Torex Gold
RESOURCES INC.

ANNUAL INFORMATION FORM

For the Year Ended December 31, 2020

March 30, 2021

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GENERAL

Reference is made in this annual information form (the "**Annual Information Form**" or "**AIF**") to the audited consolidated financial statements (the "**Financial Statements**") for the years ended December 31, 2020 and December 31, 2019, together with the auditors' report thereon and Management's Discussion and Analysis (the "**MD&A**") for Torex Gold Resources Inc. ("**Torex**" or the "**Company**") for the year ended December 31, 2020.

The Financial Statements and MD&A are available under the Company's profile on SEDAR at www.sedar.com. All financial information in this Annual Information Form is prepared in accordance with International Financial Reporting Standards ("**IFRS**") unless otherwise stated.

Unless otherwise noted herein, information in this Annual Information Form is presented as at March 30, 2021.

In this AIF, references to "$" refer to United States dollars and all references to "C$" refer to Canadian dollars. On March 30, 2021, the daily exchange rate as quoted by the Bank of Canada was US$0.7917=C$1.00 and C$1.2631=US$1.00.

All references in this AIF to the Company also include references to all subsidiaries of the Company as applicable, unless the context requires otherwise.

CAUTION ABOUT FORWARD-LOOKING INFORMATION

This AIF contains "forward-looking information" and "forward-looking statements" within the meaning of applicable Canadian and United States securities legislation. Forward-looking information includes information about possible events and conditions, projected financial or operational performance, planned courses of action, including without limitation future exploration, development and exploitation plans regarding the Company's Morelos Gold Property (as defined herein), and related economic analyses.

Forward-looking information is provided to assist investors' understanding of the Company's business, expected financial and operating performance, and its potential near, medium and long-term prospects. This information may not be appropriate for other purposes. The Company does not intend to update any forward-looking information unless it is required to do so by applicable securities laws.

There can be no assurance that such information will prove to be accurate, as actual results and future events could be materially different from those results anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information.

Examples of Forward-Looking Information in this AIF

Generally, forward-looking information can be identified by the use of forward-looking terms such as "plans," "expects," or "does not expect," "is expected," "budget," "scheduled," "goal," "estimates," "forecasts," "intends," "anticipates," or "does not anticipate," or "believes" 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." Undefined capitalized terms in the list below are defined in later sections of the AIF:

- the adequacy of the Company's financial resources;
- business plans and strategy and other events or conditions that may occur in the future;
- plans to seek opportunities to acquire assets in the Americas that enable profitable and effective geographical diversification;
- plans to continue testing of the Muckahi Mining System, including testing in an operating mine;
- the results set out in the Technical Report including the preliminary economic assessment ("**PEA**") of the Media Luna Project;
- the mineral resource and mineral reserve estimates;
- the ability to exploit estimated mineral reserves;
- the continued profitability of the ELG Mine Complex with positive economics from mining, recoveries, grades, annual production, particularly in light of the novel coronavirus ("**COVID-19**") pandemic;
- expectations or beliefs regarding the impacts of the ongoing and evolving COVID-19 pandemic;

- receipt and maintenance of all necessary approvals and permits;
- the parameters and assumptions underlying the mineral resource and mineral reserve estimates and the financial analysis, and gold prices;
- the ability to maintain the safety and security of the ELG Mine Complex;
- plans to continue to optimize and potentially extend the ELG Mine Complex;
- continued development of the ELG Underground and associated construction;
- expected metal recoveries and the ability of the Company to manage blending and production smoothing opportunities;
- gold production (including without limitation the estimated gold sales by year);
- TCC, AISC and revenues from operations;
- the expectation that the Company will be able to remain in compliance with the covenants under the 2021 Revolving Facility to access the full amounts available thereunder;
- the ability to mine and process estimated mineral reserves;
- plans to continue follow-up diamond drilling of the ELG Underground exploration targets and advancement of the Media Luna Project;
- the expected continued operation of the tailings filtration plant at design levels;
- plans to stockpile low grade material for potential future processing;
- the expected continued supply of power and water to meet operational requirements;
- plans to adopt the Responsible Gold Mining Principles of the World Gold Council as the Company's external sustainability performance standard;
- the expected continual improvement in environmental performance;
- plans to embed climate change management across all levels of the Company;
- plans to complete a standalone climate risk assessment to enhance the Company's understanding of longer-term climate-related risks for the business and a greenhouse gas emissions reductions opportunities study;
- plans to become compliant with the International Cyanide Management Code;
- plans to complete the infill drilling program focused on upgrading a greater portion of the inferred resources to the indicated category, in order to enhance the mine life within the upcoming feasibility study;
- plans to invest between $90 million and $100 million for 2021 in Media Luna;
- the expectation that the commencement of the Guajes tunnel and commencement of the South Portal will maintain the projected schedule for Media Luna production in the first quarter of 2024;
- the expectation that the capital expenditure on Media Luna will increase in 2022 and peak in 2023, with a moderate spend in 2024 to finalize construction and commissioning.
- the expectation that the Media Luna feasibility study will be released in the first quarter of 2022;
- and the expected timing and receipt of value added tax ("VAT") funds.

Material Risks and Assumptions

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. Forward-looking information is also 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.

Material risks and assumptions include, without limitation:

- risks related to the COVID-19 pandemic and other global pandemics;
- material assumptions with respect to the COVID-19 pandemic, including, but not limited to:
  - the measures implemented by the Company continuing to be effective to keep the operations COVID resistant;
  - the responses of relevant governments to the COVID-19 pandemic being sufficient to contain the impact of the COVID-19 pandemic;
  - 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 following resumption of mining and exploration operations; and
  - communities continuing to provide access to the ELG Mining Complex and the Media Luna Project;
- the ability of the Company to maintain the support of local communities and uninterrupted access to the Morelos Gold Property, and the ability of the Company to lift or remove any future blockades from the Company's facilities;
- the ability of the Company to operate in a safe, efficient and effective manner;
- dependence on key executives and employees;
- the reliability and accuracy of the Company's mineral resource and mineral reserve estimates, annual production, the financial analysis contained in the Technical Report including the PEA, as updated by the new mineral resource estimate, mineral reserve estimate and LOM and any updated technical information contained herein, and geological, operational and price assumptions on which these are based and the regulatory framework regarding environmental matters;
- diminishing quantities of mineral reserves as the ELG Mine Complex is mined and the ability to replace the depletion of mineral reserves, including without limitation, the ability to conclude a feasibility study on the Media Luna Project demonstrating within reasonable confidence that the Media Luna Project can be constructed and operated in an economically viable manner.
- the ability of the Company to maintain good relationships with the union representing the employees, the employees and contractors;
- risks associated with the single property status;
- the ability to complete and successfully integrate acquisitions;
- risks associated with the protection of information and cyber security and the ability to implement effective measures to mitigate such risks;
- the ability to maintain water quality standards through the Company's environmental measures;
- the effects of climate change, extreme weather events and water scarcity;
- risks associated with tailings facilities;
- the ability to avoid the theft of gold and gold bearing material;
- the ability to avoid structural damage to the processing plant from seismic activities or other uncontrolled events, or damage from fire or explosion;
- foreign operations and political and country risk;
- risks associated with the use of reagents;
- the ability to maintain the safety and security of the Company's employees and properties;
- limited number of suppliers for consumed commodities;
- capital and operational cost estimates;
- enforcing intellectual property rights;
- uncertainty related to inferred mineral resources;
- limited operating history;
- decommissioning and reclamation costs;
- fluctuation in gold and other metal prices;
- price fluctuations and availability of consumed commodities;

- currency exchange rate fluctuations;
- title to the land on which the Company operates, including surface and access rights;
- litigation risk;
- the ability to secure and maintain necessary permits and licenses;
- compliance with anti-corruption laws and the *Extractive Sector Transparency Measures Act* ("**ESTMA**");
- credit risk;
- environmental risks and hazards;
- liquidity risk;
- the ability to satisfy the covenants under the 2021 Revolving Facility and access to the full amount available thereunder;
- government policies and practices in respect of VAT receivables and the ability to recover VAT receivables;
- risks related to conducting business in multiple tax jurisdictions;
- risks related to taxation and royalties;
- ability to carry on its exploration, development and exploitation activities planned for the Morelos Gold Property and exploration, development, exploitation and the mining industry generally;
- reputational risks;
- risk related to indebtedness;
- recent history of earnings and no history of paying dividends;
- availability of adequate infrastructure;
- use of and reliance on experts outside Canada;
- competition and ability to seek and acquire high quality assets to achieve geographic diversification;
- the ability to hire required qualified personnel, maintain personnel relations, and obtain required equipment, goods, consumables and services in a timely and cost-efficient manner;
- hedging contracts;
- interest rate risk;
- insurance for risks insured by the Company continuing to be available and adequate to cover liabilities;
- price and volatility of public stock;
- risks related to activist shareholders;
- conflicts of interest of certain personnel;
- enforcement of legal rights;
- accounting policies and internal controls;
- risks and uncertainties associated with the development of the Muckahi Mining System;
- risk of dilution to holders of common shares (the "**Common Shares**") in the Company;
- actual results of current exploration, development and exploitation activities not being consistent with expectations;
- as well as those risk factors included herein and elsewhere in the Company's public disclosure.

DIFFERENCES IN REPORTING OF MINERAL RESOURCE ESTIMATES

This AIF was prepared in accordance with Canadian standards for reporting of mineral resource estimates, which differ in some respects from United States (U.S.) standards. In particular, and without limiting the generality of the foregoing, the terms "inferred mineral resources," "indicated mineral resources," "measured mineral resources" and "mineral resources" used or referenced in this AIF are Canadian mineral disclosure terms as defined in accordance with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("**NI 43-101**") under the guidelines set out in the 2014 Canadian Institute of Mining, Metallurgy and Petroleum Standards for Mineral Resources and Mineral Reserves, Definitions and Guidelines, May 2014 (the "**CIM Standards**"). Until recently, the CIM Standards differed significantly from standards in the United States. The U.S. Securities and Exchange Commission (the "**SEC**") has adopted amendments to its disclosure rules to modernize the mineral property disclosure requirements for issuers whose securities are registered with the SEC under the *U.S. Securities Exchange Act of 1934,* as amended (the "**Exchange Act**"). These amendments became effective February 25, 2019 (the "**SEC Modernization Rules**") with compliance required for the first fiscal year beginning on or after January 1, 2021. The SEC Modernization Rules replace the property disclosure requirements for mining registrants that were included in SEC Industry Guide 7, which will be rescinded from and after the required compliance date of the SEC Modernization Rules. As a result of the adoption of the SEC Modernization Rules, the SEC now recognizes estimates of "measured mineral resources", "indicated mineral resources" and "inferred mineral resources". In addition, the SEC has amended its definitions of "proven mineral reserves" and "probable mineral reserves" to be "substantially similar" to the corresponding definitions under the CIM Standards that are required National Instrument 43-101. Readers are cautioned that while the above terms are "substantially similar" to corresponding CIM Standards, there are differences in the definition under the SEC Modernization Rules and the CIM Standards. Accordingly, during this period leading up to the compliance date of the SEC Modernization Rules, information regarding mineral resources or mineral reserves contained or referenced in this AIF may not be comparable to similar information made public by companies that report in accordance with U.S. standards.

Readers are cautioned that "inferred mineral resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or other economic studies, except in limited circumstances. The term "resource" does not equate to the term "reserves". Readers should not assume that all or any part of measured or indicated mineral resources will ever be converted into mineral reserves. Readers are also cautioned not to assume that all or any part of an inferred mineral resource exists, or is economically mineable.

NON-IFRS FINANCIAL PERFORMANCE MEASURES

The Company has presented certain non-IFRS measures in this document. Total cash costs per ounce of gold sold ("**TCC**"), all-in sustaining costs per ounce of gold sold ("**AISC**"), earnings before interest, taxes, depreciation and amortization ("**EBITDA**"), adjusted EBITDA, free cash flow, net (cash) debt, average realized gold price and adjusted net earnings are financial performance measures with no standard meaning under International Financial Reporting Standards ("**IFRS**"), and therefore may not be comparable to other issuers. 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 or financial position of the Company. These measures do not have any standardized meaning prescribed under IFRS. Please refer to the "Non-IFRS Financial Performance Measures" section in the Company's management discussion and analysis for the year ended December 31, 2020 dated February 23, 2021 and available on the Company's SEDAR profile at www.sedar.com for further information with respect to TCC, AISC, EBITDA, adjusted EBITDA, free cash flow and net debt and a detailed reconciliation of each of these non-IFRS financial performance measures to the most directly comparable measures under IFRS.

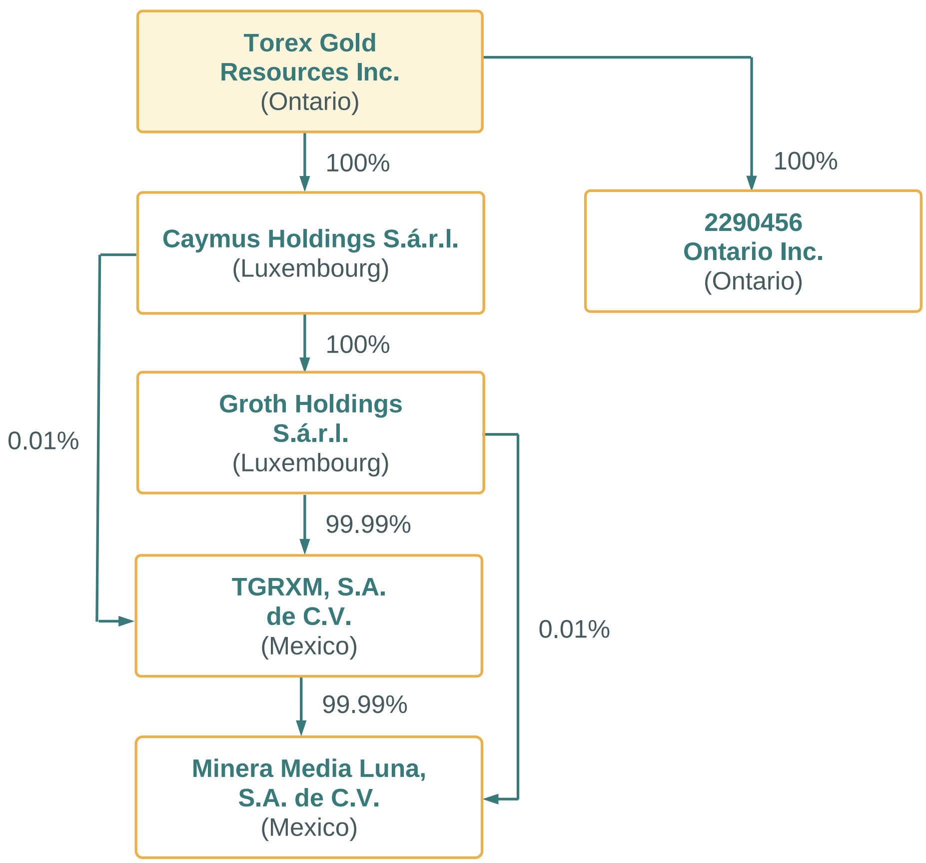
CORPORATE STRUCTURE

Name, Address and Incorporation

Torex Gold Resources Inc. was incorporated under the *Company Act* of British Columbia on November 13, 1980 under the name Pulsar Energy & Resources Inc. The Company filed notices of amendment on (i) November 30, 1987 to change its name to Star One Resources Inc.; (ii) June 26, 1989 to change its name to Hyder Gold Inc.; and (iii) August 3, 2006 to change its name to Gleichen Resources Ltd. On April 30, 2010, the Company continued its corporate jurisdiction into the Province of Ontario under the *Business Corporations Act* (Ontario) and changed its name to Torex Gold Resources Inc. The head and registered office of the Company is located at 130 King Street West, Suite 740, Toronto, Ontario M5X 2A2.

Effective January 1, 2019, Minera Media Luna, S.A. de C.V. ("**MML**") and TGRXM2010, S.A. de C.V. ("**TGRXM2010**"), each a wholly-owned subsidiary of Torex, merged pursuant to articles 222 and 225 of the *Ley General de Sociedades Mercantiles* of Mexico with MML being the surviving entity. Effective December 18, 2020, Torex Luxembourg S.á.r.l completed a three-step voluntary liquidation procedure pursuant to Luxembourg laws. The material assets of Torex Luxembourg S.á.r.l were assigned to Torex, its sole shareholder, prior to the liquidation, and arrangements were made to satisfy the nominal liabilities of Torex Luxembourg S.á.r.l.

The following chart illustrates the inter-corporate relationships of the Company and each of its subsidiaries following the merger of MML and TGRXM2010 and the liquidation of Torex Luxembourg S.á.r.l.:



Note to Corporate Structure Chart:

1. The shares of TGRXM, S.A. de C.V., TGRXM2010 and MML were originally pledged/conveyed in 2014 to a Mexican security trustee as security for the obligations under an original credit agreement and related documents. Each of Caymus Holdings S.à.r.l, Groth Holdings S.à.r.l and TGRXM, S.A. de C.V. continue to be the beneficial owners of the relevant shares. In connection with the merger, effective January 1, 2019, the shares of TGRXM2010 were cancelled and in exchange the shareholders of TGRXM2010 received additional shares of MML. The credit agreement was most recently amended and restated in March 2021 (defined herein as the TARCA). The shares of TGRXM, S.A. de C.V. and MML continue to be pledged as security for the 2021 Revolving Facility (as defined below). See *"General Development of the Business – Financing Agreements".*

DESCRIPTION OF THE BUSINESS

Torex Gold Resources Inc. is an intermediate gold producer based in Canada, engaged in the mining, developing and exploring of its 100% owned Morelos gold property (the "**Morelos Gold Property**" or the "**Property**"). The Morelos Gold Property is located in the Guerrero Gold Belt, approximately 180 kilometres to the southwest of Mexico City and 50 kilometres southwest of Iguala, and consists of seven mineral concessions covering a total area of approximately 29,000 hectares. The Company's principal assets are the El Limón Guajes mining complex (the "**ELG Mine Complex**"), comprised of the El Limón, Guajes and El Limón Sur open pits (the "**ELG Open Pits**"), the El Limón Guajes underground mine including zones referred to as Sub-Sill and El Limón Deep (collectively, the "**ELG Underground**"), 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 in the Americas that enable profitable and productive geographic diversification.

Details regarding the Morelos Gold Property generally, and in particular the ELG Mine (as defined below) and Media Luna Project, are set out under the subheading "*Material Properties – Morelos Gold Property – Summary of the Technical Report*". Additional details regarding the ELG Mine Complex and Media Luna Project are set out in "*Material Properties – Morelos Gold Property – Developments Since the Effective Date of the Technical Report*". Certain sections of the information contained in this AIF refer to the Company's assets prior to the discovery and development of the ELG Underground. Such sections of the AIF, in particular the information and excerpts from the Technical Report, refer to the "**ELG Mine**" which means collectively, the ELG Open Pits, processing facilities and related infrastructure. The Company's principal subsidiary, TGRXM, S.A. de C.V., is a Mexican-based holding company whose sole business is to hold shares of the Mexican-based subsidiary, MML, which is the registered holder of the Morelos Gold Property. See "*Material Properties – Morelos Gold Property*".

GENERAL DEVELOPMENT OF THE BUSINESS

KEY OPERATING AND FINANCIAL HIGHLIGHTS

In millions of U.S. dollars, unless otherwise noted		Year Ended December 31, 2020	December 31, 2019	December 31, 2018
Operating Data				
Mining				
Ore tonnes mined	kt	**5,864**	5,952	4,329
Waste tonnes mined	kt	**36,657**	46,449	28,296
Total tonnes mined	kt	**42,521**	52,401	32,625
Strip ratio [1]	waste:ore	**6.7**	8.4	6.7
Average gold grade of ore mined [2]	gpt	**2.94**	2.92	2.69
Ore in stockpile [3]	mt	**4.1**	2.4	0.8
Processing				
Total tonnes processed	kt	**4,162**	4,393	4,152
Average plant throughput [4]	tpd	**11,372**	12,036	11,863
Average gold recovery	%	**89**	88	87
Average gold grade of ore processed	gpt	**3.64**	3.64	2.97
Production and sales				
Gold produced [5]	oz	**430,484**	454,811	353,947
Gold sold	oz	**437,310**	449,337	347,640
Financial Data				
Revenue	$	**789.2**	640.8	442.9
Cost of sales	$	**532.0**	479.9	334.7
Earnings from mine operations	$	**257.2**	160.9	108.2
Net income	$	**109.0**	71.2	23.2
Per share - Basic	$/share	**1.27**	0.84	0.27
Per share - Diluted	$/share	**1.25**	0.83	0.27
Adjusted net earnings [6]	$	**135.7**	67.8	19.7
Per share - Basic [6]	$/share	**1.59**	0.80	0.23
Per share - Diluted [6]	$/share	**1.58**	0.79	0.23
EBITDA [6]	$	**413.0**	330.3	185.7
Adjusted EBITDA [6]	$	**431.4**	332.9	181.9
Cost of sales [8]	$/oz	**1,217**	1,068	963
Total cash costs [6, 7]	$/oz	**672**	619	646
All-in sustaining costs [6, 7]	$/oz	**924**	805	964
Average realized gold price [6]	$/oz	**1,771**	1,408	1,261
Cash from operating activities	$	**342.1**	301.3	226.8
Cash from operating activities before changes in non-cash working capital	$	**328.8**	327.3	185.5
Free cash flow [6]	$	**168.1**	181.2	85.9
Net (cash) debt [6]	$	**(161.6)**	21.7	220.3
Cash and cash equivalents and short-term investments	$	**206.2**	161.8	122.2
Restricted cash	$	**-**	-	26.8
Working capital	$	**166.7**	96.5	41.6
Total debt	$	**43.4**	174.9	333.5
Total assets	$	**1,252.4**	1,229.6	1,271.4
Total liabilities	$	**306.3**	394.8	511.8

1. Ore mined from the ELG Underground (defined herein) of 366 kt is included in ore tonnes mined and excluded from the strip ratio in the year ended December 31, 2020. For the years ended December 31, 2019 and December 31, 2018, ore mined from the ELG Underground was 400 kt and 114 kt, respectively. Due to the Blockade (defined herein), operating results for the year ended December 31, 2018 were impacted and represent approximately eleven and a half months of operations, including approximately three months of partial operations during the Blockade.

2. Included within average gold grade of ore mined is the mined long term, low grade inventory. Excluding the long term, low grade inventory, the average gold grade of ore mined is 3.18 gpt for the year ended December 31, 2020. For the years ended December 31, 2019 and December 31, 2018, excluding the long term, low grade inventory, the average gold grade of ore mined is 3.18 gpt and 2.73 gpt, respectively.
3. Included within ore in stockpile is 1.4 mt of long term, low grade inventory, with a carrying value of nil at December 31, 2020. As at December 31, 2019, and December 31, 2018, the long term, low grade inventory was 0.8 mt, and 0.1 mt, respectively, with nil carrying value. As at December 31, 2020, the long term, low grade inventory has an average grade of 0.91 gpt.
4. Tonnes per day for the years ended December 31, 2020, December 31, 2019 and December 31, 2018 are based on 366 days, 365 days and 350 days, respectively.
5. For the year-ended December 31, 2020, gold produced exceeded the upper end of revised guidance and the lower end of original guidance.
6. Adjusted net earnings, total cash costs, all-in sustaining costs, average realized gold price, EBITDA, adjusted EBITDA, free cash flow (deficiency) and net (cash) debt are financial performance measures with no standard meaning under International Financial Reporting Standards ("IFRS"). Refer to "Non-IFRS Financial Performance Measures" in management's discussion and analysis for the year ended December 31, 2020 for further information and a detailed reconciliation.
7. For the year-ended December 31, 2020, total cash costs per ounce of gold sold were lower than the lower end of revised guidance and all-in sustaining costs per ounce of gold sold were lower than the lower end of revised guidance and inline with original guidance.
8. Cost of sales for the year ended December 31, 2020 includes $11.1 million of care and maintenance costs incurred in the second quarter related to the COVID-19 suspension.

Developments in 2021 to date of AIF

Debt Facility

On March 30, 2021, the Company's subsidiary MML signed a Third Amended and Restated Credit Agreement 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 two year secured $150 million revolving debt facility (the "**2021 Revolving Facility**"). As of March 30, 2021, the 2021 Revolving Facility is undrawn. Prior to entering into the 2021 Revolving Debt Facility, the Company repaid early the outstanding balance of $40 million under the 2019 Revolving Facility. The 2021 Revolving Facility may be used for general corporate and working capital purposes, including certain development expenditures and acquisitions, and can be used for letters of credit and capital expenditures, and allows Torex to make distributions to its shareholders in the aggregate amount of up to C$100 million, in all cases, subject to the conditions of the 2021 Revolving Facility. See *"General Development of the Business – Financing Agreements"*

Updated Mineral Reserves and Resources for the El Limón Guajes Complex

- On March 30, 2021, the Company announced the updated mineral reserve and resource estimates for the year ended December 31, 2020. See "*Material Properties – Morelos Gold Property – Developments Since the Effective Date of the Technical Report – Updated Mineral Reserve and Mineral Resource Estimate for the ELG Mine Complex*".

Results of 2020 Media Luna Infill Drill Program

- On March 25, 2021, the Company announced the results from the 2020 infill drilling program at Media Luna. The primary purpose of the infill program was to upgrade inferred mineral resources to the indicated category. See "*Material Properties – Morelos Gold Property – Developments Since the Effective Date of the Technical Report – Exploration and Development – Media Luna Project*".

Developments in 2020

Operations and Finance

- Record safety performance as the Company surpassed 10 million hours worked without a lost time injury in November. In December, a contractor suffered an injury to his right index finger, marking the Company's first lost time injury since April 22, 2019.
- On April 2, 2020, in response to the Decree issued by the Government of Mexico for all non-essential businesses in the country to temporarily suspend operations to mitigate the spread of COVID-19, the Company announced that operations would not re-start at the conclusion of a planned maintenance shutdown of the processing plant that was underway at the time the Decree was issued. In May 2020, partial operations were resumed, initially through the introduction of stockpiled ore to the processing plant to test the effectiveness and durability of the repairs that were made during the maintenance shutdown. Full operations resumed in June 2020.
- Since resumption of mining activities in June, operations have continued uninterrupted with enhanced COVID-19 protection protocols in place.
- As shown in the *Key Operational and Financial Highlights* table above, the Company achieved strong operational and financial results, despite the challenges associated with COVID-19, including record results for the year in revenue, net income, adjusted net earnings, EBITDA and adjusted EBITDA, and cash flow from operations.

- Net cash at December 31, 2020, totalled $161.6 million, a $183.3 million increase year over year, with debt of $40 million excluding leases.

