TOREX GOLD RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 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 November 2, 2021 and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements and related notes for the three and nine months ended September 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 no lost time injuries and 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. To promote vaccination within the workforce, the Company has partnered with local health agencies; by quarter-end 70% of the workforce was partially vaccinated, and 30% fully vaccinated.
- **On track to deliver full year production and cost guidance:** Delivered gold production of 111,229 ounces ("oz") for the quarter (YTD - 358,792 oz) at cash costs[1] of $727 per oz (YTD - $646) and AISC[1] of $900 per oz (YTD – $883). A shutdown of the rope conveyor to carry out necessary maintenance, and a rock fall incident at the El Limón open pit, impacted the amount of waste mined in the quarter as haul trucks were redirected to moving ore and stockpiles to feed the processing plant. With the rope conveyor restarted in mid-August and the rock fall incident investigated and fully addressed, mining rates returned to normal levels by the end of the quarter. Capitalized waste guidance has been revised from $55 million to $60 million to $45 million to $50 million (original guidance of $40 million to $45 million).
- **Strong profitability and EBITDA:** Revenue for the quarter was $216.7 million (YTD - $653.8 million) on sales of 118,989 oz (YTD - 359,432 oz), at an average realized gold price[1] of $1,786 per oz (YTD - $1,792). Net income for the quarter was $36.5 million, or $0.43 per share on a basic and $0.41 per share on a diluted basis (YTD - $152.2 million, or $1.78 per share on a basic and $1.72 on a diluted basis). Adjusted net earnings[1] for the quarter totalled $42.9 million, or $0.50 per share on a basic and diluted basis (YTD - $147.6 million, or $1.72 on a basic and diluted basis). EBITDA[1] for the quarter totalled $119.7 million (YTD - $399.3 million) and adjusted EBITDA[1] totalled $119.3 million (YTD - $386.3 million).
- **Robust cash flow generation and financial liquidity:** Cash flow from operations for the quarter totalled $87.8 million (YTD - $235.4 million) and $100.2 million prior to changes in non-cash working capital (YTD - $277.8 million), including income taxes paid of $19.7 million (YTD - $110.2 million). Cash flow from operations for the first nine months of 2021 also includes $30.0 million paid in relation to the site-based employee profit sharing program for 2020 in Mexico. Free cash flow[1] for the quarter totalled $29.4 million (YTD - $60.6 million). Net cash[1] as at September 30, 2021 totalled $217.8 million, with no debt.
- **Updated 3-year production outlook for ELG:** On September 1, 2021, the Company provided updated guidance on the production outlook for ELG through to 2024. ELG is expected to produce 430,000 to 470,000 ounces of gold in 2022 driven by consistent open pit and underground throughput. On that plan, gold output in 2023 is expected to decline modestly to 400,000 to 450,000 ounces with the anticipated depletion of the Guajes open pit. Excluding any contribution from Media Luna, gold production from ELG in 2024 is forecast to decline to 300,000 to 350,000 ounces with the expectation that El Limón open pit reserves are depleted mid-year. This production outlook is the new ELG base case and work is already underway to further optimize the plan.
- **Progress on Media Luna:** On October 6, 2021, the Company provided a progress update on the Media Luna Project, affirming that a property-wide Technical Report, including the Media Luna Feasibility Study, remains on schedule for completion in Q1 2022.
- **Completion of World Gold Council Year 1 Responsible Gold Mining Principles (RGMP) Requirements:** On October 29, 2021, the Company released its Year 1 RGMP Implementation Progress Report, with accompanying limited assurance from KPMG LLP, fulfilling the Year 1 requirements set out by the World Gold Council.

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

OPERATING AND FINANCIAL HIGHLIGHTS

Table 1.

In millions of U.S. dollars, unless otherwise noted		Three Months Ended			Nine Months Ended	
		Sep 30, 2021	Jun 30, 2021	Sep 30, 2020	Sep 30, 2021	Sep 30, 2020
Operating Results						
Lost time injury frequency (12-month rolling)	/million hours worked	0.26	0.26	0.00	0.26	0.00
Total recordable injury frequency (12-month rolling)	/million hours worked	2.44	2.83	2.67	2.44	2.67
Gold produced	oz	111,229	118,054	131,790	358,792	299,835
Gold sold	oz	118,989	111,424	133,036	359,432	304,247
Total cash costs [1]	$/oz	727	637	633	646	712
All-in sustaining costs [1]	$/oz	900	897	877	883	941
All-in sustaining costs margin [1]	$/oz	886	919	1,007	909	796
Average realized gold price [1]	$/oz	1,786	1,816	1,884	1,792	1,737
Financial Results						
Revenue	$	216.7	205.9	256.5	653.8	537.6
Cost of sales	$	142.6	119.7	153.5	394.2	389.0
Earnings from mine operations	$	74.1	86.2	103.0	259.6	148.6
Net income	$	36.5	60.7	60.3	152.2	17.1
Per share - Basic	$/share	0.43	0.71	0.71	1.78	0.20
Per share - Diluted	$/share	0.41	0.69	0.69	1.72	0.18
Adjusted net earnings [1]	$	42.9	47.4	51.3	147.6	74.8
Per share - Basic [1]	$/share	0.50	0.55	0.60	1.72	0.88
Per share - Diluted [1]	$/share	0.50	0.55	0.59	1.72	0.87
EBITDA [1]	$	119.7	126.9	162.9	399.3	247.1
Adjusted EBITDA [1]	$	119.3	122.1	156.2	386.3	272.9
Cost of sales	$/oz	1,198	1,074	1,154	1,097	1,279
Cash from operating activities	$	87.8	82.4	173.3	235.4	205.0
Cash from operating activities before changes in non-cash working capital	$	100.2	98.4	138.1	277.8	188.0
Free cash flow[1]	$	29.4	21.9	130.4	60.6	105.1
Net cash [1]	$	217.8	191.5	77.1	217.8	77.1

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.

