TOREX GOLD RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021

This Management's Discussion and Analysis of the financial condition and results of operations ("MD&A") for Torex Gold Resources Inc. ("Torex" or the "Company") was prepared as at August 4, 2021 and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements and related notes for the three and six months ended June 30, 2021. It should also be read in conjunction with the Company's audited consolidated financial statements and annual management's discussion and analysis for the year ended December 31, 2020. This MD&A contains forward-looking statements that are subject to risks and uncertainties, as discussed under "Cautionary Notes". All dollar figures included herein are United States dollars ("U.S. dollar") unless otherwise stated.

HIGHLIGHTS

- **Safety excellence continues:** Exited the quarter with a lost time injury frequency ("LTIF") of 0.26 per million hours worked on a rolling 12-month basis, in line with the 2021 safety target of an LTIF of less than 1.0. Enhanced health protection protocols continue to be successful in maintaining a safe working environment during the COVID-19 pandemic.
- **On track to deliver full year production and cost guidance:** Delivered gold production of 118,054 ounces ("oz") for the quarter (YTD - 247,563 oz) at cash costs[1] of $637 per oz (YTD - $606) and AISC[1] of $897 per oz (YTD – $874). Revenue for the quarter was $205.9 million (YTD - $437.1 million) on sales of 111,424 oz (YTD - 240,443 oz), at an average realized gold price[1] of $1,816 per oz (YTD - $1,795).
- **Strong profitability and EBITDA:** Net income for the quarter was $60.7 million, or $0.71 per share on a basic and $0.69 per share on a diluted basis (YTD - $115.7 million, or $1.35 per share on a basic and $1.31 on a diluted basis). Adjusted net earnings[1] for the quarter totalled $47.4 million, or $0.55 per share on a basic and diluted basis (YTD - $104.7 million, or $1.22 on a basic and diluted basis). EBITDA[1] for the quarter totalled $126.9 million (YTD - $279.6 million) and adjusted EBITDA[1] totalled $122.1 million (YTD - $267.0 million).
- **Robust cash flow generation and financial liquidity:** Cash flow from operations for the quarter totalled $82.4 million (YTD - $147.6 million) and $98.4 million prior to changes in non-cash working capital (YTD - $177.6 million), including income taxes paid of $24.2 million (YTD - $90.5 million) and $30.0 million in relation to a site-based employee profit sharing program for 2020 in Mexico. Free cash flow[1] for the quarter totalled $21.9 million (YTD - $31.2 million). Net cash[1] as at June 30, 2021 totalled $191.5 million, with no debt.
- **Approval of El Limón open pit expansion (pushback):** Expansion of the El Limón open pit via a pushback has been approved, which is forecast to add approximately 150,000 oz of gold production between late-2023 and mid-2024. The incremental open pit production, together with continued output from the ELG underground and use of stockpiles to top up the mill as required, is expected to support a smooth transition between the ELG open pits and Media Luna underground.
- **Revision of 2021 sustaining capital guidance:** Sustaining capital expenditures increased by $15.0 million reflecting additional capitalized waste development with the approval of the pushback at the El Limón open pit.
- **Updated Media Luna resource estimate:** The updated estimate consists of a gold equivalent ("AuEq") Indicated Resource[2] of 3.54 million oz at an average grade of 5.27 grams per tonne ("gpt"), reflecting a 58% increase in contained AuEq in the Indicated Resource category compared to the previous estimate.
- **The Media Luna Feasibility Study to be concluded on the basis of conventional mining methodology:** The Company has made a decision to conclude the Media Luna Feasibility Study using conventional mining methodology as the basis given the results of various risk assessments, comparative financial analysis and the results to date of the Muckahi test program at El Limón Deep. This decision will mitigate risk to the business while allowing more time for the development and testing of the monorail-based technology.
- **Board of Directors renewal:** At the Company's annual shareholder meeting (the "AGM") on June 29, 2021, Tony Giardini, Jennifer Hooper, Jay Kellerman, and Rosie Moore were appointed as new directors, and following the AGM, the new board appointed Rick Howes as Board Chair.

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[1] Refer to "Non-IFRS Financial Performance Measures" for further information and a detailed reconciliation.
[2] For more information see Media Luna mineral resource estimate on page 31.

OPERATING AND FINANCIAL HIGHLIGHTS

Table 1.

In millions of U.S. dollars, unless otherwise noted		Three Months Ended			Six Months Ended	
		Jun 30, 2021	Mar 31, 2021	Jun 30, 2020	Jun 30, 2021	Jun 30, 2020
Operating Results						
Lost time injury frequency	/million hours worked	0.26	0.15	0.00	0.26	0.00
Total recordable injury frequency	/million hours worked	2.83	2.96	3.12	2.83	3.12
Gold produced	oz	118,054	129,509	59,508	247,563	168,045
Gold sold	oz	111,424	129,019	63,147	240,443	171,211
Total cash costs [1]	$/oz	637	580	740	606	774
All-in sustaining costs [1]	$/oz	897	854	1,015	874	990
All-in sustaining costs margin [1]	$/oz	919	924	697	922	633
Average realized gold price [1]	$/oz	1,816	1,778	1,712	1,795	1,623
Financial Results						
Revenue	$	205.9	231.2	109.1	437.1	281.1
Cost of sales	$	119.7	131.9	91.4	251.6	235.5
Earnings from mine operations	$	86.2	99.3	17.7	185.5	45.6
Net income (loss)	$	60.7	55.0	3.8	115.7	(43.2)
Per share - Basic	$/share	0.71	0.64	0.04	1.35	(0.51)
Per share - Diluted	$/share	0.69	0.62	0.04	1.31	(0.51)
Adjusted net earnings [1]	$	47.4	57.2	3.6	104.7	23.5
Per share - Basic [1]	$/share	0.55	0.67	0.04	1.22	0.28
Per share - Diluted [1]	$/share	0.55	0.66	0.04	1.22	0.28
EBITDA [1]	$	126.9	152.7	44.8	279.6	84.2
Adjusted EBITDA [1]	$	122.1	144.9	49.3	267.0	116.7
Cost of sales	$/oz	1,074	1,022	1,447	1,046	1,375
Cash from operating activities	$	82.4	65.2	2.2	147.6	31.7
Cash from operating activities before changes in non-cash working capital	$	98.4	79.2	28.1	177.6	49.9
Free cash flow (deficiency) [1]	$	21.9	9.3	(28.5)	31.2	(26.4)
Net cash (debt) [1]	$	191.5	167.3	(53.5)	191.5	(53.5)

1. Adjusted net earnings, total cash costs, all-in sustaining costs, all-in sustaining costs margin, average realized gold price, EBITDA, adjusted EBITDA, free cash flow and net cash (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.

SECOND QUARTER REPORT

The following abbreviations are used throughout this document: $ (United States dollar), C$ (Canadian dollar), AISC (all-in sustaining costs), YTD (year-to-date), Au (gold), Ag (silver), Cu (copper), oz (ounce), gpt (grams per tonne), kt (thousand tonnes), mt (million tonnes), m (metres), km (kilometres), and tpd (tonnes per day).

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COMPANY OVERVIEW

Torex Gold Resources Inc. is an intermediate gold producer based in Canada, engaged in the exploration, development and operation of its 100% owned Morelos Gold Property (the "Morelos Gold Property"), an area of 29,000 hectares in the highly prospective Guerrero Gold Belt located 180 kilometres 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 "ELG Open Pits"), the El Limón Guajes underground mine including zones referred to as Sub-Sill and ELD (collectively, the "ELG Underground"), and the processing plant and related infrastructure, which commenced commercial production as of April 1, 2016, and the Media Luna deposit (the "Media Luna Project"), which is an advanced stage development project, and for which the Company issued an updated preliminary economic assessment in September 2018 (the "PEA"). The property remains 75% unexplored.

In addition to realizing the full potential of the Morelos Gold Property, the Company is seeking opportunities to acquire assets that enable geographic diversification and deliver value to shareholders.

OBJECTIVES FOR 2021

	Objective
Production within constraints	**Safety** – no fatalities, lost time injury frequency of <1 per million hours worked **Environmental protection** – zero reportable spills of 1,000 litres or more, that report to the river or reservoir **Production** – 430,000 to 470,000 oz of gold produced **Cost Control:** Total cash costs of $680 to $720 per oz All-in sustaining costs of $920 to $970 per oz Sustaining capital expenditure of $70 million to $85 million Non-sustaining capital expenditure of $125 million to $150 million Conduct self-assessment against World Gold Council's Responsible Gold Mining Principles, independently verified and assured by a third party
Prepare for 2022	Strip 38 million tonnes of waste in the open pits; 10,000 metres of development in the underground
Set up for growth	Complete 44,000 metre infill drilling program for Media Luna Advance Media Luna Feasibility Study for release in the first quarter of 2022 Complete 2021 Media Luna early works program • Guajes tunnel 2,700 metres developed • South portal 1 collared and 1,600 metres developed Complete a pre-feasibility level study for the El Limón pit expansion Complete Muckahi rate test program by the end of the first half of 2021

GUIDANCE

The Company reiterates full year production and cost guidance of 430,000 to 470,000 oz of gold at a total cash cost of $680 to $720 per oz sold and all-in sustaining cost $920 to $970 per oz. Sustaining capital expenditure guidance has increased by $15.0 million reflecting additional capitalized waste development with the approval of the El Limón pushback. Non-sustaining capital expenditure guidance remains unchanged.

The following table summarizes the Company's progress to date towards 2021 guidance:

Table 2.

In millions of U.S. dollars, unless otherwise noted		Initial 2021 Guidance	Revised 2021 Guidance	Q2 2021 YTD Progress
Gold Production	oz	430,000 to 470,000	No change	247,563
Total Cash Costs	$/oz	680 to 720	No change	606
All-in Sustaining Costs	$/oz	920 to 970	No change	874
Capitalized Waste	$	40 to 45	55 to 60	30.6
Other Sustaining Expenditures	$	30 to 40	No change	14.9
Sustaining Capital Expenditures	$	70 to 85	85 to 100	45.5
Non-Sustaining Capital Expenditures	$	125 to 150	No change	72.3

The stable total cash cost guidance reflects the strong start to the year as well as lower anticipated profit-sharing ("PTU") in 2021 following recently passed legislation that now caps the PTU at the greater of 3 months of salary or a trailing 3-year average PTU payment per employee. These positive factors are expected to offset higher processing costs given increased reagent consumption due to elevated levels of copper and iron in sulphides as mining moves deeper within the open pits. All-in sustaining costs are likely to be towards the upper end of the original guided range, reflecting costs associated with the approval of the El Limón pushback.

Non-sustaining capital expenditure guidance is expected to be towards the upper end of the original guided range of $125 to $150 million. This upper end of non-sustaining guidance reflects the year-to-date spend, approval of a second portal south of the river ("South Portal Lower") and expanded infill drill program at Media Luna.

South Portal Lower will allow for development of the lower portions of the deposit while providing risk mitigation for the advancement of the Guajes Tunnel from the north side of the river. South Portal Lower, in conjunction with the previously approved South Portal Upper, will allow for the simultaneous development of the upper and lower portions of the Media Luna deposit ahead of when the Guajes tunnel is expected to reach the orebody. This investment in underground development is expected to provide sufficient stopes to mitigate risks often encountered with the ramp-up of large-scale underground mines.

