TOREX GOLD RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 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 February 23, 2022 and should be read in conjunction with the Company's audited consolidated financial statements and related notes for the year ended December 31, 2021. This MD&A contains forward-looking statements that are subject to risks and uncertainties as discussed under "Cautionary Notes". This MD&A also includes the disclosure of certain non-GAAP financial measures. Refer to "Non-GAAP Financial Performance Measures" which identifies all non-GAAP measures discussed in this MD&A for further information, including a reconciliation to the comparable IFRS measures. All dollar figures included herein are United States dollars ("U.S. dollar") unless otherwise stated.

FULL YEAR 2021 HIGHLIGHTS

- **Safety excellence continues:** Exited the year with a lost time injury frequency ("LTIF") of 0.14 per million hours worked on a rolling 12-month basis, in line with the Company's 2021 safety target of an LTIF less than 1.0.
- **Record annual production:** Delivered record annual gold production of 468,203 ounces ("oz"), surpassing the prior record of 454,811 ounces set in 2019. Full year production was at the upper end of the guided range of 430,000 to 470,000 oz. During the year, the Company also set a record milling rate of more than 12,360 tonnes per day ("tpd") and a record underground mining rate of 1,260 tpd.
- **Record gold sold:** Record gold sales of 468,823 ounces at an average realized gold price[1] of $1,794 per ounce, generating revenue of $855.8 million.
- **Met or beat full year cost guidance:** Total cash costs[1] of $674 per ounce sold, below the guided range of $680 to $720 per ounce. All-in sustaining costs[1] of $928 per ounce, at the lower end of the guided range of $920 to $970 per ounce. All-in sustaining costs margin[1] of $865 per ounce gold sold, implying an all-in sustaining costs margin[1] of 47%. Cost of sales was $529.3 million, or $1,129 per ounce sold, in 2021.
- **Strong profitability and EBITDA[1]:** Net earnings of $151.7 million or $1.77 per share on a basic basis and $1.71 per share on a diluted basis. Net earnings include a non-cash impairment of $40.7 million related to the Company's monorail-based mining equipment which was incurred during the fourth quarter. Adjusted net earnings[1] of $180.0 million or $2.10 per share on a basic basis and $2.09 per share on a diluted basis. Generated EBITDA of $461.6 million and adjusted EBITDA[1] of $490.8 million. EBITDA includes the non-cash impairment reported within net earnings.
- **Robust cash flow generation and financial liquidity:** Net cash[1] as at December 31, 2021 of $252.4 million including $255.7 million in cash and $3.3 million of lease obligations, with no debt and an undrawn $150 million credit facility, providing more than $405 million in available liquidity. Cash flow from operations totalled $330.0 million and $365.2 million prior to changes in non-cash operating working capital, including income taxes paid of $127.9 million. Generated $97.9 million in free cash flow[1], which includes an outflow of $35.2 million related to changes in non-cash operating working capital.
- **Progress on Media Luna:** Capital expenditures of $115.6 million were incurred related to the Media Luna Project. Guajes tunnel development from the north accelerated with improved processes achieving over 1 kilometre of advance by year end. The South Portal Upper tunneling progressed with a total development of 332 metres and the South Portal Lower tunnelling progressed 233 metres by year end.
- **Technical Report remains on track:** The Company's Technical Report remains on track for release at the end of the first quarter of 2022. The Technical Report will include an integrated mine plan and economics for the integrated Morelos operation including ELG Open Pits, ELG Underground, and Media Luna.
- **Staying COVID-19 resistant:** No production interruptions in 2021 due to COVID-19. By year end, 97% of employees and 85% of the contractor workforce were fully vaccinated.

- **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.
- **ESG ratings much improved from 2020 owing to focused enhancements on disclosure:** MSCI to A from BBB; Refinitiv to B from C+, ISS governance achieved a "1" rating, Sustainalytics to 35.3 from 47.7.

Q4 2021 HIGHLIGHTS

- **Safety performance:** No lost time injuries in the quarter.
- **Gold production:** Produced 109,411 ounces of gold.
- **Gold sold:** Sold 109,391 ounces of gold at an average realized gold price[1] of $1,798 per ounce, generating revenue of $202.0 million.
- **Total cash costs[1] and all-in sustaining costs[1]:** Total cash costs of $764 per ounce sold and all-in sustaining costs of $1,079 per ounce sold. Cost of sales was $1,235 per ounce sold in the fourth quarter.
- **Net earnings and adjusted net earnings[1]:** Reported a net loss of $0.5 million or a loss of $0.01 per share on both a basic and diluted basis. Adjusted net earnings of $32.4 million or $0.38 per share on a basic and diluted basis. Net earnings include a non-cash impairment of $40.7 million related to the Company's monorail-based mining equipment.
- **EBITDA[1] and adjusted EBITDA[1]:** Generated EBITDA of $62.4 million and adjusted EBITDA of $104.6 million. EBITDA includes the non-cash impairment reported within net earnings.
- **Cash flow from operations:** Cash flow from operations for the quarter totalled $94.6 million and $87.4 million prior to changes in non-cash operating working capital, including income taxes paid of $17.7 million.
- **Free cash flow[1]:** Generated $37.3 million in free cash flow.

[1] These measures are non-GAAP financial measures. Refer to "Non-GAAP Financial Performance Measures" for further information and a detailed reconciliation to the comparable IFRS measures.

OPERATING AND FINANCIAL HIGHLIGHTS

Table 1.

In millions of U.S. dollars, unless otherwise noted		Three Months Ended			Year Ended	
		Dec 31, 2021	Sep 30, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
Operating Results						
Lost time injury frequency (12-month rolling)	/million hours worked	0.14	0.26	0.15	0.14	0.15
Total recordable injury frequency (12-month rolling)	/million hours worked	2.32	2.44	2.52	2.32	2.52
Gold produced	oz	109,411	111,229	130,649	468,203	430,484
Gold sold	oz	109,391	118,989	133,063	468,823	437,310
Total cash costs [1]	$/oz	764	727	579	674	672
Total cash costs margin[1]	$/oz	1,034	1,059	1,268	1,120	1,099
All-in sustaining costs [1]	$/oz	1,079	900	886	928	924
All-in sustaining costs margin [1]	$/oz	719	886	961	865	847
Average realized gold price [1]	$/oz	1,798	1,786	1,847	1,794	1,771
Financial Results						
Revenue	$	202.0	216.7	251.6	855.8	789.2
Cost of sales	$	135.1	142.6	143.0	529.3	532.0
Earnings from mine operations	$	66.9	74.1	108.6	326.5	257.2
Impairment loss	$	41.2	-	-	41.2	-
Net income	$	(0.5)	36.5	91.9	151.7	109.0
Per share - Basic	$/share	(0.01)	0.43	1.07	1.77	1.27
Per share - Diluted	$/share	(0.01)	0.41	1.05	1.71	1.25
Adjusted net earnings [1]	$	32.4	42.9	60.9	180.0	135.7
Per share - Basic [1]	$/share	0.38	0.50	0.71	2.10	1.59
Per share - Diluted [1]	$/share	0.38	0.50	0.71	2.09	1.58
EBITDA [1]	$	62.4	119.7	165.9	461.6	413.0
Adjusted EBITDA [1]	$	104.6	119.3	158.5	490.8	431.4
Cost of sales	$/oz	1,235	1,198	1,075	1,129	1,217
Cash from operating activities	$	94.6	87.8	137.1	330.0	342.1
Cash from operating activities before changes in non-cash operating working capital	$	87.4	100.2	140.8	365.2	328.8
Free cash flow[1]	$	37.3	29.4	86.9	97.9	192.0
Cash and cash equivalents and short-term investments	$	255.7	221.6	206.2	255.7	206.2
Net cash [1]	$	252.4	217.8	161.6	252.4	161.6

1. Adjusted net earnings, total cash costs, total cash costs margin, all-in sustaining costs, all-in sustaining costs margin, average realized gold price, EBITDA, adjusted EBITDA, free cash flow and net cash are non-GAAP financial measures with no standard meaning under International Financial Reporting Standards ("IFRS"). Refer to "Non-GAAP Financial Performance Measures" for further information and a detailed reconciliation to the comparable IFRS measures.

2021 REPORT

The following abbreviations are used throughout this document: $ (United States dollar), C$ (Canadian dollar), AISC (all-in sustaining costs), Au (gold), Ag (silver), Cu (copper), oz (ounce), gpt (grams per tonne), kt (thousand tonnes), mt (million tonnes), m (metres), km (kilometres), w:o (waste to ore), tpd (tonnes per day), and ktpd (thousand 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"), comprising the El Limón Guajes open pits (the "ELG Open Pits"), the El Limón Guajes underground mine (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.

2021 PERFORMANCE AND 2022 GUIDANCE

The Company met the high end of full year production guidance of 430,000 to 470,000 oz of gold, with record annual gold production of 468,203 oz. Cost guidance was met or beat; Total Cash Costs[1] of $674 per oz were below the target range of $680 to $720 per oz, and All-in Sustaining Costs[1] of $928 per oz were at the low end of the target range of $920 to $970 per oz sold. Sustaining capital expenditures[1] of $85.3 million were within the guidance of $75 to $90 million.