2019 Debt Facility

- As a precautionary measure, due to the uncertainty with respect to the COVID-19 pandemic, during the second quarter, the Company drew down $90 million on the 2019 Revolving Facility and subsequently made a payment of $100 million, bringing the total outstanding balance to $40 million at year end.
- The Company fully repaid the 2019 Term Facility (as defined below) by making principal repayments of $130 million. See "*General Development of the Business – Financing Agreements – 2019 Debt Facility*".

Muckahi (Monorail-based) Mining System

- Process and equipment testing in Mexico continued, including commissioning of the mining containers (muck box, slusher box and gear box) and initial civil work for the installation of the steep ramp conveyor at the designated test area in El Limón Deep. See *"Material Properties – Morelos Gold Property – Developments since the Effective Date of the Technical Report – Muckahi Mining System Update"*.

Media Luna Project

- An early works program started excavating an access tunnel to Media Luna from the North, thereby de-risking this component of the development schedule. *"Material Properties – Morelos Gold Property – Developments since the Effective Date of the Technical Report – Media Luna Project Update"*.
- The release of the updated Morelos technical report including the Media Luna feasibility study, has been rescheduled from mid-2021 to the first quarter of 2022. Rescheduling the release of the updated technical report will allow for the inclusion of additional results from the 2021 infill drill program at Media Luna, an updated mine plan for ELG, including a potential layback in the El Limón pit if deemed economic, as well as more complete data on Muckahi following completion of rate-related field testing later this year.

Environmental

- There were no reportable environmental incidents in 2020. The Company met its environmental targets for 2020, namely zero reportable spills of 1,000 liters or more that access the river or reservoir, and full compliance with environmental regulations and quality standards.

Developments in 2019

Operations and Finance

- The Company achieved strong safety, operational and financial results.
- The Company exited 2019 with a Lost Time Injury Frequency of 0.63, gold production surpassed prior year by 28%, and net debt was reduced by $200 million.

Muckahi

- The first long hole open stope in El Limón Deep ("**ELD**") was blasted and mucked out. Results indicated that 'conveyable' ore fragmentation of 95% passing 400mm can be achieved and that the stope can be completely mucked out with an electric slusher. In addition, the drilling and ground support systems were tested successfully in a horizontal tunnel.
- A patent application for the Muckahi Mining System was submitted in September 2019 in Canada under the Patent Cooperation Treaty. The status remains "patent pending" as it takes approximately 30 months from the date the application is submitted for the patent office to complete its examination and consider objections from third parties, if any.

Extended mineralization in both the ELD underground and Sub-Sill deposit

- The 2019 ELD drill program successfully extended mineralization 150 metres down-dip from current reserves as well as along strike to the south and the 2019 Sub-Sill drill program successfully extended known mineralization 300 metres below existing reserves. See "*Material Properties – Morelos Gold Property – Developments since the Effective Date of the Technical Report – Updated Mineral Reserve and Mineral Resource Estimates for the ELG Mine Complex*".

Environmental

- On July 14, 2019, an uncontrolled discharge from the process water tank occurred. This was the first reportable environmental event for the Company. Process water containing cyanide made its way out of the operating area and into a ditching area in the natural environment. The leak was detected quickly and stopped at the source, water redirection efforts were implemented and remediation actions were undertaken immediately. No permanent environmental damage was done and at no time were elevated levels of cyanide measured in the nearby lake. The regulators were informed, as were community leaders, political leaders, and all employees. Subsequent to the spill, valving changes were made on the process water tank and containment changes were made in the immediate area. The regulators attended the site to review and oversee the Company's remediation efforts, following which the Company received formal notice from the regulator that the Company's remediation efforts were found to be satisfactory and the matter is now closed.
- Other than the above-mentioned matter, there were no reportable environmental incidents in 2019.
- Environmental initiatives to monitor water quality, air quality and biodiversity were undertaken by the Company. Permissible limits for water and air quality were not exceeded.

Developments in 2018

Operations

- Due to the Blockade (defined herein), operating results for the year ended December 31, 2018 were impacted and represent approximately eleven and a half months of operations, including approximately three months of partial operations during the Blockade.
- The ramp up of all operations, post the Blockade, went smoothly with steadily increasing production.
- The debottlenecking of the SAG Mill was advanced in the year as technical solutions were implemented. A capital expenditure solution that could close the gap to design rates was identified, but it was not considered to be an effective use of capital. Instead, the Company focused on executing incremental improvements through enhancements to operating and maintenance practices.
- The construction of the SART plant was completed on schedule in Q2 2018 and achieved design rates consistently in Q4 2019.

Updated Technical Report

- The Company completed an updated Technical Report including a life of mine ("**LOM**") plan for the ELG Mine Complex.
- The Technical Report contains an updated Media Luna PEA. For purposes of illustration, the Technical Report includes a Media Luna design utilizing the Muckahi Mining System, the conceptual new underground mining technology that the Company is developing. If proven, the Muckahi technology could be applicable to many other underground deposits. See "*Material Properties – Morelos Gold Property – Summary of Technical Report".*

Exploration and Development Activities

- The Company announced the initial results of the:
  - Media Luna infill drilling program to upgrade approximately 25% of the inferred resource to the measured and indicated confidence categories. See "*Material Properties – Morelos Gold Property – Developments since the Effective Date of the Technical Report – Updated Mineral Resource Estimate for Media Luna Deposit*".
  - Infill and step-out drilling programs in the Sub-Sill zone. See "*Material Properties – Morelos Gold Property – Developments since the Effective Date of the Technical Report – Updated Mineral Reserve and Mineral Resource Estimates for the ELG Open Pit and ELG Underground*".

Blockade Ended and Full Access Restored

Illegal blockade activities (the "**Blockade**"), which began in November 2017 with the illegal blockade of the ELG Mine Complex access gate by members of Los Mineros Union demanding a change in the union, ended and full access was restored in April 2018. In mid-January 2018, with the help of the communities of Valerio Trujano and Nuevo Balsas, the Company was able to regain access to the ELG Mine Complex and re-start operations. On January 26, 2018, the Governor of Guerrero State acted to remove the illegal blockaders from the ELG Mine Complex resulting in the Company regaining access to the main plant access gate. In late-February there was an incursion onto the site, this time to the El Limón Pit, where another blockade was established. On April 6, 2018, after a negotiation with community leaders that the Company was not a party to, the supporters of Los Mineros Union ended their Blockade. On April 10, 2018, the Company received notification that the Los Mineros Union had withdrawn their application to challenge the incumbent union, to be the union to represent the Company's union-eligible employees. See also "*Risk Factors – Illegal Blockade*".

Equity Financing

On January 29, 2018, the Company announced that it had entered into an agreement with a syndicate of underwriters led by BMO Capital Markets, under which the underwriters agreed to purchase, on a "bought deal" basis, 4,370,000 Common Shares at a price of C$12.60 per Common Share for gross proceeds of approximately C$55.0 million. In February 2018, the offering and the exercise of the underwriters' over-allotment option closed resulting in aggregate net proceeds of C$60.0 million to the Company. See also "*Financing Agreements – Equity Financing*".

Exploration and Development

Details regarding exploration and development of the Morelos Gold Property generally, and in particular the ELG Mine and Media Luna Project, are set out under the subheading *"Material Properties – Morelos Gold Property – Summary of the Technical Report"*. Additional details regarding the ELG Mine Complex and the Media Luna Project are set out in *"Material Properties – Morelos Gold Property, Mexico – Developments Since the Effective Date of the Technical Report"*.

Operating under the COVID-19 Pandemic

Throughout the COVID-19 pandemic, the Company has worked very hard to mitigate the spread of the virus by maintaining a safe work environment to protect the health and safety of employees and contractors as well as neighboring communities. To protect other aspects of the business, the Company sourced predictable critical supplies needed to operate for an extended period of time.

Multiple layers of controls have been put in place, including a 3-tiered COVID-19 screening process for anyone rotating into site with a mobile testing lab set up on the property and COVID-19 clearance testing prior to return to work for anyone who has had the virus or is showing any symptoms.

As mentioned above, in early April 2020, due to the COVID-19 decree issued by the Government of Mexico, production at the ELG Mine Complex was temporarily suspended. Partial operations resumed in May with the processing of lower grade stockpiled material. Following the designation of mining as an essential activity in Mexico, full operations resumed at the ELG Mine Complex in June 2020. The Company continued to be actively engaged with local communities with respect to COVID-19 during the temporary suspension of operations. Members of these communities were supportive of the Company restarting operations with enhanced COVID-19 protocols in place.

The measures implemented by the Company have not kept the operations COVID-free, but they have made operations COVID resistant. At the end of 2020, there were 81 confirmed cases of COVID-19 within the workforce, with 70 of these individuals fully recovered. Of these, 78 individuals displayed symptoms and tested positive while at home. The three individuals who tested positive at site were quarantined as outlined in the Company's COVID-19 protocols, with contact tracing completed to isolate anyone potentially at risk.

In light of the Company's efforts, in the fourth quarter of 2020 the Company was recognized by the national Mexican Institute of Social Security for its leadership on the development of COVID-19 precautionary measures and the protocols implemented to mitigate risks of contagion.

Financing Agreements

2019 Debt Facility

On July 30, 2019, the Company through its subsidiary MML (as borrower) signed a Second Amended and Restated Credit Agreement ("**SARCA**"), resulting in the replacement of the previous debt facility (the "**2017 Debt Facility**"), 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 million debt facility (the "**2019 Debt Facility**"). The 2019 Debt Facility was comprised of a $185 million term loan (the "**2019 Term Facility**") and a $150 million revolving loan facility (the "**2019 Revolving Facility**"). As of July 30, 2019, the full amount of the 2019 Term Facility and $100 million of the 2019 Revolving Facility was outstanding. Proceeds of the 2019 Revolving Facility were for general corporate purposes, including certain development expenditures and acquisitions, in all cases subject to the conditions of the 2019 Debt Facility. The 2019 Debt Facility restricted the Company from making distributions, except that the 2019 Debt Facility permitted the Company to distribute the Muckahi Subsidiaries (as defined below) or the Muckahi System Rights (as defined below, including by way of a "spin out" transaction) if there was no default or event of default. A Muckahi Subsidiary is a direct or indirect subsidiary of the Company whose assets are primarily comprised of the rights to and interest in the design of the Muckahi Mining System or assets related thereto (the "**Muckahi System Rights**").

The 2019 Debt Facility bore interest at a rate of LIBOR +3%. It included standard and customary finance terms and conditions with respect to fees, representations, warranties, covenants and conditions precedent to additional draws under the 2019 Revolving Facility. The 2019 Debt Facility was secured by all of the assets of MML and secured guarantees of the Company and each of its other subsidiaries with a direct or indirect interest in the ELG Mine Complex and or the Media Luna Project. The 2019 Revolving Facility was required to be reduced to $100 million on December 31, 2021.

The 2019 Debt Facility permitted, including by use of the 2019 Revolving Facility, potential spending to facilitate the development of the Media Luna Project, the Muckahi Mining System, and other existing and future projects of the Company, subject to the conditions of the 2019 Debt Facility, including compliance with (i) financial covenants related to maintaining a net leverage ratio of 3.0, a debt service coverage ratio of 1.15 and minimum liquidity of $50.0 million and (ii) certain thresholds with respect to the quantum of development expenditures and the amount spent on the Muckahi Mining System. The 2019 Debt Facility also included a Reserve Tail Test that replaced the Reserve Tail Ratio (as it was in the 2017 Debt Facility). Non-compliance with the Reserve Tail Test was not an event of default, but instead restricted the amount that could be drawn under the 2019 Revolving Facility, and depending on the amount drawn, may have also required prepayments of the 2019 Debt Facility. At December 31, 2019, $140 million of the Revolving Facility was available based on the Reserve Tail Test, of which $50.0 million was drawn.

On December 19, 2019, the Company executed an amendment to the SARCA, increasing the proceeds allowable for development expenditure and accelerating the 2019 Term Facility repayment schedule to March 31, 2022. On December 24, 2020, the Company executed the second amendment to the SARCA, further increasing the proceeds allowable for development expenditure and accelerating the 2019 Term Facility to be fully repaid no later than January 29, 2021. On December 30, 2020, the Company fully repaid the remaining balance on the 2019 Term Facility without penalty or premium. The 2019 Revolving Facility was to mature on June 30, 2022.

During the year ended December 31, 2020, the Company fully repaid the 2019 Term Facility by making principal repayments of $130 million, and the Company drew $90.0 million on the 2019 Revolving Facility, and subsequently made a payment to the 2019 Revolving Facility for $100 million, bringing the total outstanding balance to $40 million.

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 replacement of the 2019 Debt Facility, 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 two year secured $150 million revolving debt facility (the "**2021 Revolving Facility**"). As of March 30, 2021, the 2021 Revolving Facility is undrawn. Prior to entering into the TARCA, the Company repaid early the outstanding balance of $40 million under the 2019 Revolving Facility. The 2021 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 2021 Revolving Facility.

The 2021 Revolving Facility allows Torex to make distributions to its shareholders in the aggregate amount of up to C$100 million, subject to the conditions of the 2021 Revolving Facility. In addition, Torex continues to be able to distribute the Muckahi Subsidiaries (as defined above) or the Muckahi System Rights (as defined above, including by way of a "spin out" transaction) if there is no default or event of default.

The 2021 Revolving Facility has an interest 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.

Level	Net Leverage Ratio	LIBOR Applicable Margin
I	≤ 1.00x	275 bps
II	>1.00x and ≤ 2.00x	300 bps
III	>2.00x and ≤ 2.50x	325 bps
IV	>2.50x	375 bps

The 2021 Revolving Facility matures on March 30, 2023 with a step down in capacity by $25 million on September 30, 2022 and again on December 21, 2022.

The 2021 Revolving Facility includes standard and customary finance terms and conditions with respect to fees, representations, warranties, covenants and conditions precedent to additional draws under the 2021 Revolving Facility. The 2021 Revolving Facility continues to be secured by all of the assets of MML and secured guarantees of the Company and each of its other subsidiaries with a direct or indirect interest in the ELG Mine Complex and/or the Media Luna Project.

The 2021 Revolving Facility continues to permit potential spending ("**Development Expenditures**") to facilitate the development of the Media Luna Project, the Muckahi Mining System, and other existing and future projects of the Company, but the cap has been removed. The Development Expenditures are subject to the conditions of the 2021 Revolving Facility, including compliance with (i) financial covenants related to maintaining a net leverage ratio of 3.0, an interest coverage ratio of 3.0 and minimum liquidity of $50.0 million and (ii) certain thresholds with respect to the quantum of development expenditures and the amount spent on the Muckahi Mining System. The Reserve Tail Test included in the 2019 Debt Facility has been removed.

The 2021 Revolving Facility also continues to permit investment in a Muckahi Subsidiary for the purpose of capital expenditures by such Muckahi Subsidiary in the Muckahi System Rights with the maximum aggregate amount increased from $25 million to $30 million.

The TARCA is available under the Company's profile on SEDAR at www.sedar.com.

Equity Financing

On January 29, 2018, the Company announced that it had entered into an agreement with a syndicate of underwriters led by BMO Capital Markets, under which the underwriters agreed to purchase, on a "bought deal" basis, 4,370,000 Common Shares at a price of C$12.60 per Common Share for gross proceeds of approximately C$55.0 million (the "**Offering**"). The Offering closed on February 7, 2018 and resulted in aggregate net proceeds of C$58.5 million to the Company. As part of the Offering, the underwriters partially exercised their over-allotment option and purchased an additional 12% of the Offering with the remainder of the over-allotment option being exercised and closing on February 16, 2018. Total net proceeds, including the exercise of the over-allotment option, was C$60.0 million.

Muckahi

In June 2018, Fred Stanford, the Company's President and Chief Executive Officer ("**CEO**") at that time, sold, assigned and transferred to the Company (the "**Assignment**"), with the exception of trademarks, his entire right, title and interest in a proprietary mining system (the "**Muckahi Mining System**" or "**Muckahi**") for use in underground mines for nominal consideration. The Company has granted an irrevocable license (the "**License**" and together with the Assignment, the "**IP Agreements**"), in any intellectual property associated with the Mining System, including any improvements, to Muckahi Inc., an entity controlled by Fred Stanford. The License restricted Muckahi Inc. from making use of the License during Fred Stanford's tenure as CEO. On June 17, 2020, the License was amended such that Muckahi Inc. may not make use of the License while Fred Stanford, now Executive Chairman, holds any position with the Company as employee, officer or director. The Muckahi Mining System is currently in the evaluation stage and if determined viable, the Company may use the system in current or future underground mining operations or for commercial purposes. The Board appointed a committee of independent directors (the "**Independent Committee**") to negotiate the terms of the IP Agreements and make a recommendation to the Board thereon. The Board approved the IP Agreements, taking into consideration, among other matters, the Independent Committee's determination that the terms of the IP Agreements are fair, reasonable and in the best interests of the Corporation and their recommendation to approve the IP Agreements.

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

Principal Products

The Company's principal product is gold which requires refining to become a marketable material. The Company uses the services of a refiner to refine the doré produced at its operations to market delivery standards. Any refiner used by the Company must be acceptable to the Majority Lenders (as defined in the TARCA), acting reasonably, and at all times be listed on the then current "Good Delivery List" maintained by the London Bullion Market Association ("**LBMA**") and comply with LMBA's then current "Responsible Gold Guidance" framework. The Company currently refines all of its gold at two refineries. One contract is with a refiner (the "**Primary Refiner**") located in the United States and is for a two-year period ending December 2021. The Company is obligated to send approximately 75% of its doré to the Primary Refiner. If a force majeure event affects the refinery, the Primary Refiner is obligated, at no additional cost to the Company, to make commercially reasonable efforts to refine the Company's doré at another of the Primary Refiner's refineries and the Company is entitled to deliver the doré to other refiners or refineries for refining without liability to the Primary Refiner.

The Company has a second contract with a refiner (the "**Second Refiner**") in Switzerland, with operations in Switzerland and India. The contract will expire on December 31, 2022 and will automatically renew for another one-year term, unless either party gives notice to the other party that it wishes to terminate the contract on the anniversary date. The Company may send approximately 25% of its doré to the Second Refiner.

Due to the availability of alternative refiners, the Company believes that it is not dependent on any one refiner. However, circumstances affecting businesses in general, regionally or globally, including refineries and businesses which transport doré from mining operations to the refineries, may impact the Company's ability to refine its doré production. Such circumstances include the impact of COVID-19 on the ability of refineries to operate and the ability to transport doré to the refinery which commonly requires international transport on passenger flights.

The refined gold is sold to the Banks at spot prices. There are worldwide markets into which the Company may sell its gold and consequently, it is not dependent on any particular purchaser for the spot sales of its gold. See also "*Risk Factors – Hedging*".

Employees and Specialized Skills and Knowledge

As at December 31, 2020, the Company had 964 full or part time employees: 914 workers employed at the operations and offices in Mexico, 10 employees deployed to work in Mexico, and 40 employees in the corporate office in Toronto.

The Company is dependent on the services of key executives, including the President and Chief Executive Officer of the Company, and a small number of highly skilled and experienced executives and personnel. The Company's business requires a wide range of specialized skills and knowledge including the following areas: geology, mine planning, permitting, engineering, metallurgy, construction, project management, mining and milling operations, logistics and procurement. As well, the Company is dependent on the services provided by key support functions such as finance, human resources, community relations and social responsibility, regulatory compliance, legal, tax and accounting. As the Company has transitioned from construction to operations, the Company has been able to locate and retain employees and contractors with such skills and knowledge. See "*Risk Factors – Dependence on Key Executives and Employees*".

Competitive Conditions

In addition to realizing the full potential of the Morelos Gold Property, the Company is seeking opportunities to acquire assets in the Americas that enable profitable and effective geographic diversification.

The mineral exploration and mining business is competitive in all phases of exploration, development and production. The Company competes with a number of other entities, many of which have greater resources and experience, in the search for and the acquisition of potentially productive mineral properties. The ability of the Company to acquire additional properties depends on, among other things, its ability to select, acquire and bring to production suitable properties or prospects for mineral exploration and development. See "*Risk Factors – Competition*".

Foreign Operations

The Company's material mineral projects are located in Mexico. See "*Material Properties – Morelos Gold Property*" for a summary of such projects. Future development and operations may be affected in varying degrees by such factors as government regulations or changes thereto. See "*Risk Factors – Foreign Operations and Political and Country Risk*".

Business Cycle

The mining business is subject to mineral price cycles. The marketability of minerals and mineral concentrates is also affected by global economic cycles, which may be materially affected by the COVID-19 pandemic. Metal prices fluctuate widely and are affected by numerous factors such as global supply, demand, inflation, exchange rates, interest rates, forward selling by producers, central bank sales and purchases, production, global or regional political, economic or financial situations, situations such as the COVID-19 pandemic and other factors beyond the control of the Company. See *"Risk Factors – Fluctuations in Gold and other Metal Prices".*

Environmental, Community and Sustainability

Policy Framework

The Company has adopted several policies concerning health and safety, social harmony and human rights and environmental protection. These policies include the Company's Code of Business Conduct and Ethics (the "**Code**") which sets out the Company's expectations of its directors, officers and employees to, among other things: (i) act ethically and honestly; (ii) obey all laws governing the conduct of the business and affairs of the Company; (iii) conduct business in an environmentally and socially responsible manner; and (iv) select and treat employees of the Company in a respectful, fair and equitable manner and foster a work environment that is safe and healthy and free from discrimination, harassment, intimidation and hostility of any kind. Copies of the Code, as well as the Company's the Safety and Health Policy, Environmental Protection Policy and the Social Harmony and Human Rights Policy are available on the Company's website at www.torexgold.com. In addition to its internal policies, in 2020, the Company became a member of the World Gold Council (the "**WGC**") and in accordance with the membership commitment, the Company is in the process of adopting the Responsible Gold Mining Principles of the WGC as the Company's external sustainability performance standard.

Environment

The Company's Environmental Protection Policy serves as the foundation of the Company's approach to environmental management. Under the policy, the Company is committed to meeting or surpassing regulatory requirements in all of the Company's exploration, development, mining, and closure activities while doing zero harm to the receiving environment beyond our operational boundaries.

The Company maintains an Environmental and Social Management System ("**ESMS"**), which is aligned with the International Finance Corporation ("**IFC"**) Environmental, Health, and Safety Guidelines and the IFC Performance Standards. The ESMS is also guided by the Equator Principles (EP4, July 2020) requirements.

The ESMS is comprised of 15 management plans to manage and mitigate impacts to soil, water, air, flora, and fauna. It is implemented by a team of environmental specialists at the Company's operations with overall operational accountability residing with the Company's Vice President, Mexico, who reports directly to the Chief Executive Officer. The Safety and Corporate Social Responsibility Committee of the Board of Directors maintains Board-level oversight of the ESMS and associated performance.

Below is an overview of key areas of the Company's approach to environmental management, including permitting and legal compliance; tailings management; water management; energy and climate change management; waste and hazardous materials management; air quality; biodiversity and land use; and cyanide management. More detailed information can be found in the Company's most recent Responsible Gold Mining Report, which is posted on the Company's website at www.torexold.com.

- *Permitting and Legal Compliance*: The operations are subject to a variety of environmental laws and regulations in Mexico, including at the Federal and State levels. The Company maintains a comprehensive register of environmental obligations, including all permits, authorizations, and commitments. All environmental commitments are managed through an Environmental Quality Monitoring Programme, comprised of 16 management plans covering ten material environmental aspects. The Company also maintains a comprehensive environmental risk register to monitor, manage, and mitigate the 51 environmental risks identified within its baseline natural and industrial risk assessment, and an environmental quality and monitoring program to maintain legal and regulatory compliance and drive continual improvement in environmental performance.

- *Tailings Management*: The Company recognizes that tailings management is one of the most material environmental issues for mining companies globally. The Company designed and constructed a filtered tailings storage facility for the ELG Mine Complex, which is one of the largest globally and the Company believes to be best-in-class. The tailings are filtered through a process that reduces the moisture content to 17%, which conserves water, eliminates the need for tailing embankments, and essentially eliminates the risk of dam failure. Tailings are conveyed and stacked within the storage facility. A buttress of rock on the downstream side of the storage facility adds additional stability and safety. The Company has internal technical teams dedicated to monitoring the area, and their work is audited by external experts who inspect the site twice a year in both the wet and dry season. The facility is also inspected annually by an independent, third-party consultant. The filtered tailings facility operated through all of 2020 with zero discharge to the downstream environment. In addition, lab results continue to indicate no acid drainage potential throughout the year. Each year the Company releases a Tailings Management Report which outlines our approach to manage tailings and provides key disclosures for our stakeholders. A copy is available on the Company's website at www.torexgold.com.

- *Water Management*: The Company recognizes that water is a critical, shared resource and that water security is an important global issue. As such, the Company implements robust management systems to promote water efficiency at the operations and works in close partnership with our host communities on water related projects. The Company's approach to water management is aligned with IFC Performance Standard 3 on Resource Efficiency and Pollution Prevention, which requires the Company to adopt measures to maximize recycling and reduce water usage so that the operations' water consumption does not have significant adverse impacts on others.

- *Energy and Climate Change Management*: The Company recognizes the important role it, and the mining industry as whole, must play in helping to solve the challenge of climate change. Furthermore, climate change presents risks and opportunities for the business, including physical risks to assets and operations as well as transition risks towards a lower-carbon future. The Company is therefore committed to embedding climate change management across all levels of the Company. The Company's management approach to energy and climate change management is currently guided by the 'Air Emissions and Ambient Air Quality' guidelines of the IFC Environment, Health, and Safety Guidelines as well as IFC Performance Standard 3 on Pollution Prevention and Abatement.

  In view of growing expectations from investors, governments, and other stakeholders surrounding climate change risk, in 2021, the Company is planning a standalone climate risk assessment to enhance 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.

- *Waste and Hazardous Materials Management*: The Company's approach to waste and hazardous materials management is aligned with IFC Performance Standard 3 on Resource Efficiency. The Company maintains a comprehensive waste management plan that contains a variety of waste handling programs.

  As part of this plan, waste is categorized into three main streams; municipal solid waste, special handling waste, and hazardous waste. In 2020, the Company increased vendor requirements for the removal of hazardous waste, and priority was given to companies that use waste management alternatives in the following order: recycling, co-processing, incineration, and confinement.