The infill drilling program at Media Luna has been expanded to 83,000 metres from 44,000 metres and reflects an increased focus on exploration across the entire Morelos property. With 8 drill rigs turning at Media Luna, the exploration program is likely to be further extended into 2022, with a dual focus of upgrading additional Inferred mineral resources to the Indicated category as well as step-out drilling targeting to expand the overall resource base at Media Luna.

The Company plans to release a multi-year production outlook for ELG over the coming weeks.

FINANCIAL RESULTS

Table 3.

In millions of U.S. dollars, unless otherwise noted	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Revenue	205.9	109.1	437.1	281.1
Gold	202.3	108.1	431.9	277.9
Silver	0.4	0.3	1.1	0.8
Copper	3.2	0.7	4.1	2.4
Cost of sales	119.7	91.4	251.6	235.5
Production costs	68.4	44.4	137.8	127.3
Depreciation and amortization	45.1	32.6	100.6	88.7
Royalties	6.2	3.3	13.2	8.4
Care and maintenance	-	11.1	-	11.1
Earnings from mine operations	86.2	17.7	185.5	45.6
Exploration and evaluation expenses	1.3	0.3	2.3	1.3
General and administrative expenses	5.1	7.0	10.5	10.3
Derivative (gain) loss, net	(0.1)	2.7	(3.1)	40.5
Finance costs (income), net	-	3.6	(0.2)	7.3
Foreign exchange (gain) loss	(1.7)	(1.2)	(2.8)	1.5
Current income tax expense (recovery)	31.2	4.3	68.0	(2.0)
Deferred income tax expense	(10.3)	(2.8)	(4.9)	29.9
Net income (loss)	60.7	3.8	115.7	(43.2)
Per share - Basic ($/share)	0.71	0.04	1.35	(0.51)
Per share - Diluted ($/share)	0.69	0.04	1.31	(0.51)
Adjusted net earnings [1]	47.4	3.6	104.7	23.5
Per share - Basic ($/share) [1]	0.55	0.04	1.22	0.28
Per share - Diluted ($/share) [1]	0.55	0.04	1.22	0.28
Cost of sales ($/oz)	1,074	1,447	1,046	1,375
Total cash costs ($/oz) [1]	637	740	606	774
All-in sustaining costs ($/oz) [1]	897	1,015	874	990
All-in sustaining costs margin ($/oz) [1]	919	697	922	633
Average realized gold price ($/oz) [1]	1,816	1,712	1,795	1,623
Average realized margin ($/oz) [1]	1,179	972	1,189	849

1. Refer to "Non-IFRS Financial Performance Measures" for further information and a detailed reconciliation.

SECOND QUARTER 2021 FINANCIAL RESULTS

Revenue totalled $205.9 million

The increase in revenue over the second quarter of 2020 is primarily due to a higher number of oz of gold sold, along with a higher average realized price. The Company sold 111,424 oz of gold at an average realized price of $1,816 per oz in the second quarter of 2021, compared to 63,147 oz at an average realized price of $1,712 per oz in the second quarter of 2020. Revenue in the second quarter of 2020 was impacted by a temporary suspension of operations due to a COVID-19 decree issued by the Mexican government.

Cost of sales was $119.7 million or $1,074 per oz sold

Cost of sales increased only 31% over the second quarter of 2020, despite a 76% increase in oz of gold sold. Cost of sales on a per oz basis were abnormally high in the second quarter of 2020 due to the temporary suspension of operations associated with COVID-19. Production costs for the second quarter of 2021 were negatively impacted by higher reagent costs on a per tonne basis, which were more than offset by savings in the amount accrued for the 2021 site-based employee profit sharing plan due to new legislation enacted by the Mexican government in April 2021, which will cap the amount to be paid on an annual basis. Royalties represent 3% of proceeds from gold and silver sales and therefore were higher due to both the increase in oz sold as well as the higher gold price. For 2021, depreciation is expected to range between $200 to $250 million.

Total cash costs[1] were $637 per oz sold

Total cash costs per oz of gold sold in the quarter were lower than the comparative period primarily due to higher sales volume and higher-grade ore processed, partially offset by higher production costs.

All-in sustaining costs were $897 per oz sold

The decrease in AISC relative to the second quarter of 2020 is due to lower total cash costs per oz of gold sold and higher oz of gold sold, partially offset by higher sustaining capital expenditures. Sustaining capital expenditures in the second quarter of 2021 were $12.3 million for capitalized stripping activities, and $7.7 million for sustaining equipment and infrastructure.

General and administrative expenses of $5.1 million

The decrease in general and administrative expenses from the comparative period is primarily due to the impact of remeasurement of share-based compensation, partially offset by higher employee costs and costs incurred in the quarter related to the Board renewal.

Finance income, net of finance costs

The decrease in finance costs, net of finance income, is a result of the Company fully repaying the debt facility in March 2021.

Derivative gain of $0.1 million

The Company fully extinguished its interest rate swap and foreign currency forward contracts during the second quarter of 2021. The remaining gold contracts will settle in the third quarter of 2021. The decrease in derivative losses is a primarily a result of decreased derivative positions.

Foreign exchange gain of $1.7 million

The foreign exchange gain in the second quarter of 2021 is primarily related to a 3.9% appreciation of the Mexican peso since the beginning of the quarter.

Current income and mining tax expense of $31.2 million

The increase in income and mining tax expenses over the comparative period is primarily due to higher revenue resulting from higher oz sold and higher gold prices, resulting in higher corporate income tax and 7.5% Mexican mining royalty.

Deferred income tax recovery of $10.3 million

The deferred income tax recovery is primarily driven by an increase in depreciation which reduces the difference between the book value and tax value of the assets in the deferred tax calculation, and the tax effect of currency translation on the tax base. The closing value of property, plant and equipment and inventory for tax purposes at June 30, 2021 was $17.4 billion pesos.

Net income of $60.7 million

Net income increased over the comparative period primarily due to a higher number of oz of gold sold, a higher average realized gold price, and higher production due to the temporary suspension of operations due to COVID-19 in second quarter of 2020.

[1] Refer to “Non-IFRS Financial Performance Measures” for further information and a detailed reconciliation.

YEAR TO DATE 2021 FINANCIAL RESULTS

Revenue totalled $437.1 million

The increase in revenue year to date is primarily due to a higher number of oz of gold sold and a higher average realized price. The Company sold 240,443 oz of gold at an average realized price of $1,795 per oz in the first half of 2021 compared to 171,211 oz of gold at an average realized price of $1,623 per oz in the first half of 2020.

Cost of sales was $251.6 million or $1,046 per oz sold

The increase in cost of sales in 2021 to date is primarily due to higher production costs, depreciation and royalties. Production costs were higher primarily due to higher tonnes mined and processed, greater utilization of reagents, and a temporary suspension of operations in the first half of 2020. Depreciation was higher primarily due to more gold oz produced and sold.

Total cash costs[1] were $606 per oz sold

Total cash costs per oz of gold sold were lower than the comparative period primarily due to higher sales volumes, higher grade ore processed and lower production costs on a per oz basis.

All-in sustaining costs were $874 per oz sold

The decrease in AISC year to date is due to lower total cash costs per oz of gold sold and higher oz of gold sold, partially offset by higher sustaining capital expenditures. Sustaining capital expenditures in the first half of 2021 were $30.6 million for capitalized stripping activities, and $14.9 million for sustaining equipment and infrastructure.

General and administrative expenses of $10.5 million

The increase in general and administrative expenses is primarily due to higher employee and consulting costs, partially offset by the impact of remeasurement of share-based compensation.

Finance income, net of finance costs, of $0.2 million

The decrease in finance costs, net of finance income, is primarily due to lower debt balances in the first half of 2021 compared to the first half of 2020.

Derivative gain of $3.1 million

The derivative gain is primarily due to fewer gold and currency contracts outstanding and lower ending gold prices in the first half of 2021 compared to the first half of 2020.

Foreign exchange gain of $2.8 million

The increased foreign exchange gain is primarily related to a 0.7% appreciation of the Mexican peso based on closing rates in the first half of 2021, compared to the closing rate on December 31, 2020.

Current income and mining tax expense of $68.0 million

The increase in income and mining tax expenses is primarily due to higher revenue from higher oz sold and higher gold prices, resulting in higher corporate income tax and 7.5% Mexican mining royalty.

Deferred income tax recovery of $4.9 million

The deferred income tax recovery is primarily driven by an increase in depreciation which reduces the difference between the book value and tax value of the assets in the deferred tax calculation, partially offset by the tax effect of currency translation on the tax base. There was a significant devaluation of the Mexican peso in the first quarter of 2020 which resulted in a significant deferred tax expense in the six months ended June 30, 2020.

[1] Refer to "Non-IFRS Financial Performance Measures" for further information and a detailed reconciliation.

Net income of $115.7 million

Net income is higher in the first half of 2021 compared to the first half of 2020 primarily due to a higher average realized gold price, a higher number of oz of gold sold, a higher derivative gain and the temporary suspension of operations due to COVID-19 in the first half of 2020.

RESULTS OF OPERATIONS

The following table summarizes the mining activities for the Company's ELG Mine Complex:

Table 4.

		Three Months Ended			Six Months Ended	
		Jun 30, 2021	Mar 31, 2021	Jun 30, 2020	Jun 30, 2021	Jun 30, 2020
Mining						
Total ELG Open Pits						
Ore tonnes mined	kt	1,131	1,359	666	2,490	2,402
Waste tonnes mined	kt	8,593	9,882	4,435	18,475	16,161
Total tonnes mined	kt	9,724	11,241	5,101	20,965	18,563
Strip ratio	w:o	7.6	7.3	6.7	7.4	6.7
Average gold grade of ore mined	gpt	3.01	3.05	2.77	3.03	2.38
ELG Underground						
Ore tonnes mined	kt	130	123	31	253	132
Average gold grade of ore mined	gpt	7.02	7.56	9.49	7.28	7.97
ELG Open Pits and Underground						
Ore tonnes mined	kt	1,261	1,482	697	2,743	2,534
Average gold grade of ore mined	gpt	3.42	3.42	3.07	3.42	2.67
Processing						
Total tonnes processed	kt	1,091	1,111	688	2,202	1,822
Average plant throughput	tpd	11,989	12,344	7,560	12,166	10,011
Average gold recovery	%	88	89	89	89	89
Average gold grade of ore processed	gpt	3.84	3.97	3.18	3.91	3.29
Gold produced	oz	118,054	129,509	59,508	247,563	168,045
Gold sold	oz	111,424	129,019	63,147	240,443	171,211
Financial Metrics						
Total cash costs [1]	$/oz	637	580	740	606	774
All-in sustaining costs [1]	$/oz	897	854	1,015	874	990
All-in sustaining costs margin [1]	$/oz	919	924	697	922	633
Average realized gold price [1]	$/oz	1,816	1,778	1,712	1,795	1,623

1. Refer to "Non-IFRS Financial Performance Measures" for further information and a detailed reconciliation.

Mining

A total of 1,261 kt was mined in the second quarter of 2021, including 1,131 kt from the ELG open pits and 130 kt from the ELG underground. Average waste to ore strip ratio in the open pits was 7.6:1. Excluding long term, low grade ore, the average gold grade of ore mined was 3.74 gpt.