The following table summarizes the Company's performance relative to 2021 guidance.

Table 2.

In millions of U.S. dollars, unless otherwise noted		2021 Guidance[2]	2021 Performance	2022 Guidance
Gold Production	oz	430,000 to 470,000	468,203	430,000 to 470,000
Total Cash Costs[1]	$/oz	680 to 720	674	695 to 735
All-in Sustaining Costs[1]	$/oz	920 to 970	928	980 to 1,030
Capitalized Stripping[1]	$	45 to 50	49.1	50 to 60
Other Sustaining Expenditures[1]	$	30 to 40	36.2	35 to 45
Sustaining Capital Expenditures[1]	$	75 to 90	85.3	85 to 105
ELG Non-Sustaining Capital Expenditures[1]	$	25 to 40	36.8	15 to 20
Media Luna Non-Sustaining Capital Expenditures[1]	$	100 to 110	115.6	Pending[3]
Non-Sustaining Capital Expenditures[1]	$	125 to 150	152.4	Pending

1. These measures are non-GAAP financial measures. Refer to "Non-GAAP Financial Performance Measures" for further information and a detailed reconciliation to historical IFRS measures.
2. 2021 guidance was updated mid-year to reflect increased level of capital stripping related to approval of the El Limón pushback.
3. Full-year non-sustaining capital expenditure guidance for Media Luna will be announced when the Company releases an updated Technical Report for the broader Morelos Property at the end of March. Anticipated project-specific investment in Q1 2022 is estimated at $50 million, with the quarterly level of project expenditures anticipated to increase through the year as development activities ramp-up.

Capitalized stripping of $49.1 million was within the guidance range despite less waste 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. Waste mining deferred during Q3 was made up for during Q4 and will continue to be made up over the next several quarters.

Non-sustaining capital expenditures were $152.4 million, which was slightly above 2021 guidance of $125 to $150 million. This was due to the approval of additional capital at Media Luna announced in Q2 2021 related to the development of a second portal south of the Balsas River ("South Portal Lower") and the expansion of the 2021 infill drilling program. In addition, there was further exploration around the Media Luna deposit in November and December 2021, including holes in areas not previously tested.

The Company released 2022 operational guidance for ELG on January 19, 2022, including production, total cash costs, all-in sustaining costs, as well as ELG-specific sustaining and non-sustaining capital expenditures. Non-sustaining capital expenditure guidance specific to Media Luna will be provided when the Company releases an updated Technical Report by the end of Q1 2022.

2021 PERFORMANCE AND 2022 OBJECTIVES[1]

2021 Performance	2022 Objectives
Production	
Safety – no fatalities, lost time injury frequency (LTIF) of <1 per million hours worked. *Assessment: Met target with no fatalities and a LTIF of 0.14*	**Safety** – no fatalities, no lost time injuries
	Climate – establish Torex's Net Zero Carbon Commitment and associated long-term plan
Environmental protection – zero reportable spills of 1,000 litres or more, that report to the river or reservoir *Assessment: Met target with no reportable spills that reported to the river or reservoir*	**Environmental protection** – zero reportable spills of 1,000 litres or more that report to a natural water body
Production – 430,000 to 470,000 oz of gold produced *Assessment: Met upper end of target with 468,203 oz*	**Production** – 430,000 to 470,000 oz of gold produced
Cost Control: Total cash costs of $680 to $720 per oz *Assessment: Exceeded target with TCC of $674/oz*	**Cost Control**: Total cash costs of $695 to $735 per oz
All-in sustaining costs of $920 to $970 per oz *Assessment: Met target with AISC of $928/oz*	All-in sustaining costs of $980 to $1,030 per oz
Sustaining capital expenditure of $75 million to $90 million *Assessment: Met target with $85.3 million*	ELG mine and plant sustaining capital expenditure of $35 million to $45 million
	ELG capitalized waste stripping of $50 million to $60 million
Non-sustaining capital expenditure of $125 million to $150 million *Assessment: Slightly above guided range at $152.4 million due to approval of additional capital at Media Luna announced at Q2 2021 related to the South Portal Lower and expanded infill program.*	ELG non-sustaining capital expenditure of $15 million to $20 million
	Media Luna non-sustaining capital expenditure – to be finalized with release of feasibility study in Q1 2022

1 The Company's internal performance objectives and external capital market guidance for sustaining capital expenditures were revised in Q2 2021, following the approval of the pushback at the El Limón open pit.

2021 Performance	2022 Objectives
Set up for growth	
Strip 38 million tonnes of waste in the open pits; 10,000 metres of development in the underground *Assessment; 36 million tonnes of stripped waste due to rockfall and blasting incidents in Q3, within 5% of target*	Strip 37 million tonnes of waste in the open pits; 12,500 metres of development in the underground
Complete 44,000 metre infill drilling program for Media Luna *Assessment: Exceeded target - original infill drilling program was extended through the second half of 2021 expanding to 78,000 metres*	Continue Media Luna infill and step-out drilling program - $19 million of capital expenditures to execute 64,000 metres of infill and step-out drilling at Media Luna as well as an initial infill drill program at the adjacent EPO deposit
Advance Media Luna Feasibility Study for release in the first quarter of 2022 *Assessment: Met target, on track*	Complete Feasibility Study in Q1, 2022
Complete 2021 Media Luna early works program • Guajes tunnel 2,700 metres developed • South Portal 1 collared and 1,600 metres developed *Assessment: Did not meet target* • *Guajes tunnel 1,033 metres developed* • *South Portal Upper – 332 metres advanced; South Portal Lower – 233 metres advanced*	Execute over 2,000 metres of development in each of Guajes tunnel, South Portal Upper and South Portal Lower, obtain MIA Integral permit in H1/2022 Complete ELG Brownfield Exploration Program – 73,000 metres of drilling and $14 million in expenditures
Complete Muckahi rate test program by the end of the first half of 2021 *Assessment: Met target, program completed in June 2021*	Continue Morelos Exploration Program - $3 million to execute 6,000 metres of drilling
Conduct self-assessment against World Gold Council's Responsible Gold Mining Principles (RGMPs), independently verified and assured by a third party *Assessment: Met target, independently-verified Year 1 report publicly issued in October*	Ongoing compliance toward global ESG standards, including the RGMPs, International Cyanide Management Code and Global Industry Standard on Tailings Management.

FINANCIAL RESULTS

Table 3.

In millions of U.S. dollars, unless otherwise noted	Three Months Ended Dec 31, 2021	Three Months Ended Dec 31, 2020	Year Ended Dec 31, 2021	Year Ended Dec 31, 2020
Revenue	202.0	251.6	855.8	789.2
Gold	196.7	249.6	841.2	782.2
Silver	0.8	0.5	2.5	1.8
Copper	4.5	1.5	12.1	5.2
Cost of sales	135.1	143.0	529.3	532.0
Production costs	82.8	71.5	304.9	277.2
Depreciation and amortization	46.3	63.9	198.8	220.1
Royalties	6.0	7.6	25.6	23.6
Care and maintenance	-	-	-	11.1
Earnings from mine operations	66.9	108.6	326.5	257.2
Exploration and evaluation expenses	3.2	1.6	7.2	4.5
General and administrative expenses	6.5	7.2	20.4	20.9
Impairment loss	41.2	-	41.2	-
Derivative (gain) loss, net	-	(6.8)	(3.1)	36.4
Finance costs, net	0.7	3.2	0.8	13.9
Foreign exchange (gain) loss	0.3	4.8	(1.1)	6.4
Current income tax expense	20.8	60.2	123.4	114.9
Deferred income tax recovery	(5.3)	(53.5)	(14.0)	(48.8)
Net income (loss)	(0.5)	91.9	151.7	109.0
Per share - Basic ($/share)	(0.01)	1.07	1.77	1.27
Per share - Diluted ($/share)	(0.01)	1.05	1.71	1.25
Adjusted net earnings [1]	32.4	60.9	180.0	135.7
Per share - Basic ($/share) [1]	0.38	0.71	2.10	1.59
Per share - Diluted ($/share) [1]	0.38	0.71	2.09	1.58
Cost of sales ($/oz)	1,235	1,075	1,129	1,217
Total cash costs ($/oz) [1]	764	579	674	672
Total cash costs margin ($/oz) [1]	1,034	1,268	1,120	1,099
All-in sustaining costs ($/oz) [1]	1,079	886	928	924
All-in sustaining costs margin ($/oz) [1]	719	961	865	847
Average realized gold price ($/oz) [1]	1,798	1,847	1,794	1,771

1. These measures are non-GAAP financial measures. Refer to "Non-GAAP Financial Performance Measures" for further information and a detailed reconciliation.