- *Air Quality*: The Company's approach to managing air quality impacts is aligned with the Air Emissions and Ambient Air Quality requirements of the IFC Environmental, Health and Safety Guidelines. As per the requirements, the Company is committed to preventing and minimizing impacts, as applicable, by following defined air quality guidelines, which complement local regulations. A comprehensive air quality impact assessment was completed in 2015, as part of the overall ESIA for the ELG Complex. This included a comprehensive air quality baseline study, an assessment of predicted effects, and associated monitoring programs that are audited annually for regulatory compliance.
- *Biodiversity and Land Use*: The Company recognizes the importance of biodiversity in maintaining ecosystem health. The Company's approach to managing biodiversity risks and impacts is aligned with IFC Performance Standard 6 on Biodiversity Conservation and Sustainable Management of Living Natural Resources. In accordance with these standards, the Company is committed to 'no net loss' of natural and critical habitat and plans to do so by offsetting the entire mine footprint in natural habitat areas. It is expected to result in a net increase in habitat conservation. Biodiversity risk and impact assessments are key components of our overall project-level ESIAs, which inform our associated Biodiversity Management Plans developed in conjunction with key stakeholders and regulatory agencies. The Company implements a variety of initiatives to restore and promote ecosystem protection, including the protection of designated conservation areas within the area of direct and indirect impact. In addition, the Company's conservation efforts extend regionally with the reforestation of a natural protected area to preserve the head of the Cocula River basin.

  Biodiversity and land use considerations are also integrated into our mine planning and mine closure plans. A primary objective of the closure plan is to restore land to a productive, post-mining land use.

  The Company recognizes a decommissioning liability relating to the ELG Mine Complex as at December 31, 2020, of $29.2 million. In respect of its exploration activities, the Company has determined that no significant decommissioning liability exists. See Note 11 of the Company's Financial Statements for the year ended December 31, 2020, for information on the estimation of the liability.
- *Cyanide Management*: In 2020, the Company continued a multi-year process to become compliant with the International Cyanide Management Code ("**ICMC**"), a global, best-practice standard for cyanide management. During the year, the Company completed a gap analysis of the current management and performance against the ICMC and developed department-specific action plans to address key requirements for conformance.

Community Engagement and Development

The State of Guerrero, where the Morelos Gold Property is situated, has limited government resources to fund social, economic and infrastructure development. Given these economic circumstances, private investment offers an opportunity to increase the standard of living of the residents near the Morelos Gold Property. The Company recognizes that providing the opportunity of an increased standard of living alone is not sufficient; building lasting and constructive relationships with the host communities and governments, is essential to maintaining trust and the social Company's license to operate.

The Company aims to share the economic benefits of its operations with local stakeholders. In addition to the standard economic contributions the Company makes to local communities and host governments (e.g. taxes, royalties, land payments), the Company also contributes through various sustainable development initiatives. In 2018, the Company moved away from a company-centric model of community economic development towards a 'collaborative-partnership' model based on agreements and partnerships among local stakeholders. This distributes the roles and responsibilities of community development away from the Company with a primary focus on local stakeholders and institutions. Doing so removes the Company from the center of dependency and allows communities to take responsibility for development in the broader context.

In 2018, in implementing this new approach, the Company signed unique community development agreements (Convenio de Desarrollo Comunitario Participativo "**CODECOPs**") with 11 local communities based on a collaborative-partnership model. The CODECOPs outline the development commitments made by the Company and the roles and responsibilities of the local stakeholders in designating and delivering development projects in their communities. Local committees were established for each CODECOP. Funding priorities are defined by the CODECOP committee representatives in consultation with community authorities and community members. This is a step beyond the more traditional impact benefit agreement model, as it increases local participation and decision-making among local stakeholders, rather than the Company. Typical projects include infrastructure development and improvements, water and sanitation projects, education initiatives, and cultural initiatives. In 2020, the Company invested $0.9 million as part of the CODECOPs.

The Company also invests directly in local economic initiatives that are defined by local communities, often in partnership with local government agencies and non-governmental development organizations. Doing so helps promote ownership of the initiatives, helps build capacity, and promotes long-term sustainability. In 2020, the Company invested $3.1 million directly into such initiatives.

The Company has also contributed to the Mexican Fondo Minero (the "**Mining Fund**") in respect of years 2016 onward (first year of gold production), which is funded through a 7.5% mining tax on extractive activities earnings and 0.5% royalty on gold and silver sales, with proceeds used to fund community infrastructure projects in mining communities. In addition to paying these special taxes, since 2018, the Company has fostered local development by aligning the municipal development program to the local communities' interests while promoting local consultation and participation in the decision-making process for the use of the Mining Fund. This approach helps the local Municipal President to create a case for the Mexican government to use the Mining Fund locally, benefiting the communities in MML's area of direct impact while managing expectations for economic development. The Company contributed $8.2 million, $16.9 million and $34.4 million for years 2018, 2019 and 2020, respectively, to the Mining Fund; the payments are made in the first quarter of the following year. The rate and basis upon which the amount of the tax and the royalty is determined has not changed; the increase year over year in the amount paid to the Mining Fund is primarily due to the increase in the Company's earnings and higher gold prices. See "*Risk Factors – Foreign Operations*" for information on changes to the use of the Mining Fund announced by the Mexican Federal Government.

Blockades

Local communities may be influenced by external entities, groups, or organizations opposed to mining activities or seeking to gain illegally from mining. Social acceptance of the Company remains strong and local communities are largely supportive of the ELG Mine Complex; however, the ELG Mine Complex has experienced blockades from time to time. The ELG Mine Complex has been blockaded on three occasions since commercial production started in 2016, most recently in November 2017 (referred to in the AIF as the Blockade). Operations were re-established in January 2018 with full access restored in April 2018.

See *also "General Development of the Business – Developments in Fiscal 2018 – Blockade Ended and Full Access Restored", "Risk Factors – Safety and Security", "Risk Factors – Illegal Blockades"* and *"Risk Factors – Foreign Operations"*.

Labor Relations and Collective Bargaining Agreements

All of our employees are guaranteed the right to freedom of association and collective bargaining as per Mexican labour laws, in alignment with the core conventions of the International Labour Organization ("**ILO**"). The Company maintains a strong relationship with the national and local union. Unionized employees represent 66% of our workforce in Mexico.

In 2020, the Company signed a two-year collective bargaining agreement (CBA) with the Confederation of Mexican Workers (CTM), which is unique in that typically CBAs are negotiated annually in the Mexican mining sector. In addition to base salary increases, the CBA covers a variety of benefits, including health benefits, contributions to a savings fund, vacation premium and increased provision of scholarships for employee dependents. The Company provides all employees, without exception, the same health benefits, including private medical coverage, which is an industry leading practice in Mexico. Typically, only 7% of unionized employees in the mining sector receive private medical coverage through CBAs.

Additional Information

The preparation of the Company's 2019 Responsible Gold Mining Report was guided by leading practices in sustainability reporting in the mining industry and by international guidelines, including the Global Reporting Initiative ("**GRI**") Standards, and the Sustainability Accounting Standards Board ("**SASB**") Standards. A summary of the Company's performance on key GRI and SASB metrics can be found on pages 41-44 of the report.

The 2019 Responsible Gold Mining Report is available on the Company's website at www.torexgold.com.

MATERIAL PROPERTIES – MORELOS GOLD PROPERTY

The Company wholly-owns the Morelos Gold Property, a group of seven mineral concessions which hosts four deposits, El Limón (which includes El Limón Sur), Guajes (together, referred to as the "**ELG Open Pits**"), Sub-Sill and ELD (together, referred to as the "**ELG Underground**") and Media Luna, each of which has a mineral resource estimate prepared in accordance with NI 43-101.

Torex is currently operating the ELG Mine Complex which includes the ELG Open Pits and the ELG Underground. While operating the ELG Mine Complex, Torex is carrying out work to upgrade Mineral Resources and prepare a feasibility study on the Media Luna Project.

The technical report titled "NI 43-101 Technical Report ELG Mine Complex Life of Mine Plan and Media Luna Preliminary Economic Assessment" dated effective March 31, 2018 (the "**Technical Report**") provides a LOM plan for the ELG Mine Complex. In addition, the Technical Report presents the results of a PEA for exploitation of the Media Luna deposit using the ELG Mine Complex infrastructure and is referred to as the Media Luna Project. A summary of the Technical Report is included in Appendix "C".

The PEA economics for the Media Luna Project in the Technical Report are based on conventional mining methods. In addition, the Muckahi Mining System, a Torex proprietary mining method, is introduced and described in the Technical Report. The Technical Report uses the Media Luna Project as a platform for comparison to demonstrate the potential benefits that could be possible if the Muckahi method is proven and ultimately applied to the Media Luna Project, or any other deposit that does not employ caving methods. However, it is important to note that Muckahi is experimental in nature and testing in an operating mine is ongoing. The mine design, equipment performance and cost estimations involving Muckahi in the Technical Report are conceptual in nature, and do not yet demonstrate technical or economic viability.

Developments Since the Effective Date of the Technical Report

Updated Mineral Reserve and Mineral Resource Estimates for the ELG Mine Complex

The Technical Report has an effective date of March 31, 2018. The following is an update of scientific and technical information since the date of the Technical Report. The section titled "*ELG Mineral Reserves*" and the table titled "*ELG Mineral Reserve Estimate for the ELG Mine Complex*" were reviewed and approved by Clifford Lafleur, P.Eng., Director, Resource Management and Mine Engineering of the Company. The sections titled "*ELG Mineral Resources"* and "*QA/QC ELG and Media Luna*", and the table titled "*Mineral Resource Estimate for the ELG Mine Complex*", were reviewed and approved by Dr. Lars Weiershäuser, P.Geo, Resource Manager of the Company. The disclosure on Mineral Reserves and the Mineral Resources in the table titled "*Year-Over-Year Comparison of Mineral Reserves and Resources for the ELG Mine Complex* were reviewed and approved by Mr. Lafleur and Dr. Weiershäuser, respectively. Each of Mr. Lafleur and Dr. Weiershäuser is a "qualified person" for the purposes of NI 43-101.

YEAR-OVER-YEAR COMPARISON OF MINERAL RESERVES AND RESOURCES FOR THE ELG MINE COMPLEX

	December 31, 2020			December 31, 2019			Variance		
	Tonnes (Mt)	Au (g/t)	Au (Koz)	Tonnes (Mt)	Au (g/t)	Au (Koz)	Tonnes (Mt)	Au (g/t)	Au (Koz)
Proven & Probable Reserves									
Open Pit (including stockpiles)	18.48	2.54	1,510	21.40	2.76	1,898	(14%)	(8%)	(20%)
Underground	2.03	6.32	413	1.72	6.51	360	18%	(3%)	15%
Total	**20.51**	**2.92**	**1,923**	**23.12**	**3.04**	**2,258**	**(11%)**	**(4%)**	**(15%)**
Measured & Indicated Resources									
Open Pit	18.28	2.91	1,710	24.85	2.97	2,370	(26%)	(2%)	(28%)
Underground	3.26	7.31	770	2.87	7.07	650	14%	3%	18%
Total	**21.55**	**3.57**	**2,480**	**27.73**	**3.39**	**3,030**	**(22%)**	**5%**	**(18%)**
Inferred Resources									
Open Pit	1.93	1.75	110	2.42	1.88	150	(20%)	(7%)	(27%)
Underground	2.88	5.65	520	2.44	5.69	450	18%	(1%)	16%
Total	**4.81**	**4.08**	**630**	**4.86**	**3.79**	**590**	**(1%)**	**8%**	**7%**

Notes to Mineral Reserve and Resource comparison table:

1. The reader is cautioned not to misconstrue this tabulation as a mineral resource statement. Listed grades and tonnes are shown for comparison purposes only.
2. The gold price used to estimate mineral reserves at year-end 2020 was $1,400 per ounce compared with $1,200 per ounce at the end of 2019. The gold price used to estimate mineral resources was unchanged at $1,550 per ounce.
3. Year-end mineral reserves and resources as well as year-over-year variance subject to rounding.

Mineral resources are classified in accordance with the CIM Standards and the 2019 CIM Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines (collectively, the "**CIM Standards and Guidelines**").

ELG Mineral Reserves

Proven and probable reserves (contained gold) declined to 1,923 thousand ounces ("**Koz**") at an average grade of 2.92 grams per tonne ("**g/t**") from 2,258 Koz at 3.04 g/t at the end of 2019 (see table below "*Mineral Reserve Estimate for the ELG Mine Complex*").

The 15% decrease in contained gold primarily reflects mine depletion of 554 Koz at 2.94 g/t, including 487 Koz at 3.64 g/t processed, with the remainder stockpiled. The impact of processing higher than reserve grade ore in 2020 was a key contributor to the 4% decline in the average gold reserve grade year-over-year.

Ongoing success from the step-out and infill exploration programs within the ELG Underground deposits resulted in underground reserves increasing 53 Koz net of depletion of 86 Koz. Infill drilling resulted in growing underground gold reserves by 93 Koz. Open pit reserves declined 388 Koz, primarily reflecting 400 Koz of open pit reserves processed during the year.

The gold price used to estimate year-end reserves increased to $1,400 per ounce from $1,200 per ounce in the year prior, which led to a modestly lower open pit cut-off grade for the ELG Low Grade portion of reserves (0.8 g/t Au versus 0.9 g/t prior) and lower underground cut-off grade (3.1 g/t Au versus 3.7 g/t prior). The application of lower cut-off grades resulted in 54 Koz increase in total gold reserves at an average grade of 1.3 g/t (28 Koz impact on ELG Low Grade reserves and 26 Koz impact on underground reserves). The incremental open pit reserves attributed to the lower cut-off grade will be mined, stockpiled, and processed post depletion of open pit reserves and following processing of higher-grade stockpiled material.

ELG Mineral Resources

Measured and indicated gold resources decreased 18% to 2,480 Koz at an average grade of 3.57 g/t at year-end 2020 compared with 3,030 Koz at 3.39 g/t at the end of 2019. Ongoing exploration success within the ELG Underground (resource increased 18%) helped offset a portion of depletion, which was the key driver of the year-over-year decline in measured and indicated gold resources (see table below "*Mineral Resource Estimate for the ELG Mine Complex*").

Inferred gold resources increased 7% to 630 Koz at a grade of 4.08 g/t from 590 Koz at 3.79 g/t. The increase primarily reflects updates to the open pit resource model and continued exploration success within the ELG underground, with the Inferred underground resource up 16% year-over-year.

The gold price used to estimate open pit and underground mineral resources was US$1,550 per ounce, consistent with the gold price used to estimate mineral resources at the end of 2019.

MINERAL RESERVE ESTIMATE FOR THE ELG MINE COMPLEX

As of December 31, 2020	Tonnes (Mt)	Au (g/t)	Ag (g/t)	Au (koz)	Ag (koz)
Reserves – ELG Open Pit					
El Limón (including El Limón Sur)					
Proven	2.48	3.59	4.3	286	344
Probable	5.84	2.90	4.2	545	787
Proven & Probable	**8.32**	**3.11**	**4.2**	**831**	**1,130**
Guajes					
Proven	1.88	3.87	3.4	234	205
Probable	2.28	2.86	2.6	209	191
Proven & Probable	**4.16**	**3.31**	**3.0**	**443**	**396**
Mined Stockpiles					
Proven	4.10	1.38	3.3	182	433
El Limón Guajes Low Grade					
Proven	0.50	0.88	1.9	14	31
Probable	1.40	0.88	2.1	40	93
Proven & Probable	**1.91**	**0.88**	**2.0**	**54**	**124**
Total ELG Open Pit					
Proven	8.96	2.49	3.5	716	1,013
Probable	9.52	2.59	3.5	794	1,070
Proven & Probable	**18.48**	**2.54**	**3.5**	**1,510**	**2,085**
Reserves - ELG Underground					
Sub-Sill					
Proven	0.20	7.16	11.3	45	71
Probable	0.78	6.80	6.0	170	151
Proven & Probable	**0.97**	**6.87**	**7.1**	**215**	**222**
ELD					
Proven	-	-	-	-	-
Probable	1.06	5.80	5.6	198	189
Proven & Probable	**1.06**	**5.80**	**5.6**	**198**	**189**
Total ELG Underground					
Proven	0.20	7.16	11.3	45	71
Probable	1.84	6.23	5.8	368	340
Proven & Probable	**2.03**	**6.32**	**6.3**	**413**	**411**
Reserves – ELG Open Pit & ELG Underground					
ELG Mine Complex					
Proven	9.16	2.59	3.7	761	1,084
Probable	11.36	3.18	3.9	1,162	1,410
Proven & Probable	**20.51**	**2.92**	**3.8**	**1,923**	**2,496**

Notes to accompany reserve table:

1. Mineral reserves are founded on Guajes, El Limón and El Limón Sur measured and indicated mineral resources with an effective date of December 31, 2020.
2. Mineral reserves are based on open pit mining within designed pits and underground cut and fill mining where appropriate and include estimates of dilution and mining losses.
3. El Limón and Guajes Open Pit mineral reserves are reported above a diluted cut-off grade of 1.0 g/t Au within the designed pits assuming estimates for dilution and ore losses. El Limón Guajes Low Grade mineral reserves are reported above a diluted cut-off grade of 0.8 g/t Au.
4. El Limón Underground mineral reserves are reported above a diluted incremental cut-off grade of 0.9 g/t Au and a diluted ore cut-off grade of 3.1 g/t Au within designed mine shapes assuming mechanized cut and fill mining method and estimates for dilution and mining losses.
5. Cut-off grades, designed pits and mining shapes are considered appropriate for a metal price of $1,400/oz Au and metal recoveries of 89% Au and 28% Ag.
6. Mineral reserves were developed in accordance with CIM Standards and Guidelines.
7. Rounding may result in apparent summation differences between tonnes, grade, and contained metal content.
8. The "qualified person", in accordance with NI-43-101, for the mineral reserve estimate is Clifford Lafleur P.Eng the Director of Mineral Resources and Mine Engineering for the Company.

MINERAL RESOURCE ESTIMATE FOR THE ELG MINE COMPLEX

As of December 31, 2020	Tonnes (Mt)	Au (g/t)	Ag (g/t)	Au (koz)	Ag (koz)
Resources – ELG Open Pit					
El Limón (including El Limón Sur)					
Measured	2.79	3.64	5.2	330	460
Indicated	9.03	2.66	5.7	770	1,650
Measured & Indicated	**11.82**	**2.89**	**5.6**	**1,100**	**2,120**
Inferred	1.68	1.73	7.4	90	400
Guajes					
Measured	2.32	3.62	3.3	270	250
Indicated	4.15	2.55	2.4	340	330
Measured & Indicated	**6.47**	**2.93**	**2.8**	**610**	**570**
Inferred	0.26	1.88	2.2	20	20
Total ELG Open Pit					
Measured	5.10	3.63	4.3	600	710
Indicated	13.18	2.63	4.7	1,110	1,980
Measured & Indicated	**18.28**	**2.91**	**4.6**	**1,710**	**2,690**
Inferred	1.93	1.75	6.7	110	420
Resources - ELG Underground					
Sub-Sill					
Measured	0.56	8.83	11.0	160	200
Indicated	1.40	7.40	6.7	330	300
Measured & Indicated	**1.96**	**7.81**	**7.9**	**490**	**500**
Inferred	1.40	6.45	6.6	290	300
ELD					
Measured	-	-	-	-	-
Indicated	1.30	6.57	6.5	270	270
Measured & Indicated	**1.30**	**6.57**	**6.5**	**270**	**270**
Inferred	1.48	4.90	8.3	230	400
Total ELG Underground					
Measured	0.56	8.83	11.0	160	200
Indicated	2.70	7.00	6.6	610	570
Measured & Indicated	**3.26**	**7.31**	**7.3**	**770**	**770**
Inferred	2.88	5.65	7.5	520	690
Resources – ELG Open Pit & ELG Underground					
ELG Mine Complex					
Measured	5.66	4.14	5.0	750	910
Indicated	15.88	3.37	5.0	1,720	2,550
Measured & Indicated	**21.55**	**3.57**	**5.0**	**2,480**	**3,460**
Inferred	4.81	4.08	7.2	630	1,110

Notes to accompany resource table:

1. The effective date of the estimate is December 31, 2020.
2. The estimate was prepared by Dr. Lars Weiershäuser, P.Geo., an employee of the Company, who is a "qualified person" under NI 43-101.
3. Mineral resources are reported inclusive mineral reserves; mineral resources that are not mineral reserves do not have demonstrated economic viability.
4. Mineral resources amenable for open pit extraction:
   a) Resources have been reported below a topography with mining progress as of December 31, 2020. Stockpiled material is not considered in the mineral resource tabulation.
   b) Resources are reported at a cut-off grade of 0.8 g/t gold and are constraint within a conceptual open pit shell.
   c) Assumed pit slopes range from 3 to 49 degrees.
   d) The assumed open pit mining costs are US$2.18/tonne, processing costs US$25.00/tonne, general and administrative costs of US$8.19/tonne processed.
5. Mineral resources amenable for underground extraction:
   a) Resources are reported above a 2.5 g/t Au cut-off grade.
   b) Resources have been reported considering mining progress as of December 1, 2020.
   c) Mineral resources for ELD have been reported below the reserve pit of the El Limón deposit.
6. El Limon open pit mineral resources have been reduced between the final reserve pit and the resource pit to account for mineral resources reported under ELD including a conceptual crown pillar.
7. Mineral resources are reported using a long-term metal prices of US$1,550/oz Au and US$20/oz Ag.
8. Metallurgical recoveries are assumed to be 89% for Au and 28% for Ag.
9. Mineral resources are classified in accordance with the CIM Standards and Guidelines.
10. Rounding as required by reporting guidelines may result in apparent summation differences between tonnes, grade, and metal content.

Mineral Resource Estimate for the Media Luna Project

MINERAL RESOURCE ESTIMATE FOR THE MEDIA LUNA PROJECT

As of December 31, 2019	Tonnes (Mt)	AuEq (g/t)	Au (g/t)	Ag (g/t)	Cu (%)	AuEq (Moz)	Au (Moz)	Ag (Moz)	Cu (Mlb)
Media Luna									
Indicated	12.6	5.55	3.27	37.7	1.16	2.24	1.32	15.3	322
Inferred	33.5	4.23	2.49	23.6	0.93	4.56	2.68	25.5	686

Notes to accompany resource table:

1. The effective date of the estimate is December 31, 2019
2. Mineral resources are reported above a 2 g/t gold equivalent (AuEq) cut-off grade; AuEq = Au (g/t) + Cu % *(77.16/49.83) + Ag (g/t) * (0.64/49.83
3. The assumed mining method is from underground
4. Mineral resources are reported using a long-term gold price of US$1,550/oz, silver price of US$20.00/oz, and copper price of US$3.50/lb
5. Costs per tonne of mineralized material (including mining, milling, and general and administrative) used is US$75/t. Metallurgical recoveries average 85% for gold, 75% for silver and 89% for copper
6. Mineral resources that are not mineral reserves do not have demonstrated economic viability
7. Mineral resources are classified in accordance with applicable CIM Standards and Guidelines
8. Rounding as required by reporting guidelines may result in apparent summation differences between tonnes, grade, and contained metal content
9. Mineral resources are reported as undiluted; grades are contained grades
10. The estimate was prepared by Dr. Lars Weiershäuser, P.Geo., an employee of the Company, who is a "qualified person" under NI 43-101

A $13 million infill drilling program in 2020 focused on upgrading a greater portion of the inferred resources to the indicated category, in order to enhance the mine life within the upcoming feasibility study. Due to the Government mandated COVID-19 suspension of business activities in April 2020, the infull drill program was delayed by approximately three months resulting in 20 drill holes of the 128 drill-hole program not being completed until late February 2020. The Company expects to release an updated mineral resource estimate in Q2 2021. See also *"Material Properties – Morelos Property - Exploration and Development – Media Luna Project".*

QA/QC ELG and Media Luna

The Company maintains industry-standard analytical quality assurance/quality control (QA/QC) and data verification programs for operations and exploration at the ELG Mine Complex, as well as for exploration at the Media Luna Project. These programs are designed to monitor laboratory performance and to ensure high quality assay results. Results from these programs confirm reliability of the assay results. All sampling is conducted by the Company with analytical work for exploration programs at the ELG Mine Complex performed by SGS de Mexico S.A. de C.V. ("**SGS**") in Durango, and by SGS in Nuevo Balsas, Mexico. Gold analyses comprise fire assays with atomic absorption or gravimetric finish. All of the Media Luna analytical work (sample preparation and analyses) is performed by Bureau Veritas. Sample preparation is completed in Durango, Mexico. The gold analyses (fire assay with an atomic absorption or gravimetric finish) are completed at the laboratory's facilities in Hermosillo, while multi-element geochemical analyses are completed at their analytical facilities in Vancouver. All analytical laboratories are independent of the Company.

External check assays for QA/QC purposes for ELG the ELG Mine Complex and the Media Luna Project are performed by ALS Chemex de Mexico S.A. de C.V. ("**ALS**"), which is independent of the Company. The analytical QA/QC program at the ELG Mine Complex is currently overseen by Carlo Nasi, Chief Mine Geologist for Minera Media Luna, S.A. de C.V., while the analytical QA/QC program for Media Luna is currently overseen by Nicolas Landon, Chief Exploration Geologist for the Media Luna Project.

Dr. Weiershäuser has verified the data disclosed, including sampling, analytical, and test data underlying the drill results, related to the updated mineral reserve and mineral resource estimates for the ELG Open Pits and ELG Underground.

Processing Plant Operations

- For annual plant throughput, average gold grade processed and average gold recovery see "*General Development of the Business – Key Operating and Financial Highlights*".

- In 2018, debottlenecking of the SAG Mill advanced in the year as technical solutions were implemented. Management focused on incremental improvements to achieve design rates through enhancements to operating and maintenance practices.
- By Q3 2019, through the execution of a comprehensive optimization plan including the introduction of a new mix of maintenance contractors, initiating a predictive maintenance program, trialing pre-crushing, and automating new control logic in the SAG mill, plant availability increased from 84% in Q2 2019 to 89% in Q3 2019. With power to the SAG mill motor being the limiting factor, average steady-state plant throughput of 13,000 tpd was set as the target.
- Coming out of Q4 2019, there were emerging concerns about root causes and possible fixes associated with the SAG mill drive train. In January 2020, the plant was taken down for an extended 88 hour shut down to realign the drive train and it operated for the balance of the quarter within tolerance on temperature and vibration, delivering the best quarterly performance on both milled tonnes per day (average of 12,460 for Q1 2020) and availability (90% for Q1 2020) since 2018. Plant throughput improvements were sustained over the course of 2020 with a set back in December due to an unexpected failure of the main feed belt conveyor and SAG mill liner changes. This performance demonstrates the effectiveness of both the scheduled maintenance planning and execution processes, and the work being done on preventative and predictive maintenance with a view to minimizing unplanned down time.
- The construction of the SART plant was completed on schedule in Q2 2018. An upgrade to the SART in Q3 2019 was successful and resulted in consistently achieving above design flow rates which has been sustained.
- Despite strict adherence to cyanide measurement and addition systems, reagent consumption increased in Q3 2019 over Q2 2019 owing to an increase in the presence of soluble iron in mill feed. The issue was addressed through aeration and oxidation in the leach circuit. In 2020, the cyanide consumption remained under control despite high values of soluble copper and iron in ore feed.
- Gold recovery also remained stable and above design in 2020 at 89% vs. design of 87%.