THIRD 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 El Limón Deep (“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 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 decreased from the Q2 adjustment by $10 million, reflecting lower capitalized waste development due to a shutdown of the rope conveyor to carry out necessary maintenance and a rock fall incident at the El Limón pit.

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

Table 2.

In millions of U.S. dollars, unless otherwise noted		2021 Guidance	Revised 2021 Guidance	Q3 2021 YTD Progress
Gold Production	oz	430,000 to 470,000	No change	358,792
Total Cash Costs	$/oz	680 to 720	No change	646
All-in Sustaining Costs	$/oz	920 to 970	No change	883
Capitalized Waste	$	55 to 60	45 to 50	33.9
Other Sustaining Expenditures	$	30 to 40	No change	25.3
Sustaining Capital Expenditures	$	85 to 100	75 to 90	59.2
Non-Sustaining Capital Expenditures	$	125 to 150	No change	111.5

Total Cash Cost and All-in Sustaining Cost guidance remains unchanged reflecting the strong start to the year as well as lower anticipated profit-sharing ("PTU") in 2021 following recently passed legislation that 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.

Non-sustaining capital expenditure is expected to be towards the upper end of the guided range of $125 million to $150 million. This upper end of non-sustaining guidance reflects the year-to-date spend, as well as the Q2 approval of a second portal south of the river ("South Portal Lower"), and the expanded infill drill program at Media Luna both of which were not approved when the initial guidance was released.

Less waste was mined during the third quarter due to a shutdown of the rope conveyor to carry out necessary maintenance and a rock fall incident at the El Limón pit. As a result, capitalized waste guidance for 2021 has been revised from $55 million to $60 million to $45 million to $50 million (original guidance of $40 million to $45 million). Waste mining deferred during Q3 is expected to be made up for over the next several quarters. All other elements of the Company's 2021 operational guidance remain unchanged.

The Company plans to release 2022 operational guidance for ELG in early-2022 including production, total cash costs, all-in sustaining costs, as well as ELG specific non-sustaining and sustaining capital expenditures. Non-sustaining capital expenditure guidance specific to Media Luna will be provided when the Company releases an updated Technical Report later in the first quarter.

FINANCIAL RESULTS

Table 3.

In millions of U.S. dollars, unless otherwise noted	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Revenue	216.7	256.5	653.8	537.6
Gold	212.5	254.7	644.4	532.6
Silver	0.6	0.5	1.7	1.3
Copper	3.6	1.3	7.7	3.7
Cost of sales	142.6	153.5	394.2	389.0
Production costs	84.3	78.4	222.1	205.7
Depreciation and amortization	51.9	67.5	152.5	156.2
Royalties	6.4	7.6	19.6	16.0
Care and maintenance	-	-	-	11.1
Earnings from mine operations	74.1	103.0	259.6	148.6
Exploration and evaluation expenses	1.7	1.6	4.0	2.9
General and administrative expenses	3.4	3.4	13.9	13.7
Derivative (gain) loss, net	-	2.7	(3.1)	43.2
Finance costs, net	0.3	3.4	0.1	10.7
Foreign exchange (gain) loss	1.4	0.1	(1.4)	1.6
Current income tax expense	34.6	56.7	102.6	54.7
Deferred income tax expense	(3.8)	(25.2)	(8.7)	4.7
Net income	36.5	60.3	152.2	17.1
Per share - Basic ($/share)	0.43	0.71	1.78	0.20
Per share - Diluted ($/share)	0.41	0.69	1.72	0.18
Adjusted net earnings [1]	42.9	51.3	147.6	74.8
Per share - Basic ($/share) [1]	0.50	0.60	1.72	0.88
Per share - Diluted ($/share) [1]	0.50	0.59	1.72	0.87
Cost of sales ($/oz)	1,198	1,154	1,097	1,279
Total cash costs ($/oz) [1]	727	633	646	712
All-in sustaining costs ($/oz) [1]	900	877	883	941
All-in sustaining costs margin ($/oz) [1]	886	1,007	909	796
Average realized gold price ($/oz) [1]	1,786	1,884	1,792	1,737
Average realized margin ($/oz) [1]	1,059	1,251	1,146	1,025

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

THIRD QUARTER 2021 FINANCIAL RESULTS

Revenue totalled $216.7 million

The decrease in revenue compared to the third quarter of 2020 is primarily due to a lower realized average price and lower number of oz of gold sold. The Company sold 118,989 oz of gold at an average realized price of $1,786 per oz in the third quarter of 2021, compared to 133,036 oz at an average realized price of $1,884 per oz in the third quarter of 2020. The decrease in oz sold is largely due to a lower average grade of ore mined and processed as compared with the third quarter of 2020.

Cost of sales was $142.6 million or $1,198 per oz sold

Cost of sales decreased by 7% compared to the third quarter of 2020, primarily due to an 11% decrease in oz of gold sold and lower depreciation and amortization, partially offset by higher production costs. Cost of sales on a per oz basis were higher in the third quarter of 2021 due to lower-grade ore processed and higher production costs offset by lower depreciation and amortization. Royalties represent 3% of proceeds from gold and silver sales, and therefore, were lower due to both the decrease in oz sold as well as the lower realized gold price. For 2021, depreciation is expected to range between $190 million to $210 million.

