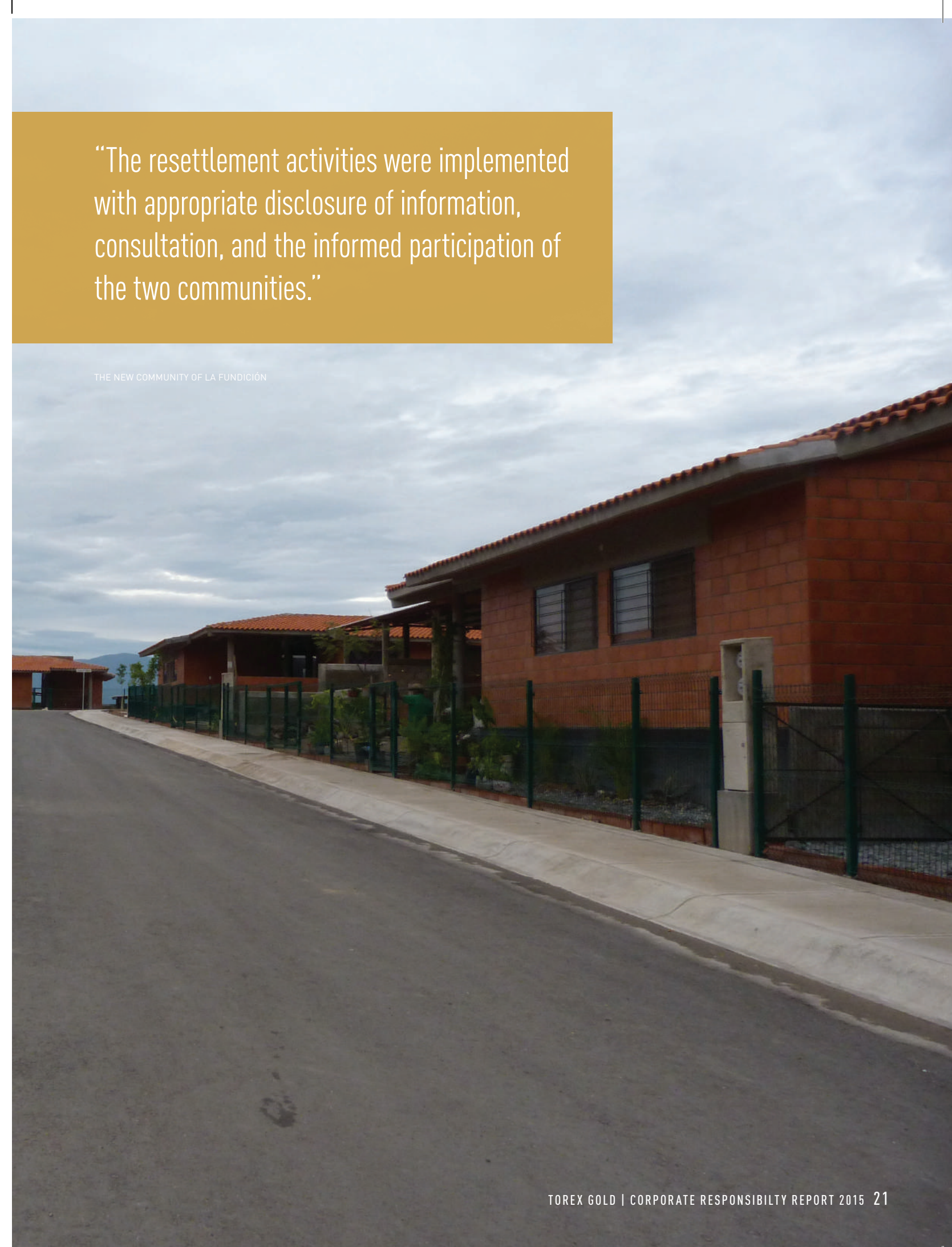
Both communities have paved streets and the community of La Fundición is equipped with public infrastructure and amenities, including schools, municipal buildings, public green space, a church, and a temple for the Jehovah's witnesses.

Real del Limón

The Real del Limón community will be resettled in 2016. Resettlement of the community started on March 21, 2016.

“The resettlement activities were implemented with appropriate disclosure of information, consultation, and the informed participation of the two communities.”

THE NEW COMMUNITY OF LA FUNDICIÓN



FILTER PRESSES THAT REMOVE WATER FROM THE TAILINGS





HUMAN RIGHTS

We have a responsibility as a company to respect and uphold the human rights of stakeholders in our spheres of influence as defined in our Social Harmony and Human Rights Policy approved by the Board of Directors.

Human rights considerations are integrated into our approach to community relations. This includes the establishment of a formal grievance mechanism, which allows community members to lodge complaints, including those related to human rights.

As a major player in the area, we recognize the role we can play in promoting, wherever possible, the advancement and enjoyment of human rights. For example, the economic development that our operations generate can positively contribute to wide range of human rights, including access to work, food, and an adequate standard of living. As demonstrated below, we can also positively contribute to the safety and security of our stakeholder communities.

Enhancing Local Law Enforcement Capacity

We operate in an area that has been affected by security concerns in the past. Since starting work in the area, we have established links with the national and state security agencies. We also contract state security agencies to provide security at our project site. This also has a spin-off bonus of providing security for our stakeholder communities along our transportation corridor.

In February 2016, we signed an agreement with the Ministry of Public Safety of the State Government of Guerrero to provide a permanent police presence in the areas surrounding our mining operations. The signing of the agreement represented the launch of the first phase of the pilot program.

During this phase, the Ministry will establish three check points with a permanent police presence, which, along with regular patrols, will cover our direct stakeholder communities. As part of the agreement, we will provide support through the provision of lodging for the police as well as transportation and vehicle maintenance.

Human Rights Performance

As part of our commitment to respecting and upholding the human rights of our stakeholders, we will report on our human rights performance annually. Regular reports on human rights are provided to our corporate Board of Directors.

In 2015, there were no human rights claims against our company.

“As part of our commitment to respecting and upholding the human rights of our stakeholders, we will report on our human rights performance annually.”

LOCAL RESIDENT OF
REAL DEL LIMÓN





NOTES

Disclaimer

This report may contain “forward-looking statements” and “forward-looking information” within the meaning of Canadian securities legislation. Forward-looking statements relate to future events or the anticipated performance of the Company. Forward-looking statements include, but are not limited to, achieving full production to become an intermediate gold producer, the safety and health targets, the establishment of a permanent security force in the region, the advantages of RopeCon and the dry-stack tailings, and security and access to the ELG Mine. Generally, forward-looking information can be identified by the use of forward-looking terminology such as “plans”, “expects”, “believes”, “target” or variations of such words and phrases or state that certain actions, events or results “will” 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 statements or information, including those risk factors identified in the Company’s annual information form and management’s discussion and analysis which are available on the Company’s website www.torexgold.com and SEDAR at www.sedar.com.



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