



RESPONSIBLE

GOLD MINING PRINCIPLES

**YEAR-ONE IMPLEMENTATION**

**PROGRESS REPORT**

AS AT SEPTEMBER 30, 2021



## BACKGROUND

In December 2020, Torex Gold Resources Inc. (“We”, “Torex” or the “Company”) became a proud member of the World Gold Council. In so doing, we are committed to supporting and implementing the World Gold Council’s Responsible Gold Mining Principles (the “RGMPs”).

Working with its members, the world’s leading gold mining companies, and in conjunction with key industry stakeholders, the World Gold Council developed the RGMPs as a set of 10 Principles and

51 sub-principles to address key environmental, social, and governance (“ESG”) issues material to the gold mining sector. The RGMPs were designed to provide confidence to governments, investors, employees, communities, supply chain partners and civil society that gold has been produced responsibly.

Supporting and implementing the RGMPs is aligned with our core Company values as well as our longstanding and unwavering commitment to responsible gold mining.



## YEAR 1 IMPLEMENTATION REQUIREMENTS

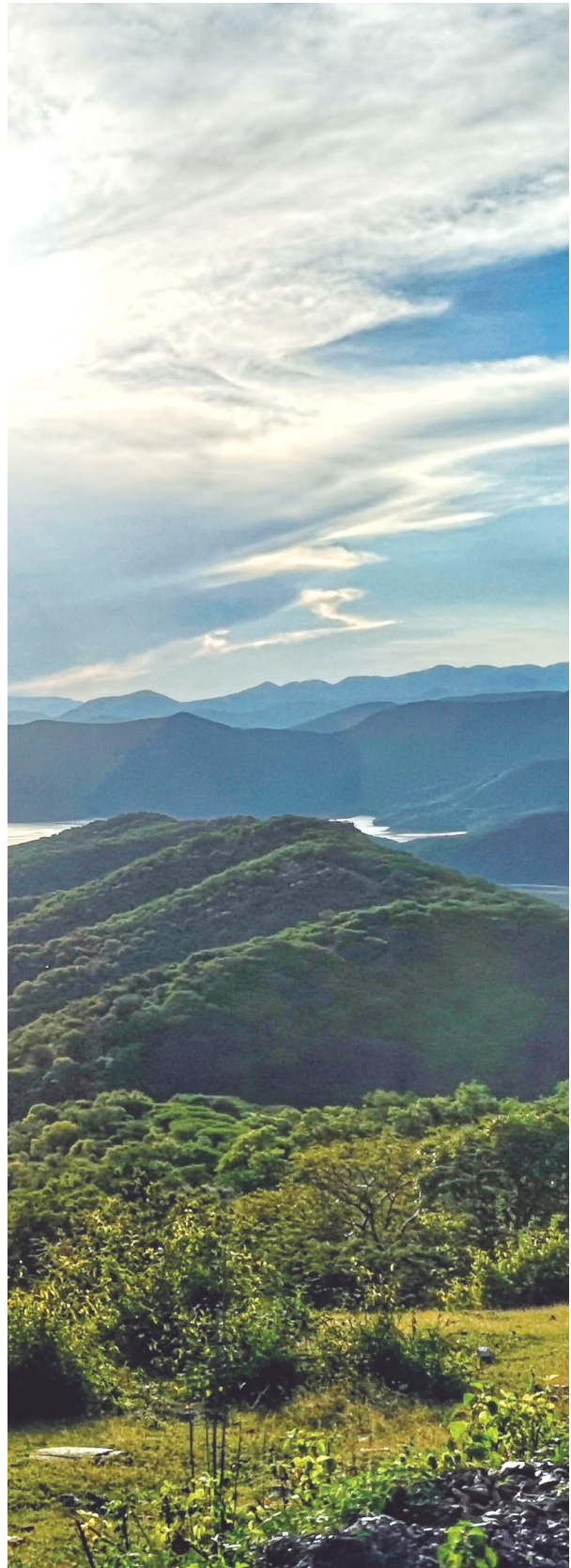
The World Gold Council has outlined a three-year implementation process for member companies to be in full conformance with the RGMPs. This report outlines our progress on completing the year-one implementation requirements, which include:

- ▷ Making a public commitment to supporting and implementing the RGMPs;
- ▷ Conducting a self-assessment of current Company management and performance against the requirements of the standard; and
- ▷ Receiving third-party limited assurance on our progress.