At June 30, 2021, there were 4.6 mt of ore in stockpiles at an average grade of 1.47 gpt. Excluding 1.6 mt of long term, low grade stockpiles at an average grade of 0.93 gpt, the remaining 3.0 mt of ore in stockpiles are at an average grade of 1.82 gpt.

Gold Production and Sales

In the second quarter of 2021, 118,054 oz of gold were produced and 111,424 oz of gold were sold. Higher production in the second quarter of 2021 over the comparative period was primarily due to the temporary suspension of operations due to COVID-19 in the second quarter of 2020.

Plant Performance

Plant throughput achieved an average rate of 11,989 tpd, which was lower than the preceding quarter. This was primarily due to an unplanned shutdown to replace the SAG mill pinion and bearings, and 60 hours of cumulative slow down or shutdown due to high levels of copper and iron in sulfides in the ore feed that impacted cyanide strength in the leaching circuit. As the Company continues to mine deeper in the open pits, ore characteristics are exhibiting higher levels of copper and iron in sulphides, thereby increasing cyanide consumption. In the second quarter of 2021, the Company incurred $15.1 million in cyanide costs at a consumption rate of 6.24 kilograms per tonne, compared to $9.8 million in the first quarter of 2021 at a consumption rate of 3.95 kilograms per tonne.

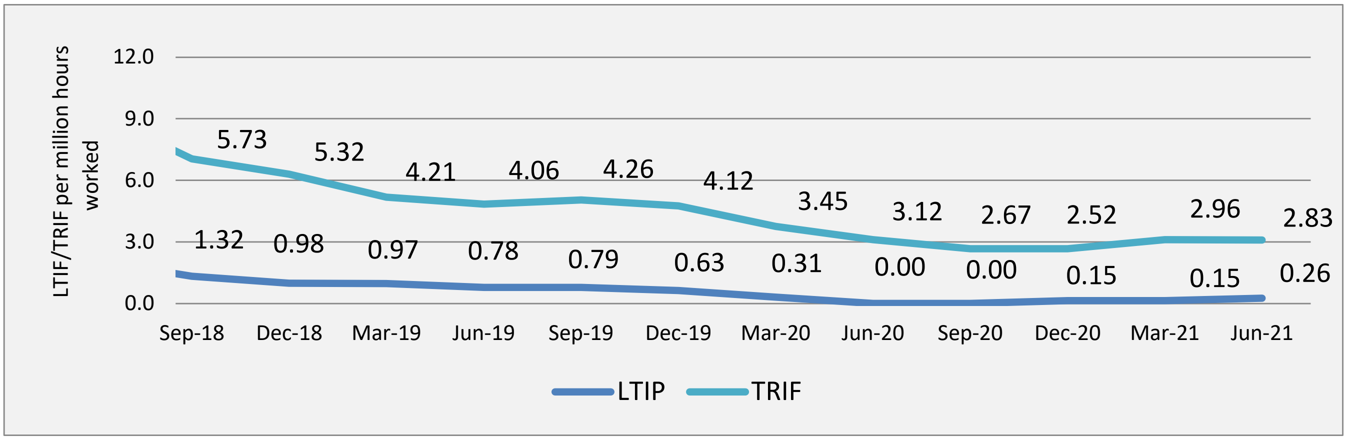
ENVIRONMENT, SOCIAL & GOVERNANCE

Safety

The Company's safety performance during the quarter continued to be very strong and in line with its 2021 safety target of no lives lost due to a workplace injury and a lost time injury frequency ("LTIF") of less than 1.0. The Company exited the quarter with a LTIF of 0.26 per million hours worked and a total recordable injury frequency ("TRIF") of 2.83 per million hours worked, both on a rolling 12-month basis. One lost-time injury was recorded in April 2021 when a contract diamond driller was injured working underground. Per the Company's safety systems and culture, the incident was investigated fully, and corrective actions have been implemented to mitigate the likelihood of reoccurrence.

The Company continued to focus on traditional and behaviour-based training and development this quarter through the implementation of the SafeStart® program, which provides practical skills and safety awareness training to reduce critical errors that can lead to injuries at work and at home. The program is a core component of the Company's 2021 Safety and Leadership Excellence Plan and will continue to be rolled out to operational and corporate employees through to the end of 2021. In addition, Phase 1 of a pilot program of SmartCap® was initiated, which is a fatigue monitoring system that provides real time feedback, thereby helping operators monitor their level of alertness to manage safety risks more effectively.

Lost Time Injury Frequency and Total Recordable Injury Frequency Per Million Hours Worked on a Rolling 12-Month Basis: June 2018 – June 2021



COVID-19 Update

The Company continues to work diligently to prevent the spread of COVID-19 both within the workforce and host communities through a number of enhanced safety protocols to maintain a controlled and safe environment. In the second quarter, there were 21 confirmed cases of COVID-19 within the workforce, with only one individual testing positive at site, and the remaining individuals testing positive while away from site. The individual who tested positive at site was quarantined as outlined in the Company's COVID-19 protocols, with contact tracing completed to isolate anyone potentially at risk. This brings the total to 202 cases within the Company's workforce since the start of the pandemic, with 193 individuals fully recovered as of June 30, 2021. Of the total cases, 168 individuals displayed symptoms and tested positive while away from site.

The Health Team continues to provide Rapid Antigen Tests, PCR swab tests, and rapid antibody tests near site via a mobile testing facility. Preventive and biosecurity measures continue to be strictly followed, and communication campaigns continue to be delivered to employees and community members to apply COVID-19 preventative measures and care in their homes. The Health, Human Resources and Community Relations teams have also been working with local health authorities to coordinate transportation of both employees and local community members to the major vaccination centre in Cocula.

Labour Relations

With the recent changes to Mexican labour laws, for the first time in Mexico's history, workers have the right to vote to ratify Collective Bargaining Agreements ("CBAs") that are negotiated on their behalf. As such, a ratification vote took place in April 2021 on the 2-year CBA that was recently negotiated between the Company and the CTM Union on behalf of the Company's unionized employees. In total, 98% of employees that participated voted in favour of the CBA. According to the Mexican Secretariat of Labour, as at the end of the second quarter of 2021, the Company's CBA is one of 887 out of a total of 500,000 in Mexico (less than 1%) that has been fully voted on and legitimized according to the new legislation.

Environmental

There were no reportable spills or environmental incidents in second quarter, and to date the Company has met its 2021 environmental target of zero reportable spills of 1,000 litres or more that access the river or reservoir. Environmental initiatives undertaken by the Company to monitor water quality, air quality and biodiversity continue. There are currently no material claims, demands or legal proceedings against the Company related to Environment and Corporate Social Responsibility.

Water monitoring activities and planning continued as per the collaboration agreement with the Autonomous University of Gurerrero ("UAGro"), which carries out independent studies to determine the quality of water and fish in the El Caracol dam located in Nuevo Balsas. Results of the monitoring were presented to local fishermen, staff, and local community members during the quarter, with no significant issues identified.

Permitting activities for Media Luna continued in the quarter, and in April the Company announced that it received approval from Mexico's Secretariat of Environment and Natural Resources ("SEMARNAT") on the amendment of a key environmental permit ("MIA Modification Phase II"). The approval extends the boundary of the Company's existing permit and allows for the construction of key infrastructure on the south side of the Balsas River, which is necessary for the continuation of the early works program to access the Media Luna deposit. It also provides environmental authorization to continue the Guajes Tunnel under the Balsas River, subject to approval of a construction permit that has been submitted to the national water regulator ("CONAGUA"). The Company also continues work on the application of the MIA 'Integral', which is the permit that will environmentally assess the integration of the existing and new footprint on both the north and south sides of the river. This application was submitted to the government in July 2021.

In April, the Company submitted the MIA-Regional to SEMARNAT for the Company's 8.5 megawatt Solar Plant

Power Project. The decision remains pending and is expected in the second half of 2021.

Climate Change

The Company continued to engage with a third-party expert to progress the development of a Company-wide climate change strategy. As a first step, a standalone climate materiality assessment was conducted in the quarter to identify and prioritize material climate factors for the Company. The assessment was conducted in alignment with the Taskforce on Climate-related Financial Disclosures ("TCFD") framework. A comprehensive peer benchmarking study was also completed to provide alignment with peer disclosures and identify leading practice among mining companies.

A strategic analysis of the Company's existing energy and greenhouse gas ("GHG") emissions profile will be conducted in the third quarter of 2021 as part of the work scope for the development of the Company's climate strategy. The initial assessment will identify key opportunities for carbon reduction and will enable the setting of reduction targets.

Corporate Social Responsibility

The Company's 2020 Responsible Gold Mining Report (the "Report") was released in the second quarter, along with a new website that features an ESG Reporting Portal to enhance access to information among investors and other interested stakeholders. The Report provided enhanced annual ESG disclosures in line with international sustainability reporting standards, namely the Global Reporting Initiative ("GRI") and the Sustainability Accounting Standards Board ("SASB"). Since the beginning of the year to date, there have been marked increases in the Company's Environmental, Social and Governance QualityScore ratings with ISS, including a three-point improvement on the overall Environment rating (improving from 7 to 4), a three-point improvement on the overall Social rating (i.e., improving from 4 to 1) and a four-point improvement on the overall Governance rating (i.e. improving from a 5 to 1). The Company now has the highest possible 'Social' and 'Governance' ratings from ISS, placing it in the highest decile within the metals and mining sector.

In December 2020, the Company became a member of the World Gold Council, and as such made a commitment to adopt the Responsible Gold Mining Principles ("RGMPs"). In the quarter, work continued on a self-assessment against the RGMPs, which is a Year 1 requirement that will be independently verified by a third-party assurer in the third quarter of 2021. During the quarter, a gap analysis was also completed by the Company against the Global Industry Standard on Tailings Management ("GISTM"), and management is currently reviewing the findings. In April 2021, the Company also became an official signatory to the International Cyanide Management Code ("ICMC"), and implementation of a workplan to conform to the requirements of the ICMC is ongoing.

Community

The Company continued to work with its host communities to implement the annual Community Development Agreements ("CODECOPs") that have been signed with eleven local host communities. Sample projects currently being implemented include infrastructure improvements, re-modelling of churches, construction of classrooms at local schools and the commissioning of a hydrogeological study for a new water supply well in Real del Limón and La Fundición.

Relationships with local communities continue to be positive and productive. There were 2 recorded grievances by the community during the quarter, both of which were resolved within the month registered.

EXPLORATION AND DEVELOPMENT ACTIVITIES

Media Luna Project Update

The Company intends to advance the Media Luna Project from advanced stage development to production in the first quarter of 2024. As such, the Company continues to advance the Media Luna Feasibility Study and Early Works in order to make a production decision in the first quarter of 2022 and maintain the schedule to first production. Construction of the project facilities will commence in the second quarter of 2022 and continue through to the start of ramp-up in the first quarter of 2024.