Exploration and Development

Media Luna Project Update

- The Company intends to advance the Media Luna project from advanced stage development to production in the first quarter of 2024. The 2017-2019 infill drilling program at Media Luna was completed, successfully upgrading 25% of the previous inferred resource to the Indicated confidence resource category, suitable for use in a feasibility study and the estimation of a mineral reserve. The objective of the infill drill program was to upgrade sufficient resources to generate a reserve that would pay back the initial capital investment.
- A $13 million infill drilling program in 2020 focused on upgrading a greater portion of the inferred resources to the indicated category, in order to enhance the mine life within the upcoming feasibility study. Due to the Government mandated COVID-19 suspension of business activities in April 2020, the infull drill program was suspended for close to three months. The infill drilling conducted to date has increased drill density in specific areas of the resource model to an approximate 30-metre spacing (from an approximate 100-metre spacing). The Company received assay results for 108 holes of the planned 128-hole drill program, with assay results still outstanding for the remaining 20 drill holes completed in late February 2020. Upon receipt of final assays, results from the remaining 20 drill holes will be incorporated within the geological and block models, with the release of an updated mineral resource estimate to follow in Q2 2021. For more information on the drill results, see news release titled “Torex Gold Reports Exploration Results from Media Luna 2020 Infill Drilling Program” issued March 25, 2021 filed under the Company’s profile on SEDAR at www.sedar.com and on the Company’s website at www.torexgold.com.
- The 2021 infill drilling program is targeting to upgrade Inferred Mineral resources for portions of the deposit located between MLL and MLU. The cost of the 44,000-metre program in 2021 is guided at US$14 million.
- The final, upgraded mineral resource estimate for Media Luna, due for completion in Q1 2022, is expected to provide for a more robust mine plan in the upcoming feasibility study.
- Only the measured and indicated portion of a mineral resource estimate can be included in a feasibility study to generate a mineral reserve. As such, the mineable tonnes presented in the feasibility study will be significantly lower than the 2018 PEA, since all of the Inferred tonnes considered in the PEA will not have been upgraded to Indicated for inclusion in the study. Future infill drill programs will target the remaining Inferred tonnes for upgrading to the Indicated confidence category.

- As at December 31, 2020, the Company has capitalized $87.0 million of expenditures since the commencement of development, including $24.5 million in the fourth quarter of 2020 related to development activities for the Media Luna Project.
- Key trade-off studies are nearing completion and early field survey and technical study work in support of the permitting/approval process has commenced. During the fourth quarter of 2020, an early works program started excavating an access tunnel to Media Luna, thereby de-risking this component of the development schedule.
- Investment in Media Luna is guided between $90 million and $100 million for 2021. A majority of the guided spend ($60 million to $65 million) relates to a full year of development of the 7-kilometre long Guajes tunnel (including development, equipment purchases and other infrastructure) and commencement of the South Portal, which allows for access to the upper portions of the deposit from the south side. These two projects are key to maintain the schedule for production in the first quarter of 2024. An additional $14 million will be invested in an expanded infill drill program and a further $12 million to advance the feasibility study, which is expected to be completed in the first quarter of 2022. The remaining spend relates to environmental and permitting costs. Capital expenditure on Media Luna will increase in 2022 and peak in 2023, with a moderate spend in 2024 to finalize construction and commissioning.
- Before the commencement of commercial production from Media Luna, the Company is required to secure appropriate environmental, exploitation, land use, water and infrastructure construction permits, all of which are tracking to schedule.
- Pre-commercial capital expenditures were estimated at $496.5 million as per the Technical Report. The Company intends to fund these expenditures from cash flows generated from the existing mining operations or other financing arrangements. The Company is currently working on a feasibility study, which will provide an updated estimate on the pre-commercial capital expenditures expected.
- The release of the updated Morelos technical report including the Media Luna feasibility study, has been rescheduled from mid-2021 to the first quarter of 2022. Rescheduling the release of the updated technical report will allow for the inclusion of additional results from the 2021 infill drill program at Media Luna, an updated mine plan for ELG, including a potential layback in the El Limón pit if deemed economic, as well as more complete data on Muckahi following completion of rate-related field testing later this year.
- While the Company intends to advance the Media Luna project to production in the first quarter of 2024 and has taken the decision to commence the Guajes tunnel and South portal to maintain the schedule to first production, the Company has not taken a production decision in advance of completing the feasibility study. See also "*Risk Factors – Nature of Mineral Exploration and Mine Development*".

Muckahi Mining System Update

- Process and equipment testing, and personnel training activities, resumed late in the second quarter of 2020 after the government mandated COVID-19 suspension.
- During the fourth quarter of 2020, activities at the Muchaki pilot area underground at El Limón Deep were focused on preparation for the testing of the integrated system, scheduled for the first half of 2021. The excavation of the access for loading the steep ramp was completed, the installation of the steep ramp conveyor commenced, monorail installation was completed on the 980 level and the new diesel hydraulic locomotive was installed.
- During the fourth quarter of 2020 "Gen-1" Muckahi mining containers, including the muck boxes and slusher equipment boxes required for testing were fabricated in both Mexico and Canada and shipped to site in Mexico. Static testing on the "Gen-2" rapid connect disconnect equipment and the dumping process for mucking containers was completed and final designs confirmed prior to "Gen-2" manufacturing. Mine design, planning and scheduling work is ongoing to evaluate the potential benefits of the option of a monorail-based transportation system at Media Luna. Upon completion of the testing, additional information will be available to quantify the benefits of a monorail-based transportation system and to determine whether or to what extent such system may be utilized at Media Luna.

Morelos Gold Property Exploration Update

- The Morelos property covers 29,000 hectares of highly prospective terrain in the prolific Guerrero Gold Belt in Mexico. More than ten well-supported target areas have been identified through a combination of surface mapping, sampling and remote sensing work. The Media Luna deposit, currently in feasibility-level evaluation, was the first discovery on the property by the Torex team. Subsequent near mine exploration efforts identified and drilled out down dip extensions to the near-surface ore bodies, two of which, El Limón Deep and Sub-Sill, are being mined today from underground and contributing high-grade feed.

- Over the last year, the site geology and exploration teams have conducted an extensive evaluation of the potential for additional discovery in the El Limón-Guajes area. Six well-supported target areas in the near-mine environment have been identified, which include the direct down-dip extension to current underground workings. The total proposed ELG “brownfields” program is expected to continue over the next three years, with the intention to add additional mine life to the operations at the ELG Mine Complex.
- Drilling under this new near-mine program commenced in the first quarter of 2020 but was suspended in the second quarter of 2020 due to COVID-19 contagion prevention measures. Drilling recommenced early in the third quarter of 2020, as did the 2020 resource delineation drilling at Media Luna. In October 2020, the Company announced drill results from the ongoing 2020 exploration program at the Company’s ELG Underground. Infill drilling at Sub-Sill returned positive results, with drilling intersecting similar grades and widths as within previous drill holes. Step-out drilling successfully extended known mineralization at Sub-Sill below the previous deepest hole, while continuing to extend the strike length of ELD. Highlighted intercepts include 30.7 g/t Au over 9.1 m in borehole SST 162; 13.1 g/t Au over 28.5 m in borehole SST-180; 23.9 g/t Au over 12.2 m and 14.9 g/t Au over 18.9 m in borehole SST-169; 17.0 g/t Au over 15.4 m in borehole SST 177; 21.6 g/t Au over 11.8 m in borehole SST-189; and 16.0 g/t over Au 13.2 m in borehole LDUG-071. For more information on these drill results, see the Company’s news release titled *“Torex Gold Reports Positive Drill Results from the 2020 Exploration Program at ELG Underground”* issued on October 29, 2020, and filed on SEDAR at www.sedar.com and on the Company’s website at www.torexgold.com.

Infrastructure, Permitting and Compliance Activities

- With the inclusion of Media Luna, the current ELG Mine Complex infrastructure will have additions to the existing process plant. Power and water supply are adequate to meet the current demand. There is a surplus of water for the plant if an increase in water demand is required.
- To date, over 20.8 million tonnes of tailings have been placed in the FTSF. To address operational issues with filtered tailings, the Guajes North WRSF has been extended across the downslope side of the FTSF as additional support for the tailings.
- Inspections of the FTSF were performed in 2019 by an independent expert consultant (the “**FTSF Consultant**”) monthly, as well as seasonal inspections, once during the wet season and once during the dry season. The FTSF was also inspected by an independent third-party consultant in 2019, but due to COVID related travel restrictions in 2020, their 2020 report was based on the monthly reports of the FTSF Consultant.

Environment, Social Permitting and Studies

- In 2020, MML spent approximately $427.5 million in procurement with 89% paid to Mexican firms, and paid approximately $64.3 million in wages and benefits to employees; 95% of employees are from Mexico, including 47% from Guerrero and 41% from the local communities.
- In May 2013, the government of Mexico authorized an Environmental Impact Resolution for the Morelos Property by means of Official Letter No. SGPA/DGIRA/DG-03171. In October 2017; MML received the new environmental impact authorization from the Mexican federal government for the exploitation of the El Limón Sur (ELS) pit, called in the MIA Phase 2 "Modificación El Limón Guajes" (MELG), including Advanced Exploration in Media Luna, through a tunnel with a descending ramp for underground mine development. The authorization number is SGPA/DGIRA/DG/07100.
- A modification of the Impact Assessment Manifest (MIA) Phase II for the Media Luna Project is underway to obtain all the applicable approvals that are necessary in order to begin construction of Media Luna’s south side portal and associated infrastructure. Baseline studies are under development to support an ESIA compliant with Equator Principles (EP), the IFC Performance Standards (PS) and World Bank Group General and mining specific Environmental, Health, and Safety Guidelines (EHS Guidelines), should an ESIA be required. Additional studies are underway to evaluate the incremental impacts associated with the modification of the ML Deposit.
- See also “*General Development of the Business – Environment, Community and Sustainability”*.

Other

- Duty payments totaling MXN$9.6 million and MXN$9.9 million were made during 2019 and 2020, respectively.

RISK FACTORS

There are risks in every business and the mining industry has its own inherent risks. The following summarizes the principal risk factors that apply to the Company's business. Any one or more of such risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

1. Illegal Blockades

Local communities may be influenced by external entities, groups or organizations opposed to mining activities or seeking to gain illegally from mining. Social acceptance of MML remains strong and supportive of the ELG Mine Complex, however, the ELG Mine Complex may experience blockades from time to time. The Company's operations in the ELG Mine Complex were temporarily shut down because of the Blockade from the Los Mineros Union from November 3, 2017 until April 6, 2018. For more information on the Blockade see "*General Development of the Business – Developments in Fiscal 2018 – Blockade Ended and Full Access Restored*".

The ELG Mine Complex has been blockaded three times from the commencement of production in 2016 including the Blockade. There have been no blockades of the ELG Mine Complex since the conclusion of the Blockade in April 2018.

We believe that the Company's continuing efforts to build lasting and constructive relationships with host communities, its workforce and key stakeholders, and the significant local economic development initiatives the Company supports both directly and indirectly, will result in maintaining and building trust with local communities and more local citizens benefiting economically which will continue to support our social license to operate. However, there is no assurance that the Company's efforts will effectively mitigate such risk. For more information on the Company's community engagement and development activities see *"General Development of the Business –Environment, Community and Sustainability*".

2. COVID-19 and Other Global Pandemics

The current outbreak of COVID-19 that was first reported in Wuhan, China on December 31, 2019, and any future emergence and spread of similar pathogens, could have an adverse impact on global economic conditions which may adversely impact the Company's operations and development projects, the operations of the Company's suppliers, contractors and service providers and may negatively impact future fiscal periods in the event of prolonged disruptions associated with the outbreak. A sustained slowdown in growth or demand in a major or emerging market that is not offset by reduced supply or increased demand from other regions could have an adverse effect on the price and/or demand for the Company's products. COVID-19 and efforts to contain it, including restrictions the movement of people and goods, insolation and quarantine requirements, closure of business and government offices, restrictions on travel and other advisories issued may have a significant effect on metal prices and demand and potentially broader impacts on the global economy.

With enhanced COVID-19 protection protocols in place, the Company has been able to continue operations largely unaffected since the resumption of mining activities in June 2020. However, the Company cannot provide any assurances that its planned operations, production and capital expenditure for the foreseeable future will not be delayed, postponed or cancelled as a result of the COVID-19 pandemic or otherwise.

In addition, Mexican authorities could impose new or additional requirements resulting in further limitations on the activities, or the suspension of all activities, at the ELG Mine Complex and Media Luna. Alternatively, in the event of an outbreak of COVID-19 at the ELG Mine Complex or Media Luna, Mexican authorities, either federally or in the State of Guerrero, or the Company could determine that a full suspension of all of its operations is necessary for the safety and protection of the workers or local communities. A complete suspension of operations at the ELG Mine Complex or Media Luna could result in further delays in production, the development of the project, result in additional increases in costs and have a material adverse effect on the financial position of the Company. If Mexican authorities were to re-introduce suspension orders caused by the COVID-19 virus outbreak or other orders to manage the effects of COVID-19, or if there is a full suspension of operations at the ELG Mine Complex or Media Luna for an undefined period of time there could be additional medical and other costs incurred, project delays, delays or increased cost in the supply of key services, materials, equipment and reagents, cost overruns, and operational restart costs.

Moreover, the actual and threatened further spread of COVID-19 globally could negatively impact stock markets, including the trading price of the Company's Common Shares. The ongoing pandemic could also adversely impact the Company's ability to raise capital; cause continued interest rate volatility and movements that could make obtaining financing or refinancing debt obligations more challenging or more expensive or unavailable on commercially reasonable terms or at all. Any of these developments, and others, could have a material adverse effect on the Company's business and results of operations. See also "*General Development of the Business – Operating under the COVID-19 Pandemic".*

3. Nature of Mining Operations

The operations of the Company are subject to inherent hazards and risks normally encountered in the exploration, development and production of precious metals and other minerals, including unusual and unexpected geologic formations, seismic activity, rock bursts, failure of pit walls, FTSF buttress walls or rock dumps, flooding, fire, discharge of pollutants or hazardous chemicals and industrial hazards, critical failure of the RopeCon, critical structural or circuit failure in the processing plant, and other conditions involved in the drilling, removal and processing of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to property, debilitating injury or loss of life, environmental damage, delays in mining, delays in production, monetary losses, possible legal liability, loss of reputation, and loss of social license to operate.

4. Dependence on Key Executives and Employees

The Company is dependent upon the services of key executives, including the directors of the Company. Additionally, the success of the Company's project exploration and development programs is to a significant degree directly dependent on the efforts and abilities of a small number of highly skilled and experienced executives, management, key employees and contractors whose expertise and competence is relied upon at management's discretion.

Shareholders rely on the good faith, experience and judgment of the Company's management and advisors in supervising and providing for the effective management of the business of the Company including the technical skill and experience of the operations personnel responsible for the successful optimization and potential extension of the ELG Mine Complex, the exploration and development of the Media Luna Project, the exploration personnel responsible for locating additional mineral deposits, and the continued development and testing of Muckahi. The loss of key persons or the inability of the Company to attract and retain additional highly skilled employees may adversely affect its business and future operations. The Company has developed an integrated set of people systems and policies to, among other outcomes, create a positive and productive workplace environment and attract and retain key and skilled employees. There can be no assurance that the Company will be successful in achieving that goal or that the loss of one or more key employees, if not replaced, will not adversely affect the Company's project exploration and development programs, operations and financial condition.

5. Nature of Mineral Exploration and Mine Development

The exploration for and the development and exploitation of mineral deposits involves significant risks typical to such activity that even a combination of careful evaluation, experience and knowledge may not eliminate.

The mineral reserves of the Company are depleted as the ELG Mine Complex is mined and the success of the Company is directly related to its ability to develop and bring into production the Media Luna Project or to acquire and maintain properties with sufficient mineral reserves or those with sufficient mineral resources that can be developed into reserves, or those with favourable geology that have a high probability to host enough mineralization that may be developed through the resource and reserve stages. However, while the discovery of precious metals and other minerals may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. There is no certainty that the expenditures made by the Company towards the search and evaluation of precious metals and other minerals will result in discoveries of mineral resources, mineral reserves or any other mineral occurrences.

Whether a mineral deposit will be commercially viable depends on a number of factors, some of which include: the particular attributes of the deposit, such as quantity and quality of the minerals and proximity to infrastructure; mineral prices, which are highly cyclical and subject to fluctuation; actual costs required to bring a deposit into production; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, permitting, importing and exporting of minerals and environmental protection and reclamation. Additional challenges may be encountered due to technical, mechanical, logistical, transportation, security and labour force problems. The exact effect of these and other factors cannot be accurately predicted, and while the Company intends to advance the Media Luna project from advanced stage development to production in the first quarter of 2024 and the Company has taken the decision to commence the Guajes tunnel and South portal in advance of completing the feasibility study to maintain the schedule to first production, there can be no assurance that the feasibility study will be successful in demonstrating within a reasonable confidence that the Media Luna project can be constructed and operated in an economically viable manner.

6. Health and Safety

Mining personnel are subject to many inherent health and safety risks and hazards which could result in occupational illness or health issues, personal injury, and loss of life. The Company has a robust safety culture embedded throughout the business and our primary safety objective is "zero lives lost, zero lives changed." Although precautions to mitigate these risks have been taken, these risks cannot be eliminated and may adversely affect the Company's business, operations and reputation. See also *"General Development of the Business – Environmental, Community and Sustainability – Policy Framework".*

7. Labour Relations

Production at the ELG Mine Complex is dependent on the efforts of, and maintaining good relationships with, the Company's employees and contractors. Relations between the Company and its employees may be impacted by changes in labour relations which may be introduced by, among other things, employee groups, unions and the relevant governmental authorities in Mexico. The mining industry in Mexico is highly politicized and the Company is situated in a region that is conflictive and unionized. Adverse changes in legislation or in the relationship between the Company and its employees may have a material adverse effect on the Company's business, results of operations and financial condition.

The norm in the mining industry in Mexico is for companies and unions to negotiate base salaries annually and the benefits are negotiated every second year. In 2020, the Company and the union signed a two-year agreement which is expected to provide longer-term certainty for the Company's business, in turn providing additional certainty for our employees, their families and the surrounding communities.

Although we have a CBA in place and positive relationships with the union and employees, no assurance can be provided that the Company will not experience labour unrest or other labour disruptions which could have a material adverse effect on the Company.

See also "*General Development of the Business – Developments in 2018 – Blockade Ended and Full Access Restored*" regarding the application by the Los Mineros Union to take over the CBA and *"General Development of the Business – Labour Relations and Collective Bargaining Agreements"* for further information.

8. Water Management

All phases of the Company's operations are subject to environmental regulation under Mexican law and under laws of any other jurisdictions in which the Company may carry on business, including the maintenance of water quality standards. At the ELG Mine Complex, a water reservoir and river located near the mine development site have been considered by management in plan development to ensure that reasonable environmental measures are put in place to prevent contamination of ground water and the surrounding environment, however there can be no assurance that water contamination or related disturbances which may affect the residents of the local towns will not occur. Leaks or discharges from containment systems may cause the Company to be subject to liability for cleanup work that may not be insured. Serious incidents may also result in the loss of the Company's operating permit or social license to operate. On July 14, 2019 there was an uncontrolled discharge from the process water tank. The Company received formal notice from the regulator that the Company's remediation efforts were found to be satisfactory, and the matter is now closed. See "*General Development of the Business – Developments in 2020 – Environmental*" and "*General Development of the Business – Environment, Community and Sustainability"* for further information.

9. Climate Change

The Company's mining and processing operations are energy intensive, using fossil fuels and electricity which may include fossil fuel-based electricity. Governments are moving to introduce climate change legislation and treaties at the international, national, state/provincial and local levels. Regulation relating to emission levels (such as carbon tax) and energy efficiency is becoming more stringent. In addition, investors are increasingly expecting companies to undertake and disclose their plan for transitioning to a lower carbon economy.

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. 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.

See also *"General Development of the Business – Environment, Community and Sustainability"* for further information.

10. Single Property Status

The Company's goal is to develop the Media Luna Project, while exploiting the existing mineral resources and mineral reserves of the ELG Mine Complex, both of which are part of the Morelos Gold Property. Unless the Company acquires additional property interests, any adverse developments affecting the Morelos Gold Property could have a material adverse effect upon the Company and would materially adversely affect the potential consolidated profitability, financial condition and results of operations of the Company.

11. Inorganic Growth

In addition to realizing the full potential of the Morelos Gold Property, the Company is seeking opportunities to acquire assets in the Americas that enable profitable and productive geographic diversification. Acquisition transactions involve inherent risks including: accurately assessing the value, strengths and weaknesses, contingent and other liabilities and potential profitability of acquisition candidates; ability to achieve identified and anticipated operating and financial synergies; unanticipated costs; diversion of management attention from existing business; potential loss of its key employees or the key employees of any business that the Company acquires; and decline in the value of acquired properties, companies or securities. Any one or more of these factors or other risks could cause the Company not to realize the benefits anticipated to result from the acquisition of properties or companies, and could have a material adverse effect on its ability to grow and on its financial condition.

Acquisitions by the Company involve the integration of companies that previously operated independently. An important factor in the success of an acquisition is the ability of the acquirer's management in managing the company's business and that of the acquired company and, if appropriate, integrating all or part of that company's business with that of the acquirer. The integration of two businesses can result in unanticipated operational problems and interruptions, expenses and liabilities, the diversion of management attention and the loss of key employees and their knowledge. Acquisitions may involve a number of special risks, circumstances or legal liabilities. There can be no assurance that a business integration will be successful or that it will not adversely affect the business, results of operations, financial condition or operating results of the acquirer and, as a result, the price of the Company's publicly traded securities. In addition, the acquirer may incur charges related to the acquisition of the acquired company and related to integrating the two companies.

In order, to acquire properties and companies, the Company may need to use available cash, incur debt, and issue common shares or other securities, or a combination of any one or more of these. This could limit its flexibility to raise capital, to operate, explore and develop its properties and to make additional acquisitions, and could further dilute and decrease the trading price of the common shares. When evaluating an acquisition opportunity, the Company cannot be certain that it will have correctly identified and managed the risks and costs inherent in the business that it is acquiring.

12. Information and Cyber Security

The Company's operations depend, in part, upon information technology ("**IT**") systems. IT systems may be subject to disruption, damage, abuse/misuse, or failure, from a number of sources including, but not limited to: targeted attacks, accidents, or environmental factors. These, and other threats, could result in a breach of confidentiality, integrity, or availability, of the information technology system, which could affect the Company's reputation, operations, and/or, financial performance. These risks cannot be eliminated because of, among other factors, the evolving nature of the threats. In response, the Company has strengthened its investments in IT security.

The Company uses a combination of internal IT resources and third party vendors for ongoing IT support and management, systems maintenance, and cyber security services including, but not limited to, systems event monitoring, managed endpoint security (antivirus, anti-malware, spam-filtering, multi-factor authentication and advanced threat protection), managed backup, patch management, cyber awareness training and incident response management. In addition, internal and external IT assurance activities are conducted, in part with members of Canada's largest professional advisory firms, to validate the completeness and effectiveness of the cyber risk program and related IT general controls.

The Company has key IT controls in relation to its accounting and other computer systems grouped into six process domains: network operations; information security; change management; data management; application controls; and cyber risk. A combination of enterprise-grade network firewall devices, security software packages, and policy enforcement has been layered together to provide a multi-layered, defense-in-depth approach with intentional redundancies to increase protection of valuable data and information. Annual cyber risk and IT general control testing activities are conducted to assess the data security infrastructure and recovery abilities. This also includes an in-depth review of security device configurations, administrative and shared access review, hardware and software asset true-up, change management, and IT policy review. Employees receive annual cyber awareness training by email and online distribution along with phishing simulation tests. The overall enterprise data security infrastructure is managed in accordance with applicable CIS Top 20 Critical Security Controls and best practices.

Senior management reports quarterly to the Audit Committee of the Board on the Company's cyber risk and IT controls program.

Although, to date, the Company has not experienced any material losses relating to IT systems, or other information security breaches, there is no assurance that such losses will not occur in the future.

13. Tailings Storage

Mining operations generate residual materials from mining and processing in the form of tailings containing chemicals and metals. The tailings are stored in engineered facilities and maintaining the integrity of a tailings storage facility requires appropriate engineering design, quality construction, ongoing operating discipline and effective governance processes. Tailings storage facilities may be subject to ground movements, deteriorating ground conditions, or extraordinary weather events. The tailings from the ELG Mine Complex are filtered through a process that reduces the moisture content to 17%, which conserves water, eliminates the need for tailing embankments, and essentially eliminates the risk of dam failure, which is a critical consideration given that the Company operates in a highly seismic area. The tailings are conveyed and stacked within the FTSF and a buttress of rock on the downstream side of the storage facility adds additional stability and safety. The Company has internal technical teams dedicated to monitoring the area, and their work is audited by external experts who inspect the site twice a year in both the wet and dry season, and the facility is also inspected annually by an independent, third-party consultant. While these measures significantly reduce the risks associated with the FTSF, there is no assurance that these measures will be successful in preventing a failure of the buttress walls resulting in a spill of the filtered tailings into the environment beyond the boundary limits of the ELG Mining Complex.

14. Security of Gold Production

The ELG Mine Complex is located in the State of Guerrero, Mexico. Criminal activities in the region and risks associated with such activity may include theft of the Company's doré or other gold bearing material. In addition, the Company may be at risk of theft of doré or other gold bearing material by employees or contractors. Although the Company has taken measures and developed procedures regarding these risks, including employment of our own security personnel and engagement of IPAE (the auxiliary security service operated by the state) to prevent unauthorized access to the site and secure areas within the site, established processes and engineered barriers to restrict access to the gold room, installed surveillance systems, and conduct regular audits of the systems, due to the unpredictable nature of criminal activities and employee behaviour, there is no assurance that the Company's efforts are able to effectively mitigate risk of theft of the Company's gold.