Total Cash Costs[1] were $727 per oz sold

Total Cash Costs per oz of gold sold in the quarter were higher than the comparative period, primarily due to lower oz of gold sold and higher production costs.

All-in Sustaining Costs were $900 per oz sold

The increase in AISC relative to the third quarter of 2020 is due to higher total cash costs per oz of gold sold and lower oz of gold sold, partially offset by lower sustaining capital expenditures. Sustaining capital expenditures in the third quarter of 2021 were $3.4 million for capitalized stripping activities and $10.3 million for sustaining equipment and infrastructure.

General and administrative expenses of $3.4 million

The general and administrative expenses are consistent with the third quarter of 2020 and are comprised primarily of corporate office employee costs, share-based compensation and professional fee costs.

Finance costs, net of finance income, of $0.3 million

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

Derivative (gain) loss, net, of $- million

The Company fully extinguished its interest rate swap and foreign currency forward contracts during the second quarter of 2021. The remaining gold contracts expired in the third quarter of 2021.

Foreign exchange loss of $1.4 million

The foreign exchange loss in the third quarter of 2021 is primarily related to a 2.5% appreciation of the Mexican peso since the beginning of the quarter.

Current income and mining tax expense of $34.6 million

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

Deferred income tax recovery of $3.8 million

The deferred income tax recovery is primarily driven by higher depreciation rate for accounting than for tax purposes, which reduces the difference between the book value and tax value of the assets in the deferred tax calculation, as well as the tax effect of currency translation on the tax base. The closing value of property, plant and equipment and inventory for tax purposes at September 30, 2021 was $18.2 billion pesos.

Net income of $36.5 million

Net income decreased over the comparative period primarily due to a lower number of oz of gold sold and a lower average realized gold price.

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

YEAR TO DATE 2021 FINANCIAL RESULTS

Revenue totalled $653.8 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 359,432 oz of gold at an average realized price of $1,792 per oz in the first three quarters of 2021 compared to 304,247 oz of gold at an average realized price of $1,737 per oz in the first three quarters of 2020. The number of oz sold in the first three quarters of 2020 were negatively impacted by a temporary suspension of operations in the second quarter of 2020 due to a COVID-19 decree by the Mexican government.

Cost of sales was $394.2 million or $1,097 per oz sold

The cost of sales in 2021 to date is relatively consistent with the prior year comparative period. The cost of sales per oz sold is lower due to the higher number of oz of gold sold in 2021.

Total Cash Costs[1] were $646 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 $883 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 nine months ended September 30, 2021 were $33.9 million for capitalized stripping activities, and $25.3 million for sustaining equipment and infrastructure.

General and administrative expenses of $13.9 million

The general and administrative expenses are relatively consistent compared to the nine months ended September 30, 2020.

Finance costs, net of finance income, of $0.1 million

The decrease in finance costs, net of finance income, is primarily due to lower debt balances as the Company fully repaid the debt in the first quarter of 2021.

Derivative gain of $3.1 million

The derivative gain in 2021 is primarily due to the lower ending gold prices. The derivative loss of $43.2 million in the first three months of 2020 was primarily due to losses on foreign currency forward contracts which were extinguished in the first half of 2021.

Foreign exchange gain of $1.4 million

The increased foreign exchange gain is primarily related to a 1.8% appreciation of the Mexican peso based on closing rates in the nine months ended September 30, 2021, compared to the closing rate on December 31, 2020.

Current income and mining tax expense of $102.6 million

The increase in income and mining tax expenses is primarily due to higher revenue from higher oz sold and a higher realized gold price.

Deferred income tax recovery of $8.7 million

The deferred income tax recovery is primarily driven by higher depreciation for accounting purposes than for tax, 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

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

Mexican peso in the first quarter of 2020, which resulted in a significant deferred tax expense in the nine months ended September 30, 2020.

Net income of $152.2 million

Net income is higher in the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020 primarily due to a higher average realized gold price, a higher number of oz of gold sold 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			Nine Months Ended	
		Sep 30, 2021	Jun 30, 2021	Sep 30, 2020	Sep 30, 2021	Sep 30, 2020
Mining						
Total ELG Open Pits						
Ore tonnes mined	kt	1,406	1,131	1,407	3,896	3,809
Waste tonnes mined	kt	7,476	8,593	10,097	25,951	26,258
Total tonnes mined	kt	8,882	9,724	11,504	29,847	30,067
Strip ratio	w:o	5.3	7.6	7.2	6.7	6.9
Average gold grade of ore mined	gpt	2.43	3.01	2.86	2.81	2.56
ELG Underground						
Ore tonnes mined	kt	113	130	114	366	246
Average gold grade of ore mined	gpt	6.68	7.02	6.76	7.10	7.41
ELG Open Pits and Underground						
Ore tonnes mined	kt	1,519	1,261	1,521	4,262	4,055
Average gold grade of ore mined	gpt	2.75	3.42	3.15	3.18	2.85
Processing						
Total tonnes processed	kt	1,150	1,091	1,184	3,352	3,006
Average plant throughput	tpd	12,500	11,989	12,870	12,278	10,971
Average gold recovery	%	89	88	89	89	89
Average gold grade of ore processed	gpt	3.48	3.84	3.83	3.76	3.50
Gold produced	oz	111,229	118,054	131,790	358,792	299,835
Gold sold	oz	118,989	111,424	133,036	359,432	304,247
Financial Metrics						
Total cash costs [1]	$/oz	727	637	633	646	712
All-in sustaining costs [1]	$/oz	900	897	877	883	941
All-in sustaining costs margin [1]	$/oz	886	919	1,007	909	796
Average realized gold price [1]	$/oz	1,786	1,816	1,884	1,792	1,737

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

Mining

A total of 1,519 kt of ore were mined in the third quarter of 2021, including 1,406 kt from the ELG open pits and 113 kt from the ELG Underground. Average waste to ore strip ratio in the open pits was 5.3:1. Excluding 302 kt of long-term, low grade ore, the average gold grade of ore mined was 3.18 gpt.