The Company has made a decision to conclude the Media Luna Feasibility Study on the basis of conventional development and mining methods, given the results of various risk assessments, comparative financial analysis and the results to date of the Muckahi test program at El Limón Deep to date. This decision will mitigate risk to the business while allowing more time for the development and testing of the monorail-based technology. The Company will consider including a PEA level study to utilize monorail-based equipment to develop the smaller EPO deposit near Media Luna as part of the overall technical report (the "Technical Report") to be released in the first quarter of 2022.

The 2020 infill drilling campaign was concluded in early February 2021 following a 3-month hiatus from March to July 2020 due to the COVID-19 pandemic. Results from the 108 holes drilled during the 2020 calendar year validated the lateral and horizontal continuity of the mineralized skarn zone and confirmed the presence of higher-grade mineralized zones within the broader resource envelope. The 2019 resource model was updated to include the results from the full 137-hole program executed in 2020 plus a further 38 holes forming part of the 2021 drill program. The Company then announced an updated Mineral Resource estimate for the Media Luna Project, which now consists of a gold equivalent Indicated Resource[1] of 3.54 million ounces at an average grade of 5.27 gpt, reflecting a 58% increase in contained metal in the Indicated Resource category compared to the previously reported estimate. The updated Inferred Resource (exclusive of Indicated) is estimated at 2.48 million gold equivalent ounces at an average grade of 4.08 gpt.

Only the Measured and Indicated portion of a Mineral Resource estimate can be included in a feasibility study as a Mineral Reserve. As such, the mineable tonnes presented in the Media Luna Feasibility Study will be significantly lower than the 2018 PEA, since all the inferred tonnes considered in the PEA will not have been upgraded to Indicated for inclusion in the Feasibility Study. Future infill drill programs will target the remaining Inferred tonnes for upgrading to the Indicated confidence category.

As at June 30, 2021, the Company has capitalized $137.4 million of expenditures since the commencement of development, including $30.3 million in the second quarter of 2021 related to development activities for the Media Luna Project.

Trade-off studies and the final phases of the metallurgical test work needed to finalize the project configuration and process flowsheet were substantially completed in the second quarter of 2021 setting the scope of the remainder of the Feasibility Study. In addition, environmental baseline assessments continue as planned in anticipation of submitting the application for the 'MIA Integral' permit in the third quarter of 2021.

Early works on the south side of the river continue to advance as planned, with the contractor camp facilities and access roads nearing completion. Contractor bids to develop the two South Portal tunnels were received and the contract awarded. The South Portal Upper is on track for collaring in the third quarter of 2021 with the collaring of the South Portal Lower to occur thereafter.

Investment in Media Luna is guided between $90.0 million and $100.0 million for 2021. A majority of the guided spend ($60.0 million to $65.0 million) relates to a full year of development of the 7-kilometre long Guajes Tunnel (including development, equipment purchases and other infrastructure) and commencement of the South Portals,

[1] For more information see Media Luna mineral resource estimate on page 31.

which allows for access to the upper portions of the deposit from the south side. These two projects are key to maintaining the schedule for first production in the first quarter of 2024.

With respect to the balance of the spend, the infill drilling program at Media Luna has been expanded to 83,000 metres from 44,000 metres, and a further $6.8 million will be invested in the second half of 2021, bringing the total 2021 infill drilling expenditure to $20.5 million. In addition, $15.3 million has been approved to advance the Feasibility Study, which is expected to be completed in the first quarter of 2022. The remaining spend relates to environmental and permitting costs. Capital expenditure on Media Luna will increase in 2022 and peak in 2023, with a moderate spend in 2024 to finalize construction and commissioning.

Before the commencement of commercial production from Media Luna, the Company is required to secure appropriate environmental, exploitation, land use, water and infrastructure construction permits, all of which are tracking to schedule.

Pre-commercial capital expenditures were estimated at $496.5 million as per the 2018 Technical Report (as defined below). The Company intends to fund these expenditures from cash flows generated from the existing mining operations or other financing arrangements. The Company will provide an updated estimate on the expected pre-commercial capital expenditures when the Feasibility Study is completed in the first quarter of 2022.

An updated PEA for the Media Luna Project was included as part of the updated technical report (the "2018 Technical Report") released on September 4, 2018, entitled "NI 43-101 Technical Report ELG Mine Complex Life of Mine Plan and Media Luna Preliminary Economic Assessment", which has an effective date of March 31, 2018 and is available on the Company's website at www.torexgold.com and filed on SEDAR at www.sedar.com. See also *Cautionary Notes – Media Luna*.

Expansion of El Limón Open Pit Approved

The expansion of the El Limón open pit, via a pushback, is expected to result in approximately 150,000 oz of additional gold production between late-2023 and mid-2024. The incremental open pit production, together with continued output from the ELG underground, and use of stockpiles to top up the mill as required, is expected to support a smooth transition between the ELG open pits and Media Luna underground. The Company plans to release a multi-year production outlook for ELG over the coming weeks.

As a result of the additional waste removal the 2021 strip ratio is now estimated at approximately 8:1. The strip ratio is expected to peak in 2022 before declining thereafter. Based on the year-end 2020 reserves and including the additional tonnage from the pushback, the average life-of-mine strip ratio is estimated at approximately 7:1.

As a result of the pushback, an additional $15 million has been added to the sustaining capital expenditure guidance in 2021 to fund stripping activity through the second half of the year.

Muckahi (Monorail-based) Mining System Update

After an analysis of the results to date of the Muckahi test program at ELD and an assessment of business risks, the Company has decided to pursue the Media Luna Feasibility Study on a conventional mining basis.

While the monorail-based technology has progressed since the beginning of the ELD test program, testing to date of the individual components operating as an integrated system demonstrates that additional process and equipment engineering is required to achieve desired advance rates, cycle times, and associated cost efficiencies, and that there is insufficient available upside in using the technology as it relates to financial or schedule considerations for Media Luna.

In addition, with the monorail-based option, there is no alternative readily available once the decision is taken to drive the two steep ramps at Media Luna, because there would be no access to the ore via any other method without considerable investment and schedule disruption associated with driving conventional ramps. Apart from the technical risks, there are additional business risks that require time and consideration such as permitting and regulatory compliance given there is no precedent for the technology.

As such, the Company has determined that pursuing the Feasibility Study on a conventional mining basis is a more prudent approach in order to mitigate operational and financial risk to the business given Media Luna will be our primary source of feed at our Morelos property after mid-2024.

While the test results to date indicate that the technology is not sufficiently mature for deployment at Media Luna, the Company continues to have confidence in its potential. Aspects of the monorail-based technology are currently being deployed for development of the Guajes Tunnel, and the Company will consider including a PEA level study to utilize monorail-based equipment to develop the smaller EPO deposit near Media Luna as part of the overall Technical Report to be released in the first quarter of 2022. Potential deployment of the technology at EPO would allow for additional testing of the integrated system within a live production environment. EPO hosts an Inferred resource of 1.01 million gold equivalent oz (8.0 million tonnes at a gold equivalent grade of 3.93 gpt).

A detailed analysis of data collected to date was conducted to validate performance metrics for all components of the Muckahi process, including development and production. The results from this analysis informed the decision to proceed with the Media Luna Study on a conventional mining basis.

The final close-out report is due in the third quarter of 2021 and will be used to support decisions associated with the future deployment of the monorail-based technology by the Company on the Morelos property in Mexico, or elsewhere. In the meantime, the equipment utilized in the test program will remain under care and maintenance during the second half of 2021.

Morelos Gold Property Exploration Update

The Morelos Gold Property covers 29,000 hectares of highly prospective terrain in the prolific Guerrero Gold Belt in Mexico. More than ten well-supported target areas have been identified through a combination of surface mapping, sampling and remote sensing work.

Over the last year, the site geology and exploration teams have conducted an extensive evaluation of the potential for additional discovery around ELG. Six well-supported target areas in the near-mine environment have been identified, which include the direct down-dip extension to current underground workings. The total proposed ELG “brownfields” program is expected to continue over the next three years, with the intention to add additional mine life to the operations at the ELG Mine Complex.

Positive exploration results reinforce confidence in the Company’s ability to extend the life of both Sub-Sill and ELD beyond current reserves, and to maintain a consistent underground production profile in 2023 and into 2024 during the expected transition period between the ELG Mine Complex and Media Luna.

The Company has allocated $2.4 million in the 2021 budget to fund the expansion of a regional exploration program within the Morelos Gold Property. There are currently 15 recognized targets with the Morelos Gold Property, several of which are in close proximity to the ELG processing facilities. The 2021 regional exploration program will explore three of the most prospective targets. This forms part of a longer term exploration strategy intended to identify and prove up sources of ore feed to extend the life of ELG or increase annual production.

FINANCIAL CONDITION REVIEW

Summary Balance Sheet

The following table summarizes key balance sheet items at June 30, 2021:

Table 5.

In millions of U.S. dollars		June 30, 2021		December 31, 2020
Cash and cash equivalents	$	196.0	$	174.1
Short-term investments		-		32.1
Value-added tax receivables		48.6		45.4
Inventory		125.5		112.2
Deferred income tax assets		46.3		42.4
Property, plant and equipment		843.1		827.3
Other assets		23.2		18.9
Total assets	$	1,282.7	$	1,252.4
Accounts payable and accrued liabilities	$	105.2	$	119.9
Income tax payable		53.5		77.9
Debt		-		38.8
Derivative contracts		-		5.2
Deferred income tax liabilities		23.4		24.3
Decommissioning liabilities		29.3		29.2
Other liabilities		7.1		11.0
Total liabilities	$	218.5	$	306.3
Total shareholders' equity	$	1,064.2	$	946.1

Cash and cash equivalents

The Company ended the second quarter of 2021 with cash on hand of $196.0 million. The Company holds cash balances in both Canadian dollars and Mexican pesos, as well as U.S. dollars.

Short-term investments

The Company had $32.1 million in short-term investments at December 31, 2020. This balance represented a 180-day non-redeemable GIC acquired during the third quarter of 2020, which matured in January 2021.

Value-added tax ("VAT") receivables

VAT increased by $3.2 million compared to December 31, 2020. The Company has VAT receivables primarily denominated in Mexican pesos. The VAT receivables balance fluctuates as additional VAT is paid and refunds are received, as well as with the movement of the Mexican peso exchange rate relative to the U.S. dollar and any provisions.

Inventory

The increase in inventory is largely due to higher stockpiled ore on hand as mining outpaced processing, and higher finished goods balance.

Deferred income tax assets

The deferred tax asset is primarily driven by an increase in depreciation which reduces the difference between the book value and tax value of the assets and a deferred tax asset at the parent company level.

Property, plant and equipment

Property, plant and equipment increased due to additions to infrastructure, equipment, capitalized stripping costs and net closure and rehabilitation asset movement of $130.1 million, partially offset by depreciation and amortization of $114.3 million.

Other assets

The increase in other assets is primarily due to the timing of prepaids, advances and deposits.