15. Operation of the Processing Plant

The Company's operations are dependent on the availability of the processing plant. A significant failure of the processing plant at the ELG Mine Complex would materially impair the operations which until corrected, would result in a partial or total suspension of the operations. The operation of the processing plant may be negatively impacted by structural damage caused by seismic activity or other uncontrollable incident, or fire or explosion resulting from the incorrect use of chemicals used in the processing plant. The Company has systems and procedures to monitor the alignment of the mills, a program for preventative maintenance, an inventory of critical spares and consumables, procedures for the use and handling of chemicals, and other measures to mitigate such risks. However, there can be no assurances that these measures will be successful in preventing a significant failure of the processing plant or minimizing the downtime if such an event were to occur. See also *"Material Properties – Morelos Gold Property – Developments Since the Effective Date of the Technical Report – Processing Plant Operations"*.

16. Foreign Operations and Political and Country Risk

The Company's principal assets are located in Mexico and the Company's operations are therefore subject to Mexican federal and state laws and regulations. The risks normally associated with the conduct of business in foreign countries include various levels of political, regulatory, economic, social and other risks and uncertainties. Such risks may include, but are not limited to: local economic instability, high rates of inflation, emerging resource nationalism, restrictions on foreign ownership and activities, expropriation and nationalization, renegotiation or nullification of existing concessions, licenses, permits and contracts, illegal mining, limitations on repatriation of earnings or other currency controls, limitations on gold exports, labour or political unrest, invalidation of governmental orders, permits or property rights, corruption, sovereign risk, war or civil unrest (including between neighbouring states), military repression, civil disturbances, terrorist activity, piracy and other criminal acts, hostage taking, kidnapping, extortion and gang violence, the inability or unwillingness of state and federal authorities to enforce the law or reinstate and maintain the law and order, unanticipated changes in laws or policies, changes in monetary or taxation policies, regime change, the failure of foreign parties to honour contractual relations, foreign taxation, the timing of the Company's receipt of anticipated funds in respect of its VAT receivables, delays or inability to obtain necessary governmental permits and opposition to mining from environmental or other non-governmental organizations and the Mexican federal and state laws and decrees with respect to the COVID-19 pandemic.

The activities of the Company are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, export controls, currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims and concessions, environmental legislation, mine safety, toxic substances, land use, water use, land claims of local people, ownership of assets, and other matters. Although the operation, development and exploration activities of the Company are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail exploration, production or development. Amendments to current laws and regulations governing operations and activities of mineral exploration, mining and processing or more stringent implementation thereof could have a material adverse impact on the Company. The effect of these factors cannot be accurately predicted, however, should they materialize, could create a situation adverse to the Company or which could undermine the ability of mining companies to operate successfully in Mexico.

On July 1, 2018, Andres Manuel Lopez Obrador was elected President of Mexico. Following his election, the size of the federal government and resourcing of federal government departments has been reduced which may negatively impact the timelines for obtaining permits and approvals for the Company's development projects. In addition, President Lopez Obrador has stated that his administration will respect current mining concessions but it will not grant any new mining concessions. The Company believes the present attitude of the State Government of Guerrero to foreign investment and mining to be favourable, and projects that make sense economically, socially and environmentally will be given due consideration and viewed favourably by the Federal Government of Mexico. However, variations from the current regulatory, economic and political climate could have a material adverse effect on the Company's activity at the ELG Mine Complex and the Media Luna Project. The Company continues working to develop and maintain broad-based local support for the ELG Mine Complex and the Media Luna Project through initiatives. The Company works with local stakeholders to realize shared objectives, although there is no assurance that social tensions with stakeholders such as the ejidos will not arise in the future.

Following the change in the Mexican government in December 2018, the 2019 Mexican Federal Revenue Law was passed which gave the Ministry of Economy the authority to allocate the Fund for the Development of Mining Production Zones (Mining Fund), directly or in coordination with local governments, pursuant to guidelines and agreements issued by the Minister of the Economy. Subsequently, in 2019, the Mexican Congress made a series of reforms to the law which would result in 85% of the funds previously destined to the Mining Fund to be reallocated to the Public Education Secretariat. Several municipalities and state governments went to court to nullify this change, but at the end of 2019 the Supreme Court of Mexico upheld its validity. The funds collected may be used to improve the conditions of educational centres and health services, and in physical investment resulting in a positive social, environmental and urban development impact, such as infrastructure and equipment projects of a social nature, including urban public spaces, streets and local roads, public lighting, environmental protection, natural areas preservation and urban mobility. The guidelines for the operation of the Mining Fund, which as of March 29, 2019, is in a trust with a government bank, were published on October 31, 2019. In April of 2020, President Lopez Obrador issued a decree which seeks to eliminate or reduce many funds and trusts, including the Mining Fund, and in some cases redirect the funds to other government budgetary items. President Lopez Obrador has stated that those with the right to benefit from such funds and trusts would continue to receive support, however, no rules have been published to clarify how the funds will be applied. The reallocation of the Mining Fund to other purposes that do not benefit the local communities in the Mining Production Zone from which the taxes were collected, may have a negative impact on the communities in the area of the Company's operations which may in turn have a negative impact on the Company. The Company has contributed to the Mining Fund in respect of years 2016 onward, which is funded through a 7.5% mining tax on extractive activities earnings and 0.5% royalty on gold and silver sales, with proceeds used to fund community infrastructure projects in mining communities. The Company contributed $8.2 million, $16.9 million and $34.4 million for years 2018, 2019 and 2020, respectively, to the Mining Fund; the payments are made in the first quarter of the following year. The rate and basis upon which the amount of the tax and the royalty is determined has not changed; the increase year over year in the amount paid to the Mining Fund is primarily due to the increase in the Company's earnings and higher gold prices.

In 2020, the Mexican government also introduced a bill on subcontracting meant to target subcontracting schemes that are used to the detriment of employees' labor rights and to evade compliance with employer obligations and aims to eliminate subcontracting of personnel and only allow subcontracting for specialized services or works. The Company does not have a Mexican service company within its group structure. MML's employees participate in profit sharing (10% of taxable income in Mexico) in accordance with Mexican labour laws. In the aggregate, the amount paid by MML in respect of profit sharing for 2019 and paid in 2020 is $20.4 million. The bill generated a great deal of doubt and uncertainty, including how it may apply to third party service suppliers to the mining industry, and it is expected the bill will be modified during the legislative process.

It is unclear whether these bills will be enacted or if President Lopez Obrador will impose further changes that could affect companies with mining operations in Mexico.

There has been increased global attention and the introduction of regulations restricting or prohibiting the use of cyanide and other hazardous substances in mineral processing activities. In addition, the use of open pit mining techniques has come under scrutiny in certain mining jurisdictions, and some governments are reviewing the use of such methods. If legislation restricting or prohibiting the use of open pit mining techniques were to be adopted in Mexico and/or the State of Guerrero, there would be a significant adverse impact on the Company's results of operations and financial position. Additionally, if the use of cyanide were to be restricted or prohibited in Mexico and/or the State of Guerrero, it would have a significant adverse impact on the Company's results of operations and financial condition as there are few, if any, substitutes for cyanide that are as effective in extracting gold from the ore.

Mexico's legal and regulatory requirements in connection with companies conducting mineral exploration and mining activities, banking system and controls as well as local business culture and practices are, in particular, different from those in Canada. While the Company believes its exploration, development and exploitation activities are currently carried out in material compliance with all applicable rules and regulations, the officers and directors of the Company must rely, to a great extent, on the Company's Mexican legal counsel and local consultants retained by the Company in order to keep abreast of material legal, regulatory and governmental developments as they pertain to and affect the Company's business operations and to assist the Company with its governmental relations. The Company also must rely, to some extent, on those members of management and the Board who have previous experience working and conducting business in Mexico in order to enhance its understanding of and appreciation for the local business culture and practices in Mexico. The Company also relies on the advice of local experts and professionals in connection with current and new regulations that develop in respect of legal, banking, financing and tax matters in Mexico. Any developments or changes in such legal, regulatory or governmental requirements or in local business practices in Mexico are beyond the control of the Company and may adversely affect its business.

Due to its location in Mexico, the Morelos Gold Property depends, in part, upon the performance of the Mexican economy. As a result, the Company's business, financial position and results of operations may be affected by the general conditions of the Mexican economy, price instabilities, currency fluctuations, inflation, interest rates, regulatory changes, taxation changes, social instabilities, political unrest and other developments, in or affecting, Mexico over which the Company does not have control. These conditions may be materially adversely affected as a result of the COVID-19 pandemic and resulting economic effects.

Tax regimes in Mexico may be subject to differing interpretations and are subject to change without notice. Based on the current political climate in North America, it is possible that there may be significant changes to regulatory, tax or legal regimes in Canada, the United States and/or Mexico. Such changes may have a material adverse effect on the Company's business or results of operations. In addition, the Company's interpretation of taxation law as applied to its transactions and activities may not coincide with that of the tax authorities. As a result, transactions may be challenged or revised by tax authorities and the Company's operations may be assessed, which could result in significant additional taxes, penalties and interest. There is also a risk that restrictions on the repatriation of earnings from Mexico to foreign entities will be imposed in the future and the Company has no control over withholding tax rates.

These risks may limit or disrupt the Company's consolidated operations, restrict the movement of funds or result in the deprivation of contractual rights or the taking of property by nationalization or expropriation without fair compensation. In the event of a dispute arising from such activities, the Company may be subject to the exclusive jurisdictions of courts outside Canada or may not be successful in subjecting persons to the jurisdiction of the courts in Canada, which could adversely affect the outcome of a dispute.

The Company's operations and investments could also be negatively affected by changes in Canadian laws and regulations relating to foreign trade, investment and taxation. The Company currently does not have political risk insurance.

17. Use of Reagents

Production at the ELG Mine Complex involves the use of cyanide or other reagents that could cause toxicity to the environment if released or not properly managed. At the ELG Mine Complex, reasonable measures are put in place for the transport, handling and use of cyanide and other reagent to prevent contamination of ground water and the surrounding environment. In addition, in connection with hazardous waste management, in 2020, the Company continued a multi-year process to become compliant with the International Cyanide Management Code, a global, best-practice standard for cyanide management. During the year, the Company completed a gap analysis of the current management and performance against the ICMC and developed department-specific action plans to address key requirements for conformance. However, should cyanide, other reagents, or contact water be improperly managed, leak or otherwise be discharged from the containment system, the Company may become subject to liability for clean-up work that may not be insured. While appropriate steps are taken to prevent discharges of pollutants into the ground water and the environment, the Company may become subject to liability for hazards that the Company may not be insured against.

18. Safety and Security

As noted previously, the ELG Mine Complex and the Media Luna Project are located in the State of Guerrero, Mexico. Criminal activities in the region, or the perception that activities are likely, may disrupt the Company's operations, hamper the Company's ability to hire and keep qualified personnel and impair the Company's access to sources of capital. Risks associated with conducting business in the region include risks related to personnel safety and asset security. Risks may include, but are not limited to: kidnappings of employees and contractors; exposure of employees and contractors to local crime related activity and disturbances; exposure of employees and contractors to drug trade activity; and damage or theft of Company or personal assets including the Company's gold shipments. These risks may result in serious adverse consequences including personal injuries or death, property damage or theft, limiting or disrupting operations, restricting the movement of funds, impairing contractual rights and causing the Company to shut down operations, all of which may expose the Company to costs as well as potential liability. Such events could have a material adverse effect on the Company's cash flows, earnings, results of operations and financial condition and make it more difficult for the Company to obtain financing, if needed. Although the Company has implemented measures and developed procedures regarding these risks, including employment of our own security personnel and engagement of IPAE (the auxiliary security service operated by the state), due to the unpredictable nature of criminal activities, there is no assurance that the Company's efforts are able to effectively mitigate risks and safeguard personnel and Company property effectively.

Local communities may be influenced by external entities, groups or organizations opposed to mining activities. Social acceptance remains strong and supportive of the ELG Mine Complex, however, the ELG Mine Complex has experienced blockades from time to time. See *"General Development of the Business – Developments in 2018 – Blockade Ended and Full Access Restored"* and *"Risk Factors – Blockades".*

19. Limited Number of Suppliers for Consumed Commodities

Certain raw materials and supplies used in connection with exploration, development and mining are obtained from a sole or limited group of suppliers (including, for example, truck tires and cyanide). An increase in global demand for such resources and a corresponding decrease in the supplier's inventory could cause unanticipated cost increases, an inability to obtain adequate supplies and delays in delivery times, thereby adversely impacting operating costs, capital expenditures and production schedules. If a supplier of an essential good or service is unable to adequately meet its requirements or a supplier is unable to adequately meet its requirements over a significant period of time and the Company is unable to source an alternate third-party supplier on reasonable commercial terms, this could have a material adverse effect on the Company's business, results of operations and financial condition.

20. Capital and Operational Cost Estimates

The Company annually undertakes a detailed review of the life of mine plan, and has processes for budgeting and forecasting of operating and capital expenditures. Life of mine plans, budgets and forecasts are based on estimates and assumptions, including among other things:

- anticipated tonnage, grades and metallurgical characteristics of the ore to be mined and processed;
- anticipated recovery rates of gold, silver and other metals from the ore;
- cash operating costs;
- anticipated by-product credits;
- anticipated sustaining and non-sustaining capital costs;

- short-term operating factors such as the need for sequential development of ore bodies; and
- anticipated gold and silver price.

The ELG Mine Complex has several distinct pits and an underground mine, with limited operating history upon which the Company can base estimates of future operating costs, and the skarn deposit is inherently variable. The estimates and assumptions could prove to be incorrect resulting in the Company's actual results varying significantly from the outcomes contemplated in the life of mine plan, the budget or forecasts, including without limitation greater operating and capital costs. Further, if actual results vary significantly from life of mine plan, the budget or forecasts, the Company may not have sufficient cash flows or have sufficient cash reserves or available credit on its 2021 Revolving Facility to meet its commitments and the Company may be required to take action to reduce cash outflows, including managing payment terms with vendors, halting capital expenditures and monitoring its debt and working capital. Some of these actions depend on the agreement of other parties outside of the Company's control. There can be no assurance that the Company would be able to obtain the agreement of these parties. See also *"Risk Factors – Operation of the Processing Plant", "Risk Factors – Limited Number of Suppliers for Consumed Commodities" and "Risk Factors –* Price *Fluctuations and Availability of Consumed Commodities."*

Decisions about further development of the ELG Mine Complex, the development of the Media Luna Project or other mineral projects will be based on technical studies. Technical studies are based on estimates and assumptions, including those items as set out above. It is important to note that the economic parameters described in technical studies include a number of assumptions and estimates that could prove to be incorrect. For example, capital costs, operating costs, production and economic returns and other estimates contained in studies or estimates prepared by or for the Company, may differ significantly from those anticipated by the Company's current studies and estimates and there can be no assurance that the Company's actual operating costs and/or capital costs will not be higher than currently anticipated, The Company's actual costs may vary from estimates for a variety of reasons, including: short-term operating factors; revisions to mine plans; risks and hazards associated with mining; natural phenomena, such as inclement weather conditions, water availability, floods and earthquakes; and unexpected labour shortages or strikes. Operational costs may also be affected by a variety of factors, including: changing waste-to-ore ratios, ore grade metallurgy, labour costs, the cost of commodities, general inflationary pressures, currency exchange rates, availability and terms of financing, difficulty of estimating construction costs over a period of years, delays in obtaining environmental or other government permits and potential delays related to social and community issues. Many of these factors are beyond the Company's control. Failure to achieve estimates, or material increases in costs, could have an adverse impact on the Company's future cash flows, business, results of operations and financial condition.

Furthermore, delays in the construction and commissioning of mining projects or other technical difficulties may result in even further capital expenditures being required. Any delay in the development of a project or cost overruns or operational difficulties once the project is fully developed may have a material adverse effect on the Company's business, results of operations and financial condition.

21. Enforcing Intellectual Property Rights

In September 2019, the Company submitted a patent application for the Muckahi Mining System in Canada under the Patent Cooperation Treaty. The status remains 'patent pending" as it takes approximately 30 months from the date the application is submitted for the patent office to complete its examination and consider objections from third parties, if any. The Company also takes measures to limit access to the testing site of the Muckahi Mining System and includes clauses in its service agreements to protect its intellectual property rights. No assurance can be given that the patent application will be successful or that the other measures will be effective in preventing other parties from infringing on the Company's intellectual property rights in the Muckahi Mining System.

22. Reliability of Resource and Reserve Estimates

The mineral resource estimates contained in this AIF are estimated quantities of measured, indicated and inferred mineral resources. The mineral reserve estimates contained in this AIF are estimated quantities of proven and probable mineral reserves that can be mined legally and economically and processed by extracting their mineral content under current conditions and conditions anticipated in the future. The Company determines the amount of its mineral resources and mineral reserves according to the applicable regulatory requirements and established mining standards.

There are numerous uncertainties inherent in estimating mineral resources and mineral reserves, including many factors beyond the Company's control. Such estimation is a subjective process and the accuracy of any mineral resource or mineral reserve estimate is a function of the quantity and quality of available data, the assumptions made and judgments used in engineering and geological interpretation. Results from mineral resource and mineral reserve estimates are also uncertain because they are based on limited sampling and not the entire ore body. In addition, there can be no assurance that gold or silver recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production. There is no assurance that the estimated amount of mineral reserves will be recovered or that such minerals will be recovered at costs that the Company assumed in determining such mineral reserves.

As the Company gains more knowledge and understanding of an ore body through on-going exploration and mining activity, the mineral resource and mineral reserve estimates may change significantly, either positively or negatively. In particular, results from drilling, metallurgical testing, production, the evaluation of mine plans and fluctuations in gold or silver prices subsequent to the date of any estimate may require revisions of such estimate. Any material reductions in mineral resource or mineral reserve estimates or of the Company's ability to extract the mineral reserves could have a material adverse effect on the Company's results of operations and financial condition.

23. Uncertainty Related to Inferred Mineral Resources and Exploration Potential

Inferred mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no assurance that inferred mineral resources will be upgraded to mineral resources with sufficient geological and grade continuity to constitute proven and probable reserves. There can be no assurance that exploration of mineral potential identified will result in any category of mineral resources being identified.

A PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves and there is no certainty that the results set forth in a PEA will be realized.

Gold and silver price fluctuations, drilling results, metallurgical testing and production and the evaluation of studies, reports and plans subsequent to the date of any estimate may require revision of such estimate. Any material reductions in estimates of mineral resources or mineral reserves could have a material adverse effect on the results of the Company's operations or its financial condition.

24. Limited Operating History

Prior to the ELG Mine Complex achieving commercial production, the Company has not had an interest in mineral producing properties. The Company has committed and will continue to commit significant resources to the ELG Mine Complex and has an experienced management team to guide the Company. However, as stated above technical studies include a number of assumptions and estimates. As the ELG Mine Complex continues to be optimized and potentially extended, and enhancements to operating and maintenance practices continue, the management team will continue to increase their knowledge as to the accuracy of those assumptions and estimates and apply diligent cost control, budget and forecasting practices. This process will continue to unfold and so there can be no assurance that the ELG Mine Complex can profitably be exploited as contemplated in the Technical Report as updated from time to time in the Company's continuous disclosure documents.

There can be no assurance that the Company will maintain profitability or that the ELG Mine Complex or any of the properties the Company may hereafter acquire, obtain an interest in, or develop, will generate earnings, operate profitably or provide a return on investment in the future. There can be no assurance that the underlying assumed levels of expenses will prove to be accurate. There can be no assurance that significant additional losses will not occur in the near future or that the Company will be profitable in the future. The Company's operating expenses, and capital expenditures may increase in subsequent years as more consultants, personnel and equipment associated with advancing exploration, development and exploitation of its properties are required. The amount and timing of expenditures will depend on the progress of ongoing exploration, development and production, the results of consultants' analyses and recommendations, the Company's acquisition of additional properties and other factors, many of which are beyond the Company's control.

In addition to the various risks discussed herein, there exist factors which may limit the ability of the Company to guide the optimization and extension of the ELG Mine Complex which operates profitably and once achieved, the continued steady state of operations. These various risks include the Company's ability to achieve the incremental improvements from planned enhancements to operating and maintenance practices, ability to enter into agreements with third parties that can provide the necessary expertise as well as other project development related factors such as technical and engineering challenges.

25. Decommissioning and Reclamation Costs

The Company has established a decommissioning and reclamation plan for the ELG Mine Complex. The costs associated with these activities are significant, based on estimates and subject to change. If the Company is required to comply with significant additional regulations or if the actual cost of future decommissioning and reclamation is significantly higher than current estimates, it could have a material adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

26. Fluctuations in Gold and other Metal Prices

The price of the Common Shares, the Company's financial results and exploration, development and mining activities of the Company are significantly affected by the price of gold in the global market. The price of gold and other minerals fluctuates on a daily basis and is affected by numerous factors beyond the control of the Company, including but not limited to, the sale or purchase of commodities by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the Canadian and U.S. dollars and foreign currencies, global and regional supply and demand, the political and economic conditions and production costs of major mineral-producing countries throughout the world and supply and demand dynamics including the cost of substitutes, inventory levels and carrying charges.

Gold prices have fluctuated significantly in recent years. There is no assurance that, even as commercial quantities of gold may be produced in the future, a profitable market will exist for them.

The success of the ELG Mine Complex and further development and success of the Morelos Gold Property will be significantly dependent on the future price of gold. Economic evaluations underlying commercial viability of the Morelos Gold Property may be impacted by fluctuations in the price of gold, with a resulting impact on the Company's ability to finance the further development of the Morelos Gold Property.

Future price declines in the market value of gold and other minerals could cause the commercial production from the ELG Mine Complex and the development of, and commercial production from, other projects on the Morelos Gold Property or any future properties to be financial unviable. In addition to adversely affecting any mineral resource or mineral reserve estimate of the Company, reassessments of the feasibility of a particular project may be required, whether as a result of a management decision or under financing arrangements related to a particular project. Cash flow from mining operations may not be sufficient and the Company could be forced to discontinue development or production and may lose its interest in or may be forced to sell some of its properties. Even if a project is ultimately determined to be economically viable, the need to conduct a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

27. Price Fluctuations and Availability of Consumed Commodities

Prices and availability of commodities consumed or used in connection with exploration, development and mining, such as natural gas, diesel, oil, cyanide and electricity, can fluctuate, and these fluctuations affect the costs of production. These fluctuations can be unpredictable, can occur over short periods of time and may have a material adverse impact on the Company's operating costs or the timing and costs of various projects. The COVID-19 pandemic may impact the availability of these commodities, which could have a material adverse effect on the Company's business, results of operations and financial condition.

28. Currency Exchange Rate Fluctuations

The Company operates in Canada and Mexico and has foreign currency exposure to non-U.S. dollar denominated transactions in U.S dollars. The 2021 Revolving Facility is denominated in U.S. dollars. The Company expects a significant amount of exploration, capital development, operating and decommissioning expenditures associated with the Morelos Gold Property to be paid in Mexican pesos and U.S. dollars. A significant change in the currency exchange rates between the Mexican peso compared with the U.S. dollar could have a material adverse effect on the Company's results of operations in the future periods. As the Company has significant cash and cash equivalents, VAT or "Impuesto al Valor Agregado", accounts receivable, accounts payable, accrued liabilities, income taxes payable, and forward currency contracts, denominated in Mexican pesos and Canadian dollars, foreign exchange gains and losses occur when these currencies appreciate or depreciate, respectively, relative to the U.S. dollar.

A 10% appreciation or depreciation of the Mexican peso relative to the U.S. dollar would have resulted in a decrease or increase of $0.7 million in relation to foreign exchange on the Company's financial instruments in the Company's net income for the twelve months ended December 31, 2020. This excludes the impact of the Mexico peso forward contracts. A 10% appreciation or depreciation of the Canadian dollar relative to the U.S. dollar would have resulted in a decrease or increase of $0.1 million in the Company's net income for the twelve months ended December 31, 2020.

In the first quarter of 2020, the Company entered into forward contracts for approximately 50% of its estimated Mexico peso expenditures for 2020 or $234.0 million at a weighted average rate of 19.70 until December 2020. In the second quarter, the Company extended the maturity dates of certain currency contracts due to settle in the year ended December 31, 2020, with a total notional value of $24.0 million, to future periods ranging from 7 to 11 months. There were $20.0 million of contracts remaining at December 31, 2020 at a weighted average rate of 19.52. A 10% appreciation or depreciation of the Mexican peso relative to the U.S. dollar would have resulted in a decrease or increase of $0.1 million in the Company's net income for the twelve months ended December 31, 2020 in relation to the forward contracts. See "*Risk Factors – Hedging*".

As at December 31, 2020, based on ending spot rates compared to the year ended December 31, 2019, the Mexican peso appreciated by 2.2%. 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, 2020, multiplied by the applicable Mexican tax rate, derives an associated deferred tax liability. This value was lower 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 year.

29. Land Title

The Company has at this time secured the right to mine within the boundaries of the mining concessions it holds, in connection with the Morelos Gold Property; however, legal title and possession of the land is currently held by various ejidos and private parties. See "*Material Properties – Morelos Gold Property – Project Description, Location and Access*".

Further, MML has also entered into temporary occupation agreements with various ejidos and private parties enabling MML to carry out mining, exploration, exploitation and beneficiation activities at the ELG Mine Complex and the exploration activities at the Media Luna Project. Any unremedied non-compliance with such agreements could result in the agreements being rescinded or a request for specific performance being made. Furthermore, while these agreements are legally enforceable, government authorities may be hesitant to enforce agreements against the ejidos and private parties and therefore it is important for the Company to maintain cordial community relations.

The Company's properties may be subject to prior unregistered liens, disputes, agreements, transfers or claims and title may be affected by, among other things, undetected defects which could have a material adverse impact on the Company's consolidated business operations, financial condition and results of operations. In addition, should title issues arise over who is entitled to compensation that the Company has agreed to pay in order to acquire the mining rights to explore, develop and exploit the concessions, complainants may commence actions against the Company, MML or their employees in respect of such disputes. See also "*Risk Factors – Litigation*".

30. Litigation

Defence and settlement costs of legal claims can be substantial, even with respect to claims that are without merit. Like most companies, the Company is subject to the threat of litigation and may be involved in disputes with other parties in the future which may result in litigation or other proceedings. In addition, in order to enforce its legal or contractual rights, litigation may be necessary and the associated costs may be substantial. The results of litigation or any other proceedings cannot be predicted with certainty. The Company is not currently involved in any material litigation or material disputes with other parties which it believes might result in litigation. Management is committed to conducting business in an ethical and responsible manner which it believes will reduce the risk of conflict and legal disputes with third parties. However, if the Company is unable to resolve future legal disputes favourably, it could have a material adverse effect on its consolidated financial position, results of operations or the Company's development of the Morelos Gold Property. See also "*Risk Factors – Land Title*".