2021 FINANCIAL RESULTS

Revenue totalled $855.8 million

Record revenue of $855.8 million resulting from record gold ounces produced and sold, despite challenges associated with COVID-19, and both a shutdown of the rope conveyor to carry out necessary maintenance and a rock fall incident at the El Limón pit which negatively impacted production in the third quarter. The increase in revenue year over year is primarily due to a higher number of oz of gold sold and a higher average realized price. The Company sold 468,823 oz of gold at an average realized price of $1,794 per oz in 2021 compared to 437,310 oz of gold at an average realized price[1] of $1,771 per oz in 2020. The number of ounces produced and sold in 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 $529.3 million or $1,129 per oz sold

The cost of sales for 2021 is consistent with the prior year despite higher cyanide consumption due to limited oxygen supply during the first quarter, and then higher copper and iron in sulphides thereafter as mining reached deeper in the open pits. Cost of sales in 2021 was positively impacted by lower costs related to the employee profit sharing arrangement in Mexico due to legislative reform in late 2021, and lower depreciation expenses as Guajes West capitalized stripping became fully depreciated in the second quarter of 2021. The cost of sales per oz sold is lower due to the higher number of oz of gold sold in 2021, and care and maintenance costs incurred in 2020 due to the temporary suspension of operations.

Total Cash Costs[1] were $674 per oz sold

Total Cash Costs per oz of gold sold is relatively consistent with the comparative period. Increases in production costs and royalties in 2021 were in line with increased quantities of gold sold.

All-in Sustaining Costs were $928 per oz sold

The increase in AISC compared to the prior year is due to slightly higher sustaining capital expenditures[1] due to higher capitalized stripping with the approval of El Limón pit expansion. Sustaining capital expenditures in the year ended December 31, 2021 were $49.1 million for capitalized stripping activities, and $36.2 million for sustaining equipment and infrastructure.

General and administrative expenses of $20.4 million

The general and administrative expenses are consistent compared to the prior year.

Impairment loss of $41.2 million

During the fourth quarter of 2021, the Company recorded a non-cash impairment charge of $40.7 million with respect to its monorail-based mining system, and $0.5 million related to a provision for obsolescence of materials and supplies. As at December 31, 2021, the Company does not have plans to use the monorail-based technology in its operations for the foreseeable future, nor invest in further development of the system. In addition, in the fourth quarter of 2021, the Company made a decision not to use this technology for the development of the Guajes tunnel.

Finance costs, net of finance income, of $0.8 million

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

Derivative gain of $3.1 million

The derivative gain in 2021 is primarily due to a decrease in gold prices in 2021, which positively impacted the Company's gold contracts which expired in the third quarter. The derivative loss of $36.4 million in 2020 was primarily due to losses on foreign currency forward contracts held during that year. The remaining derivative contracts at the end of 2020 had a fair value liability of $5.5 million and were extinguished in the first half of 2021.

Foreign exchange gain of $1.1 million

The increased foreign exchange gain is primarily related to a 2.8% depreciation of the Mexican peso based on closing rates in the twelve months ended December 31, 2021, compared to the closing rate on December 31, 2020.

Current income and mining tax expense of $123.4 million

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

Deferred income tax recovery of $14.0 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,

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

partially offset by the tax effect of currency translation on the tax base. There was a significant devaluation of the Mexican peso in the first quarter of 2020, which resulted in a significant deferred tax expense in 2020.

Net income of $151.7 million

Net income is higher for 2021 compared to the prior year 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 second quarter of 2020.

FOURTH QUARTER 2021 FINANCIAL RESULTS

Revenue totalled $202.0 million

The decrease in revenue compared to the fourth quarter of 2020 is primarily due to a lower average realized price and lower number of oz of gold sold. The Company sold 109,391 oz of gold at an average realized price[1] of $1,798 per oz in the fourth quarter of 2021, compared to 133,036 oz at an average realized price of $1,847 per oz in the fourth quarter of 2020. The decrease in ounces sold is consistent with the mine plan and largely due to lower ore tonnes mined at the ELG open pits and underground as compared with the fourth quarter of 2020.

Cost of sales was $135.1 million or $1,235 per oz sold

Cost of sales decreased by 6% compared to the fourth quarter of 2020, primarily due to an 18% 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 fourth 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 average realized gold price.

Total Cash Costs[1] were $764 per oz sold

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

All-in Sustaining Costs were $1,079 per oz sold

The increase in AISC relative to the fourth quarter of 2020 is due to higher total cash costs per oz of gold sold.

General and administrative expenses of $6.5 million

General and administrative expenses are slightly lower than the fourth quarter of 2020, and are comprised primarily of corporate office employee costs, share-based compensation, and professional fee costs. The decrease is primarily due to lower share-based compensation expense and lower salaries and benefits resulting from the retirement of the Company's Executive Chairman and other management changes.

Finance costs, net of finance income, of $0.7 million

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

Derivative (gain) loss of nil

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

Foreign exchange loss of $0.3 million

The foreign exchange loss in the fourth quarter of 2021 is primarily related to a 0.5% appreciation of the Mexican peso since the beginning of the quarter.

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

Current income and mining tax expense of $20.8 million

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

Deferred income tax recovery of $5.3 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 December 31, 2021 was $18.4 billion pesos.

Net loss of $0.5 million

Net loss for the quarter was $0.5 million compared to net income of $91.9 million in the fourth quarter of 2020. The significant decrease is primarily due to an impairment loss of $41.2 million recorded in the period as well as a lower number of oz of gold sold, lower average realized gold price, and higher production costs.

RESULTS OF OPERATIONS

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

Table 4.

		Three Months Ended			Year Ended	
		Dec 31, 2021	Sep 30, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
Mining						
Total ELG Open Pits						
Ore tonnes mined	kt	864	1,406	1,689	4,761	5,498
Waste tonnes mined	kt	8,972	7,476	10,399	34,923	36,657
Total tonnes mined	kt	9,836	8,882	12,088	39,684	42,155
Ore tonnes mined per day	ktpd	9.4	15.3	18.4	13.0	15.1
Strip ratio	w:o	10.4	5.3	6.2	7.3	6.7
Average gold grade of ore mined	gpt	2.75	2.43	2.87	2.80	2.65
ELG Underground						
Ore tonnes mined	kt	95	113	120	461	366
Ore tonnes mined per day	ktpd	1.0	0.3	0.3	1.3	1.0
Average gold grade of ore mined	gpt	6.99	6.68	7.02	7.07	7.28
ELG Open Pits and Underground						
Ore tonnes mined	kt	959	1,519	1,809	5,222	5,864
Ore tonnes mined per day	ktpd	10.4	4.2	5.0	14.4	16.1
Average gold grade of ore mined	gpt	3.17	2.75	3.15	3.18	2.94
Processing						
Total tonnes processed	kt	1,160	1,150	1,156	4,512	4,162
Average plant throughput	tpd	12,612	12,500	12,565	12,362	11,372
Average gold recovery	%	88	89	89	88	89
Average gold grade of ore processed	gpt	3.35	3.48	4.01	3.65	3.64
Gold produced	oz	109,411	111,229	130,649	468,203	430,484
Gold sold	oz	109,391	118,989	133,063	468,823	437,310
Financial Metrics						
Total cash costs [1]	$/oz	764	727	579	674	672
All-in sustaining costs [1]	$/oz	1,079	900	886	928	924
All-in sustaining costs margin [1]	$/oz	719	886	961	865	847
Average realized gold price [1]	$/oz	1,798	1,786	1,847	1,794	1,771

1. These measures are non-GAAP financial measures. Refer to "Non-GAAP Financial Performance Measures" for further information and a detailed reconciliation.

Mining

A total of 959 kt of ore were mined in the fourth quarter of 2021, including 864 kt from the ELG Open Pits and 95 kt from the ELG Underground. Average waste to ore strip ratio ("strip ratio") in the open pits was 10.4:1. Excluding 95 kt of long-term, low-grade ore, the average gold grade of ore mined was 3.41 gpt.

In the fourth quarter of 2020, 1,809 kt of ore were mined, including 1,689 kt from the ELG open pits and 120 kt from the ELG Underground, with an average strip ratio in the open pits of 6.2:1. Excluding 334 kt of long-term, low-grade ore, the average gold grade of ore mined was 3.62 gpt in the fourth quarter of 2020.

The average strip ratio in the open pits was significantly higher in the fourth quarter of 2021 compared to the comparative period due to the El Limón pit expansion, which was approved in the second quarter of 2021. The expansion is expected to add approximately 150,000 oz of gold production and extend open pit mining to mid-2024.

A total of 5,222 kt of ore were mined in 2021, including 4,761 kt from the ELG open pits and 461 kt from the ELG Underground. Average strip ratio in the open pits was 7.3:1. Excluding 653 kt of long-term, low-grade ore, the average gold grade of ore mined was 3.50 gpt.

In 2020, 5,864 kt of ore were mined, including 5,498 kt from the ELG open pits and 366 kt from the ELG Underground. Average strip ratio in the open pits was 6.7:1. Excluding 585 kt of long-term, low-grade ore, the average gold grade of ore mined was 3.16 gpt.

At December 31, 2021, there were 4.8 mt of ore in stockpiles at an average grade of 1.33 gpt. Excluding 2.0 mt of long-term, low-grade stockpiles at an average grade of 0.94 gpt, the remaining 2.8 mt of ore in stockpiles are at an average grade of 1.61 gpt.

Gold Production and Sales

In the fourth quarter of 2021, 109,411 oz of gold were produced and 109,391 oz of gold were sold. Production in the fourth quarter of 2021 was lower than the comparative period primarily due to the lower average grade processed.

In 2021, 468,203 ounces of gold were produced and 468,823 ounces were sold – both annual records for the Company. Both production and sales were higher than the comparative period due to the decree from the Government of Mexico requiring all non-essential businesses to suspend operations during Q2 of 2020.