In the third quarter of 2020, 1,521 kt of ore were mined, including 1,407 kt from the ELG open pits and 114 kt from the ELG Underground, with an average waste to ore strip ratio in the open pits of 7.2:1. Excluding 67 kt of long-term, low grade ore, the average gold grade of ore mined was 3.25 gpt in the third quarter of 2020.

At September 30, 2021, there were 4.9 mt of ore in stockpiles at an average grade of 1.43 gpt. Excluding 1.9 mt of long-term, low grade stockpiles at an average grade of 0.94 gpt, the remaining 3.0 mt of ore in stockpiles are at an average grade of 1.74 gpt.

Gold Production and Sales

In the third quarter of 2021, 111,229 oz of gold were produced and 118,989 oz of gold were sold. The production in the third quarter of 2021 was lower than the comparative period primarily due to the lower average plant throughput and lower average grade processed.

Plant Performance

Plant throughput achieved an average rate of 12,500 tonnes per day, which was higher than the preceding quarter. Results were impacted by the extended shutdown to replace and align one of the ball mill pinions and alignment of the second one. As reported in previous quarter, the Company continues to mine deeper in the open pits, and ore characteristics continue to exhibit higher levels of copper and iron in sulphides, thereby increasing cyanide consumption. In the third quarter of 2021, the impact decreased in comparison to the previous quarter, and the Company incurred $13.3 million in cyanide costs at a consumption rate of 4.71 kilograms per tonne, compared to $15.1 million in the second quarter of 2021 at a consumption rate of 6.24 kilograms per tonne. In the third quarter of 2020, the Company incurred $8.6 million in cyanide costs at a consumption rate of 3.22 kilograms per tonne. We expect cyanide consumption rates to remain elevated over 2020 rates as we mine deeper in the open pits. The Company's historical cyanide costs have been approximately 2.25 per kilogram.

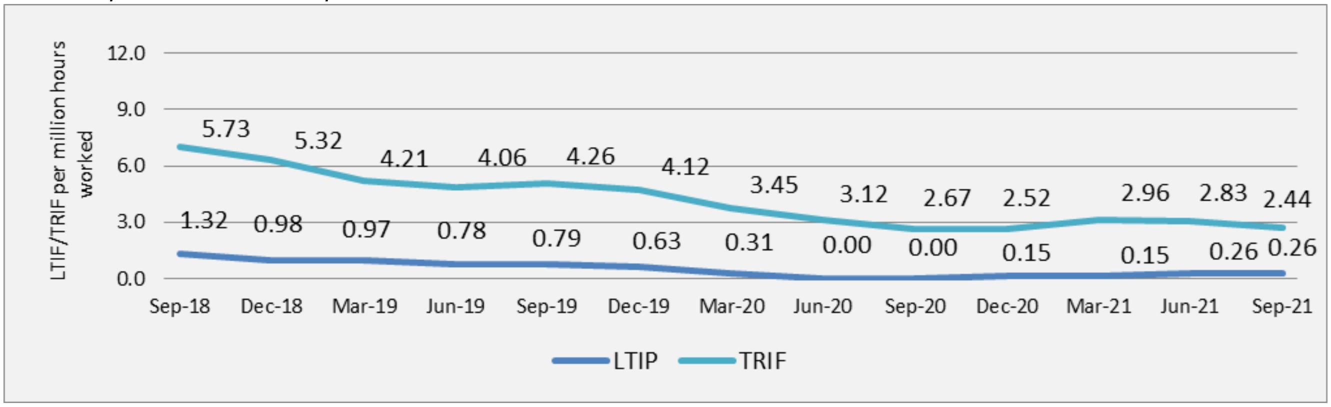
ENVIRONMENT, SOCIAL & GOVERNANCE

Safety

The Company's safety performance during the quarter continued to be excellent, with no lost time injuries during the quarter. The Company exited the quarter with a lost time injury frequency ("LTIF") of 0.26 per million hours worked, and a total recordable injury frequency ("TRIF") of 2.44 per million hours worked, both on a rolling 12-month basis.

A high potential incident took place in July when a blast was undertaken in the El Limón open pit that was close to the pit perimeter. The blasting, coupled with heavy rains that changed the ground conditions, caused some uncontrolled fall of rock down the side of the mountain towards Portal 1 electrical equipment in the area below. Given the Company's safety procedures to clear areas during blasting, no people were injured, however, some equipment was damaged. Per existing protocols, all blasting in the area was halted pending investigation and completion of remedial actions, which included redefining/expanding the blasting boundary and inserting mesh on the rock face in the areas of concern.

Lost Time Injury Frequency and Total Recordable Injury Frequency Per Million Hours Worked on a Rolling 12-Month Basis: September 2020 – September 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. As anticipated, COVID-19 cases in Mexico increased significantly during Q3, driven by the rise in Delta variant cases combined with low vaccination rates in the country. In Q3, there were 124 confirmed cases of COVID-19 within the workforce, bringing the total to 326 cases since the start of the pandemic, with 304 individuals fully recovered as of September 30, 2021. Of the total cases, 265 individuals displayed symptoms and tested positive while away from site. The remaining individuals who tested positive at site were quarantined as outlined in the Company's COVID-19 protocols, with contact tracing completed to isolate anyone potentially at risk.