The Company used the World Gold Council's *Guidance on Implementing and Assuring the RGMPs* as the basis of the self-assessment methodology. These documents contain 300+ indicators across the 10 Principles and 51 sub-principles of the RGMPs to help companies assess their current level of conformance with the RGMPs, identify gaps in performance, and develop action plans per the World Gold Council's Year 2 requirements to address deficiencies.

## BOUNDARY FOR SELF-ASSESSMENT

The scope of the self-assessment includes our operations in Guerrero, Mexico, namely the Morelos Gold Project. This covers both our El Limón Guajes operations as well as our Media Luna Project.



## YEAR 1 ASSESSMENT CRITERIA AND PROGRESS

YEAR 1 ASSESSMENT CRITERIA	IMPLEMENTATION PROGRESS
<p>▷ Torex will publicly endorse and state our commitment to adopt the RGMPs and publish a report on the status of our Year 1 implementation.</p>	<p>In addition to a World Gold Council press release announcing Torex Gold as a new member (dated December 2, 2020), we publicly disclosed our endorsement of the RGMPs in 2021 through our 2020 Responsible Gold Mining Report, our website at <a href="http://www.torexgold.com">www.torexgold.com</a>, our MD&amp;A for the 3 and 6-months ended June 2021 and through this Report.</p>
<p>▷ Torex will establish an internal "ESG Working Group" comprised of subject matter experts representing both Corporate Office and operations to help advance the Company's ESG strategy and guide implementation of the RGMPs across the business.</p>	<p>A cross-functional ESG Working Group, with representation from a variety of departments in both operations and the Corporate Office, was established in January 2021 along with an established Terms of Reference. The ESG Working Group met 4 times in 2021 as at September 30, 2021.</p>
<p>▷ Torex will conduct a detailed desktop-based self-assessment against the RGMPs, including all 10 principles and 51 sub-principles, in order to identify gaps.</p>	<p>As at September 30, 2021, a comprehensive self-assessment against the RGMPs was completed. Led by the Vice President, Corporate Affairs &amp; Social Responsibility, the ESG Working Group members were assigned responsibility for contributing to, and reviewing the sub-sections of the self-assessment, to ensure accuracy and create ownership for ongoing implementation of the RGMPs.</p>
<p>▷ Torex will review the results of the self-assessment with the Torex Gold CEO and Executive Team, focusing on key gaps that require improvement.</p>	<p>The preliminary results of the self-assessment were presented to the CEO and Executive Team for input in early September 2021. A comprehensive Management Report was subsequently issued to the Executive Team, outlining results of the self-assessment with a focus on key gaps and next steps.</p>

The table above represents our internally developed criteria to demonstrate our commitment to the RGMPs and the progress we have made to complete the Year 1 implementation requirements as at September 30, 2021.