Accounts payable and accrued liabilities

The decrease in accounts payable and accrued liabilities is primarily related to the timing of payments and accruals for the site-based employee profit-sharing program for 2020. In May 2021, the Company paid $30.0 million in relation to the site-based employee profit sharing program in Mexico for 2020.

Income tax payable

The balance is driven by payments in the first half of 2021, which included the 7.5% Mexican mining royalty, after accounting for monthly instalments, for a total of $90.5 million, partially offset by accrued amounts of $68.0 million.

Derivative contracts

This balance is made up of the liabilities for interest rate swap contracts, currency contracts, and zero-cost collar gold contracts. The remaining interest rate swaps and currency contracts were extinguished in the second quarter of 2021 and therefore the liability at June 30, 2021 only reflects the remaining zero-cost gold contracts. The liability for the gold contracts decreased due to lower gold prices in 2021, which positively affected the valuation of the Company's zero-cost gold contracts, and due to a decrease in the number of hedges of outstanding as the hedges were not extended beyond September 2021.

DEBT FINANCING

2019 Debt Facility

On July 30, 2019, the Company, through its wholly-owned subsidiary Minera Media Luna ("MML") as borrower, signed a Second Amended and Restated Credit Agreement ("SARCA") with the Bank of Montreal, BNP Paribas, ING Bank N.V., Dublin Branch, Société Générale and the Bank of Nova Scotia (the "Banks") in connection with a secured $335.0 million debt facility (the "2019 Debt Facility"). The 2019 Debt Facility was comprised of a $185.0 million term loan (the "2019 Term Facility") and a $150.0 million revolving loan facility (the "2019 Revolving Facility"), bearing interest at a rate of LIBOR +3%. In 2020, the Company fully repaid the 2019 Term Facility and in the first quarter of 2021, the Company fully repaid the 2019 Revolving Facility.

2021 Revolving Facility

On March 30, 2021, the Company's subsidiary MML signed a Third Amended and Restated Credit Agreement (the "TARCA"), resulting in the refinancing of the 2019 Debt Facility, with the Banks in connection with a two-year secured $150.0 million revolving debt facility (the "Revolving Facility"). The Revolving Facility is undrawn. Proceeds of the Revolving Facility may be used for general corporate and working capital purposes, including development expenditures and certain acquisitions, and can be used for letters of credit or funding of capital expenditures, in all cases subject to the conditions of the Revolving Facility.

The Revolving Facility allows the Company to make distributions to its shareholders in the aggregate amount of up to C$100.0 million, subject to conditions of the Revolving Facility. In addition, the Company is able to distribute the Muckahi Subsidiaries (as defined below) or the Muckahi System Rights (as defined below, including by way of a "spin out" transaction) if there is no default or event of default. A Muckahi Subsidiary is a direct or indirect subsidiary of the Company whose assets are primarily comprised of the rights to, and interest in, the design of the Muckahi Mining System or assets related thereto (the "Muckahi System Rights").

The Revolving Facility bears interest at a rate of LIBOR (subject to a zero floor) plus an applicable margin based on the net leverage ratio on any loan or letter of credit outstanding ranging from 2.75% to 3.75%. The current margin is 2.75%.

The Revolving Facility matures on March 30, 2023 with a step down in capacity by $25.0 million on September 30, 2022 and again on December 21, 2022.

The Revolving Facility permits potential spending to facilitate the development of the Media Luna Project, the Muckahi Mining System, and other existing and future projects of the Company. The development expenditures are subject to the conditions of the Revolving Facility, including compliance with (i) financial covenants related to maintaining a net leverage ratio of 3.0, an interest coverage ratio of 3.0 and minimum liquidity of $50.0 million and (ii) certain thresholds with respect to the quantum of development expenditures and the amount spent on the Muckahi Mining System. The Revolving Facility permits investment in a Muckahi Subsidiary for the purpose of capital expenditures by such Muckahi Subsidiary in the Muckahi System Rights with the maximum aggregate amount of $30.0 million.

The Revolving Facility is secured by all of the assets of MML and secured guarantees of the Company and each of its other subsidiaries with a direct or indirect interest in the ELG Mine Complex and or the Media Luna Project.

As at June 30, 2021, the Company is in compliance with the financial and other covenants under the TARCA. The TARCA is available on SEDAR at www.sedar.com.

LIQUIDITY AND CAPITAL RESOURCES

The total assets of the Company as at June 30, 2021 were $1,282.7 million (December 31, 2020 - $1,252.4 million), which includes $196.0 million in cash and cash equivalents (December 31, 2020 - $174.1 million).

Cash generated from operating activities before changes in non-cash working capital was $177.6 million for the six months ended June 30, 2021 compared to $49.9 million for the six months ended June 30, 2020. The increase in cash generated from operating activities before changes in non-cash working capital of $127.7 million is largely due to a higher average realized gold price, higher oz of gold sold, and the temporary suspension of operations in the first half of 2020, partially offset by higher income taxes paid in the first quarter of 2021 to settle taxes payable related to 2020 and 2021.

Investing cash outflows for the six months ended June 30, 2021 were $84.4 million compared to $53.4 million for the six months ended June 30, 2020. Investing cash outflows were largely affected by the increase in additions to property, plant and equipment, partially offset by the release of short-term investments in the first half of 2021.

The following table provides a breakdown of the Company's capital expenditures:

Table 6.

In millions of U.S. dollars, unless otherwise noted		June 30, 2021	June 30, 2020
ELG	$	60.8	37.4
Media Luna	$	48.3	12.5
Muckahi & Working Capital Changes	$	6.4	5.3
Capital expenditures	$	115.5	55.2

Net cash used in financing activities for the six months ended June 30, 2021 resulted from payments under the 2019 Debt Facility of $40.0 million, leases paid of $1.2 million, interest paid of $0.9 million and transaction costs related to the TARCA of $0.5 million. In comparison, for the first half of 2020, net cash flows from financing activities relate primarily to draws on the Revolving Facility of $90.0 million, partially offset by scheduled repayment of debt of $43.5 million, and interest paid of $4.5 million.

As at June 30, 2021, the Company's contractual obligations included office lease agreements; office equipment leases; long-term land lease agreements with Rio Balsas, Real del Limón, Atzcala, Puente Sur Balsas and Valerio Trujano Ejidos and the individual owners of land parcels within certain of those Ejido boundaries; and contractual commitments related to the purchases of goods and services used in the operation of the ELG Mine Complex and the Media Luna Project. All long-term land lease agreements can be terminated within one year at the Company's discretion at any time without penalty.

In addition, production revenue from concessions is subject to a 2.5% royalty payable to the Mexican Geological Survey agency. The royalty is accrued based on revenue and payable on a quarterly basis. In January 2021, the Company paid $6.5 million relating to the 2.5% royalty for the fourth quarter of 2020. In April 2021, the Company paid $5.8 million relating to the 2.5% royalty for the first quarter of 2021. In July 2021, the Company paid $5.2 million relating to the 2.5% royalty for the second quarter of 2021.

The Company is subject to a mining tax of 7.5% on earnings before the deduction of taxes, interest, depreciation and amortization, and a royalty of 0.5% on sales of gold, silver and platinum. Both the mining tax and 0.5% royalty are payable on an annual basis. In March 2021, the Company paid $34.5 million in respect of the 7.5% and 0.5% royalties for 2020.

The Company does not anticipate any significant seasonality in production in 2021, with any minor quarter-over-quarter deviations driven by the natural variability of skarn-hosted deposits. However, given timing of payments, the Company expects cash flow from operations to be weighted towards the second half of the year as was the case in 2020. Cash flow from operations in the first half of 2021 were impacted by payment of the Mexican based mining tax of $30.4 million (accrued throughout the year and paid out the following March) as well as corporate income tax owing at year-end after accounting for monthly instalments made during 2020 and monthly instalments for the first half of 2021 of $60.1 million. Taxes paid are reflected in cash flow from operations prior to changes in non-cash working capital. In the second quarter of 2021, the Company's cash flow from operations after changes in non-cash working capital were impacted by payment of the site-based employee profit sharing arrangement for 2020 of $30.0 million, which is accrued through the year and paid out in full by May the following year. Production in the second half of 2021 is expected to be lower than in the first half of 2021 due to lower grades mined in accordance with the mine plan.

The trends that affect the Company's liquidity are further described in the "Economic Trends" section of this MD&A. The liquidity risks associated with the Company's financial instruments are set out in the "Financial Risk Management" section of this MD&A.

For discussion of liquidity risks, refer to sections "Financial Risk Management" and "Risks and Uncertainties" of this MD&A.

Contractual Commitments

Table 7.

	Payments Due by Period				
In millions U.S. dollars	**Total**	**Less than 1 year**	**1-3 years**	**4-5 years**	**Greater than 5 years**
Mine Complex operating commitments	54.4	54.4	-	-	-
Mine Complex capital commitments	16.0	16.0	-	-	-
Total	**$ 70.4**	**$ 70.4**	**$ -**	**$ -**	**$ -**

OUTSTANDING SHARE DATA

Table 8.

Outstanding Share Data at August 4, 2021	Number
Common shares	85,749,183
Share purchase options [1]	153,479
Restricted share units [2, 3]	467,381
Performance share units [4]	478,843

1. Each share purchase option is exercisable into one common share of the Company.
2. Each restricted share unit is redeemable for one common share of the Company.
3. The balance includes both Restricted Share Units ("RSUs") and Employee Restricted Share Units ("ERSUs") issued under the Restricted Share Unit Plan ("RSU Plan") and the Employee Share Unit ("ESU Plan"), respectively.
4. The number of performance share units that vest is determined by multiplying the number of units granted to the participant by an adjustment factor, which ranges from 0 to 2.0. Therefore, the number of units that will vest and be settled may be higher or lower than the number of units originally granted to a participant. The adjustment factor is based on the Company's total shareholder return relative to a group of comparable companies over the applicable period. Under the terms of the plan, the Board of Directors is authorized to determine the adjustment factor.

NON-IFRS FINANCIAL PERFORMANCE MEASURES

The Company has presented certain non-IFRS measures in this document. The Company believes that these measures, while not a substitute for measures of performance prepared in accordance with IFRS, provide investors an improved ability to evaluate the underlying performance of the Company. These measures do not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to other issuers.

Total cash costs

Total cash costs is a common financial performance measure in the gold mining industry; however, it has no standard meaning under IFRS. The Company reports total cash costs on a per oz 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.

All-In Sustaining Costs (AISC)

AISC is a common financial performance measure in the gold mining industry; however, it has no 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 flows from operations, 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 operating and capital costs.

Torex reports AISC in accordance with the guidance issued by the World Gold Council ("WGC"). 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 (capitalized and expensed), capitalized stripping costs, sustaining capital expenditures and sustaining leases and represents the total costs of producing gold from current operations. AISC excludes income tax payments, interest costs, costs related to business acquisitions and certain 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 because of different underlying principles and policies applied. Differences may also occur due to different definitions of sustaining versus non-sustaining capital. In November 2018, the WGC updated its guidance for AISC. The Company adopted the updated guidance beginning January 1, 2019.

Reconciliation of Total Cash Costs and All-in Sustaining Costs to Cost of Sales

Table 9.