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. In addition, to promote vaccination within the workforce, the Company has partnered with local health agencies to bus employees, contractors and community members to a vaccination site in Cocula. By quarter-end, 70% of the workforce was partially vaccinated, and 30% fully vaccinated.

Environmental

There were no reportable spills or environmental incidents in third 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.

The Company continues to implement measures to achieve conformance with the International Cyanide Management Code by mid-2024, in line with the signatory requirements set out by the International Cyanide Management Institute.

Permitting activities for Media Luna continued to be well-advanced in the quarter. With the receipt of the Manfestacion de Impacto Ambiental ("MIA") Modification in April, the Company received the necessary approvals to advance early-work activities on both sides of the Balsas River, as well as environmental authorization to continue the Guajes Tunnel under the Balsas River. The key remaining approval is the MIA Integral, which 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 Secretaria de Medio Ambiente y Recursos Naturales ("SEMARNAT") in July 2021.

Climate Change

The Company continued to engage with a third-party expert to advance the development of a Company-wide climate change strategy. The development of the strategy is being guided in alignment with the Taskforce on Climate-related Financial Disclosures ("TCFD") framework. As a member of the World Gold Council, Torex has committed to reporting positions and progress on climate-related risks in line with the recommendations of TCFD.

A high-level carbon reduction opportunities study was undertaken in the third quarter of 2021 as part of the work scope for the development of the Company's climate strategy. This initial assessment will identify key opportunities for carbon reduction and will enable the setting of reduction targets with substantive accompanying plans.

Progress on Adoption of the World Gold Council Responsible Gold Mining Principles (RGMPs)

During the quarter, the Company continued to progress on the Year 1 implementation requirements for the World Gold Council's Responsible Gold Mining Principles (RGMPs), which centre around a self-assessment of the Company's current management and performance against the RGMPs.

The internal self-assessment was completed during the quarter, and on October 29, 2021, the Company released its Year 1 RGMP Implementation Progress Report, with accompanying limited assurance from KPMG LLP. This fulfills the Year 1 requirements as set out by the World Gold Council and the Company's 2021 objective.

Community

Relationships with local communities continue to be positive and productive. There were four recorded grievances by the community during the quarter, all of which were resolved within a 30-day timeframe.

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. In September, a number of inauguration events took place for local projects supported by the Company in La Fundición and Real del Limón, which were attended by local community leaders, CODECOP members and government officials. These projects included construction of a regional elementary school and kindergarten classroom, improvements to a local water treatment plant and wastewater treatment system, improvements to a local church as well as perimeter fencing around a local town square.

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 is expected to commence in the second quarter of 2022 and continue through to the start of production which is anticipated in the first quarter of 2024.

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 oz at an average grade of 5.27 gpt, reflecting

[1] For more information see Media Luna mineral resource estimate on page 30.

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. Future infill drill programs will target the remaining Inferred tonnes for upgrading to the Indicated confidence category. The Feasibility Study reserve estimate will be developed from the Indicated Resource estimate derived from all infill drilling completed through August 2021.

As at September 30, 2021, the Company has capitalized $169.5 million of expenditures since the commencement of development, including $32.1 million in the third 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 for the remainder of the Feasibility Study.

Early works on the south side of the river continue to advance. Completed earthworks include the contractor camp facilities, portal access roads and the South Portal Upper tunnel collaring. Ongoing surface works include installation of a temporary explosives magazine, excavation and ground support for the South Portal Lower, and construction of sediment ponds. The tunnel development contractor has been mobilized to site. The South Portal Upper tunneling commenced in the third quarter and the South Portal Lower tunnelling is planned to commence in the fourth quarter of 2021.

Investment in Media Luna is guided between $100.0 million and $110.0 million for 2021. A majority of the guided spend ($65.0 million to $70.0 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 two South Portals, 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 fourth quarter 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 for 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, land use, water and infrastructure construction permits, all of which are tracking to schedule. The project's environmental impact assessment, referred to as the MIA Integral, was formally submitted to SEMARNAT in the third quarter of 2021.

Pre-commercial capital expenditures were estimated at $496.5 million as per the 2018 Technical Report (as defined below). Capital costs relative to the 2018 Preliminary Economic Assessment for Media Luna are expected to be impacted by industry-wide inflation given elevated prices for key construction materials, scope changes related to the design of the project (such as access via the Guajes Tunnel and South Portal complex, addition of a water treatment plant, larger underground fleet, and increased development ahead of commercial production), as well as costs associated with COVID-19. Operating costs to be outlined in the Technical Report will leverage current processing and site costs for ELG, more detailed mine design and planning for Media Luna, and up to date costing for key consumables and labour. The Company intends to fund these expenditures from cash flows generated from the existing mining operations and/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. Based on the El Limón pushback and available stockpile inventory, the Company released a multi-year production outlook for ELG on September 1st, 2021.

As a result of the additional waste removal the 2021 strip ratio is now estimated at approximately 7.5:1. 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 $5 million was added to the sustaining capital expenditure guidance in 2021 to fund stripping activity through the second half of the year.

Monorail-based Mining System (Muckahi) 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 prepare 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 currently 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. 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 use of the technology.

As such, the Company determined that preparing 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 the primary source of feed at the 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. The Company is continuing to evaluate the future deployment of the monorail-based technology. In the meantime, the equipment utilized in the test program will remain under care and maintenance during the remainder 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 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 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 more than 10 recognized targets with the Morelos Gold Property, several of which are in close proximity to the ELG processing facilities and the Media Luna deposit. The 2021 regional exploration program will explore two 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 September 30, 2021:

Table 5.