31. Permits and Licenses

The Company is required to obtain and maintain in good standing a number of permits and licenses from various levels of governmental authorities in connection with the development and operations at the ELG Mine Complex, as well as its continued exploration program at the Media Luna Project. Necessary permits and licenses including, but not limited to, surface rights access and use, environmental impact authorization, forestry land use change authorization, a concession for the occupation of national assets, discharge permits, hazardous waste register, a land use license and a permit for the use of explosives are required in order to operate the ELG Mine Complex. Additional approvals will be required for the ongoing exploration and development of the Media Luna Project, as applicable. Additional land access agreements and approvals will be required to explore additional targets on the Morelos Gold Property.

Although the Company has all required permits for its current operations, there is no assurance that delays will not occur in the renewal of certain permits and there is no assurance the Company will be able to obtain additional permits for any possible future changes to operations or further development of the ELG Mine Complex, including without limitation additional permits associated with new legislation. There is also no assurance that the Company can obtain or that there will not be delays in obtaining the environmental approval or permits necessary to develop any future projects including the Media Luna Project.

To the extent such approvals or consents are required and are delayed or not obtained, the Company may be curtailed or prohibited from continuing its operations or proceeding with any further development. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations or in the exploration, development or exploitation of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies or more stringent implementation thereof could have a material adverse impact on the Company and cause increases in exploration expenses, capital and operating expenditures or require abandonment or delays in development or exploitation of mining properties.

32. Compliance with Anti-Corruption Laws and ESTMA

The Company is subject to various anti-corruption laws and regulations such as the Canadian *Corruption of Foreign Public Officials Act*. In general, these laws prohibit a company and its employees and intermediaries from bribing or making other prohibited payments to foreign officials or other persons to obtain or retain business or gain some other business advantage. The Company's policies mandate compliance with all applicable anti-bribery and anti-corruption laws. The ELG Mine Complex and the Media Luna Project are located in Mexico and, according to Transparency International, Mexico is perceived as having fairly high levels of corruption relative to Canada. The Company cannot predict the nature, scope or effect of future regulatory requirements to which the Company's operations might be subject or the manner in which existing laws might be administered or interpreted.

Failure to comply with the applicable legislation and other similar foreign laws could expose the Company and its senior management to civil and/or criminal penalties, other sanctions and remedial measures, legal expenses and reputational damage, all of which could materially and adversely affect the Company's business, financial condition and results of operations. Likewise, any investigation of any alleged violations of the applicable anti-corruption legislation by Canadian or foreign authorities could also have an adverse impact on the Company's reputation, business, financial condition and results of operations.

In addition, ESTMA, which became effective June 1, 2015, requires public disclosure of payments to governments by companies engaged in the commercial development of oil, gas and minerals who are either publicly listed in Canada or with business or assets in Canada. Mandatory annual reporting is required for extractive companies with respect to payments made to foreign and domestic governments at all levels, including entities established by two or more governments. ESTMA requires reporting on the payments of any taxes, royalties, fees, production entitlements, bonuses, dividends, infrastructure improvement payments, and any other prescribed payment over C$100,000. Failure to report, false reporting or structuring payments to avoid reporting may result in fines of up to C$250,000 (which may be concurrent). The Company was required to commence reporting under ESTMA in 2017. If the Company becomes subject to an enforcement action or is in violation of ESTMA, this may result in significant penalties, fines and/or sanctions, which may have a material adverse effect on the Company's reputation.

33. Credit Risk

The Company is exposed to various counterparty risks including through financial institutions that hold the Company's cash, through the Company's insurance providers, and through other parties that may have contract payment obligations to the Company. To mitigate exposure to credit risk, the Company has adopted strict investment policies, which prohibit any equity or money market investments. All of the Company's cash, cash equivalents, restricted cash, derivative contracts, and VAT receivables are with reputable financial institutions or government agencies and, as such, the Company does not consider its credit risk on these balances to be significant as at December 31, 2020. While these measures to mitigate credit risk are in place, there can be no assurance that the Company will not experience a loss due to a counterparty failing to satisfy its contractual obligations.

34. Environmental Risks and Hazards

As mentioned above, all phases of the Company's operations are subject to environmental regulation under Mexican law and under laws of any other jurisdictions in which the Company may carry on business. These laws address, among other things, the maintenance of air and water quality standards and land restoration and reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste.

Environmental legislation in many countries is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees.

There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's business, condition or operations. Environmental hazards may exist on the properties on which the Company holds interests which are unknown to the Company at present and which have been caused by previous or existing owners or operators of the properties. Production at the ELG Mine Complex involves the use of cyanide or other reagents and exposes rock material that could cause toxicity to the environment if released or not properly managed. Should cyanide, other reagents, or contact water be improperly managed, leak or otherwise be discharged from the containment system, the Company may become subject to liability for clean-up work that may not be insured. While appropriate steps are taken to prevent discharges of pollutants into the ground water and the environment, the Company may become subject to liability for hazards that the Company may not be insured against.

Government approvals, approval of stakeholders including land ownership groups, aboriginal people and other members of surrounding communities, and licenses and permits are currently, and will in the future, be required in connection with the operations of the Company. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from continuing its mining operations or from proceeding with development of the ELG Mine Complex or planned exploration or development of other mineral properties. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. See also "*General Development of the Business – Developments in 2020 – Environmental*", *"General Development of the Business – Environment, Community and Sustainability"* and *"Risk Factors – Water Management"*.

35. 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 flow generated by the ELG Mine Complex, its cash reserves and any available funds under the 2021 Revolving Facility.

If operations at the ELG Mine Complex are shut down for a prolonged period, depending on the length of such shut down, the Company may not be able to generate sufficient cash flow or have sufficient cash reserves to meet its obligations as they become due or satisfy the financial covenants under the 2021 Revolving Facility, including but not limited to the minimum liquidity threshold. In addition, the Company may not be able to draw on any amounts available under the 2021 Revolving Facility. In such circumstances, the Company may consider a number of actions to reduce cash outflows, including suspending employment contracts in Mexico, managing payment terms with vendors, halting capital expenditures, and monitoring its debt and working capital. The Company may also have various options available to mitigate the risk of breaching the covenants under the TARCA, including securing additional financing, deferring payments, renegotiation of the minimum liquidity and debt service covenants with the Banks, strategic investments, joint ventures and sale of assets. These options are necessarily based on the agreement of other parties outside of the Company's direct control. There can be no assurances that the Company would be able access additional financing, obtain any necessary waivers or consents from the Banks or complete any strategic investments, joint ventures and sale of assets. See also *"Risk Factors – COVID-19 and Other Global Pandemics", "Risk Factors – Blockade"*, *"Risk Factors – Indebtedness"* and *"Risk Factors – Recovery of Value Added Taxes"*.

36. Indebtedness

The level of the Company's indebtedness, as well as the restrictive covenants and other limitations imposed under the indebtedness, could have an adverse impact on the Company's business including limiting its ability to obtain additional financing, limiting its ability to pursue additional opportunities and making the Company more vulnerable to general adverse economic and industry conditions.

There can be no assurance that the Company will be able to maintain compliance with the representations, warranties and covenants of the 2021 Revolving Facility. Failure to do so may limit the Company's ability to draw on the 2021 Revolving Facility which in turn may have a negative impact on the liquidity of the Company. In addition, if the Company is unable to service its indebtedness or if an event of default occurs under the 2021 Revolving Facility or other indebtedness, the amounts outstanding could become repayable in full, if the Company is unable to obtain a waiver or extension. In such an event, the Company may not have sufficient cash resources or the ability to obtain additional funds in order to repay these amounts.

The 2021 Revolving Facility restricts Torex from making distributions to its shareholders in excess of C$100 million, and such distributions are subject to the requirements of the 2021 Revolving Facility. The Company may distribute the Muckahi Subsidiaries or the Muckahi System Rights (including by way of a "spin out" transaction) if there is no default or event of default. Distributions from MML to the Company are permitted under the 2021 Revolving Facility, provided that certain customary conditions precedent are satisfied. *"General Development of the Business – Financing – Debt Financing – 2021 Revolving Facility".*

37. Recovery of Value Added Taxes

The Company is exposed to liquidity and credit risk with respect to its VAT receivables if the Mexican tax authorities are unable or unwilling to make payments in a timely manner in accordance with Company's monthly filings. Timing of collection on VAT receivables is uncertain as VAT receivable procedures require a significant amount of information and follow-up. Significant delays in the collection of VAT receivables may affect the Company's ability to fund the continued development of the ELG Mine Complex and the development of the Media Luna Project. The Company's approach to managing liquidity risk with respect to its VAT receivables is to file its refund requests on a timely basis, monitor actual and projected collections of its VAT receivables, cooperate with the Mexican tax authorities in providing information as required, and if necessary, pursue any legal remedies it may have under applicable laws, including administrative appeals and litigation. There can be no assurance that the Company will receive the full amount of the VAT receivables.

38. Income and Other Taxes

The Company currently operates in Canada, Mexico and Luxembourg through a number of subsidiary intermediary entities. The introduction of new tax laws, regulations or rules, or changes to, or differing interpretation of, or application of, existing tax laws, regulations or rules by tax authorities or the courts, could result in an increase in the Company's taxes, or other governmental charges, duties or impositions, or an unreasonable delay in the refund of certain taxes owing to the Company. Complex legislation and compliance obligations add to the complexity of calculating taxes payable and refunds expected, and increase the risk of disagreement with local governments. The Company is also subject to routine tax audits by various taxation authorities in the jurisdictions in which it operates. Tax audits may result in additional tax, interest and penalties, which would adversely affect the Company. While these tax risks are proactively managed and monitored by senior management, with the assistance of external tax experts, there can be no assurance given that new tax laws, rules or regulations will not be enacted or that existing tax laws will not be changed, interpreted or applied in a manner that could result in the Company's profits being subject to additional taxation, result in the Company not recovering certain taxes on a timely basis, or at all, adversely affect the Company's ability to repatriate earnings, or that could otherwise have a material adverse effect on the Company.

39. Taxes and Royalties

The Company and its subsidiaries operate in Canada and Mexico and are subject to the tax regimes in the jurisdictions in which they operate. The Company's operating subsidiary MML, is resident in Mexico and is subject to corporate income tax, mining taxes, consumption taxes, withholding taxes, other taxes and royalties. The Mexican corporate income tax rate is 30% and is paid in monthly instalments with any remaining amount owing payable in the first quarter of the following year upon filing of the corporate income tax return. In addition to corporate income tax, MML is also subject to a 7.5% mining tax on extractive activities earnings and a 0.5% royalty on gold and silver sales. These mining taxes are paid annually in the first quarter in respect of the prior fiscal year. MML is also subject to a 2.5% royalty, payable to the Mexican government on a quarterly basis, on minerals produced and sold from the Reducción Morelos Norte Concession. There are no state income taxes in Mexico. Income taxes paid by the Company and its subsidiaries in Canada and Luxembourg are not material at this time. See "*Risk Factors – Income and Other Taxes*".

After-tax earnings (i.e. earnings arising from the after-tax earnings account, Cuenta de Utilidad Fiscal Neta or CUFIN) may be distributed to the shareholders with no tax charge at the corporate level. A withholding tax on dividend payments to foreign residents (including foreign corporations) applies at the rate of 10%.

40. Reputational Risk

As a result of the increased usage and the speed and global reach of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users, companies today are at much greater risk of losing control over how they are perceived in the marketplace. Damage to the Company's reputation can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity (for example, with respect to the Company's handling of environmental matters, the illegal blockade, the COVID-19 pandemic, or the Company's dealings with community groups), whether true or not. The Company places a great emphasis on protecting its image and reputation, but the Company does not ultimately have direct control over how it is perceived by others. Reputation loss may lead to increased challenges in developing and maintaining community relations, decreased investor confidence and an impediment to the Company's overall ability to advance its projects, thereby having a material adverse impact on financial performance, cash flows and growth prospects.

41. Limited History of Earnings, No History of Dividends

Prior to 2016, the Company had no history of earnings and as such the Company has not paid dividends on its Common Shares since incorporation. Payment of any future dividends will be at the discretion of the Board after taking into account many factors, including operating results, financial condition, anticipated cash needs. The 2021 Revolving Facility restricts Torex from making distributions to its shareholders in excess of C$100 million, and such distributions are subject to the requirements of the TARCA. The Company may distribute the Muckahi Subsidiaries or the Muckahi System Rights (including by way of a "spin out" transaction) if there is no default or event of default. Distributions from MML to the Company are permitted under the 2021 Revolving Facility, provided that certain customary conditions precedent are satisfied. "*General Development of the Business – Financing – Debt Financing – 2021 Revolving Facility".*

42. Infrastructure

Mining, processing, development and exploration activities depend, in varying degrees, on the availability of adequate infrastructure. Reliable roads, bridges, power sources, fuel and water supply and the availability of skilled labour and other infrastructure are important determinants, which affect capital and operating costs and can affect the development timeframe and cost of the ELG Mine Complex.

The ELG Mine Complex is situated in a region where other mining activity is developing. The ELG Mine Complex is within proximity to existing paved highways, with access to local power supply and located near established centres of supply for materials and workers. As part of the ELG Mine Complex development, an alternative transportation route from the main highway to the mine site was completed but, despite provision for back-up infrastructure, there can be no assurance that challenges or interruptions in infrastructure and resources will not be encountered. Where alternative infrastructure is not available, this may result in delays or other adverse effects on the ELG Mine Complex and the Company's other operations. Additionally, unusual or infrequent weather phenomena, sabotage, governmental or other interference in the maintenance or provision of infrastructure could also adversely affect the consolidated business, operations, financial condition and results of operations of the Company.

43. Use of and Reliance on Experts Outside Canada

The Company uses and relies upon a number of legal, financial, technical and industry experts outside of Canada as required. Some of these experts may not be subject to equivalent educational requirements, regulations and rules of professional conduct or standards of care as they would be in Canada. The Company manages this risk through the use of reputable experts, assessment of credentials and review of past performance where possible.

44. Competition

The international mining industry is highly competitive in all of its phases. The Company faces strong competition from other mining companies in connection with (i) the acquisition of mineral-rich properties producing or capable of producing, precious metals economically, (ii) technical expertise to find, develop and produce on such properties, (iii) skilled labour to productively operate such properties and (iv) available capital to finance development of such properties.

The Morelos Gold Property is located in a region of Mexico where competing mining companies also conduct business. Many of the competing companies operating within the region or within other regions where the Company may conduct its activities currently or in the future have a broader range of international activity and operations, greater financial resources, operational experience and technical capabilities than the Company. As a result of this competition, the Company may suffer a competitive disadvantage and be unable to maintain or acquire attractive mining properties on terms it considers acceptable or at all, unable to attract and retain the necessary technical expertise, unable to attract and retain experienced mining professionals, unable to attract and retain experienced labour or unable to secure necessary financing.

45. Hedging

Hedge and derivative products are generally used to manage risks associated with changes in commodity prices and foreign currency exchange rates. Hedging involves certain inherent risks including: the risk that the creditworthiness of a counterparty may adversely affect its ability to perform its payment and other obligations under its agreement with the Company or adversely affect the financial and other terms the counter-party is able to offer the Company; the risk that the Company enters into a hedging position that cannot be closed out quickly; and the risk that, in respect of certain hedging products, an adverse change in the market prices for commodities, currencies or interest rates will result in the Company incurring losses in respect of such hedging products as a result of the hedging products being out-of-the money on their settlement dates.

In the first quarter of 2020, the Company entered into forward contracts for approximately 50% of its estimated Mexico peso expenditures for 2020 or $234 million at a weighted average rate of 19.70 until December 2020. In the second quarter, the Company extended the maturity dates of certain currency contracts due to settle in the year ended December 31, 2020, with a total notional value of $24 million, to future periods ranging from 7 to 11 months. There were $20 million of contracts remaining at December 31, 2020 at a weighted average rate of 19.52. A 10% appreciation or depreciation of the Mexican peso relative to the U.S. dollar would have resulted in a decrease or increase of $0.1 million in the Company's net income for the twelve months ended December 31, 2020 in relation to the forward contracts. See also "*Risk Factors – Currency Exchange Rate Fluctuations*" and below "*Risk Factors – Interest Rate Risk*".

Gold prices have fluctuated widely in recent years. There is no assurance that, even as commercial quantities of gold may be produced in the future, a profitable market will exist for them. In the third quarter of 2019, the Company entered into zero-cost collar hedges to deliver 8,000 oz of gold per month over a 12-month period commencing in September 2019. As at December 31, 2020, the contracts extend until September 2021. The remaining gold collar contracts have an average floor price of $1,467 per ounce and an average ceiling price of $2,142 per ounce.

As at December 31, 2020, a 10% change in the gold price would result in a decrease or increase of $0.2 million (using the spot rate as at December 31, 2020 of $1,894 per ounce) in the Company's net income for the twelve months ended December 31, 2020 relating to the zero-cost collar hedges.

46. 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 Company deposits the majority of its cash in fully liquid Schedule A bank business investment savings accounts. The Company does have interest rate risk relating to amounts drawn on the 2021 Revolving Facility and certain other financing facilities. The 2021 Revolving Facility bears interest at a rate of LIBOR plus a margin ranging between 275 bps and 375 bps based on the net leverage ratio.

In the first quarter of 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 2019 Debt Facility to hedge against unfavourable changes in interest rates. As at December 31, 2020, a 100 basis points change in the LIBOR would result in a decrease or increase of $0.6 million (using the LIBOR rate as at December 31, 2020 of 0.3%) in the Company's net income for the twelve months ended December 31, 2020 relating to the interest rate swap contracts.

47. Insurance and Uninsured Risks

The business of the Company is subject to a number of risks and hazards generally, including, but not limited to, adverse environmental conditions, industrial accidents, labour disputes, materials shortages, unusual or unexpected geological conditions, metallurgical or processing problems, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, fires, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to properties of the Company or others, delays in mining, monetary losses and possible legal liability. Planned development at the ELG Mine Complex included design of processes and operations to mitigate known risks, for example containment of potential spills through controlled procedures relating to storage and transportation of hazardous substances.

Although the Company may maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with a mining company's operations and insurance obtained may contain exclusions and limitations on coverage. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution, global pandemics such as the COVID-19 pandemic, strikes, riots or civil commotion, or other hazards as a result of exploration, development and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards which it may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its business, consolidated financial condition and results of operations.

48. Price and Volatility of Public Stock

The market price of the Common Shares has experienced fluctuations which may not necessarily be related to the financial condition, operating performance, underlying asset values or growth prospects of the Company. Fluctuations in the Company's Common Share price may be affected by industry and market fluctuations such as short-term changes in the price of gold and other metals. The Company's Common Share price may also be affected by the market reactions to, and increased volatility as a result of, the COVID-19 pandemic. The trading price may also be affected by factors and events such as the public's reaction to press releases, public announcements, effects of proposed equity offerings, the arrival or departure of key personnel, and alliances or joint venture arrangements. Accordingly, the market price of the Common Shares at a point in time may not accurately reflect the Company's long-term value. It may be anticipated that any market for the Common Shares will be subject to market and industry trends generally and the value of the Common Shares on the Toronto Stock Exchange (the "**TSX**") or such other stock exchange as the Common Shares listed, from time to time, may be affected by such volatility. If the Company requires additional financing, the Company's ability to obtain or secure financing may be adversely affected by market downturns, resulting in delays in project financing and consequently on project development timeframes.

49. Activist Shareholders

In recent years, publicly-traded companies have been increasingly subject to demands from activist shareholders advocating for changes to corporate governance practices, such as executive compensation practices, social issues, or for certain corporate actions or reorganizations. There can be no assurances that activist shareholders will not publicly advocate for the Company to make certain corporate governance changes or engage in certain corporate actions. Responding to challenges from activist shareholders, such as proxy contests, media campaigns or other activities, could be costly and time consuming and could have an adverse effect on the Company's reputation and divert the attention and resources of the Company's management and Board, which could have an adverse effect on the Company's business and results of operations. Even if the Company does undertake such corporate governance changes or corporate actions, activist shareholders may continue to promote or attempt to effect further changes, and may attempt to acquire control of the Company to implement such changes. If shareholder activists seeking to increase short-term shareholder value are elected to the Board, this could adversely affect the Company's business and future operations. Additionally, shareholder activism could create uncertainty about the Company's future strategic direction, resulting in loss of future business opportunities, which could adversely affect the business, future operations, profitability and the Company's ability to attract and retain qualified personnel.

50. Conflicts of Interest

Certain of the directors and officers of the Company currently serve, and in the future, the directors and officers of the Company may serve, as directors and/or officers of other companies involved in natural resource exploration and development and, consequently, there exists the possibility for such directors and officers to be in a position of conflict. The Company's directors and officers understand that any decision made by any of such directors and officers involving the Company should be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest in accordance with the procedures set forth in the applicable corporate and other laws, as amended or supplemented from time to time.

51. Enforcement of Legal Rights

The Company's material subsidiary is organized under the laws of Mexico and certain of the Company's directors, management and personnel are located in foreign jurisdictions. Given that the Company's material assets and certain of its directors and management personnel are located outside of Canada, investors may have difficulty in effecting service of process within Canada and collecting from or enforcing against the Company or its directors and officers any judgments issued by the Canadian courts or Canadian securities regulatory authorities and predicated on the civil liability provisions of Canadian securities legislation or other laws of Canada. Similarly, in the event a dispute arises in connection with the Company's foreign operations, including with respect to the ELG Mine Complex or Media Luna Project, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Canada.

52. Accounting Policies and Internal Controls

The Company prepares its financial reports in accordance with IFRS. In preparation of financial reports, management may need to rely upon assumptions, make estimates or use their best judgment in determining the financial condition of the Company. Significant accounting policies are described in more detail in the Company's audited financial statements. Management has implemented and maintains accounting systems and internal controls to provide a reasonable level of assurance that transactions are properly authorized, assets are properly safeguarded and transactions are properly recorded and reported. Although the Company believes its financial reporting and financial statements are prepared with reasonable safeguards to ensure reliability, the Company cannot provide absolute assurance.

53. Muckahi

It is important to note that Muckahi is experimental in nature and testing in an operating mine is ongoing. Since the date of the Technical Report, the majority of the components of the Muckahi Mining System have been tested by Torex and their functionality demonstrated. However, the components have not yet been tested together as a system to demonstrate the rates per day in which tunnels can be excavated and material removed from long hole open stopes. Testing of the integrated system will continue and is expected to be completed in the second quarter of 2021. Drill and blast fundamentals, standards and best practices for underground hard rock mining are applied in the Muckahi Mining System as described in the Technical Report, where applicable. The proposed application of a monorail system for underground transportation for mine development and production mining is unique to underground mining. There are existing underground mines that use a monorail system for transportation of materials and equipment, however not in the capacity of Muckahi which is described in detail in the Technical Report. The mine design, equipment performance and cost estimations involving Muckahi in the Technical Report are conceptual in nature, and do not yet demonstrate technical or economic viability.

The testing program has confirmed that: the monorail based Muckahi tunnelling equipment could successfully drill, blast, clear the broken rock (muck); install ground support in flat tunnels and tunnels at a -30-degree gradient; across multiple open stopes, demonstrated the ability to achieve fragmentation of 95% passing 400mm and the ability to 'remote muck' with a slusher. See "*General Development of the Business – Developments in 2020 to date of AIF – Muckahi*", "*General Development of the Business – Developments in Fiscal 2019 – Muckahi*" and "*Material Properties – Morelos Gold Property – Developments Since the Effective Date of the Technical Report – Muckahi*" for further information.

The ability to develop and test Muckahi is dependent on available funding from Torex's resources including distributions from MML. The TARCA places restrictions on the amount that Torex may spend on Muckahi from distributions from MML. See also "*General Development of the Business – Financing – Debt Financing – 2021 Revolving Facility".*

54. Additional Financing and Dilution

There can be no assurance that the Company will be able to generate sufficient cash flow to fund the development, construction the Media Luna Project.

If the Company needs to raise additional financing, the Company may raise funds through debt financing or other financing arrangements, including without limitation the issuance of Common Shares or the issuance of debt instruments or other securities convertible into Common Shares. There can be no assurance that financing will be available on reasonable terms and conditions.

The Company cannot predict the size of debt facilities, the size of future issuances of Common Shares or the size or terms of future issuances of debt instruments or other securities convertible into Common Shares or, the effect, if any, that future issuances and sales of the Company's securities will have on the market price of the Common Shares. Sales or issuances of substantial numbers of Common Shares or the perception that such sales could occur may adversely affect prevailing market prices of the Common Shares. With any additional sale or issuance of Common Shares or securities convertible into Common Shares, investors will suffer dilution of their voting power and the Company may experience dilution of its earnings per share.

DIVIDENDS

The Company has never declared or paid cash dividends on the Common Shares. Any future dividend payment will be made at the discretion of the Board and will depend on the Company's financial needs to fund its planned programs and its future growth and any other factor that the Board deems necessary to consider in the circumstances. The 2021 Revolving Facility restricts Torex from making distributions to its shareholders in excess of C$100 million, and such distributions are subject to the requirements of the TARCA. The Company may distribute the Muckahi Subsidiaries or the Muckahi System Rights (including by way of a "spin out" transaction) if there is no default or event of default. Distributions from MML to the Company are permitted under the 2021 Revolving Facility, provided that certain customary conditions precedent are satisfied. See also "*General Development of the Business – Financing – Debt Financing – 2021 Revolving Facility".*

DESCRIPTION OF CAPITAL STRUCTURE

The Company is authorized to issue an unlimited number of Common Shares, of which as at March 30, 2021, there were 85,687,165 Common Shares issued and outstanding. Holders of Common Shares are entitled to receive notice of any meetings of the holders of Common Shares of the Company and to attend and to cast one vote per Common Share held at all such meetings.

Holders of Common Shares do not have cumulative voting rights with respect to the election of directors and, accordingly, holders of a majority of the Common Shares entitled to vote in any election of directors may elect all directors. Holders of Common Shares are entitled to receive on a *pro rata* basis such dividends, if any, as and when declared by the Board at its discretion from funds legally available therefore and upon the liquidation, dissolution or winding up of the Company are entitled to receive on a *pro rata* basis the net assets of the Company after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a *pro rata* basis with the holders of Common Shares with respect to dividends or liquidation. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

MARKET FOR SECURITIES

Common Shares

The Common Shares are listed and traded on the TSX under the symbol “TXG”. The following table sets forth, for the year ended December 31, 2020, the reported high and low prices, and the aggregate volume of trading of the Common Shares on the TSX.