In millions of U.S. dollars, unless otherwise noted		Three Months Ended		Six Months Ended	
		June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Gold sold	oz	111,424	63,147	240,443	171,211
Total cash costs per oz sold					
Production costs and royalties	$	74.6	47.7	151.0	135.7
Less: Silver sales	$	(0.4)	(0.3)	(1.1)	(0.8)
Less: Copper sales	$	(3.2)	(0.7)	(4.1)	(2.4)
Total cash costs	$	71.0	46.7	145.8	132.5
Total cash costs per oz sold	$/oz	637	740	606	774
All-in sustaining costs per oz sold					
Total cash costs	$	71.0	46.7	145.8	132.5
General and administrative costs [1]	$	6.6	4.8	14.5	10.4
Reclamation and remediation costs	$	1.1	0.6	2.3	1.6
Sustaining exploration costs	$	1.2	0.2	2.0	1.1
Sustaining capital expenditure [2]	$	20.0	11.8	45.5	23.9
Total all-in sustaining costs	$	99.9	64.1	210.1	169.5
Total all-in sustaining costs per oz sold	$/oz	897	1,015	874	990

1. This amount excludes gains of $1.6 million and $4.3 million for the three and six months ended June 30, 2021 and a loss of $2.0 million for the three months ended June 30, 2020 and a gain of $0.4 million for the six months ended June 30, 2020 in relation to the remeasurement of share-based compensation. This amount also excludes corporate depreciation and amortization expenses totalling $0.1 million and $0.2 million for the three and six months ended June 30, 2021 and $0.1 million and $0.2 million for the three and six months ended June 30, 2020 recorded within general and administrative costs. Included in general and administrative costs is share-based compensation expense in the amount of $1.4 million or $13/oz and $3.6 million or $15/oz for the three and six months ended June 30, 2021 (for the three and six months ended June 30, 2020, $1.3 million or $21/oz and $3.1 million or $18/oz).
2. Before changes in net working capital, capital expenditures for the three and six months ended June 30, 2021 totalled $62.3 million and $116.3 million, including lease payments of $0.6 million and $1.2 million. Sustaining capital expenditures of $20.0 million and $45.5 million in the three and six months ended June 30, 2021 are related to $12.3 million and $30.6 for the cash component of capitalized stripping activities, and $7.7 million and $14.9 million for sustaining equipment and infrastructure expenditures. Non-sustaining capital expenditures of $43.1 million and $72.3 million in the three and six months ended June 30, 2021 relating to Muckahi, El Limón Deep, the Sub-Sill, and the Media Luna Project, have been excluded from AISC.

All-in Sustaining Costs Margin

AISC margin and AISC margin per oz of gold sold are non-IFRS financial measures that do not have a standard meaning under IFRS. Management and certain investors use these measures to better understand the AISC margin throughout a period. AISC margin is quantified as revenue per the Statement of Operations and Comprehensive Income less silver sales, copper sales, and AISC as defined by the WGC. All-in sustaining costs margin per oz reflects the average realized price per oz of gold sold less all-in sustaining costs per oz of gold sold.

Reconciliation of All-in Sustaining Costs Margin to Revenue

Table 10.

In millions of U.S. dollars, unless otherwise noted		Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Gold sold	oz	111,424	63,147	240,443	171,211
Revenue	$	205.9	109.1	437.1	281.1
Less: Silver sales	$	(0.4)	(0.3)	(1.1)	(0.8)
Less: Copper sales	$	(3.2)	(0.7)	(4.1)	(2.4)
Less: Realized loss on Gold Contracts	$	-	-	(0.2)	-
Less: All-in sustaining costs	$	(99.9)	(64.1)	(210.1)	(169.5)
All-in sustaining costs margin	$	102.4	44.0	221.6	108.4
Total all-in sustaining costs margin	$/oz	919	697	922	633
Total all-in sustaining costs margin	%	50	40	51	39

Average Realized Price and Average Realized Margin

Average realized price and average realized margin per oz of gold sold are non-IFRS financial measures that do not have a standard meaning under IFRS. Management and certain investors use these measures to better understand the gold price and margin realized throughout a period.

Average realized price is quantified as revenue per the Statement of Operations and Comprehensive Income less silver sales and copper sales, adjusted for realized gains and losses on gold contracts. Average realized margin reflects average realized price per oz of gold sold less total cash costs per oz of gold sold.

Reconciliation of Average Realized Price and Average Realized Margin to Revenue

Table 11.

In millions of U.S. dollars, unless otherwise noted		Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Gold sold	oz	111,424	63,147	240,443	171,211
Revenue	$	205.9	109.1	437.1	281.1
Less: Silver sales	$	(0.4)	(0.3)	(1.1)	(0.8)
Less: Copper sales	$	(3.2)	(0.7)	(4.1)	(2.4)
Less: Realized loss on Gold Contracts	$	-	-	(0.2)	-
Total proceeds	$	202.3	108.1	431.7	277.9
Total average realized price	$/oz	1,816	1,712	1,795	1,623
Less: Total cash costs	$/oz	637	740	606	774
Total average realized margin	$/oz	1,179	972	1,189	849

Adjusted Net Earnings

Adjusted net earnings and adjusted net earnings per share (basic and diluted) are non-IFRS financial measures with no standard meaning under IFRS. Management and certain investors use these metrics to measure the underlying operating performance of the Company. Presenting these measures from period to period helps management and investors evaluate earnings trends more readily in comparison with results from prior periods.

Adjusted net earnings is defined as net income adjusted to exclude specific items that are significant but not reflective of the underlying operating performance of the Company, such as: the impact of unrealized foreign exchange gains and losses, non-cash unrealized gains and losses on derivative contracts, certain impairment provisions, remeasurement of share-based payments and the tax effect of currency translation on tax base, net of tax. Adjusted net earnings per share amounts are calculated using the weighted average number of shares outstanding on a basic and diluted basis as determined under IFRS.

Reconciliation of Adjusted Net Earnings to Net Income

Table 12.

In millions of U.S. dollars, unless otherwise noted		Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Basic weighted average shares outstanding	shares	85,718,019	86,456,007	85,680,464	85,482,202
Diluted weighted average shares outstanding	shares	86,198,022	86,497,058	86,158,780	85,482,202
Net income (loss)	$	60.7	3.8	115.7	(43.2)
Adjustments, after-tax:					
Care and maintenance costs	$	-	11.1	-	11.1
Unrealized foreign exchange (gain) loss	$	(2.0)	3.3	(2.9)	6.1
Unrealized (gain) loss on derivative contracts	$	(1.2)	(8.8)	(5.4)	18.8
Remeasurement of share-based payments	$	(1.6)	2.0	(4.3)	(0.4)
Tax effect of adjustments	$	1.4	(2.3)	3.8	(10.7)
Tax effect of currency translation on tax base	$	(9.9)	(5.5)	(2.2)	41.8
Adjusted net earnings	$	47.4	3.6	104.7	23.5
Per share - Basic	$/share	0.55	0.04	1.22	0.28
Per share - Diluted	$/share	0.55	0.04	1.22	0.28

Earnings before Interest, Taxes, Depreciation and Amortization "EBITDA" and Adjusted EBITDA

EBITDA and Adjusted EBITDA are non-IFRS measures with no standard meaning under IFRS. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use these measures to evaluate the operating performance of the Company. Presenting these measures from period to period helps identify and evaluate earnings trends more readily in comparison with results from prior periods. EBITDA is defined as net income adjusted to exclude depreciation and amortization, net finance (income) costs and income tax expense (recovery). Adjusted EBITDA is defined as EBITDA adjusted to exclude specific items that are significant but not reflective of the underlying operating performance of the Company, such as the impact of unrealized foreign exchange gains and losses, non-cash unrealized gains and losses on derivative contracts, remeasurement of share-based payments, and certain impairment provisions (if applicable).

Reconciliation of EBITDA and Adjusted EBITDA to Net Income

Table 13.

In millions of U.S. dollars, unless otherwise noted		Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Net income (loss)	$	60.7	3.8	115.7	(43.2)
Finance costs (income), net	$	-	3.6	(0.2)	7.3
Depreciation and amortization [1]	$	45.3	35.9	101.0	92.2
Current income tax expense (recovery)	$	31.2	4.3	68.0	(2.0)
Deferred income tax (recovery) expense	$	(10.3)	(2.8)	(4.9)	29.9
EBITDA	$	126.9	44.8	279.6	84.2
Adjustments:					
Care and maintenance	$	-	8.0	-	8.0
Unrealized foreign exchange (gain) loss	$	(2.0)	3.3	(2.9)	6.1
Unrealized (gain) loss on derivative contracts	$	(1.2)	(8.8)	(5.4)	18.8
Remeasurement of share-based payments	$	(1.6)	2.0	(4.3)	(0.4)
Adjusted EBITDA	$	122.1	49.3	267.0	116.7

1. Includes depreciation and amortization included in cost of sales, general and administrative and exploration and evaluation expenses.

Free cash flow

Free cash flow is a non-IFRS measure with no standardized meaning under IFRS. The Company defines free cash flow as free cash flow before non-sustaining capital expenditures less cash outlays for non-sustaining capital expenditures. Free cash flow before non-sustaining capital expenditures is defined as net cash generated from operating activities less cash outlays for sustaining capital expenditure and interest payments. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company's operating performance and its ability to fund operating and capital expenditures without reliance on additional borrowing.

Table 14.

In millions of U.S. dollars, unless otherwise noted		Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Net cash generated from operating activities	$	82.4	2.2	147.6	31.7
Less:					
Additions to property, plant and equipment	$	(60.3)	(28.8)	(115.5)	(52.5)
Interest paid	$	(0.2)	(2.0)	(0.9)	(4.5)
Free cash flow (deficiency)	$	21.9	(28.6)	31.2	(25.3)

Net cash (debt)

Net cash (debt) is a non-IFRS measure with no standardized meaning under IFRS. Net cash (debt) is defined as total cash and cash equivalents and short-term investments less debt adjusted for unamortized deferred financing charges and leases at the end of the period. These measures are used by management, and may be used by certain investors, to measure the Company's debt leverage.

Table 15.

In millions of U.S. dollars, unless otherwise noted		June 30, 2021	December 31, 2020
Cash and cash equivalents	$	196.0	174.1
Short-term investments	$	-	32.1
Less: Debt	$	-	(38.8)
Less: Lease obligations	$	(4.5)	(4.6)
Less: Deferred financing charges	$	-	(1.2)
Net cash	$	191.5	161.6

ADDITIONAL IFRS FINANCIAL MEASURES

The Company has included the additional IFRS measures "Earnings from mine operations" and "Cash generated from operating activities before change in non-cash working capital balances" in its financial statements.

"Earnings from mine operations" provides useful information to management and investors as an indication of the Company's principal business activities before consideration of how those activities are financed, and expended in respect of sustaining capital expenditures, corporate general and administrative expenses, exploration and evaluation expenses, foreign exchange gains, derivative gains and losses, finance costs and income, and taxation.

"Cash generated from operating activities before change in non-cash working capital balances" provides useful information to management and investors as an indication of the cash flows from operations before consideration of the impact of changes in working capital balances in the period.