Plant Performance

Plant throughput achieved an average rate of 12,612 tpd in the quarter, which was higher than the preceding quarter, with an annual average milling rate of 12,362 tpd, a historical record for plant operations. As reported in previous quarters, the Company continues to mine deeper in the open pits, and ore characteristics continue exhibiting higher levels of copper and iron in sulphides, thereby increasing cyanide consumption. In the fourth quarter of 2021, the impact decreased in comparison to the previous quarters, and the Company incurred \$10.6 million in cyanide costs at a consumption rate of 3.92 kilograms per tonne milled, compared to \$13.3 million in the third quarter of 2021 at a consumption rate of 4.71 kilograms per tonne milled. Overall cyanide consumption for the year was 4.69 kilograms per tonne milled, higher than the 2020 rate of 2.94 kilograms per tonne milled. Plant gold recovery for the quarter was 88%, lower than previous quarter recovery of 89%, predominantly impacted by lower recovery levels in October and December related to processing low recovery ores mainly from the Guajes pit.

ENVIRONMENT, SOCIAL & GOVERNANCE

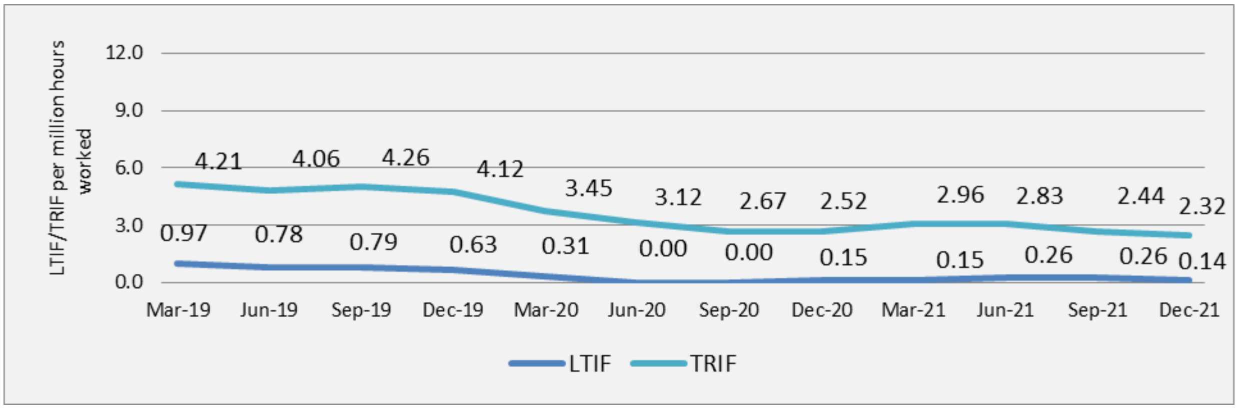
Safety

The Company's safety performance continued to be exceptional this quarter, with no lost time injuries among employees or contractors. The Company exited 2021 with a lost time injury frequency ("LTIF") of 0.14 per million hours worked, and a total recordable injury frequency ("TRIF") of 2.32 per million hours worked, both on a rolling

12-month basis. The Company closed out 2021 recording only one contractor lost time injury and met its corporate objective of achieving a LTIF of <1 per million hours worked. As at the end of December, employees and contractors had worked almost 6 million hours without a lost time injury.

In November, there was a short-term suspension of blasting activities due to a high potential uncontrolled blasting incident at Media Luna on the south side of the Balsas River. While there were no critical injuries or infrastructure damage, the Company fully investigated the incident to ensure that the appropriate standards were in order prior to resuming production.

Lost Time Injury Frequency and Total Recordable Injury Frequency Per Million Hours Worked on a Rolling 12-Month Basis: December 2020 – December 2021



COVID-19 Update

The Company continues to work diligently to prevent the spread of COVID-19, both within the workforce and host communities. In Q4, there were 34 confirmed cases of COVID-19 within the workforce, bringing the total to 360 cases since the start of the pandemic, with 349 individuals fully recovered as of December 31, 2021.

The Health Team continues to provide Rapid Antigen Tests, PCR swab tests, and rapid antibody tests near site via a mobile testing facility and preventive and biosecurity measures continue to be strictly followed. By year end, 97% of employees and 85% of the contractor workforce were fully vaccinated against COVID-19.

Environment & Climate Change

There were no reportable spills or environmental incidents in the fourth quarter, and 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 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.

In November, a dedicated session was held with the Torex Board of Directors on climate change, with emphasis on best practices in terms of governance and oversight. As part of its strategy, the Company expects to publicly disclose formal carbon reduction targets in 2022.

Community

Relationships with local communities continue to be positive and productive. The Company continued to work with its host communities to implement Community Development Agreements ("CODECOPs") that have been signed with 11 local host communities.

In the fourth quarter, a number of local projects and events were supported by the Company, including a new Technology Laboratory in the Mining Engineering School of the Universidad Autonoma de Guerrero. In addition, a number of projects were finalized in Balsas Sur, south of the Balsas River near Media Luna including a new computer centre in the elementary school, pavement of roads, a new artistic mural and recreation facilities for children.

EXPLORATION AND DEVELOPMENT ACTIVITIES

Media Luna Project Update

The Company continues to progress the Media Luna Feasibility Study and early works in order to make a formal project decision in the first quarter of 2022, and maintain the schedule to first production in the first quarter of 2024. Construction of the project facilities is expected to commence in the second quarter of 2022.

In April 2021, the 2019 resource model was updated to include the results from the full 137-hole program executed in 2020 plus a further 38 holes that formed part of the 2021 drill program. The Company announced an updated Mineral Resource estimate for the Media Luna Project, which, as of April 30, 2021, consists of a gold equivalent Indicated Resource[1] of 3.54 million oz at an average grade of 5.27 gpt, reflecting a 58% increase in contained metal in the Indicated Resource category compared to the previously reported estimate. The updated Inferred Resource (exclusive of Indicated) is estimated at 2.48 million gold equivalent ounces at an average grade of 4.08 gpt. Results from the 239 holes drilled in 2021 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 2021 infill drilling campaign concluded in early November 2021. From November to December 2021, additional exploration was carried out around the Media Luna deposit, including holes in areas not previously tested. A total of ~78,000 metres and 239 drill holes were drilled at Media Luna in 2021.

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 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 of December 31, 2021, the Company has capitalized $203.5 million of expenditures for the Media Luna project since the commencement of development, including $35.3 million in the fourth quarter of 2021. Expenditures include feasibility study ($27.7 million), early works ($98.3 million), infill drilling ($67.0 million) and others ($10.5 million).

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. Additionally, key scope decisions were concluded in Q4 that will reduce risk during project development and for operations. The Feasibility Study continues to progress on track for completion by the end of Q1 2022.

Early works on the south side of the Balsas River (the "river") continue to advance. Completed earthworks include the contractor camp facilities, portal access roads and the tunnel collaring of the South Portals. Ongoing surface works include finalization of the explosives magazine, excavation and ground support for the South Portal Lower,

[1] For more information see Media Luna mineral resource estimate on page 36

and construction of sediment ponds. The 7-kilometre long Guajes tunnel development from the north accelerated with improved processes, achieving over 1 kilometre of advance by year end. The tunnel development contractor has continued to establish all required facilities in support of tunnel advance on the south side. The South Portal Upper tunneling progressed with a total development of 332 metres and the South Portal Lower tunnelling progressed 233 metres by year end.

Investment in Media Luna was $115.6 million for 2021. A majority of the spend ($72.7 million) relates to a full year of development of the Guajes tunnel (including development, equipment purchases and other infrastructure) and development of South Portal Upper and Lower, which allow 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 2024.

With respect to the balance of the spend, the infill drilling program at Media Luna achieved 78,000 metres expanded from 44,000 metres, bringing the total 2021 infill drilling expenditure to $22.0 million. In addition, $14.0 million was 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 is expected to 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. In the fourth quarter of 2021 Torex initiated the application process with the power utility regulator "CFE" for the line power system upgrades required for commercial production.

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 Feasibility Study will leverage current processing and site costs for the ELG mine complex, 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 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 1, 2021.

As a result of the additional waste removal, the 2021 strip ratio was 7.3:1. The expanded El Limón open pit design results in the 2022 strip ratio estimated at approximately 8:1.

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. Exploration along the property was reactivated in 2019 which started to review the historical targets and additional target generation.

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 ELG brownfield program will continue in 2022 and beyond, 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 the ELG Underground 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.

Due to the staff rebalancing owing to COVID-19, in the first four months of 2021 the exploration team was moved to support the Media Luna infill drilling. A total of 25 km^2 of detailed magnetic survey (Drone-Magnetic survey) were carried out along the whole Media Luna cluster including the first gravimetry survey completed on the property. The objective of these new surveys was to improve the resolution of the magnetics and to improve the target generation focus on the findings of mineralization “traps”. One of the new magnetic anomalies was tested at the end of 2021 intersecting over 20 metres of skarn between Media Luna West and the Media Luna deposit (results pending).