YEAR 1 ASSESSMENT CRITERIA	IMPLEMENTATION PROGRESS
<p>▷ Torex will link Year 1 requirements associated with the RGMPs with Executive Compensation, to highlight our strong commitment to conformance.</p>	<p>Adherence to the Year 1 RGMP requirements was identified as a key strategic objective for the Company in 2021 by aligning successful completion of the self-assessment, including third-party limited assurance, with the Company-wide 2021 short-term incentive plan (“STIP”). This STIP objective was reviewed and approved by of the Board of Directors following the recommendation of the Compensation Committee of the Board.</p>
<p>▷ Torex will become a member of the International Cyanide Management Code (ICMC) in 2021 in line with expectations set out in the RGMPs.</p>	<p>The Company became a signatory to the International Cyanide Management Code (“ICMC”) in May 2021. We are currently working toward full conformance of the requirements of the ICMC within the prescribed three-year timeline.</p>
<p>▷ Torex will advance the development of an overall climate change strategy that addresses both physical risk and transition risk, as well as disclosure aligned with the Task Force on Climate-Related Financial Disclosure (TCFD).</p>	<p>We have engaged independent experts to develop a climate change strategy, and as at September 30, 2021 have completed a Climate Change Materiality Assessment, a review of governance best practices and a high level carbon reduction opportunities study. We have also started to align our disclosure with the TCFD through our 2020 Responsible Gold Mining Report, and through our public response to the 2021 CDP Climate Questionnaire.</p>
<p>▷ Torex will secure independent limited assurance of completion of our Year 1 RGMP requirements, including the Company’s Year 1 Assessment Criteria, to ensure confidence and credibility associated with our process and progress.</p>	<p>We have engaged the services of KPMG LLP (“KPMG”) to undertake a limited assurance engagement over Torex’s progress against of our Year 1 RGMP Assessment Criteria. KPMG’s Independent Limited Assurance Report is included as an Appendix to this report.</p>





## ANNUAL INDEPENDENT ASSURANCE

As per the requirements of the RGMPs, we commit to reporting annually on our implementation progress as well as full conformance beginning in 2024. Similarly, we also commit to obtaining independent assurance annually on our implementation progress and conformance.

As stated in the table above, in 2021, we retained KPMG to undertake a limited assurance engagement over our implementation progress in accordance with our Year 1 Assessment Criteria. KPMG's Independent Limited Assurance Report is appended to this report.

## SUMMARY AND NEXT STEPS

Issuance of this report fulfills the Year 1 implementation requirements of the RGMPs as set out by the World Gold Council through the *Guidance on Implementing and Assuring the RGMPs*.

Torex will continue progress towards full implementation of the RGMPs through 2022 and 2023. Some key gaps were identified, and corresponding management action plans are being developed to address them. These plans will build off existing efforts to help achieve full conformance with the RGMPs by the end of 2024.



## ABOUT TOREX GOLD

Torex Gold Resources Inc. (“Torex” or the “Company”) (TSX:TXG) is an intermediate gold producer engaged in mining, developing and exploring our wholly-owned 29,000 hectare Morelos Gold Property in the highly prospective Guerrero Gold Belt, located 180 kilometres southwest of Mexico City. The Company is based out of Canada, with our Corporate Office located in Toronto, Ontario.

Torex is currently the second-largest gold producer in Mexico. In 2020, our workforce was made up of 964 direct employees and 1,675 contractors. We are proud that 99% of our workforce at site is from Mexico, with 60% from Guerrero. Our principal assets include the El Limón Guajes (ELG) Mine Complex, which is comprised of our El Limón, Guajes, and El Limón Sur open pits, our El Limón Guajes Underground Mine (including zones referred to as Sub-Sill and El Limón Deep), and our Processing Plant and related infrastructure, which started commercial production on April 1, 2016.

We are also aiming to ensure the continuity of mining operations in Guerrero through our Media Luna deposit, which is an advanced stage development project located seven kilometres from ELG. A Preliminary Economic Assessment for Media Luna was released in September 2018, and a Feasibility Study is currently underway.

Our Morelos Gold Property has the potential to provide significant future opportunities beyond ELG and Media Luna, with 75% of the property currently unexplored and with multiple, drill-ready exploration targets identified. In addition to realizing the full potential of the Morelos Gold Property, we are seeking opportunities to acquire assets that enable profitable and productive geographic diversification.