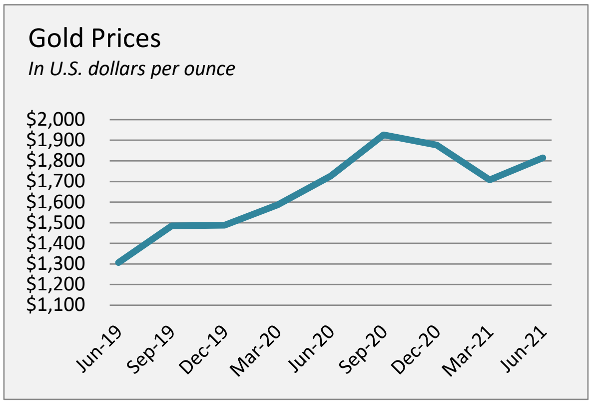
ECONOMIC TRENDS

The market price for gold and foreign currency exchange rates are the most significant external factors that affect the Company's financial performance.

Table 16.

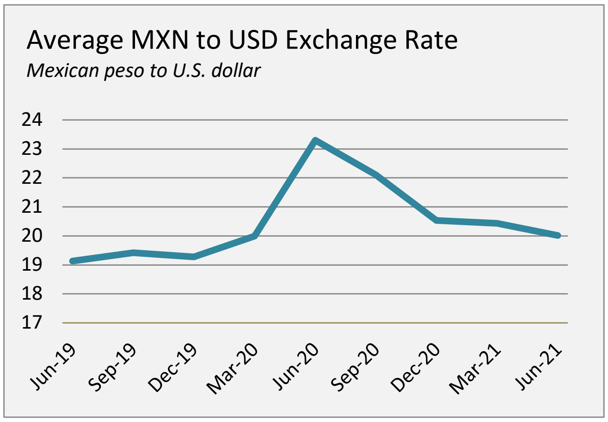
		Three Months Ended June 30,		Six Months Ended June 30,	
		2021	2020	2021	2020
Average market spot prices					
Gold	$/oz	1,814	1,714	1,806	1,649
Average market exchange rates					
Mexican peso : U.S. dollar	Peso : $	20.0	23.3	20.2	21.7
Canadian dollar : U.S. dollar	C$: $	1.23	1.39	1.25	1.37

Metal prices



The Company's profitability and operating cash flows are significantly impacted by the price of gold. From January 2021 to June 2021 and based on closing prices, gold prices decreased 7%. As at June 30, 2021, the Company protected 8,000 oz of gold per month, for a total of 24,000 oz, through the third quarter of 2021 at an average floor price of $1,400 per oz and an average ceiling price of $2,680. An increasing gold price will tend to increase the liability recorded for the fair market value of contracts due to settle in the third quarter of 2021.

Foreign exchange rates



The functional currency of the Company and its subsidiaries is the U.S. dollar, and it is therefore exposed to financial risk related to foreign exchange rates. In particular, approximately 60% of the Company's payments for first half of 2021 were incurred in Mexican pesos, which is higher than prior quarters due to annual tax and royalty payments. Changes in exchange rates are expected to have an impact on the Company's results. In addition, the Company is exposed to foreign exchange risk on its non-U.S. dollar denominated monetary assets and liabilities. The average exchange rate of the Mexican peso relative to the U.S. dollar was 20.0 and 23.3 pesos during the quarters ended June 30, 2021 and 2020, representing an appreciation of 14% in the Mexican peso.

SUMMARY OF QUARTERLY RESULTS

Quarterly Results for the Eight Most Recently Completed Quarters

Table 17.

		2021		2020				2019	
In millions of U.S. dollars		Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
Financial Results									
Revenue	$	205.9	231.2	251.6	256.5	109.1	172.0	190.0	198.2
Net income (loss)	$	60.7	55.0	91.9	60.3	3.8	(47.0)	35.1	27.4
Per share - Basic	$/share	0.71	0.64	1.07	0.71	0.04	(0.55)	0.41	0.32
Per share - Diluted	$/share	0.69	0.62	1.05	0.69	0.04	(0.57)	0.41	0.32

For each of the eight most recent completed quarters, the financial data was prepared in accordance with IFRS. The presentation and functional currency are in U.S. dollars. The quarterly results are unaudited. Sum of all the quarters may not add up to annual or year to date totals due to rounding.

Net income (loss) has fluctuated based on, among other factors, the temporary suspension of operations due to COVID-19 in the second quarter of 2020, the quantity and grade of ore mined and processed, gold prices, foreign exchange rates, current and deferred income tax recoveries and expenses, interest income on VAT receivables, cost of reagents consumed, and impairment provisions. Gold prices affect the Company's realized sales prices of its gold production and gains and losses on the gold collar contracts. Fluctuations in the value of the Mexican peso and Canadian dollar relative to the U.S. dollar affect the Company's operating and corporate expenses, derivative gains and losses, income taxes, and the value of non-U.S. dollar denominated monetary assets and liabilities such as cash, amounts receivable, accounts payable and debt. Changes in the value of the Mexican peso also impact the tax basis of non-monetary assets and liabilities considered in the Company's deferred tax asset and liability.

TRANSACTIONS WITH RELATED PARTIES

In June 2018, Fred Stanford, the Company's President and Chief Executive Officer ("CEO") at that time, sold, assigned and transferred to the Company (the "Assignment"), with the exception of trademarks (including the name "Muckahi"), his entire right, title and interest in a proprietary mining system (the "Mining System", which is sometimes referred to as "Muckahi") for use in underground mines for nominal consideration. The Company has granted an irrevocable license (the "Mining System License"), in any intellectual property associated with the Mining System, including any improvements, to Muckahi Inc., an entity controlled by Fred Stanford. The Mining System License remains in place in perpetuity. The Company owns the intellectual property associated with the Mining System. Any improvement in the Mining System, regardless of which party created the improvement, must be shared between the parties and is owned by the Company; Muckahi Inc. is entitled to use any such improvements under the terms of the Mining System License.

The Mining System License restricted Muckahi Inc. from making use of the Mining System License during Mr. Stanford's tenure as CEO. On June 17, 2020, the Mining System License was amended such that Muckahi Inc. may not make use of the Mining System License while Mr. Stanford, at the time, Executive Chair of the Board, held any position with the Company as employee, officer or director. Mr. Stanford did not stand for re-election at the Company's AGM in June 2021. Immediately following the AGM, Mr. Stanford no longer held any position with the Company and effective June 29, 2021, Muckahi Inc. is permitted to use the License.

In August 2018, the Company and Muckahi Inc. entered into a trademark agreement that grants to the Company the right to use the name "Muckahi" on a royalty free basis. The term of the trademark agreement is perpetual; however, Muckahi Inc. may terminate the trademark agreement at any time by giving the Company 60 days prior notice.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

There have been no changes in the accounting policies adopted by the Company or significant judgments, estimates and assumptions made by the Company from those detailed in Note 4 to the Company's audited consolidated financial statements for the year ended December 31, 2020.

RECENT ACCOUNTING PRONOUNCEMENTS

There have been no changes in the accounting policies adopted by the Company from those detailed in Note 3 to the Company's audited consolidated financial statements for the year ended December 31, 2020.

FINANCIAL RISK MANAGEMENT

The Company examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include liquidity risk, foreign currency risk, commodity price risk and interest rate risk, and are detailed in Note 13 of the Company's unaudited condensed consolidated financial statements for the three and six months ended June 30, 2021.

RISKS AND UNCERTAINTIES

There are various claims and litigation, with which the Company is involved. The Company's management does not consider the exposure to such litigation to be material, although this cannot be predicted with certainty. For a comprehensive discussion of litigation risk and other risks faced by the Company, which may cause the actual financial results, performance or achievements of the Company to be materially different from the Company's estimated future results, performance or achievements expressed or implied by forward-looking information or forward-looking statements, please refer to the Company's latest Annual Information Form ("AIF"), filed on www.sedar.com.

COVID-19 and Other Global Pandemics

On April 2, 2020, in response to the Decree issued by the Government of Mexico for all non-essential businesses in the country to temporarily suspend operations in order to mitigate the spread of COVID-19, the Company announced that operations would not re-start at the conclusion of a planned maintenance shutdown of the processing plant that was underway at the time the Decree was issued. In May 2020, partial operations were resumed, initially through the introduction of stockpiled ore to the processing plant to test the effectiveness and durability of the repairs that were made during the maintenance shutdown. Full operations resumed in June 2020.

COVID-19 may have a material adverse impact on the Company as it may result in disruptions to production, delays in the development timeline and increased costs. In addition, Mexican authorities could impose new or additional requirements resulting in further limitations on the activities, or the suspension of all activities, at the ELG Mine Complex and Media Luna. Alternatively, in the event of an outbreak of COVID-19 at the ELG Mine Complex or Media Luna, Mexican authorities, either federally or in the State of Guerrero, or the Company itself, could determine that a full suspension of all of its operations is necessary for the safety and protection of the workers. If Mexican authorities were to re-introduce suspension orders caused by the COVID-19 virus outbreak, or if there is a full suspension of operations at the ELG Mine Complex or Media Luna for an undefined period of time, there could be additional medical and other costs incurred, production and/or project delays, cost overruns, and operational restart costs.

Moreover, the actual and threatened further spread of COVID-19 globally could negatively impact stock markets, including the trading price of the Company's Common Shares. The ongoing pandemic could also adversely impact the Company's ability to raise capital; cause continued interest rate volatility and movements that could make obtaining financing more challenging or more expensive; and result in any operations affected by COVID-19 becoming subject to quarantine. Any of these developments, and others, could have a material adverse effect on the Company's business and results of operations.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The President and Chief Executive Officer and Chief Financial Officer of the Company are responsible for designing internal controls over financial reporting or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's internal control framework was designed based on the Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

There was no change in the Company's internal control over financial reporting that occurred during the second quarter of 2021 that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

Disclosure Controls and Procedures

Disclosure controls and procedures have been designed to provide reasonable assurance that all relevant information required to be disclosed by the Company is accumulated and communicated to senior management as appropriate to allow timely decisions regarding required disclosure. The Company's President and Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation of the design of the disclosure controls and procedures, that as of June 30, 2021, the Company's disclosure controls and procedures have been designed to provide reasonable assurance that material information is made known to them by others within the Company.

Limitations of Controls and Procedures

The Company's management, including the Chief Executive Officer and President and Chief Financial Officer, believe that any internal controls over financial reporting and disclosure controls and procedures, no matter how well designed, can have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance that the objectives of the control system are met.

QUALIFIED PERSONS

Scientific and technical information contained in this MD&A has been reviewed and approved by Barry Murphy, Pr.Eng., VP, Engineering of Torex Gold Resources Inc. and a Qualified Person under NI 43-101.

ADDITIONAL INFORMATION

Additional information relating to the Company, including the Company's most recent annual information form, is available under the Company's profile on SEDAR at www.sedar.com, and is available upon request from the Company.

Media Luna Resource Estimate

Table 18.