Greenfield exploration resumed in April 2021 with focus on the Esperanza area which is located 1.5 km from the ELG mine complex. Evidence of skarn alteration was found but not a thick mineralized package; however, the evidence found suggests that the area has good potential to find a skarn ore body. This is one of the priority targets for 2022, including detailed mapping and surface sampling on the north of the Esperanza area.

The Company has allocated $3.0 million in the 2022 budget to fund the expansion of a regional exploration program within the Morelos Gold Property. The 2022 exploration program will focus on testing the most prospective targets including Esperanza, Querenque and Tecate on the north side of the Balsas River. Works planned include detailed surface mapping and sampling, geophysical surveys and drilling.

This forms part of a longer-term exploration strategy intended to identify and prove sources of ore feed to extend the life of ELG and Media Luna and increase annual production.

FINANCIAL CONDITION REVIEW

Summary Balance Sheet

The following table summarizes key balance sheet items at December 31, 2021:

Table 5.

In millions of U.S. dollars		Dec 31, 2021		Dec 31, 2020
Cash and cash equivalents	$	255.7	$	174.1
Short-term investments		-		32.1
Value-added tax receivables		63.0		45.4
Inventory		123.3		112.2
Deferred income tax assets		55.4		42.4
Property, plant and equipment		836.1		827.3
Other assets		25.4		18.9
Total assets	$	1,358.9	$	1,252.4
Accounts payable and accrued liabilities	$	121.4	$	119.9
Income taxes payable		70.9		77.9
Debt		-		38.8
Derivative contracts		-		5.2
Deferred income tax liabilities		23.3		24.3
Decommissioning liabilities		37.3		29.2
Other liabilities		5.6		11.0
Total liabilities	$	258.5	$	306.3
Total shareholders' equity	$	1,100.4	$	946.1

Cash and cash equivalents

The Company ended the fourth quarter of 2021 with cash on hand of $255.7 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 $17.6 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. The increase over the prior year is primarily a result of delays in receipt of $13 million of refunds in the fourth quarter of 2021, nearly all of which was received in January 2022.

Inventory

The increase in inventory is largely due to higher cash costs per ounce in stockpile, and higher materials and supplies inventory to mitigate supply chain interruptions.

Deferred income tax assets

The deferred tax asset relates to tax losses at the parent company level, and 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.

Property, plant and equipment

Property, plant and equipment increased due to additions of $263.6 million primarily related to infrastructure, equipment, capitalized stripping costs and construction in progress (including Media Luna), partially offset by depreciation and amortization of $214.1 million and an impairment loss of $40.7 million.

Other assets

The other assets balance comprises accounts receivable, prepaid expenses, advances and deposits and is higher than the balance at December 31, 2020 primarily due to increases in trade receivables and prepaid overhaul expenses.

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are relatively consistent with the prior year.

Income taxes payable

The decrease in the balance is primarily due to higher instalments made in 2021.

Derivative contracts

The balance at December 31, 2020 was 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 December 31, 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.

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 margin at December 31, 2021 was 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 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 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 December 31, 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 December 31, 2021 were $1,358.9 million (December 31, 2020 - $1,252.4 million), which includes $255.7 million in cash and cash equivalents (December 31, 2020 - $174.1 million).

Cash generated from operating activities before changes in non-cash operating working capital was $365.2 million for the year ended December 31, 2021, compared to $328.8 million for the year ended December 31, 2020. The increase in cash generated from operating activities before changes in non-cash operating working capital of $36.4 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 and royalties paid.

Investing cash outflows for the year ended December 31, 2021 were $203.7 million compared to $177.6 million for the prior year. 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.

Net cash used in financing activities for the year ended December 31, 2021 primarily related to the full repayment of the 2019 Debt Facility of $40.0 million in the first quarter of 2021. In comparison, for the year ended December 31, 2020, net cash flows from financing activities related primarily to draws on the Revolving Facility of $90.0 million, offset by repayments of debt of $232.2 million, and interest paid of $8.0 million.

As at December 31, 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 certain concessions is subject to a 2.5% royalty payable to the Mexican Geological Survey agency. The royalty is accrued based on revenue and is payable on a quarterly basis. In the year ended December 31, 2021, the Company paid $22.7 million for the 2.5% royalty relating to the fourth quarter of 2020 and the first, second and third quarters of 2021. As at December 31, 2021, the Company has accrued $5.1 million for the 2.5% royalty relating to the fourth quarter of 2021 (December 31, 2020 - $6.3 million).

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.

Quarterly production through 2022 is expected to be the lowest in the first quarter and the highest in the fourth quarter, with relative similar levels of production anticipated in the second and third quarters. The quarterly variability is attributed to sequencing of the ELG Open Pits, which is expected to result in processed grades increasing slightly through the year. However, given timing of tax and employee profit sharing payments, the Company's cash flow from operations is generally weighted towards the second half of the year as was the case in 2021 and 2020. Cash flow from operations in 2021 were impacted by payment of the Mexican based mining tax and 0.5% royalty of $34.5 million in respect of 2020 (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 in 2021 of $97.5 million. Taxes paid are reflected in cash flow from operations prior to changes in non-cash operating working capital. In the second quarter of 2021, the Company's cash flow from operations after changes in non-cash operating working capital were impacted by the 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 was in line with production during the third quarter of 2021 and 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 6.

	Payments Due by Period				
In millions U.S. dollars	**Total**	**Less than 1 year**	**1-3 years**	**4-5 years**	**Greater than 5 years**
Operating commitments	77.4	77.4	-	-	-
Capital commitments	9.0	9.0	-	-	-
Accounts payable and accrued liabilities	121.4	121.4	-	-	-
Leases	2.3	2.3	-	-	-
Total	**$ 210.1**	**$ 210.1**	**$ -**	**$ -**	**$ -**

OUTSTANDING SHARE DATA

Table 7.

Outstanding Share Data at February 23, 2022	**Number**
Common shares	85,813,959
Share purchase options [1]	109,696
Restricted share units [2, 3]	551,305
Performance share units [4]	623,838

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-GAAP FINANCIAL PERFORMANCE MEASURES

The Company has presented certain non-GAAP 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 and it may not be comparable to similar financial measures disclosed by other issuers. 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. In addition, the Compensation Committee of the Board of Directors uses certain of these measures, together with other measures, to set incentive compensation goals and assess performance. Cash costs are calculated as production costs and royalties less by-product sales.

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 and it may not be comparable to similar financial measures disclosed by other issuers. 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. In addition, the Compensation Committee of the Board of Directors uses certain of these measures, together with other measures, to set incentive compensation goals and assess performance.

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), sustaining 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. Non-sustaining costs are primarily those related to new operations and major projects at existing operations that are expected to materially benefit the current operation. The determination of classification of sustaining versus non-sustaining requires judgement by management. AISC excludes income tax payments, interest costs, costs related to business acquisitions, and costs related to growth projects. 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 8.

In millions of U.S. dollars, unless otherwise noted		Three Months Ended			Year Ended	
		Dec 31, 2021	Sep 30, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
Gold sold	oz	109,391	118,989	133,063	468,823	437,310
Total cash costs per oz sold						
Production costs and royalties	$	88.8	90.7	79.1	330.5	300.8
Less: Silver sales	$	(0.8)	(0.6)	(0.5)	(2.5)	(1.8)
Less: Copper sales	$	(4.5)	(3.6)	(1.5)	(12.1)	(5.2)
Total cash costs	$	83.5	86.5	77.1	315.8	293.8
Total cash costs per ounce sold	$/oz	764	727	579	674	672
All-in sustaining costs per oz sold						
Total cash costs	$	83.5	86.5	77.1	315.8	293.8
General and administrative costs [1]	$	6.1	4.9	7.0	25.6	22.1
Reclamation and remediation costs	$	1.1	1.1	1.0	4.5	3.6
Sustaining exploration costs	$	1.1	0.9	1.2	4.0	3.9
Sustaining capital expenditure [2]	$	26.1	13.7	31.6	85.3	80.7
Total all-in sustaining costs	$	118.0	107.1	117.9	435.3	404.1
Total all-in sustaining costs per oz sold	$/oz	1,079	900	886	928	924

1. This amount excludes a loss of $0.1 million and gain of $5.9 million for the three months and year ended December 31, 2021 and a loss of $0.1 million and gain of $1.8 million for the three months and year ended December 31, 2020 in relation to the remeasurement of share-based compensation. This amount also excludes corporate depreciation and amortization expenses totalling $0.2 million and $0.7 million for the three months year ended December 31, 2021 and $0.1 million and $0.4 million for the three months and year ended December 31, 2020 recorded within general and administrative costs. Included in general and administrative costs is share-based compensation expense in the amount of $0.7 million or $6/oz and $5.2 million or $11/oz for the three months and year ended December 31, 2021 (for the three months and year ended December 31, 2020, $1.3 million or $10/oz and $5.6 million or $13/oz).
2. Before changes in net working capital, capital expenditures for the three and twelve months ended December 31, 2021 totalled $67.5 million and $235.5 million, including lease payments of $0.6 million and $1.7 million. Sustaining capital expenditures of $26.1 million and $85.3 million in the three and twelve months ended December 31, 2021 are related to $15.2 million and $49.1 million for the cash component of capitalized stripping activities, and $10.9 million and $36.2 million for sustaining equipment and infrastructure expenditures. Non-sustaining capital expenditures of $40.9 million and $152.4 million in the three months and year ended December 31, 2021 relating to the Company's monorail-based mining technology, El Limón Deep, the Sub-Sill, and the Media Luna Project, have been excluded from AISC.