For more information about the Company, please see its most recent management’s discussion and analysis and annual information for available under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

# APPENDIX

## INDEPENDENT LIMITED ASSURANCE REPORT TO TOREX GOLD RESOURCES INC.

### INDEPENDENT LIMITED ASSURANCE

We have undertaken a limited assurance engagement of Torex Gold Resources Inc. ('Torex')'s year one Implementation Progress of the Responsible Gold Mining Principles ("RGMPs") presented on pages 3 and 4 of Torex's RGMP Year-One Implementation Progress Report (the "Report") as at September 30, 2021.

### SPECIFIC PURPOSE OF SUBJECT MATTER AND APPLICABLE CRITERIA

The scope of our limited assurance engagement, as agreed with management, is management's *Implementation Progress* contained in the table on pages 3 and 4 of the Report.

There are no mandatory requirements for the preparation, publication or review of management's year one progress on RGMP implementation. As such, Torex has created and applied internally developed Year 1 RGMP Assessment Criteria (the 'Applicable Criteria') which are listed in the table on pages 3 and 4 of the Report.

The Implementation Progress has been prepared in accordance with the Applicable Criteria and as a result may not be suitable for another purpose.

### MANAGEMENT'S RESPONSIBILITIES

Management is responsible for the preparation and presentation of the Implementation Progress in accordance with the Applicable Criteria, current as at the date of this report.

Management is responsible for determining the appropriateness of the use of the Applicable Criteria.

Management is also responsible for such internal control as management determines necessary to enable the preparation and presentation of the Implementation Progress is free from material misstatement, whether due to fraud or error.

### PRACTITIONER'S RESPONSIBILITIES AND PROFESSIONAL REQUIREMENTS

Our responsibility is to perform a limited assurance engagement and to express a conclusion based on the evidence that we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (ISAE 3000) (*Revised*) *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board. ISAE 3000 requires that we plan and perform this engagement to obtain the stated level of assurance, in accordance with the Applicable Criteria.

The nature, timing and extent of procedures performed depends on our professional judgment, including an assessment of the risks of material misstatement, whether due to fraud or error and involves obtaining evidence about the Implementation Progress.

### ASSURANCE APPROACH

We planned and performed our procedures to obtain all of the evidence, information and explanations we considered necessary in order to form our conclusion as set out below. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Implementation Progress and applying analytical and other evidence gathering procedures, and evaluating the evidence obtained. Our procedures included:

- ▷ Inquiries of those responsible for completing the activities to self-assess implementation of Torex's internally developed Applicable Criteria;
- ▷ Assessing the suitability and application of the Applicable Criteria in respect of the Implementation Progress;



- ▷ Reviewing relevant evidence and other documentation to support management's statements;
- ▷ Inquiries with relevant staff at the corporate level to understand the data collection and reporting processes for the Implementation Progress; and,
- ▷ Evaluation of the overall presentation of the Implementation Progress in the Report to determine whether the information presented is consistent with our overall knowledge of, and experience with, Torex's RGMP implementation.

The procedures performed in a limited assurance engagement are less in extent than for a reasonable assurance engagement, and therefore a substantially lower level of assurance is obtained.

We also performed such other procedures as we considered necessary in the circumstances.

### PRACTITIONER'S INDEPENDENCE AND QUALITY CONTROL

We have complied with the relevant rules of professional conduct/code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies *International Standard on Quality Control 1* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### SIGNIFICANT INHERENT LIMITATIONS

Non-financial information, such as the Implementation Progress, is subject to more inherent limitations than financial information, given the qualitative characteristics of the underlying subject matter information and methods used for determining this information. The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable evaluation techniques, which can result in materially different measurements and can impact comparability. It is important to read Torex's Applicable Criteria presented in the table on pages 3 and 4 of the Report.

### CONCLUSION

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Implementation Progress as described above and disclosed in the Report as at September 30, 2021, has not been prepared and presented, in all material respect, in accordance with the Applicable Criteria, current as at the date of this report.



Chartered Professional Accountants,  
Licensed Public Accountants

October 28, 2021