As of April 30, 2021	Tonnes (Mt)	Au (gpt)	Ag (gpt)	Cu (%)	Au (Moz)	Ag (Moz)	Cu (Mlb)	AuEq (gpt)	AuEq (Moz)
Resources - Media Luna									
Media Luna									
Indicated	20.9	3.21	31.7	1.07	2.15	21.3	492	5.27	3.54
Inferred	10.8	2.55	23.6	0.87	0.89	8.2	207	4.20	1.46
EPO									
Inferred	8.0	1.52	34.6	1.27	0.39	8.9	225	3.93	1.01
Total Media Luna									
Indicated	20.9	3.21	31.7	1.07	2.15	21.3	492	5.27	3.54
Inferred	18.9	2.11	28.2	1.04	1.28	17.1	431	4.08	2.48

Notes to Mineral Resource Estimate Table:

1) The effective date of the estimate is April 30, 2021.
2) Mineral Resources are reported above a 2.0 gpt gold equivalent (AuEq) cut-off grade; AuEq = Au (gpt) + Cu % * (77.16/49.83) + Ag (gpt) * (0.64/49.83).
3) The assumed mining method is from underground.
4) Mineral Resources are reported using a long-term gold price of US$1,550/oz, silver price of US$20/oz, and copper price of US$3.50/lb.
5) Costs per tonne of mineralized material (including mining, milling, and general and administrative) used is US$75/t.
6) Metallurgical recoveries average 85% for gold, 75% for silver, and 89% for copper.
7) Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
8) Mineral Resources are classified in accordance with applicable Canadian Institute of Mining, Metallurgy and Petroleum Standards.
9) Rounding as required by reporting guidelines may result in apparent summation differences between tonnes, grade, and contained metal content.
10) Mineral Resources are reported as undiluted; grades are contained grades.
11) The estimate was prepared by Dr. Lars Weiershäuser, P.Geo., a former employee of and currently a consultant to the Company, who is a “Qualified Person” under NI 43-101.

CAUTIONARY NOTES

Medial Luna

A feasibility study is based on a number of factors and there can be no assurance that the Media Luna project feasibility study will be successful in demonstrating with reasonable confidence that the Media Luna project can be constructed and operated in an economically viable manner. While the Company intends to advance the Media Luna project to production in the first quarter of 2024 and continues the Early Works to maintain the schedule to first production, the Company has not taken a production decision in advance of completing the feasibility study.

Muckahi

The preliminary economic assessment of Media Luna in the 2018 Technical Report includes information on Muckahi. As mentioned, earlier in the MD&A, after an analysis of the results to date of the Muckahi test program at ELD and an assessment of business risks, the Company has decided to pursue the Media Luna Feasibility Study using a conventional mining methodology as the basis. While the test results to date indicate that the Muckahi technology is not sufficiently mature for deployment at Media Luna, the Company continues to have confidence in its potential. Monorail-based technology is currently being deployed at the Guajes Tunnel, and the Company will consider including a PEA level study to utilize monorail-based equipment to develop the smaller EPO deposit near Media Luna as part of the overall Technical Report to be released in the first quarter of 2022. Potential deployment of the technology at EPO would allow for additional testing of the integrated system. The final ELD Muckahi testing close-out report is due in the third quarter of 2021 and will be used to support decisions associated with the future deployment of the monorail-based technology by the Company on the Morelos property in Mexico, or elsewhere. In the meantime, the equipment utilized in the test program will remain under care and maintenance during the second half of 2021.

The ability to continue to develop and test Muckahi is dependent on available funding from Torex's resources including distributions from MML. The TARCA places restrictions on the amount that Torex may spend on Muckahi from distributions from MML. There is no assurance that the Company will be able to further the development and testing of Muckahi or that the test program will be successful in demonstrating the viability of the Muckahi Mining System.

Forward-Looking Statements

This MD&A 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 mining, development and exploration plans concerning the Morelos Gold Property; the adequacy of the Company's financial resources, particularly in light of the COVID-19 pandemic; the Company's business plans and strategy, including without limitation, plans to realize the full potential of the Morelos Gold Property and opportunities to acquire assets that enable geographic diversification and deliver value to shareholders; the results set out in the 2018 Technical Report including the PEA, the ability to exploit estimated mineral reserves, the Company's expectation that the ELG Mine Complex will continue to be profitable with positive economics from mining, expected recoveries, grades, annual production, receipt of all necessary approvals and permits, the parameters and assumptions underlying the mineral resource and mineral reserve estimates and the financial analysis; the objectives for 2021; the expectation that the Company will achieve full year production and cost guidance of 430,000 to 470,000 oz of gold at a total cash cost of $680 to $720 per oz sold and all-in sustaining cost $920 to $970 per oz, non-sustaining capital expenditure guidance range of $125 million to $150 million, and the updated sustaining capital expenditure guidance range of $85 million to $100 million; lower anticipated PTU in 2021; positive factors are expected to offset higher processing costs from increased reagent consumption; all-in sustaining costs are likely to be towards the upper end of the original guided range; non-sustaining capital expenditure guidance is likely to be towards the upper end of the original guided range; South Portal Lower will allow for development of the lower portions of the deposit while providing risk mitigation for the advancement of the Guajes Tunnel from the north side of the river; South Portal Lower in conjunction with the previously approved South Portal Upper, will allow for the simultaneous development of the upper and lower portions of the Media Luna deposit and the expectation that this investment in underground development will sufficient stopes to mitigate risks often encountered with the ramp-up of large-scale underground mines; the infill drilling program is likely to be further extended into 2022, with a dual focus of upgrading additional Inferred mineral resources to the Indicated category as well as step-out drilling targeting to expand the overall resource base at Media Luna; the expectation that the El Limón open pit (via a pushback) will extend open pit production into 2024 providing additional production and cash flow during the ramp-up of Media Luna, for which first production remains on track for early 2024; the expansion of the El Limón open pit via a pushback is forecast to add 150,000 oz of gold production between late-2023 and mid-2024. The incremental open pit production, together with continued output from the ELG underground and use of stockpiles to top up the mill as required, is expected to support a smooth transition between the ELG open pits and Media Luna underground; the Media Luna Feasbility Study on a conventional basis will mitigate risk to the business while allowing more time for the Muckahi technology to become sufficiently mature to deliver desired advance rates and cycle times, and associated cost efficiencies; the corrective actions implemented in connection with the injury to a contract diamond driller in April will mitigate the likelihood of reoccurrence; the anticipation of submitting the application for the 'MIA Integral' permit in the third quarter of 2021; investment in Media Luna is guided between

$90.0 million and $100.0 million for 2021 a majority of which ($60.0 million to $65.0 million) relates to a full year of development of the 7-kilometre long Guajes Tunnel and commencement of the South Portals; the Guajes Tunnel and South Portals projects are key to maintaining the schedule for first production in the first quarter of 2024; a further $6.8 million will be invested in an expanded Media Luna infill drill program in the second half of 2021, bringing the total 2021 infill drilling expenditure to $20.5 million; $15.3 million has been approved to advance the Media Luna Feasibility Study, which is expected to be completed in the first quarter of 2022; capital expenditure on Media Luna will increase in 2022 and peak in 2023, with a moderate spend in 2024 to finalize construction and commissioning; environmental, exploitation, land use, water and infrastructure construction permits required for the commencement of Media Luna are tracking to schedule; pre-commercial capital expenditures were estimated at $496.5 million as per the 2018 Technical Report; the Company intends to fund these expenditures from cash flows generated from the existing mining operations or other financing arrangements; the Company will provide an updated estimate on the expected pre-commercial capital expenditures when the Feasibility Study is completed in the first quarter of 2022; the expansion of the El Limón open pit, via a pushback, is expected to result in approximately 150,000 oz of additional gold production between late-2023 and mid-2024; the incremental open pit production, together with continued output from the ELG underground, and use of stockpiles to top up the mill as required, is expected to support a smooth transition between the ELG open pits and Media Luna underground; the Company plans to release a multi-year production outlook for ELG over the coming months; the open pit strip ratio is expected to peak in 2022 before declining in 2023 and 2024; the total proposed ELG “brownfields” program is expected to continue over the next three years, with the intention to add additional mine life to the operations at the ELG Mine Complex; positive exploration results reinforce confidence in the Company’s ability to extend the life of both Sub-Sill and ELD beyond current reserves, and to maintain a consistent underground production profile in 2023 and into 2024 during the expected transition period between the ELG Mine Complex and Media Luna; there are currently 15 recognized targets with the Morelos Gold Property, several of which are in close proximity to the ELG processing facilities, the 2021 regional exploration program will explore three of the most prospective targets and this forms part of a longer term exploration strategy intended to identify and prove up sources of ore feed to extend the life of ELG or increase annual production; a strategic analysis of the Company’s existing energy and GHG emissions profile will be conducted in the third quarter of 2021 as part of the work scope for the development of the Company’s climate strategy; implementation of a workplan to conform to the requirements of the International Cyanide Management Code is ongoing; plans to build a new 8.5 megawatt solar plant at the Morelos Property; expectation that a decline in the value of the Mexican peso relative to the U.S. dollar will increase deferred tax expense (or decrease deferred tax recovery), while an increase in the value of the Mexican peso relative to the U.S. dollar will reduce deferred tax expense (or increase deferred tax recovery); continued advance of the Media Luna project Feasibility Study and Early Works in order to make a production decision in the first quarter of 2022 and maintain the schedule to first production; intention to collar the South Portal Upper in the third quarter of 2021 and the South Portal Lower thereafter; no expectation of any significant seasonality in production in 2021, with any minor quarter-over-quarter deviations driven by the natural variability of skarn-hosted deposits; given timing of payments, the Company expects cash flow from operations to be weighted towards the second half of the year as was the case in 2020; an increasing gold price will tend to increase the liability recorded for the fair market value of gold contracts due to settle in the third quarter of 2021; changes in exchange rates are expected to have an impact on the Company’s results. 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”, “potential”, “objective”, “target”, “guided” or “tends” 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; 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; risks associated with hedging programs; 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; risks related to 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 expectations; 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 MD&A and in the Company's annual information form ("AIF") and the 2018 Technical Report, assumptions have been made regarding, among other things: the Company's ability to carry on its mining, development and exploration activities planned for the Morelos Gold Property; the Company's ability to complete the feasibility study for the Media Luna Project on the timing and budget set out herein; material assumptions with respect to the COVID-19 pandemic, including, but not limited to: the Company being able to continue planned mining, development and exploration operations at the ELG Mine Complex and the Media Luna Project; the effectiveness of the COVID-19 mitigation measures in respect of limiting the spread of COVID-19 in the Company's workforce; 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; 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 ability to achieve design gold recovery levels; timely access to the high grade material; ability to successfully manage the soluble iron and copper in the mill feed; 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 ability to conclude the land access agreements for the additional target areas on the Morelos Gold Property, if needed; the accuracy of the Company's mineral resource and mineral reserve estimates, annual production, the financial analysis contained in the 2018 Technical Report including the PEA, and geological, operational and price assumptions on which these are based relative to those set out in the continuous disclosure on the Media Luna project since the effective date of the 2018 Technical Report, and the regulatory framework regarding environmental matters. 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.

August 4, 2021