Month	High (C$)	Low (C$)	Volume
January	$ 21.83	$ 17.03	7,852,617
February	$ 22.45	$ 16.84	9,807,236
March	$ 19.41	$ 8.79	16,475,078
April	$ 21.42	$ 12.86	12,434,004
May	$ 21.00	$ 17.36	8,712,562
June	$ 21.71	$ 16.23	12,095,955
July	$ 23.92	$ 20.79	8,824,778
August	$ 25.52	$ 18.85	8,861,388
September	$ 22.35	$ 18.39	10,196,292
October	$ 21.82	$ 17.56	6,351,999
November	$ 21.86	$ 16.93	8,663,016
December	$ 21.05	$ 18.33	8,424,152

The price of the Common Shares as quoted by the TSX at the close of business on March 30, 2020 was C$15.75 per share.

Prior Sales

In the most recently completed financial year, the Company issued or granted the following securities convertible into Common Shares.

Month of Issue	Type of Security	Number Issued	Issue/Exercise Price ($)	Reason for Issuance
January 2020	Stock Options	3,234	$ 20.43	Grant of Stock Options
	Restricted Share Units	57,512	$ 20.43	Issue under the RSU Plan
	Common Shares	6,015	$ 11.40	Exercise of Stock Options
	Common Shares	3,600	$ 17.40	Redemption under RSU Plan
	Common Shares	19,702	$ 17.56	Redemption under ESU Plan
	Common Shares	988	$ 17.91	Redemption under ESU Plan
	Common Shares	4,440	$ 17.43	Redemption under ESU Plan
	Common Shares	1,206	$ 17.77	Redemption under ESU Plan
	Common Shares	7,438	$ 17.49	Redemption under ESU Plan
	Restricted Share Units	107,240	$ 20.43	Issue under the ESU Plan
	Performance Share Units	160,858	$ 20.43	Issue under the ESU Plan
February 2020	Common Shares	1,000	$ 17.65	Redemption under ESU Plan
	Common Shares	1,625	$ 18.20	Redemption under ESU Plan
	Common Shares	1,000	$ 18.45	Redemption under ESU Plan
	Common Shares	1,524	$ 18.50	Redemption under ESU Plan

Month of Issue	Type of Security	Number Issued	Issue/Exercise Price ($)	Reason for Issuance
	Common Shares	28,919	$ 21.48	Redemption under ESU Plan
	Common Shares	11,000	$ 21.50	Redemption under ESU Plan
	Common Shares	2,495	$ 21.54	Redemption under ESU Plan
	Common Shares	2,407	$ 21.60	Redemption under ESU Plan
	Common Shares	173	$ 22.34	Redemption under ESU Plan
	Common Shares	180	$ 22.36	Redemption under ESU Plan
	Common Shares	3,674	$ 18.21	Redemption under RSU Plan
	Common Shares	516	$ 11.40	Exercise of Stock Options
	Restricted Share Units	135	$ 21.06	Issue under the ESU Plan
	Performance Share Units	202	$ 21.06	Issue under the ESU Plan
March 2020	Common Shares	503	$ 17.77	Redemption under ESU Plan
	Common Shares	1,216	$ 10.84	Redemption under ESU Plan
	Common Shares	22,755	$ 11.16	Redemption under ESU Plan
	Common Shares	5,479	$ 11.44	Redemption under ESU Plan
June 2020	Stock Options	14,004	$ 18.04	Grant of Stock Options
	Restricted Share Units	7,518	$ 18.04	Issue under the RSU Plan
	Restricted Share Units	28,510	$ 17.88	Issue under the ESU Plan
	Performance Share Units	42,767	$ 17.88	Issue under the ESU Plan
July 2020	Common Shares	13,908	$ 11.40	Exercise of Stock Options
	Restricted Share Units	2,737	$ 21.25	Issue under the ESU Plan
	Performance Share Units	4,110	$ 21.25	Issue under the ESU Plan
August 2020	Common Shares	891	$ 11.40	Exercise of Stock Options
November 2020	Restricted Share Units	1,613	$ 19.62	Issue under the ESU Plan
	Performance Share Units	2,419	$ 19.62	Issue under the ESU Plan
December 2020	Restricted Share Units	252	$ 20.45	Issue under the ESU Plan
	Performance Share Units	378	$ 20.45	Issue under the ESU Plan

Notes:

1. RSU Plan refers to the Restricted Share Unit Plan of the Company;
2. ESU Plan refers to the Employee Share Unit Plan of the Company.

DIRECTORS AND OFFICERS

The following table sets forth the name and province and country of residence of each director and executive officer of the Company, as well as such individual's position with the Company, principal occupation within the five preceding years and period of service as a director (if applicable). Each of the directors of the Company will hold office until the next annual meeting of shareholders of the Company unless his or her office is earlier vacated.

Name and Municipality of Residence	Position with the Company	Principal Occupation During the Last Five Years
Frederick M. Stanford Ontario, Canada	Director and Executive Chair (director since November 16, 2009)	Executive Chair since June 2020; President and CEO of the Company, November 2009 to June 2020
Andrew B. Adams Ontario, Canada	Director since November 26, 2009	Professional Corporate Director, Financial Expert
Robin A. Bienenstock Ontario, Canada	Director since June 17, 2020	Founder and investment partner of RBMP Capital LLP, an investment firm, founded in London U.K. in 2017. Prior thereto, partner at Marlin Sams Fund L.P., a hedge fund, from 2014 to 2016
Franklin L. Davis Ontario, Canada	Director since November 26, 2009	Professional Corporate Director since September 2019 Prior thereto, counsel to the law firm Bennett Jones LLP between March 2013 and September 2019
David A. Fennell Nassau, Bahamas	Director since November 26, 2009	Professional Corporate Director since February 2017 Prior thereto, Executive Chairman and Interim President and CEO of each of Reunion Gold Corporation ("Reunion") and Odyssey Resources Limited. Serves as Executive Chairman of Highland Copper Company Inc. and continues to serve as Executive Chairman of Reunion
Richard A. Howes Ontario, Canada	Director since June 17, 2020	Professional Corporate Director since June 2020 Prior thereto, President and CEO of Dundee Precious Metals Inc. since April 2013
Jody L.M. Kuzenko Ontario, Canada	Director since June 17, 2020 and President and Chief Executive Officer	President and CEO of the Company since June 2020. Prior thereto, COO of the Company from October 2018 to June 2020 and prior to joining the Company, employed by Vale Canada Limited, last position held was Director of Business Strategy (July 2004 to July 2018)
Michael D. Murphy British Columbia, Canada	Director since April 23, 2008	President and CEO of Global Battery Metals Ltd.
Roy S. Slack Ontario, Canada	Director since June 17, 2020	Founder and board member of Cementation Americas and served as President until 2018
Elizabeth A. Wademan Ontario, Canada	Director since August 10, 2016	Professional Corporate Director since August 2016 Prior thereto, Managing Director, BMO Capital Markets.

Mary D. Batoff Ontario, Canada	General Counsel and Corporate Secretary	General Counsel and Corporate Secretary since July 2014
Jonathan M. Gilligan Ontario, Canada	Vice President, Automated Mine Design	Vice President, Automated Mine Design of the Company since October 2019 Prior thereto, Director and Principal Mining Consultant of J M Gilligan Consulting (January 2019 to September 2019), and employed by SSR Mining Inc. as Vice President Technical Services, Exploration and Projects Development (July 2014 to December 12, 2018)
E. Barry Murphy Ontario, Canada	Vice President, Engineering	Vice President, Engineering of the Company since October 2019. Prior thereto, President of Barry Murphy Consulting (January 2019 to September 2019), and employed by Yamana Gold Inc. as Senior Vice President Technical Services & Projects (August 2014 to August 2018)
H. Bernard Loyer Arizona, United States	Vice President, Projects	Vice President, Projects since October 2017 Prior thereto, Project Director of the Company from April 2016
Faysal A. Rodriguez Valenzuela Sinaloa, Mexico	Vice President, Mexico	Vice President, Mexico since June 2020. Prior thereto, General Manager of MML from May 2018, and prior to joining the Company, employed by Primero Mining Corp as General Manager (October 2017 to May 2018) and Operation Manager (September 2016 to October 2017), and engaged by Agnico Eagle Mines Ltd. as a consultant (January 2016 to September 2016)
Angela M. Robson Ontario, Canada	Vice President, Corporate Affairs and Social Responsibility	Vice President, Corporate Affairs and Social Responsibility since June 2020 Prior thereto, employed by Vale Canada Limited since October 2005, most recently as Manager, Corporate Affairs and Sustainability, North Atlantic Operations
Daniel J. T. Rollins Ontario, Canada	Vice President, Corporate Development and Investor Relations	Vice President, Corporate Development and Investor Relations since May 2019. Prior thereto, Director, RBC Capital Markets (April 2012 to March 2019)
Andrew P. Snowden Ontario, Canada	Chief Financial Officer	Chief Financial Officer since January 2021. Prior thereto, employed by Sherritt International Corporation as Senior Vice President and CFO (January 2017 to December 2020), Vice President, Finance (October 2016 to January 2017) and Corporate Controller (November 2015 to October 2016).
Anne E. Stephen Ontario, Canada	Vice President, Human Resources	Vice President, Human Resources since June 2013.

As of March 30, 2021, an aggregate of 384,119 Common Shares (representing less than 1% of all issued and outstanding Common Shares as of March 30, 2020,) are beneficially owned, controlled or directed (directly or indirectly) by all of the directors and executive officers of the Company, as a group.

STANDING COMMITTEES OF THE BOARD

Board Committee	Committee Members	Status
Audit	Andrew B. Adams (Chair) Franklin A. Davis Elizabeth A. Wademan	Independent Independent Independent
Compensation	Richard A. Howes (Chair) Andrew B. Adams Elizabeth A. Wademan	Independent Independent Independent
Corporate Governance and Nominating	Franklin L. Davis (Chair) Robin A. Bienenstock David A. Fennell	Independent Independent Independent
Safety and Corporate Social Responsibility	Robin A. Bienenstock (Chair) Michael D. Murphy Roy S. Slack	Independent Independent Independent
Technical	Roy S. Slack (Chair) David A. Fennell Richard A. Howes Frederick M. Stanford	Independent Independent Independent Not Independent

Corporate Cease Trade Orders

No director or executive officer of the Company is, as of the date hereof, or was within ten years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Company), that:

a. was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

b. was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Bankruptcies and Other Proceeding

Other than as disclosed below, no director or executive officer of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

a. is, as of the date hereof, or has been within the ten years before the date hereof, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

b. has, within the ten years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Ms. Bienenstock was a member of the Board of Directors of Oi S.A. (“**Oi**”), a Brazilian telecommunications company from September 1, 2015 to June 13, 2016, Oi filed for bankruptcy protection in Brazil on June 20, 2016 and in the United States on June 22, 2016.

Penalties or Sanctions

No director or executive officer of the Company or a shareholder holding a sufficient number of securities of the Company to materially affect the control of the Company, has been subject to:

a. any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

b. any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

In the future, circumstances may arise where officers or members of the Board are directors or officers of corporations which are in competition to the interests of the Company. No assurances can be given that opportunities identified by such Board members will be provided to the Company. Pursuant to applicable law, directors who have an interest in a proposed transaction upon which the Board is voting are required to disclose their interests and refrain from voting on the transaction. See also "*Risk Factors – Conflicts of Interest*".

AUDIT COMMITTEE

Audit Committee Charter

The Charter of the Company's Audit Committee is set forth at Appendix "B" hereto.

Composition of the Audit Committee

The following directors have served as members of the Audit Committee for all of the period commencing on January 1, 2020 to the date hereof:

Andrew B. Adams	Independent [1]	Financial expert [2]
Franklin L. Davis	Independent [1]	Financially literate [1]
Elizabeth A. Wademan	Independent [1]	Financially literate [1]

Notes:

1. As defined by National Instrument 52-110 — *Audit Committees ("NI 52-110")*.
2. The Board of Directors of the Company has determined that Mr. Adams is an audit committee financial expert based on his professional designation, education, and extensive international financial experience in extractive industries.

Relevant Education and Experience

Each member of the Audit Committee has experience relevant to their responsibilities as an Audit Committee member.

Andrew B. Adams	Bachelor of Social Science (Accounting and Statistics) from Southampton University and a qualified Chartered Accountant in the United Kingdom	Mr. Adams serves as an independent, non-executive director of First Quantum Mineral Ltd. He is also the chair of the compensation committee and a member of the audit committee and corporate governance and nominating committee of First Quantum. Previously, he served as the independent Chairman of TMAC Resources Inc. and as chair of the corporate governance and nominating committee and the compensation committee and as a member of the audit committee of TMAC. He also previously served as chief financial officer in each of AngloGold North America and Aber Diamond Corporation. He has extensive experience serving as independent non-executive director of publicly traded companies including serving as chair and as a member of the audit committee.
Franklin L. Davis	Bachelor of Commerce, Juris Doctor (JD) and Master of Business Administration, all from the University of Toronto; and, ICD.D, Institute of Corporate Directors	He was previously counsel of the law firm Bennett Jones LLP and prior thereto, counsel and a partner of the law firm Fraser Milner Casgrain LLP, practicing principally in the areas of securities and capital markets, corporate finance, mergers and acquisitions and mining. He has extensive experience serving as independent non-executive director of publicly traded companies including serving as a member of the audit committee.
Elizabeth A. Wademan	Bachelor of Commerce from McGill University, Chartered Financial Analyst from the CFA Institute, and, ICD.D, Institute of Corporate Directors	She currently serves as an independent non-executive director of SSR Mining Inc. of which she is a member of the audit committee and a member of the compensation committee, and independent trustee of BSR Real Estate Investment Trust of which she is chair of the compensation, governance and nominating committee and member of the audit committee. She also serves as director and Campaign Cabinet Member of St. Joseph's Health Centre Foundation. She has over 23 years' experience in financial markets with 18 years of investment banking. Previously she served as Managing Director, responsible for Global Metals & Mining Equity Capital Markets and Technology Equity Capital Markets at BMO Capital Markets until she retired in 2016.

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completely financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (De Minimis Non-audit Services) or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Pre-approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services, as described in the Audit Committee Charter attached hereto as Appendix "B".

External Auditor Service Fees (By Category)

The aggregate fees billed by the Company's external auditors in each of the last two fiscal years for audit fees are as follows:

	2020		2019[4]	
Audit Fees [1]	**C$**	**714,943**	**C$**	**596,679**
Audit Related Fees		**nil**		**nil**
Tax Fees				
Compliance [2]	C$	32,905	C$	44,983
Advisory [3]	C$	187,089	C$	88,379
Total tax	**C$**	**219,994**	**C$**	**133,362**
All Other Fees		Nil		Nil

Notes:

1. Audit Fees relate to the audit of the Financial Statements, the audit of the annual Financial Statements of MML and services provided in connection with the review of interim unaudited financial statements.
2. Tax compliance involves preparation of original and amended tax returns, claims for refund, tax payment-planning services
3. Tax advisory services can include assistance with tax audits and appeals, transfer pricing services, tax advice related to employee benefit plans and requests for rulings or technical advice from taxing authorities. For 2020, tax advisory services include C$74,581 related to advisory services provided in respect to the liquidation of Torex Luxembourg S.á.r.l.
4. Fees for 2020 include administrative charges and nominal out-of-pocket expenses billed by the Company's external auditors. Fees presented for 2019 have been recast to be shown on a comparable basis (i.e. inclusive of administrative charges and out-of-pocket expenses.

LEGAL PROCEEDINGS

There are no material legal proceedings or regulatory actions to which the Company is a party or of which any of the Company's properties are subject, nor have any such actions been pending during the most recently completed financial year of the Company. In addition, no such proceedings or actions are currently known by the Company to be contemplated.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed elsewhere in this Annual Information Form, no director, executive officer or principal shareholder of the Company or any associate or affiliate of the foregoing, has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year prior to the date of this Annual Information Form that has materially affected or is reasonably expected to materially affect the Company.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is Computershare Investor Services Inc. at 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1.

MATERIAL CONTRACTS

There are no contracts of the Company, other than contracts entered into in the ordinary course of business, that are material to the Company and that were entered into by the Company within the most recently completed financial year or were entered into prior to such time and are still in effect, other than:

- The Credit Agreement dated March 30, 2021 between MML and the Bank of Montreal, BNP Paribas, ING Bank N.V., Dublin Branch, Société Générale and the Bank of Nova Scotia in connection with a secured $150 million revolving debt facility (see "*General Development of the Business – Financing Agreements – 2021 Revolving Facility*").

INTEREST OF EXPERTS

The scientific and technical information relating to the Morelos Gold Property has been derived from, and in some instances is an extract from, or is based on the Technical Report. A copy of the Technical Report is available under the Company's profile on SEDAR at www.sedar.com.

Each of Messrs. Daniel H. Neff, P.E., Robert Davidson, P.E., each of M3 Engineering & Technology Corporation; Paul Kaplan, P.E. of NewFields Mining Design & Technical Services; Bert J. Huls, P.Eng. of Huls Consulting, Inc.; Mark Hertel, SME Registered Member, of MPH Consulting; and Michael Levy, MSc., P.E., P.G., P.Eng, of JDS Energy & Mining Inc. are authors of the Technical Report and each is a "qualified person" within the meaning of NI 43-101.

Mr.Clifford Lafleur, P.Eng., who is referred to in the sections "*Material Properties – Developments Since the Effective Date of the Technical Report*", *"Material Properties – Morelos Gold Property – Summary of the Technical Report"*, *"Material Properties – Morelos Gold Property – ELG Underground Sub-Sill Zone Reserve – effective date December 31, 2017"*, is an employee of the Company. Mr. Dawson Proudfoot, P.Eng., was employed as Vice President, Engineering of the Company, during the preparation of the Technical Report. Mr. James Joseph Monaghan was employed as Principal Mining Engineer of the Company during the preparation of the Technical Report. Each of Messrs. Lafleur, Proudfoot and Monaghan is an author of the Technical Report and is a "qualified person" within the meaning of NI 43-101. Dr. Lars Weiershauser, who is referred to in section *"Material Properties – Developments Since the Effective Date of the Technical Report"*, is an employee of the Company and a "qualified person" within the meaning of NI 43-101.

Other than Mr. Levy and the employees of the Company referred to above, the aforementioned firms and persons held no securities of the Company or of any associate or affiliate of the Company at or following the time when they, as applicable: (i) prepared the Technical Report; and/or (ii) reviewed and approved the scientific and technical information set forth under the heading *"Material Properties – Morelos Gold Property"*, and in each case did not receive any direct or indirect interest in any securities of the Company or of any associate or affiliate of the Company in connection with the preparation, review, confirmation and/or approval, as applicable, of the foregoing. Mr. Levy purchased in the market 736 Common Shares in the second quarter of 2017.

Other than the employees of the Company referred to above, none of the aforementioned persons, nor any directors, officers or employees of the aforementioned firms, are currently expected to be elected, appointed or employed as a director, officer or employee of the Company or of any associate or affiliate of the Company.

KPMG LLP are the auditors of the Company and have confirmed that they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation.

ADDITIONAL INFORMATION

Additional information relating to the Company is available under the Company's profile on SEDAR at www.sedar.com. Additional information, including information concerning directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, where applicable, is contained in the management information circular of the Company dated May 5, 2020.

Additional financial information is provided in the Company's Financial Statements and MD&A for the year ended December 31, 2020.

APPENDIX "A" – GLOSSARY OF TECHNICAL TERMS AND ABBREVIATIONS

Full Name	Abbreviation
Slope ratio of 2 units of horizontal distance to one unit of vertical distance	2H:1V
Silver	Ag
ALS Chemex Labs, Ltd.	ALS
Ammonium Nitrate/Fuel Oil	ANFO
Gold	Au
Cut and Fill Stoping	C&F
Canadian Institute of Mining, Metallurgy and Petroleum	CIM
Carbon in Pulp	CIP
Confederation of Mexican Workers	CTM
Copper	Cu
Coefficient of variation	CV
Direct Current	DC
Degrees	°
Degrees Celsius	°C
El Limón Guajes Mine	ELG Mine or ELG
Environmental Management Plan	EMP
Iron	Fe
Iron Sulphide	Fe-S
Feasibility Study	FS
Filtered Tailing Storage Facility	FTSF
General and Administrative	G&A
Global Positioning System	GPS
Grams per dry metric tonne	gms/dmt
Grams per tonne	g/t or gpd
Hectare	ha
Diamond drill bit that produces 63.5 mm core	HQ
Internal Rate of Return	IRR
Metallurgy grinding size K80	K80
Kilogram	kg
Kilometer	km
Kilotonnes	kt
Kilowatt hour per tonne	kWh/t
Lerchs-Grossman	LG
Long Hole Open Stoping	LHOS
Life-of-mine	LOM
M3 Engineering and Technology Corp.	M3
Meter	m
Square meter	m^2
Cubic meter	m^3
Mechanized Overhand Cut and Fill	MCAF
Metric tonne	MT or Mt
Metric tonnes per day	tpd
Net Asset Value	NAV
National Instrument	NI
Diamond drill bit that produces 47.6 mm core	NQ
Neutralization Potential Ratio	NPR
Net Present Value	NPV

Full Name	Abbreviation
Potentially Acid Generating	PAG
Parts per million	ppm
Preliminary Economic Assessment	PEA
Quality Assurance and Quality Control	QA/QC
Qualified Person	QP
Reverse Circulation	RC
Run-of-mine	ROM
Semi-Autonomous Grinding	SAG
Secretaría de Medio Ambiente y Recursos Naturales (Secretariat of the Environment, National Resources)	SEMARNAT
Société Générale de Surveillance S.A.	SGS
Micrometer	µm
Waste Rock Storage Facilities	WRSF

APPENDIX "B" – MANDATE OF THE AUDIT COMMITTEE

Purpose

The Audit Committee (the "**Committee**") of the Board of Directors (the "**Board**") of Torex Gold Resources Inc. (the "Corporation") is appointed by the Board to assist the Corporation and the Board in fulfilling their respective obligations relating to the integrity of the internal financial controls and financial reporting of the Corporation.

Composition

1. The Committee shall be composed of three or more directors, as designated by the Board from time to time.
2. The Chair of the Committee (the "**Chair**") shall be designated by the Board or the Committee from among the members of the Committee.
3. The Committee shall comply with all applicable securities laws, instruments, rules and policies and regulatory requirements (collectively "**Applicable Laws**"), including those relating to independence and financial literacy. Each member of the Committee shall be independent within the meaning of National Instrument 52-110 – *Audit Committees*, and financially literate within the meaning of Applicable Laws.
4. Each member of the Committee shall be appointed by, and serve at the pleasure of, the Board. The Board may fill vacancies in the Committee by appointment from among the Board.

Meetings

5. The Committee shall meet at least quarterly in each financial year of the Corporation. The Committee shall meet otherwise at the discretion of the Chair or a majority of the members of the Committee, or as may be required by Applicable Laws.
6. A majority of the members of the Committee shall constitute a quorum. If within one hour of the time appointed for a meeting of the Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the next business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, such meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the second adjourned meeting a quorum as hereinbefore specified is not present, then, at the discretion of the members then present, the quorum for the adjourned meeting shall consist of the members then present (a "**Reduced Quorum**").
7. If, and whenever a vacancy shall exist in the Committee, the remaining members of the Committee may exercise all powers and responsibilities of the Committee so long as a quorum remains in office or a Reduced Quorum is present in respect of a specific Committee meeting. Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board.
8. The Committee shall hold an *in camera* session without any senior officers present at each meeting of the Committee, unless such a session is not considered necessary by the members present.
9. The time and place at which meetings of the Committee are to be held, and the procedures at such meetings, will be determined from time to time by the Chair. A meeting of the Committee may be called by notice, which may be given by written notice, telephone, facsimile, email or other electronic communication at least 48 hours prior to the time of the meeting. However, no notice of a meeting shall be necessary if all of the members are present either in person or by means of telephone or web conference or other communication equipment, or if those absent waive notice or otherwise signify their consent to the holding of such meeting.
10. Members may participate in a meeting of the Committee by means of telephone or web conference or other communication equipment.
11. If the Chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee present at the meeting shall be chosen by the Committee to preside. The Chair (or other Committee member, as applicable) presiding at any meeting shall not have a casting vote.
12. The Committee shall keep minutes of all meetings, which shall be available for review by the Board. Except in exceptional circumstances, draft minutes of each meeting of the Committee shall be circulated to the Committee for review within 14 days following the date of each such meeting.

13. The Committee may appoint any individual, who need not be a member, to act as the secretary at any meeting.
14. The Committee may invite such other directors, senior officers and employees of the Corporation and such other advisors and persons as is considered advisable to attend any meeting of the Committee. For greater certainty, the Committee shall have the right to determine who shall, and who shall not, be present at any time during a meeting of the Committee.
15. Any matter to be determined by the Committee shall be decided by a majority of the votes cast at a meeting of the Committee called for such purpose. Any action of the Committee may also be taken by an instrument or instruments in writing signed by all of the members of the Committee (including in counterparts, by facsimile or other electronic signature) and any such action shall be as effective as if it had been decided by a majority of the votes cast at a meeting of the Committee called for such purpose. In case of an equality of votes, the matter will be referred to the Board for decision.
16. The Committee shall report its determinations and recommendations to the Board.

Resources and Authority

17. The Committee has the authority to:
    a. engage, at the expense of the Corporation, independent counsel and other experts or advisors as is considered advisable;
    b. determine, and pay the compensation for any independent counsel and other experts and advisors retained by the Committee;
    c. communicate directly with the independent auditor of the Corporation (the "**Independent Auditor**");
    d. conduct any investigation considered appropriate by the Committee;
    e. request the Independent Auditor, any senior officer or other employee of, or outside counsel for, the Corporation to attend any meeting of the Committee or to meet with any members of, or independent counsel or other experts or advisors to, the Committee; and
    f. have unrestricted access to the books and records of the Corporation.

Responsibilities

Financial Accounting, Internal Controls and Reporting Process

18. The Committee is responsible for:
    a. reviewing any management report on, and assessing the integrity of, the internal controls over the financial reporting of the Corporation and monitoring the proper implementation of such controls;
    b. reviewing and reporting to the Board on, or if mandated by the Board, approving, the quarterly unaudited financial statements, management's discussion and analysis ("**MD&A**"), press release and other financial disclosure related thereto that is required to be reviewed by the Committee pursuant to Applicable Laws;
    c. reviewing and reporting to the Board on the annual audited financial statements, the MD&A, press release and other financial disclosure related thereto that is required to be reviewed by the Committee pursuant to Applicable Laws;
    d. monitoring the conduct of the audit function;
    e. discussing and meeting with, when considered advisable to do so and in any event no less frequently than annually, the Independent Auditor, the Chief Financial Officer (the "**CFO**") and any other senior officer or other employee of the Corporation which the Committee wishes to meet with, to review accounting principles, practices, judgments of management, internal controls and such other matters as the Committee considers appropriate; and
    f. reviewing any post-audit or management letter containing the recommendations of the Independent Auditor and management's response thereto, and monitoring the subsequent follow-up to any identified weaknesses.