Reconciliation of Sustaining and Non-Sustaining Costs to Capital Expenditures

Table 9.

In millions of U.S. dollars, unless otherwise noted		Dec 31, 2021	Dec 31, 2020
Sustaining	$	36.2	37.0
Capitalized Stripping	$	49.1	43.7
Non-sustaining	$	36.8	34.0
Total ELG	$	122.1	114.7
Media Luna	$	115.6	51.7
Other & Working Capital Changes	$	(7.3)	(24.3)
Capital expenditures[1]	$	230.4	142.1

1. The amount of cash expended on additions to property, plant and equipment in the year as reported in the consolidated statements of cash flows.

Average Realized Price and Total Cash Costs Margin

Average realized price and total cash costs margin per oz of gold sold are non-GAAP financial measures that do not have a standard meaning under IFRS and as such, they may not be comparable to similar financial measures disclosed by other issuers. 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, divided by oz of gold sold. Total cash costs 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 Total Cash Costs Margin to Revenue

Table 10.

		Three Months Ended			Year Ended	
In millions of U.S. dollars, unless otherwise noted		Dec 31, 2021	Sep 30, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
Gold sold	oz	109,391	118,989	133,063	468,823	437,310
			-			
Revenue	$	202.0	216.7	251.6	855.8	789.2
Less: Silver sales	$	(0.8)	(0.6)	(0.5)	(2.5)	(1.8)
Less: Copper sales	$	(4.5)	(3.6)	(1.5)	(12.1)	(5.2)
Less: Realized loss on Gold Contracts	$	0.0	-	(3.8)	(0.2)	(7.8)
Total proceeds	$	196.7	212.5	245.8	841.0	774.4
Total average realized price	$/oz	1,798	1,786	1,847	1,794	1,771
Less: Total cash costs	$/oz	764	727	579	674	672
Total cash costs margin	$/oz	1,034	1,059	1,268	1,120	1,099
Total cash costs margin	%	58	59	69	62	62

All-in Sustaining Costs Margin

AISC margin and AISC margin per oz of gold sold are non-GAAP financial measures that do not have a standard meaning under IFRS and as such, they may not be comparable to similar financial measures disclosed by other issuers. 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, realized losses (gains) on gold derivative contracts, and AISC. 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 11.

In millions of U.S. dollars, unless otherwise noted		Three Months Ended Dec 31, 2021	Three Months Ended Sep 30, 2021	Three Months Ended Dec 31, 2020	Year Ended Dec 31, 2021	Year Ended Dec 31, 2020
Gold sold	oz	109,391	118,989	133,063	468,823	437,310
Revenue	$	202.0	216.7	251.6	855.8	789.2
Less: Silver sales	$	(0.8)	(0.6)	(0.5)	(2.5)	(1.8)
Less: Copper sales	$	(4.5)	(3.6)	(1.5)	(12.1)	(5.2)
Less: Realized loss on Gold Contracts	$	0.0	-	(3.8)	(0.2)	(7.8)
Less: All-in sustaining costs	$	(118.0)	(107.1)	(117.9)	(435.3)	(404.1)
All-in sustaining costs margin	$	78.7	105.4	127.9	405.7	370.3
Total all-in sustaining costs margin	$/oz	719	886	961	865	847
Total all-in sustaining costs margin	%	39	49	51	47	47

Adjusted Net Earnings

Adjusted net earnings and adjusted net earnings per share (basic and diluted) are non-GAAP financial measures with no standard meaning under IFRS and as such, they may not be comparable to similar financial measures disclosed by other issuers. 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 (loss) 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, unrealized gains and losses on derivative contracts, impairment provisions, remeasurement of share-based payments and the tax effect of currency translation on tax base, net of the tax effect of these adjustments. 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 Dec 31, 2021	Three Months Ended Sep 30, 2021	Three Months Ended Dec 31, 2020	Year Ended Dec 31, 2021	Year Ended Dec 31, 2020
Basic weighted average shares outstanding	shares	85,749,183	85,748,013	85,531,067	85,714,843	85,505,801
Diluted weighted average shares outstanding	shares	86,161,396	86,020,975	86,222,526	86,140,607	86,078,935
Net income (loss)	$	(0.5)	36.5	91.9	151.7	109.0
Adjustments:						
Care and maintenance costs	$	-	-	-	-	11.1
Unrealized foreign exchange (gain) loss	$	0.9	1.3	(1.9)	(0.7)	3.0
Change in unrealized gains and losses on derivative contracts	$	-	-	(11.5)	(5.4)	3.3
Impairment provisions	$	41.2	-	-	41.2	-
Currency translation adjustment	$	-	-	5.9	-	5.9
Remeasurement of share-based payments	$	0.1	(1.7)	0.1	(5.9)	(1.8)
Tax effect of above adjustments	$	(12.7)	0.1	2.3	(8.8)	(6.4)
Tax effect of currency translation on tax base	$	3.4	6.7	(25.9)	7.9	11.6
Adjusted net earnings	$	32.4	42.9	60.9	180.0	135.7
Per share - Basic	$/share	0.38	0.50	0.71	2.10	1.59
Per share - Diluted	$/share	0.38	0.50	0.71	2.09	1.58

Earnings before Interest, Taxes, Depreciation and Amortization “EBITDA” and Adjusted EBITDA

EBITDA and Adjusted EBITDA are non-GAAP measures with no standard meaning under IFRS and they may not be comparable to similar financial measures disclosed by other issuers. 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 (loss) 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, 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 Dec 31, 2021	Three Months Ended Sep 30, 2021	Three Months Ended Dec 31, 2020	Year Ended Dec 31, 2021	Year Ended Dec 31, 2020
Net income (loss)	$	(0.5)	36.5	91.9	151.7	109.0
Finance costs, net	$	0.7	0.3	3.2	0.8	13.9
Depreciation and amortization [1]	$	46.7	52.1	64.1	199.7	224.0
Current income tax expense	$	20.8	34.6	60.2	123.4	114.9
Deferred income tax (recovery) expense	$	(5.3)	(3.8)	(53.5)	(14.0)	(48.8)
EBITDA	$	62.4	119.7	165.9	461.6	413.0
Adjustments:						
Care and maintenance	$	-	-	-	-	8.0
Impairment loss	$	41.2	-	-	41.2	-
Change in unrealized gains and losses on derivative contracts	$	-	-	(11.5)	(5.4)	3.3
Foreign exchange (gain) loss	$	0.9	1.3	(1.9)	(0.7)	3.0
Remeasurement of share-based payments	$	0.1	(1.7)	0.1	(5.9)	(1.8)
Currency translation adjustment		-	-	5.9	-	5.9
Adjusted EBITDA	$	104.6	119.3	158.5	490.8	431.4

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-GAAP measure with no standardized meaning under IFRS and it may not be comparable to similar financial measures disclosed by other issuers. The Company defines free cash flow as net cash generated from operating activities less cash outlays for capital expenditures 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 Dec 31, 2021	Three Months Ended Sep 30, 2021	Three Months Ended Dec 31, 2020	Year Ended Dec 31, 2021	Year Ended Dec 31, 2020
Net cash generated from operating activities	$	94.6	87.8	137.1	330.0	342.1
Less:						
Additions to property, plant and equipment[1]	$	(56.9)	(58.0)	(48.8)	(230.4)	(142.1)
Interest paid	$	(0.4)	(0.4)	(1.4)	(1.7)	(8.0)
Free cash flow	$	37.3	29.4	86.9	97.9	192.0

1. The amount of cash expended on additions to property, plant and equipment in the year as reported on the consolidated statements of cash flows.

Net cash

Net cash is a non-GAAP measure with no standardized meaning under IFRS and it may not be comparable to similar financial measures disclosed by other issuers. Net cash is defined as total cash and cash equivalents and short-term investments less debt adjusted to exclude 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		Dec 31, 2021	Dec 31, 2020
Cash and cash equivalents	$	255.7	174.1
Short-term investments	$	-	32.1
Less: Principal amount of outstanding debt	$	-	(40.0)
Less: Lease obligations	$	(3.3)	(4.6)
Net cash	$	252.4	161.6

Unit Cost Measures

Unit cost measures are non-GAAP measures with no standardized meaning under IFRS and they may not be comparable to similar financial measures disclosed by other issuers. The Company defines unit cost measures as components of production costs calculated on a per unit basis (tonnes mined or tonnes processed). 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 operating performance and, in addition to sales, its ability to generate operating income and cash flow from its mining operations. Management uses this metric as an important tool to monitor operating costs.

Table 16.