In millions of U.S. dollars		September 30, 2021		December 31, 2020
Cash and cash equivalents	$	221.6	$	174.1
Short-term investments		-		32.1
Value-added tax receivables		48.6		45.4
Inventory		132.0		112.2
Deferred income tax assets		49.5		42.4
Property, plant and equipment		844.1		827.3
Other assets		19.6		18.9
Total assets	$	1,315.4	$	1,252.4
Accounts payable and accrued liabilities	$	87.6	$	119.9
Income tax payable		68.1		77.9
Debt		-		38.8
Derivative contracts		-		5.2
Deferred income tax liabilities		23.3		24.3
Decommissioning liabilities		30.0		29.2
Other liabilities		6.2		11.0
Total liabilities	$	215.2	$	306.3
Total shareholders' equity	$	1,100.2	$	946.1

Cash and cash equivalents

The Company ended the third quarter of 2021 with cash on hand of $221.6 million. The Company primarily holds cash balances in U.S dollars but also holds accounts in Canadian dollars and Mexican pesos for operating and administrative purposes.

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 materials and supplies inventory.

Deferred income tax assets

The deferred tax asset relates to tax losses at the parent company level, tax pools and temporary differences in Mexico. The increase in the deferred tax asset is primarily driven by higher depreciation for accounting purposes, 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 of $183.5 million primarily related to infrastructure, equipment, capitalized stripping costs and construction in progress (including Media Luna), partially offset by depreciation and amortization of $166.7 million.

Other assets

The other assets balance comprises accounts receivable, prepaids, advances and deposits and is relatively consistent with the balance at December 31, 2020.

Accounts payable and accrued liabilities

The decrease in accounts payable and accrued liabilities is primarily related to the calculation and timing of payments and accruals for the site-based employee profit-sharing program. 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 decrease in the balance is driven by payments of $110.2 million in the nine months ended September 30, 2021, which included the 7.5% Mexican mining royalty for 2020 and monthly instalments for 2021, partially offset by accrued amounts related to 2021 of $104.5 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, while the remaining zero-cost gold contracts expired in the third quarter of 2021; therefore, there is no remaining liability at September 30, 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 remains 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 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 financial covenants related to maintaining a net leverage ratio of less than or equal to 3.0, an interest coverage ratio of greater than or equal to 3.0 and minimum liquidity of $50.0 million. The Revolving Facility also 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 MML assets 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 September 30, 2021, the Company was 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 September 30, 2021 were $1,315.4 million (December 31, 2020 - $1,252.4 million), which includes $221.6 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 $277.8 million for the nine months ended September 30, 2021, compared to $188.0 million for the nine months ended September 30, 2020. The increase in cash generated from operating activities before changes in non-cash working capital of $89.8 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.

Investing cash outflows for the nine months ended September 30, 2021 were $144.9 million compared to $126.3 million for the nine months ended September 30, 2020. Investing cash outflows were higher due to an increase in additions to property, plant and equipment, largely related to the Media Luna Project, 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		September 30, 2021	September 30, 2020
ELG – Sustaining	$	57.4	29.8
ELG - Capitalized Stripping	$	33.9	27.2
Total ELG	$	91.3	57.0
Media Luna	$	80.4	29.2
Other & Working Capital Changes	$	1.8	14.4
Capital expenditures	$	173.5	100.6

Net cash used in financing activities for the nine months ended September 30, 2021 resulted from payments under the 2019 Debt Facility of $40.0 million, leases paid of $2.0 million, interest paid of $1.3 million and transaction costs related to the TARCA of $0.5 million. In comparison, for the nine months ended September 30, 2020, net cash flows from financing activities related primarily to draws on the Revolving Facility of $90.0 million, offset by scheduled repayment of debt of $115.3 million, and interest paid of $6.6 million.

As at September 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. In October 2021, the Company paid $5.3 million relating to the 2.5% royalty for the third 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 tax and employee profit sharing 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 nine months 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 nine months of 2021 of $79.8 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 fourth quarter of 2021 is expected to be in line with production during the third quarter of 2021 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.

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	63.1	63.1	-	-	-
Mine Complex capital commitments	13.8	13.8	-	-	-
Accounts payable and accrued liabilities	87.6	87.6			
Leases	4.4	2.7	0.8	0.6	0.3
Total	**$ 168.9**	**$ 167.2**	**$ 0.8**	**$ 0.6**	**$ 0.3**

OUTSTANDING SHARE DATA

Table 8.

Outstanding Share Data at November 2, 2021	Number
Common shares	85,749,183
Share purchase options [1]	138,135
Restricted share units [2, 3]	423,136
Performance share units [4]	479,495

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		Nine Months Ended	
		September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Gold sold	oz	118,989	133,036	359,432	304,247
Total cash costs per oz sold					
Production costs and royalties	$	90.7	86.0	241.7	221.7
Less: Silver sales	$	(0.6)	(0.5)	(1.7)	(1.3)
Less: Copper sales	$	(3.6)	(1.3)	(7.7)	(3.7)
Total cash costs	$	86.5	84.2	232.3	216.7
Total cash costs per ounce sold	$/oz	727	633	646	712
All-in sustaining costs per oz sold					
Total cash costs	$	86.5	84.2	232.3	216.7
General and administrative costs [1]	$	4.9	4.7	19.4	15.1
Reclamation and remediation costs	$	1.1	1.0	3.4	2.6
Sustaining exploration costs	$	0.9	1.6	2.9	2.7
Sustaining capital expenditure [2]	$	13.7	25.2	59.2	49.1
Total all-in sustaining costs	$	107.1	116.7	317.2	286.2
Total all-in sustaining costs per oz sold	$/oz	900	877	883	941