	Three Months Ended				Twelve Months Ended			
In millions of U.S. dollars, unless otherwise noted	Dec 31, 2021		Dec 31, 2020		Dec 31, 2021		Dec 31, 2020	
Gold sold (oz)	109,391		133,063		468,823		437,310	
Tonnes mined - open pit (kt)	9,836		12,089		39,684		42,156	
Tonnes mined - underground (kt)	95		111		460		341	
Tonnes processed (kt)	1,160		1,156		4,512		4,162	
Total cash costs per ounce sold:								
Total cash costs ($)	83.5		77.1		315.8		293.8	
Total cash costs per ounce sold ($)	764.0		579.0		674.0		672.0	
Breakdown of production costs	**$**	**$/t**	**$**	**$/t**	**$**	**$/t**	**$**	**$/t**
Mining - open pit	26.3	2.67	27.0	2.24	103.2	2.60	91.4	2.17
Mining - underground	9.1	95.51	8.1	73.27	38.7	84.01	24.9	73.05
Plant	40.4	34.80	26.2	22.66	158.2	35.05	115.9	27.85
Site support	12.7	10.98	11.7	10.13	46.5	10.31	40.1	9.63
Mexican profit sharing (PTU)	4.6	3.93	13.0	11.29	16.3	3.61	27.5	6.61
Deferred stripping	(15.2)		(16.5)		(49.1)		(43.7)	
Inventory movement	3.8		(0.8)		(11.4)		23.7	
Other	1.1		2.7		2.5		(2.6)	
Production Costs	82.8		71.5		304.9		277.2	

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 operating 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 operating 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 operating working capital balances in the period.

ECONOMIC TRENDS

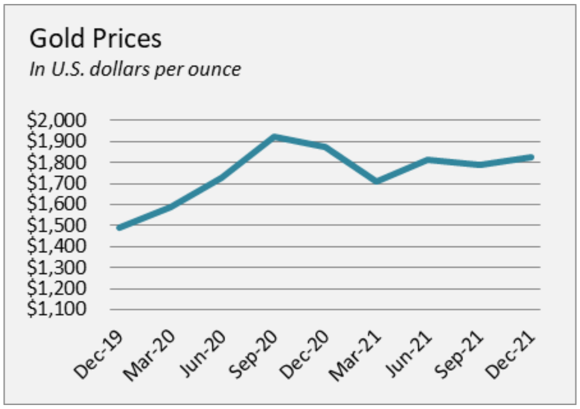
The market price for gold and foreign currency exchange rates are the most significant external factors that affect the Company's financial performance.

Table 17.

		Three Months Ended Dec 31,		Year Ended Dec 31,	
		2021	2020	2021	2020
Average market spot prices[1]					
Gold	$/oz	1,796	1,876	1,799	1,771
Closing market exchange rates[2]					
Mexican peso : U.S. dollar	Peso : $	20.5	19.9	20.5	19.9
Canadian dollar : U.S. dollar	C$: $	1.27	1.27	1.27	1.27
Average market exchange rates[2]					
Mexican peso : U.S. dollar	Peso : $	20.8	20.5	20.3	21.5
Canadian dollar : U.S. dollar	C$: $	1.26	1.30	1.25	1.34

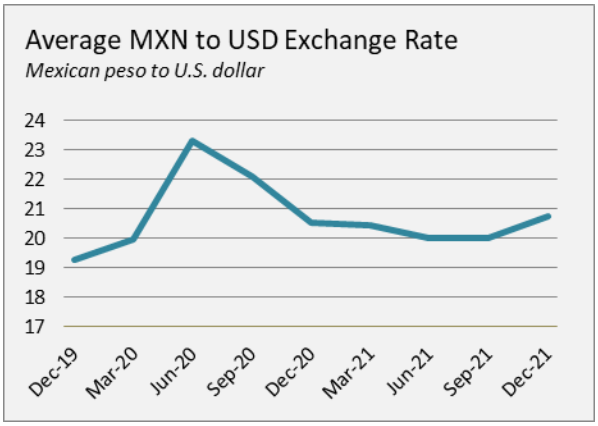
1. Source: Bloomberg
2. Sources: Bank of Mexico, Bank of Canada

Metal prices



The Company's profitability and operating cash flows are significantly impacted by the price of gold. From January 2021 to December 2021 and based on closing prices, gold prices increased 2%. The market price of gold exhibited significant volatility during 2020, and averaged $1,772, up 27% from the average price for 2019. From January 2020 to December 2020 and based on closing prices, gold prices increased 23%. As at December 31,2021 the Company had 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 twelve months ended December 31, 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 20.3 and 21.5 pesos during the years ended December 31, 2021 and 2020, representing an appreciation of 6% in the Mexican peso.

Summary of Annual Information

Table 18.

In millions, except per share amounts of U.S. dollars	Dec 31, 2021	Dec 31, 2020	Dec 31, 2019
Revenues	855.8	789.2	640.8
Net income	151.7	109.0	71.2
Income per share - basic	1.77	1.27	0.84
Income per share - diluted	1.71	1.25	0.83
Total assets	1,358.9	1,252.4	1,229.6
Long-term liabilities	64.1	101.1	242.6
Dividends	-	-	-

The consolidated annual financial statements for each of the three years' most recently completed financial years were prepared in accordance with IFRS. The presentation currency and functional currency are U.S. dollars. The Company adopted IFRS 16, Leases in the annual period beginning January 1, 2019. The Company elected to apply IFRS 16 using a modified retrospective approach and therefore, comparative amounts were not restated. The impact of the adoption of the new standard was not material to the Company's consolidated financial statements.

Revenue for the year ended December 31, 2021 was higher due to higher gold prices and higher oz sold compared to prior years. Revenue for the year ended December 31, 2021 represents a full year of operations while revenue for the year ended December 31, 2020 was negatively impacted by a temporary suspension of operations resulting from a decree by the Mexican government related to COVID-19. Revenues in 2019 were significantly lower than 2020 and 2021 primarily due to a much lower average realized gold price.

Net income and income per share have increased primarily due to higher revenues in each year.

Total assets increased in 2021 primarily due to higher cash balances resulting from free cash flow generated.

Long-term liabilities decreased year over year due to scheduled repayments and voluntary repayments made on the Company's debt facilities, finance leases and equipment loan during 2019 and 2020 and the full repayment of the outstanding debt during 2021.

SUMMARY OF QUARTERLY RESULTS

Quarterly Results for the Eight Most Recently Completed Quarters

Table 19.

In millions of U.S. dollars		2021 Dec 31	2021 Sep 30	2021 Jun 30	2021 Mar 31	2020 Dec 31	2020 Sep 30	2020 Jun 30	2020 Mar 31
Financial Results									
Revenue	$	202.0	216.7	205.9	231.2	251.6	256.5	109.1	172.0
Net income (loss)	$	(0.5)	36.5	60.7	55.0	91.9	60.3	3.8	(47.0)
Per share - Basic	$/share	(0.01)	0.43	0.71	0.64	1.07	0.71	0.04	(0.55)
Per share - Diluted	$/share	(0.01)	0.41	0.69	0.62	1.05	0.69	0.04	(0.57)

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

Refer to Notes 3 and 4 in the Company's audited consolidated financial statements for the year ended December 31, 2021.

RECENT ACCOUNTING PRONOUNCEMENTS

Refer to Note 3 in the Company's audited consolidated financial statements for the year ended December 31, 2021.

RISKS AND UNCERTAINTIES

The Company is subject to various business, financial, operational and other risks, uncertainties, contingencies and other factors which could materially adversely affect the Company's future business, operations, and financial condition and could cause such future business, operations and financial condition to differ materially from the forward-looking statements and information contained in this MD&A.

The nature of the Company's activities and the locations in which it operates mean that the Company's business generally is exposed to significant risk factors, known and unknown, many of which are beyond its control.

Certain of these risks are described below. For a comprehensive discussion of 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.

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 17 of the Company's audited consolidated financial statements for the year ended December 31, 2021 and 2020.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company is exposed to liquidity risks in meeting its operating expenditures in instances where cash positions are unable to be maintained or appropriate financing is unavailable. The primary sources of funds available to the Company are cash flows generated by the ELG Mine Complex, its cash reserves and any available funds under the 2021 Revolving Facility. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity.

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2021, the Company had cash balances of $255.7 (December 31, 2020 - $174.1). The Company maintains its cash in fully liquid business accounts. At December 31, 2021, the cash balance held by MML was $177.8 million compared to $141.4 million at December 31, 2020.

As at December 31, 2021, the $150.0 Revolving Facility remains undrawn (December 31, 2020 - $40.0 outstanding under the 2019 Debt Facility).

Cash flows that are expected to fund the operation of the ELG Mine Complex and settle current liabilities are dependent on, among other things, proceeds from gold sales. If operations at the ELG Mine Complex are shut down for a prolonged period of time, the Company may not be able to generate sufficient cash flow to meet its obligations or satisfy certain requirements of the Debt Facility. The Company may have various options available to mitigate the risk of breaching requirements under the TARCA, including seeking a waiver from the Lenders, which is outside the Company's direct control and failing that, settling the loan entirely and so removing the requirements under the TARCA.

Foreign Currency Risk

The Company is exposed to financial risk related to foreign exchange rates. The Company operates in Canada and Mexico and has exposure to financial risk arising from fluctuations in foreign exchange rates. The Company expects the majority of its exploration, project development, operating and decommissioning expenditures associated with the Morelos Gold Property to be paid in Mexican pesos and U.S. dollars.

As at December 31, 2021, the Company had cash and cash equivalents, VAT receivables and accounts payable and accrued liabilities that are denominated in Mexican pesos and in Canadian dollars. A 10% appreciation or depreciation of the Mexican peso relative to the U.S. dollar would have resulted in a decrease or increase of $0.4 million in the Company's net income from the translation of its financial instruments for the year ended December 31, 2021 assuming other variables remain unchanged. A 10% appreciation or depreciation of the Canadian dollar relative to the U.S. dollar would have resulted in a decrease or increase of $0.2 million in the Company's net income for the year ended December 31, 2021 assuming other variables remain unchanged.

In the first quarter of 2020, the Company entered into forward contracts for approximately 50% of its estimated Mexico peso expenditures until December 2020 or $234.0 million at a weighted average exchange rate of 19.70. In the second quarter of 2020, the Company extended the maturity dates of certain currency contracts due to settle in the second quarter of 2020, with a total notional value of $24.0 million, to future periods ranging from 7 to 11 months. There were no contracts remaining at December 31, 2021.

As at December 31, 2021, based on ending spot rates compared to the year ended December 31, 2020, the Mexican peso depreciated by 2.8%. This led to an increase in the U.S. dollar equivalent tax value of the Company's property, plant and equipment, which for tax purposes is denominated in Mexican pesos. This increase in value for tax purposes, without a change in the value of the property, plant and equipment for IFRS purposes (as it is denominated in U.S. dollars) decreased the temporary difference between the values. The difference in these values at December 31, 2021, multiplied by the applicable Mexican tax rate, derives an associated deferred tax liability. This value was higher than the equivalent deferred tax liability value calculated for the prior year. The difference in these liabilities contributed to a deferred tax recovery for the quarter.

Commodity Price Risk

Gold prices have fluctuated widely in recent years and there is no assurance that a profitable market will exist for gold produced by the Company. The Company had previously entered into a series of zero-cost collars to hedge against changes in gold prices for a total of 8,000 ounces of gold per month until September 2021. These contracts have expired and, as of December 31, 2021, the Company has no further outstanding gold collar positions.

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument or its fair value will fluctuate because of changes in market interest rates. The Revolving Facility bears interest at a rate of LIBOR plus an applicable margin based on the net leverage ratio on any loan or letter of credit outstanding. In February 2019, the Company entered into interest rate swap contracts for a fixed LIBOR of 2.492% on interest payments related to $150.0 million of the term loan to hedge against unfavourable changes in interest rates. In the second quarter of 2021, the Company unwound its interest rate swap contracts for a realized loss of $1.0 million.

The Company does not consider its interest rate risk exposure to be significant as at December 31, 2021 with respect to its cash and cash equivalents.

COVID-19 and Other Global Pandemics

The ongoing evolution of the COVID-19 pandemic and its impact on global economic conditions, continue to create significant uncertainty for the Company's operations and development projects. Despite the mass immunization programs limiting the spread of the virus in Mexico, the emergence of new variants has been causing infection rates to increase in certain areas, particularly among unvaccinated populations. While the Company's operations and projects have not been materially affected during the year, the Company continues to actively monitor the situation and adjust its mitigation measures, as necessary, to ensure the safety of its personnel, local communities and assets. Some of the measures implemented to manage the COVID-19 crisis are expected to remain in place for the foreseeable future and could result in disruptions to production, delays in the development timeline and increased costs.

Given the increased supply chain challenges, with extended delivery time and higher prices for many commodities, the Company continues to focus on working closely with the key suppliers to secure future delivery of materials, re-assessing the optimal inventory levels for safety supplies, bulk materials, and critical parts. While difficult to predict, the Company expects that these price pressures will extend into 2022, depending on when inflation conditions and global supply-chains normalize.

Climate Change

The Company's mining and processing operations are energy intensive, using fossil fuels and electricity, which may include fossil fuel-based electricity. Global climate change continues to attract considerable public, scientific and regulatory attention. Governments are moving to introduce climate change legislation and treaties at the international, national, state / provincial and local levels, in response to the potential impacts of climate change.

The increased regulation, such as of limiting the greenhouse gas emissions or the use of energy, or introducing new carbon or water taxes, may adversely affect the Company's operations, and related legislation is becoming more stringent, with an impact on the Company's compliance costs. In view of growing expectations from governments, investors and other stakeholders surrounding climate change risk, the Company opted to commission a standalone climate risk assessment to enhance its understanding of longer-term climate-related risks for our business, including both transition and physical risks. The Company also plans to complete an energy and greenhouse gas emissions reductions opportunities study, to build on related opportunities already being pursued by the Company and help position the business to align with the global transition to a lower-carbon future. Implementation of such plans may increase costs significantly and despite efforts by the industry and/or the Company to address climate change, such efforts may not be sufficient for investors who may decide to divest their interest in the industry and/or the Company which may affect the market price of the Company's shares.

In addition, the physical risks of climate change may also have an adverse effect on the Company's operations. These risks include extreme weather events such as increased frequency or intensity of rainfall or prolonged drought which could have the potential to disrupt operations. Effects of climate change or extreme weather events could have negative impacts on the Company's operations, development and exploration activities, including without limitation, stress on the water management system, limiting the drilling programs or causing prolonged disruption to the delivery of essential commodities, which may cause the Company's production efficiency to be reduced or delay in the Media Luna Project. Moreso, on long term, such climate change events or conditions could have adverse effects on the workforce and on the local communities surrounding the areas where the Company operates, such as an increased risk of food insecurity, water scarcity, civil unrest and the prevalence of disease. The Company can provide no assurance that efforts to mitigate the risks of climate changes will be effective and that the physical risks of climate change will not have an adverse effect on the Company's operations and profitability.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

The President and Chief Executive Officer and Chief Financial Officer evaluated or caused to be evaluated under their supervision the design and operating effectiveness of internal controls over financial reporting as defined by NI 52-109 as of December 31, 2021. Based on this evaluation, the President and Chief Executive Officer and Chief Financial Officer concluded that the Company's internal controls over financial reporting were designed and operating effectively as of December 31, 2021.

There was no change in the Company's internal controls over financial reporting that occurred during the fourth 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 and operating effectiveness of the disclosure controls and procedures, that as of December 31, 2021, the Company's disclosure controls and procedures have been designed and operate effectively 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 Johannes Bekkers, P.Eng, Director, Mine Technical Services of Torex Gold Resources Inc. and a Qualified Person under NI 43-101.

ADDITIONAL INFORMATION

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

Media Luna Resource Estimate

Table 20.

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 in which cut-off grade accounts for metallurgical recoveries of Au, Ag and Cu.
3) Metallurgical recoveries average 85% for gold, 75% for silver, and 89% for copper.
4) AuEq = Au (gpt) + Cu % * (77.16/49.83) + Ag (gpt) * (0.64/49.83).
5) 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.
6) The assumed mining method is from underground.
7) Costs per tonne of mineralized material (including mining, milling, and general and administrative) used is US$75/t.
8) Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
9) Mineral Resources are classified in accordance with applicable Canadian Institute of Mining, Metallurgy and Petroleum Standards.
10) Rounding as required by reporting guidelines may result in apparent summation differences between tonnes, grade, and contained metal content.
11) Mineral Resources are reported as undiluted; grades are contained grades.
12) 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 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 continue with the El Limón 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.

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 diversification and deliver value to shareholders; 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; plans to complete and releaseTechnical Report, including the Feasibility Study, at the end of the first quarter of 2022; the 2022 objectives as described in the MD&A; the Company's continued engagement with a third-party expert to advance the development of a Company-wide climate change strategy and its commitment to reporting positions and progress on climate-related risks in line with the recommendations of TCFD; as part of its strategy, the Company expects to publicly disclose formal carbon reduction targets in 2022; the Company's continued progress of the Media Luna Feasibility Study and early works in order to make a formal project decision in the first quarter of 2022, and maintain the schedule to first production in the first quarter of 2024; expectation that construction of the project facilities for Media Luna will commence in the second quarter of 2022; plans for future Media Luna infill drill programs to target the remaining Inferred tonnes for upgrading to the Indicated confidence category; the expectation that the Feasibility Study reserve estimate will be developed from the Indicated Resource estimate derived from all infill drilling completed through August 2021; 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 results set out in the 2018 Technical Report including the PEA, including the pre-commercial capital expenditures, which were estimated at $496.5 million; capital costs relative to the PEA 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 Feasibility Study will leverage current processing and site costs for the ELG mine complex, 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 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 ELG brownfield program will continue in 2022 and beyond, 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 the ELG Underground 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 greenfield exploration in the Esperanza area includes one of the priority targets for 2022, including detailed mapping and surface sampling on the north of the Esperanza area; the Company has allocated $3.0 million in the 2022 budget to fund the expansion of a regional exploration program within the

Morelos Gold Property; the Company's longer-term exploration strategy is intended to identify and prove sources of ore feed to extend the life of ELG and Media Luna and increase annual production; quarterly production through 2022 is expected to be the lowest in the first quarter and the highest in the fourth quarter, with relative similar levels of production anticipated in the second and third quarters; the quarterly variability is attributed to sequencing of the ELG Open Pits, which is expected to result in processed grades increasing slightly through the year; and given timing of tax and employee profit sharing payments, the Company's cash flow from operations is generally weighted towards the second half of the year as was the case in 2021 and 2020. 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 Revolving 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 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 Revolving 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; 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.

February 23, 2022