1. This amount excludes gains of $1.7 million and $6.0 million for the three and nine months ended September 30, 2021 and gains of $1.5 million and $1.9 million for the three and nine months ended September 30, 2020 in relation to the remeasurement of share-based compensation. This amount also excludes corporate depreciation and amortization expenses totalling $0.2 million and $0.5 million for the three and nine months ended September 30, 2021 and $0.1 million and $0.3 million for the three and nine months ended September 30, 2020 recorded within general and administrative costs. Included in general and administrative costs is share-based compensation expense in the amount of $0.9 million or $8/oz and $4.5 million or $13/oz for the three and nine months ended September 30, 2021 (for the three and nine months ended September 30, 2020, $1.1 million or $8/oz and $4.2 million or $14/oz).
2. Before changes in net working capital, capital expenditures for the three and nine months ended September 30, 2021 totalled $51.7 million and $168 million, including lease payments of $0.8 million and $2.0 million. Sustaining capital expenditures of $13.7 million and $59.2 million in the three and nine months ended September 30, 2021 are related to $3.4 million and $33.9 for the cash component of capitalized stripping activities, and $10.3 million and $25.3 million for sustaining equipment and infrastructure expenditures. Non-sustaining capital expenditures of $39.2 million and $111.5 million in the three and nine months ended September 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		Nine Months Ended	
		September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Gold sold	oz	118,989	133,036	359,432	304,247
Revenue	$	216.7	256.5	653.8	537.6
Less: Silver sales	$	(0.6)	(0.5)	(1.7)	(1.3)
Less: Copper sales	$	(3.6)	(1.3)	(7.7)	(3.7)
Less: Realized loss on Gold Contracts	$	-	(4.0)	(0.2)	(4.0)
Less: All-in sustaining costs	$	(107.1)	(116.7)	(317.2)	(286.2)
All-in sustaining costs margin	$	105.4	134.0	327.0	242.4
Total all-in sustaining costs margin	$/oz	886	1,007	909	796
Total all-in sustaining costs margin	%	49	52	50	45

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		Nine Months Ended	
		September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Gold sold	oz	118,989	133,036	359,432	304,247
Revenue	$	216.7	256.5	653.8	537.6
Less: Silver sales	$	(0.6)	(0.5)	(1.7)	(1.3)
Less: Copper sales	$	(3.6)	(1.3)	(7.7)	(3.7)
Less: Realized loss on Gold Contracts	$	-	(4.0)	(0.2)	(4.0)
Total proceeds	$	212.5	250.7	644.2	528.6
Total average realized price	$/oz	1,786	1,884	1,792	1,737
Less: Total cash costs	$/oz	727	633	646	712
Total average realized margin	$/oz	1,059	1,251	1,146	1,025
Total average realized margin	%	59	66	64	59

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 September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Basic weighted average shares outstanding	shares	85,748,013	85,527,218	85,703,270	85,497,317
Diluted weighted average shares outstanding	shares	86,020,975	86,266,996	86,034,295	86,084,631
Net income	$	36.5	60.3	152.2	17.1
Adjustments, after-tax:					
Care and maintenance costs	$	-	-	-	11.1
Unrealized foreign exchange (gain) loss	$	1.3	(1.2)	(1.6)	4.9
Unrealized (gain) loss on derivative contracts	$	-	(4.0)	(5.4)	14.8
Remeasurement of share-based payments	$	(1.7)	(1.5)	(6.0)	(1.9)
Tax effect of adjustments	$	0.1	2.0	3.9	(8.7)
Tax effect of currency translation on tax base	$	6.7	(4.3)	4.5	37.5
Adjusted net earnings	$	42.9	51.3	147.6	74.8
Per share - Basic	$/share	0.50	0.60	1.72	0.88
Per share - Diluted	$/share	0.50	0.59	1.72	0.87

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 September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Net income	$	36.5	60.3	152.2	17.1
Finance costs , net	$	0.3	3.4	0.1	10.7
Depreciation and amortization [1]	$	52.1	67.7	153.1	159.9
Current income tax expense	$	34.6	56.7	102.6	54.7
Deferred income tax (recovery) expense	$	(3.8)	(25.2)	(8.7)	4.7
EBITDA	$	119.7	162.9	399.3	247.1
Adjustments:					
Care and maintenance	$	-	-	-	8.0
Unrealized foreign exchange (gain) loss	$	1.3	(1.2)	(1.6)	4.9
Unrealized (gain) loss on derivative contracts	$	-	(4.0)	(5.4)	14.8
Remeasurement of share-based payments	$	(1.7)	(1.5)	(6.0)	(1.9)
Adjusted EBITDA	$	119.3	156.2	386.3	272.9

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 September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Net cash generated from operating activities	$	87.8	173.3	235.4	205.0
Less:					
Additions to property, plant and equipment	$	(58.0)	(40.8)	(173.5)	(93.3)
Interest paid	$	(0.4)	(2.1)	(1.3)	(6.6)
Free cash flow	$	29.4	130.4	60.6	105.1

Net cash

Net cash is a non-IFRS measure with no standardized meaning under IFRS. Net cash 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		September 30, 2021	December 31, 2020
Cash and cash equivalents	$	221.6	174.1
Short-term investments	$	-	32.1
Less: Debt	$	-	(38.8)
Less: Lease obligations	$	(3.8)	(4.6)
Less: Deferred financing charges	$	-	(1.2)
Net cash	$	217.8	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.

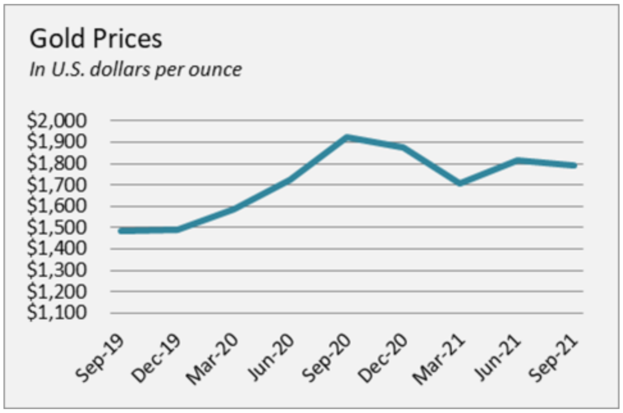
ECONOMIC TRENDS

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.

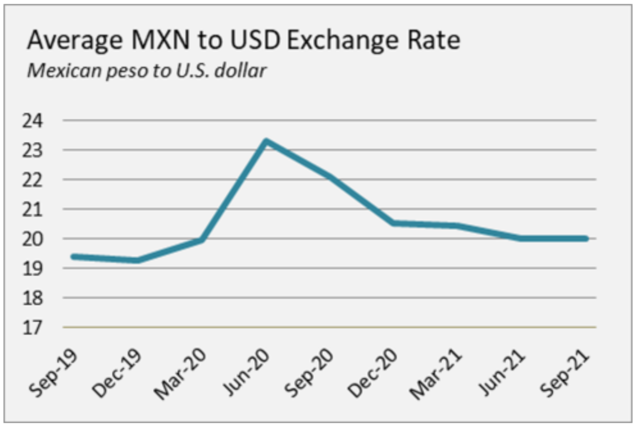
		Three Months Ended September 30,		Nine Months Ended September 30,	
		2021	2020	2021	2020
Average market spot prices					
Gold	$/oz	1,790	1,911	1,800	1,737
Average market exchange rates					
Mexican peso : U.S. dollar	Peso : $	20.0	22.1	20.1	21.8
Canadian dollar : U.S. dollar	C$: $	1.26	1.33	1.25	1.35

Metal prices



The Company's profitability and operating cash flows are significantly impacted by the price of gold. From January 2021 to September 2021 and based on closing prices, gold prices decreased 7%. As of September 30, 2021 the Company has no remaining gold contracts.

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 55% of the Company's payments for nine months ended September 30, 2021 were incurred in Mexican pesos. 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 20.1 and 22.1 pesos during the quarters ended September 30, 2021 and 2020, representing an appreciation of 9% 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		Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
Financial Results									
Revenue	$	216.7	205.9	231.2	251.6	256.5	109.1	172.0	190.0
Net income (loss)	$	36.5	60.7	55.0	91.9	60.3	3.8	(47.0)	35.1
Per share - Basic	$/share	0.43	0.71	0.64	1.07	0.71	0.04	(0.55)	0.41
Per share - Diluted	$/share	0.41	0.69	0.62	1.05	0.69	0.04	(0.57)	0.41

For each of the eight most recently 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 past gold collar contracts that were in place prior to September 30, 2021. 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 assets and liabilities.

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 nine months ended September 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 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 and have continued.

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 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/or 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, 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 third 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 September 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 President and Chief Executive Officer 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 Dave Stefanuto, P.Eng, EVP, Technical Services and Capital Projects of Torex 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

Media 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, continue the Early Works to maintain the schedule to first production, and begin the ELG pushback to deliver a smooth transition between ELG and the ramp up of Media Luna, 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.

The ability to continue to develop and test Muckahi is dependent on available funding from Torex's resources including 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 three year production outlook for ELG; the objectives for 2021; the expectation that the Company will achieve full year production and 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 $75 million to $90 million; lower than anticipated profit-sharing ("PTU") in 2021; positive factors as set out in the MD&A 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; non-sustaining capital expenditure is expected to be towards the upper end of the guided range of $125 million to $150 million; capitalized waste guidance for 2021 has been revised from $55 million to $60 million to $45 million to $50 million; waste mining deferred during Q3 is expected to be made up for over the next several quarters; expectation that cyanide consumption rates to remain elevated over 2020 rates as we mine deeper in the open pits; plans to continue implementation of measures to achieve conformance with the International Cyanide Management Code; 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; as a result of the additional waste removal the 2021 strip ratio is now estimated at approximately 7.5:1. 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.investment in Media Luna is guided between $100.0 million and $110.0 million for 2021; a majority of the guided spend ($65.0 million to $70.0 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 fourth quarter of 2021; the Media Luna Feasibility Study 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; the capital costs relative to the 2018 Preliminary Economic Assessment for Media Luna are expected to be impacted by industry-wide inflation given elevated prices for key construction materials, scope changes related to the design of the project (such as access via the Guajes Tunnel and South Portal complex, addition of a water treatment plant, larger underground fleet, and increased development ahead of commercial production), as well as costs associated with COVID-19. the Company intends to fund these expenditures from cash flows generated from the existing mining operations and/or other financing arrangements. 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 10 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; plans to build a new 8.5 megawatt solar plant at the Morelos Property; 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; 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; market price for gold and foreign currency exchange rates are the most significant external factors that affect the Company’s financial performance. 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; 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; 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 Revolving 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.

November 2, 2021