Public Disclosure

19. The Committee shall:
    a. review the quarterly and annual financial statements, the related MD&A, quarterly and annual earnings press releases and any other public disclosure documents that are required to be reviewed by the Committee pursuant to Applicable Laws;
    b. review and discuss with senior officers of the Corporation any guidance being provided on the expected future results and financial performance of the Corporation, and provide its recommendations on such guidance to the Board; and
    c. review from time to time the procedures which are in place for the review of the public disclosure by the Corporation of financial information extracted or derived from the financial statements of the Corporation and periodically assess the adequacy of such procedures.

Financial Risk Management

20. The Committee should inquire of the senior officers and the Independent Auditor as to the significant risks or exposures, both internal and external, to which the Corporation is subject, including without limitation, risks associated with tax, hedging, insurance, accounting, cybersecurity, information services and systems, financial controls and management reporting, and review the actions which the senior officers have taken to minimize such risks.

Corporate Conduct

21. The Committee should ensure that there is an appropriate standard of corporate conduct relating to the internal controls and financial reporting of the Corporation.
22. The Committee should establish procedures for:
    a. the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls and auditing matters; and
    b. the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

Code of Business Conduct and Ethics

23. With regard to the Code of Business Conduct and Ethics of the Corporation (the "**Code**"), the Committee should:
    a. review from time to time and recommend to the Board any amendments to the Code, and monitor the policies and procedures established by the senior officers of the Corporation to ensure compliance with the Code;
    b. review actions taken by the senior officers of the Corporation to ensure compliance with the Code, the results of the confirmations and the responses to any violations of the Code;
    c. If deemed appropriate by the Committee, investigations of suspected violations of the Code may be referred to the Corporate Governance and Nominating Committee;
    d. monitor the disclosure of the Code, any proposed amendments to the Code and any waivers to the Code granted by the Board; and
    e. review the policies and procedures instituted to ensure that any departure from the Code by a director or senior officer of the Corporation which constitutes a "material change" within the meaning of Applicable Laws is appropriately disclosed in accordance with Applicable Laws.

Whistleblower Policy

24. The Committee shall review from time to time the Whistleblower Policy of the Corporation to determine whether the Whistleblower Policy is effective in providing appropriate procedures to report violations (as defined in the Whistleblower Policy) or suspected violations, and recommend to the Board any amendments to the Whistleblower Policy.

Monetary Authority Policy

25. The Committee shall review and assess from time to time the Monetary Authority Policy of the Corporation, and recommend to the Board any amendments to the Monetary Authority Policy.

Anti-Bribery and Anti-Corruption Policy

26. The Committee shall review and evaluate from time to time the Anti-Bribery and Anti- Corruption Policy of the Corporation to determine whether such policy is effective in ensuring compliance by the Corporation, its directors, officers, employees, consultants and contractors with the *Corruption of Foreign Public Officials Act* (Canada), the *Criminal Code* (Canada) and any other similar laws applicable to the Corporation, and recommend to the Board any amendments to the Anti-Bribery and Anti-Corruption Policy.

Independent Auditor

27. The Committee shall recommend to the Board, for appointment by shareholders, a firm of external auditors to act as the Independent Auditor and shall monitor the independence and performance of the Independent Auditor. The Committee shall arrange and attend, as considered appropriate and at least annually, a private meeting with the Independent Auditor and shall review and approve the remuneration of such Independent Auditor within the pre-approved fee threshold or such other amount approved by the Board.
28. The Committee shall ensure that the lead audit partner at the Independent Auditor is changed every seven years.
29. The Committee should resolve any otherwise unresolved disagreements between the senior officers of the Corporation and the Independent Auditor regarding the internal controls or financial reporting of the Corporation.
30. The Committee should pre-approve all audit and non-audit services not prohibited by law, including Applicable Laws, to be provided by the Independent Auditor. The Committee should review and determine the proposed fee thresholds for such services and make a recommendation on the fee thresholds to the Board for approval. The Chair may, and is authorized to, pre-approve non-audit services provided by the Independent Auditor up to a maximum amount of $25,000 per engagement.
31. The Committee should review the audit plan of the Independent Auditor, including the scope, procedures and timing of the audit.
32. The Committee should review the results of the annual audit with the Independent Auditor, including matters related to the conduct of the audit.
33. The Committee should obtain timely reports from the Independent Auditor describing critical accounting policies and practices applicable to the Corporation, the alternative treatment of information in accordance with International Financial Reporting Standards that were discussed with the CFO, the ramifications thereof, and the Independent Auditor’s preferred treatment, and should review any material written communications between the Corporation and the Independent Auditor.
34. The Committee should review the fees paid by the Corporation to the Independent Auditor and any other professionals in respect of audit and non-audit services on an annual basis.
35. The Committee should review and approve from time to time the Corporation’s hiring policy regarding partners, employees and former partners and employees of the present and any former Independent Auditor.
36. The Committee should monitor and assess the relationship between the senior officers of the Corporation and the Independent Auditor, and monitor the independence and objectivity of the Independent Auditor.

Other Responsibilities

37. The Committee should review and assess from time to time the adequacy of this mandate and submit any proposed amendments to the Board for consideration.
38. The Committee should perform any other activities consistent with this mandate and Applicable Laws as the Committee or the Board considers advisable.

Chair

39. The Chair should:

   a. provide leadership to the Committee and oversee the functioning of the Committee;

   b. chair meetings of the Committee (unless not present), including *in-camera* sessions, and report to the Board following each meeting of the Committee on the activities and any recommendations and decisions of the Committee, and otherwise at such times and in such manner as the Chair considers advisable;

   c. ensure that the Committee meets at least quarterly in each financial year of the Corporation, and otherwise as is considered advisable;

   d. in consultation with the Chairman of the Board (the "**Chairman**"), the Lead Director, if any, and the members of the Committee, establish dates for holding meetings of the Committee;

   e. set the agenda for each meeting of the Committee, with input from other members of the Committee, the Chairman, the Lead Director, if any, and any other appropriate individuals;

   f. ensure that Committee materials are available to any director upon request;

   g. act as a liaison, and maintain communication, with the Chairman, the Lead Director, if any, and the Board to co-ordinate input from the Board and to optimize the effectiveness of the Committee;

   h. report annually to the Board on the role of the Committee and the effectiveness of the Committee in contributing to the effectiveness of the Board;

   i. assist the members of the Committee to understand and comply with the responsibilities contained in this mandate;

   j. foster ethical and responsible decision making by the Committee;

   k. review, together with the other members of the Audit Committee and the Chairman of the Board, in advance of public release (i) any earnings guidance, and (ii) any press release containing financial information based upon financial statements and management's discussion and analysis that has not previously been released, pursuant to the Mandate of the Audit Committee;

   l. consider complaints covered by the Whistleblower Policy, undertake an investigation of the violation or suspected violation of the Code or as defined in the Whistleblower Policy, and promptly report to the Committee and the Board any complaint that may have material consequences for the Corporation and, for each financial quarter of the Corporation, the Chair should report to the Committee and to the Independent Auditor, the aggregate number, the nature and the outcome of the complaints received and investigated under the Whistleblower Policy;

   m. together with the Corporate Governance and Nominating Committee, oversee the structure, composition and membership of, and activities delegated to, the Committee from time to time;

   n. ensure appropriate information is provided to the Committee by the senior officers of the Corporation to enable the Committee to function effectively and comply with this mandate;

   o. ensure that appropriate resources and expertise are available to the Committee;

   p. ensure that the Committee considers whether any independent counsel or other experts or advisors retained by the Committee are appropriately qualified and independent in accordance with Applicable Laws;

   q. facilitate effective communication between the members of the Committee and the senior officers of the Corporation, and encourage an open and frank relationship between the Committee and the Independent Auditor;

   r. attend, or arrange for another member of the Committee to attend, each meeting of the shareholders of the Corporation to respond to any questions from shareholders that may be asked of the Committee;

   s. in the event a Chairman is not appointed by the Board at the first meeting of the Board following the annual meeting of shareholders each year, and the position of Chair of the Corporate Governance and Nominating Committee is vacant, serve as the interim Chairman until a successor is appointed; and

   t. perform such other duties as may be delegated to the Chair by the Committee or the Board from time to time.

APPENDIX "C"

Summary of the Technical Report

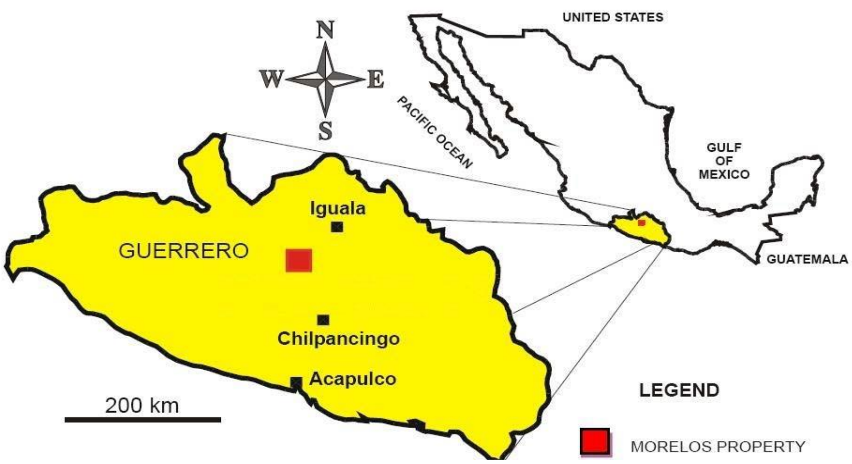
The following is a summary of the technical report titled "NI 43-101 Technical Report ELG Mine Complex LOM Plan and Media Luna Preliminary Economic Assessment" dated effective March 31, 2018 (the "**Technical Report**") prepared by Daniel H. Neff, P.E., Robert Davidson, P.E., Dawson Proudfoot, P.Eng., Clifford Lafleur, P.Eng., James Joseph Monaghan, P.Eng., Paul Kaplan, P.E., Bert J. Huls, P.Eng., Mark Hertel, SME Registered Member, and Michael Levy, MSc., P.E., P.G., P.Eng. Each author is a "qualified person" for the purposes of NI 43-101 and independent of the Company, with the exception of Dawson Proudfoot who was the Vice President, Engineering of the Company during the preparation of the Technical Report, Clifford Lafleur who is the Director of Technical Services of the Company, and James Joseph Monaghan who was employed as the Principal Mining Engineer of the Company during the preparation of the Technical Report. Each author has reviewed and approved the technical and scientific information that has been summarized from the Technical Report in this AIF.

The summary and all references to the Technical Report are qualified in their entirety by reference to the complete text of the Technical Report, which is available under the Company's profile on SEDAR at www.sedar.com and on the Company's website at www.torexgold.com. Updates to the summary of the Technical Report below are reflected in other sections of this AIF including without limitation "*General Development of the Business*" and "*Material Properties – Morelos Gold Property - Developments Since the Effective Date of the Technical Report*".

Technical terms not defined herein are defined in the Appendix "A" – Glossary of Technical Terms. The terms "mineral resource", "inferred mineral resource", indicated mineral resource", "measured mineral resource", "mineral resource", "probable mineral reserve", and "proven mineral resource" have the meanings ascribed thereto in NI 43-101.

Project Description, Location, and Access

The ELG Mine Complex and Media Luna Project are located in Guerrero State, Mexico, approximately 200 km south–southwest of Mexico City, 60 km southwest of Iguala and 35 km northwest of Mezcala. The closest village, Nuevo Balsas, is a small agricultural-based community with a population of approximately 1,700. Access to the ELG Mine Complex is via two routes; from the north by narrow, paved highway from Iguala and from the east by the East Service Road which connects the ELG Mine Complex to Highway I-95. The Media Luna Project is located approximately 48 km south–southwest of Iguala and 13 km west of Mezcala. The Media Luna Project is accessed via a gravel road from the town of Mezcala or by boat from Nuevo Balsas and then via a gravel road.



Both the ELG Mine Complex and Media Luna Project are located near established power and road infrastructure at Mezcala and near centers of supply for materials and workers at Chilpancingo, Iguala and Cuernavaca. The nearest port is Acapulco, Mexico.

The area (Reducción Morelos Norte claim block) is wholly owned by Torex through its Mexican subsidiary, Minera Media Luna, S.A. de C.V. ("**MML**").

MML is the registered holder of a 100% interest in the Morelos Gold Property in the State of Guerrero, Mexico.

The Morelos Gold Property consists of seven mineral concessions, covering a total area of approximately 29,000 ha. All concessions were granted for a duration of 50 years. All licenses are held in the name of MML.

Type of Tenure	Issuance Date	Expiration Date	Duration	Area (ha)
Mining Concession No. 188793 (La Fe)	November 30, 1990	November 28, 2040	50 years	20
Mining Concession No. 214331 (El Cristo	September 6, 2001	September 5, 2051	50 years	20
Mining Concession No. 214332 (El Palmar)	September 6, 2001	September 5, 2051	50 years	429.5
Mining Concession No. 214333 (El Anono)	September 6, 2001	September 5, 2051	50 years	25
Mining Concession No. 214334 (San Francisco)	September 6, 2001	September 5, 2051	50 years	27
Mining Concession No. 217558 (Apaxtla 2)	July 31, 2002	July 30, 2052	50 years	2,263.2
Mining Concession No. 224522 (Reducción Morelos Norte)	May 17, 2005	May 16, 2055	50 years	26,261.5
Total Hectares				**29,046.2**

There is a 2.5% royalty payable to the Mexican government on minerals produced and sold from the Reducción Morelos Norte Concession. Duty payments totaling 8,601,170 pesos were made during 2017.

Torex has surface rights to all land required for the operation of the ELG Mine Complex. In addition to these long-term lease agreements, Torex has executed a land use agreement with the Punta Sur Balsas Ejido which covers current exploration and is convertible to cover access for mining of the Media Luna Project.

There are no significant factors or risks known to Torex that might affect access or title, or the right or ability to perform work on the ELG Mine Complex and Media Luna Project. However, MML does experience illegal blockades from time to time as the local communities adjust to being part of a large industrial-based economy.

History

In 1995, the former Morelos Gold Property mineral reserve, created in 1983, was divided into a northern and southern portion and portions were allocated to mining companies through lottery. A joint venture vehicle between Miranda Mining Development Corporation and Teck Resources Ltd. ("**Teck**"), called MML submitted the winning bid for the Morelos Norte license in mid-1998.

In 1998, the first year of exploration, work comprised of data review, regional geological mapping, rock chip collection and silt sampling. During 1999, additional regional-scale reconnaissance work was undertaken, consisting of additional geochemical sampling and mapping. By 2000, the El Limón and Media Luna oxide mineralization had been discovered. A trenching program was followed up by reverse circulation drilling, totalling 1,888 m.

During 2001, additional drilling, which included 11,088 m intersected skarn-hosted gold mineralization at El Limón and Los Guajes East. A test induced polarization geophysical program was undertaken to identify the areas of sulphide mineralization.

From 2002, core drilling methods were used. A program of 4,265 m of core drilling was focused on the El Limón North Oxide and Los Guajes East prospects during 2002. The same program intersected the blind Los Guajes West skarn. A first-pass mineral resource estimate was undertaken by Teck personnel, based on the reverse circulation drilling. A total of 20 line-km of induced polarization survey were completed, outlining a number of highs.

Mineralization characterization studies to support metallurgical testwork were initiated. During 2003, a total of 3,781 m of core drilling focused on the El Limón and Los Guajes West areas and the El Limón Sur oxide zone was discovered. Shallower mineralization in the vicinity of the Los Guajes West skarn, the Limón Sur oxide zone and the Azcala, La

Amarilla and El Naranjo targets were the target of approximately 10,111 m of core drilling in 2004. Additional metallurgical testwork was undertaken on the drill core and the mineral resource estimate was updated.

A total of 22,580 m of drilling was completed in 2006 over the El Limón East, Los Mangos and La Amarilla areas. Detailed mapping and rock and soil sampling continued at the El Querenque and Azcala areas, with encouraging results from soil sampling obtained at El Querenque. In 2007, drilling comprising 33,603 m was undertaken at the El Limón East, Los Mangos and La Amarilla areas. Mineral resource estimates were again updated. Additional drilling in 2008 (10,544 m) was undertaken at the Guajes and Guajes West zones, Los Mangos and El Querenque.

Through an agreement dated August 6, 2009, Gleichen Resources Ltd. (“Gleichen”) acquired 78.8% of the property from Teck via the acquisition of 100% of Oroteck Mexico S.A. de C.V. (“Oroteck”) from Teck's subsidiaries Teck Metals Ltd. and Teck Exploration Ltd. for a purchase price of $150 million and a 4.9% stake in Gleichen. Oroteck was the holding entity for Teck’s 78.8% interest in the joint venture company MML. The remaining 21.2% interest in MML was purchased from Goldcorp Inc. by Gleichen on February 24, 2010. On May 4, 2010, Gleichen changed its corporate name to Torex Gold Resources Inc.

Geological Setting, Mineralization, and Deposit Types

The Guerrero platform is occupied by a thick sequence of Mesozoic carbonate rocks successively comprising the Morelos, Cuautla and Mezcala Formations and has been intruded by a number of early Tertiary-age granitoid bodies. The carbonate sequence is underlain by Precambrian and Paleozoic basement rocks. The Cretaceous sedimentary rocks and granitoid intrusions are unconformably overlain by a sequence of intermediate volcanic rocks and alluvial sedimentary rocks (red sandstones and conglomerates) which partially cover the region. The Mesozoic succession was folded into broad north–south-trending paired anticlines and synclines as a result of east-vergent compression during Laramide time (80-45 million years). The Morelos Gold Property area lies at the transition between belts of overthrust rocks to the west and more broadly-folded rocks to the east.

Regional structures include sets of northeast and northwest-striking faults and fractures which cut both the carbonate sequence and the intrusive rocks. The distribution of intrusive bodies in northwest-trending belts is thought to reflect the control on their emplacement by northwest trending faults.

Regional mineralization styles comprise skarn-hosted and epithermal precious metal deposits and volcanogenic massive sulphide deposits. In Guerrero, these occur as two adjacent arcuate belts, with the gold belt lying to the east and on the concave margin of the massive sulphide belt. Both belts are approximately 30 km wide and over 100 km long, from northwest to southeast.

The area under mineral tenure is characterized by a structurally-complex sequence of Morelos Formation (marble and limestone), Cuautla Formation (limestones and sandstones) and Mezcala Formation (shale and sandstone) intruded by the El Limón granodiorite stock and later felsic dikes and sills.

Three major deposits and one smaller deposit have been delineated to date: Major deposits include – El Limón (includes El Limón Sur), Guajes, and Media Luna and a smaller deposit, Sub-Sill. Gold and silver mineralization at the ELG deposits extends over 3,700 m along strike with widths up to 90 m. Copper, gold and silver mineralization at Media Luna covers at least an area of 1.4 km x 1.2 km, with widths ranging from 4 m to greater than 70 m in thickness.

Gold mineralization at El Limón occurs in association with a skarn body that was developed along a 2 km-long corridor following the northeast contact of the El Limón granodiorite stock. Significant gold mineralization at El Limón is dominantly associated with the skarn, preferentially occurring in pyroxene-rich exoskarn but also hosted in garnet-rich endoskarn that has been affected by retrograde alteration.

The main El Limón intrusion consists of an approximately peanut-shaped stock of granodiorite composition, which is approximately 6 km long by 2.5 km wide and has a general elongation of N45W. Usually, the skarn is developed along the contacts with this stock, although the important bodies are controlled by major northwest and northeast structures coincident with the Cuautla Formation position and the intrusive contacts. The contact of the intrusion at El Limón, although irregular, is generally quite steep and almost perpendicular to bedding.

The El Limón Sur Zone occurs approximately 1 km south of the main El Limón skarn deposit and outcrops on a steep ridge extending down the mountain towards the Balsas River. The El Limón Sur area is underlain by a similar stratigraphic succession as the southeastern portion of the El Limón deposit.

The Sub-Sill area is located between the El Limón and El Limón Sur ore deposits and under the El Limón Sill. At the Sub-Sill area, several skarn zones have been identified along the contacts of the carbonate rich sediments and marbles of the Cuautla and Morelos formations and sills of granodiorite interpreted as fingering out from the main El Limón granodiorite intrusion stocks. High grade gold mineralization has been intercepted in all the different skarn horizons, mainly associated with exoskarns with retrograde alteration.

Structurally, the Sub-Sill target area as well as El Limón and El Limón Sur ore deposits are hosted in a graben bounded by La Flaca fault to the west and the Antena fault to the east, and both are considered to be potential feeders for the mineralization.

The Guajes East skarn zone is developed in the same lithologies on the opposite side of the same intrusion that is present at El Limón. Drilling indicates that the skarn development at Guajes East is 300 m wide, up to 90 m thick, and is continuous along at least 600 m of the northwest edge of the intrusion.

The Guajes West area is located along the northwest contact of the El Limón granodioritic stock. Surface geology is represented by the hornfels–intrusive contact with some local patchy and structure-controlled skarn occurrences. The skarn formed at the contact between hornfels and marble; however, in addition to proximity to the granodioritic stock there are numerous associated porphyritic dikes and sills.

The Media Luna deposit is located on the south side of the Balsas River, approximately 7 km south south-west of the ELG Mine Complex.

The surface geology of the Media Luna Project is dominated by Morelos Formation limestone which is intruded by numerous feldspar porphyry dikes and sills.

Systematic drilling has identified a gold-copper-silver mineralized skarn with approximate dimensions of 1.4 km x 1.2 km and ranging from 4 m to greater than 70 m in thickness. Skarn alteration and associated mineralization is open on the southeast, southwest, west and northwest margins of the area.

The deposits and occurrences are considered to be examples of gold- and gold-copper-type skarn deposits.

Exploration

Since purchase of the Property, Torex has focused its work programs in two distinct geographic areas, north and south of the Balsas River as the mineral tenure holding is bisected by the Balsas River. Work in the area north of the Balsas River has concentrated around the El Limón and Guajes deposits and has resulted in the development and operation of the ELG Mine Complex. Exploration activity south of the Balsas River has primarily concentrated on the Media Luna deposit.

During the first years of ownership, Torex's efforts on the north side of the river were focused on upgrading and expanding the ELG deposit. This work was successfully completed and resulting mineral resources were the basis for a feasibility study and subsequent construction decision in 2012. Construction of the mine commenced in 2013, and first production began in late 2015.

In mid-2013, an airborne ZTEM and magnetic survey was conducted that covered the entire mineral tenure area. During 2014, infill drilling work was undertaken in the El Limón Sur area adjacent to the planned El Limón pit. The results supported an update to the estimated mineral resources for El Limón Sur. Mining of the El Limón Sur deposit commenced in 2017.

In 2015, based on an understanding gained in interpreting the Media Luna deposit an exploration target was identified near the El Limón and El Limón Sur deposits. In early 2016, it was decided to follow up on earlier drilling in this area that occurred at a time prior to the learnings from Media Luna. The first follow-up hole returned a positive intersection and the program was expanded. The newly found deposit was located under the El Limón Sill, and named Sub-Sill (the El Limón deposit is located above this sill). A total of 27,248 m of drilling in the Sub-Sill area was completed during 2016-2017, leading to the mineral resource in the Technical Report. Drilling continues on this deposit, with the goals of providing additional definition to aid mining, infill drilling to upgrade the confidence class of mineral resources, and step-out drilling to add to mineral resources. Drilling to date demonstrates the continuity of the gold mineralization.

In late November of 2016, an exploration ramp was collared to provide underground access to both the Sub-Sill zone as well as the ELD target which is the down dip extension of the El Limón deposit being mined via open pit. In June 2017, the Sub-Sill ramp intersected the Sub-Sill deposit. By November 2017, the ELD ramp had reached its phase 1 target and will now be used as a drill platform to infill the ELD deposit with the goal to upgrade the mineral resource and support mine planning. See also "*Material Properties – Morelos Gold Property – Developments Since Effective Date of Technical Report*".

As part of the mining operations, Torex undertakes pit infill drilling, in pit mapping and geological reconciliation. This information contributes to the data that is used when mineral resource updates are completed.

On the south of the Balsas River, during 2010 to 2013, Torex completed the following work; reconnaissance mapping, 1:5,000 scale geological mapping, systematic road-cut channel sampling and core drilling on various targets. Drilling in this area consists of a total of 304 drillholes (154,906.7 m), including 283 core holes (150,423.7 m) and 21 RC drillholes (4,483 m). The work covered a number of target areas, but with the discovery of Media Luna deposit in 2012, the bulk of geological work south of the Balsas River has since focused on the Media Luna deposit.

A first-time mineral resource estimate for the Media Luna deposit was completed in 2013 and updated in 2015. The 2015 update was based on additional drilling was carried out during 2014 and 2015 which expanded the mineral resource to the northwest. The mineral resource presented in the Technical Report includes drill/assay information up to June 23, 2015.

During 2014, target generation work was undertaken, and 10 new target areas were defined that are considered drill prospects. Initial wide-spaced reconnaissance drilling was completed in some of the new targets in 2014.

In September of 2017, an infill drilling program was started in the Media Luna deposit. The purpose of this program is to upgrade the confidence level of the current inferred mineral resources. The program that is currently planned contains 175 holes, averaging 600 m in depth, for a total of 105,000 m of drilling. After the completion of this program, Torex plans to prepare a measured and indicated mineral resource estimate to support further mine planning. See also "*Material Properties – Morelos Gold Property – Developments Since Effective Date of Technical Report*".

Drilling

Drilling completed during the Teck ownership, between 2000 and 2008, referred to as legacy drilling, comprised of 619 drillholes (98,774.1 m), including 558 core holes (88,821.0 m) and 61 RC holes (9,953.1 m).

From 2009 until the end of 2017, Torex has completed 1,636 core holes (332,347.9 m) and 110 RC holes (8,791.5 m). Additional drilling has been completed in 2018, as drilling is an ongoing process at the Property which will allow Torex to continue to refine its mineral resources and reserves. See also *"Material Properties – Morelos Gold Property – Developments Since Effective Date of Technical Report".*

Diamond drilling typically recovered HQ size core (63.5 mm) from surface and was only reduced to NQ size core (47.6 mm) when drilling conditions warranted, in order to drill deeper.

Drillhole collars were initially surveyed using differential GPS. All subsequent drillholes have been surveyed using the Total Station instrument, and locations of older holes picked up using Total Station methods such that all drill collar data are now sourced from the Total Station.

Drillholes were and are designed to intersect the mineralization in the most perpendicular manner as possible; reported mineralized intercepts are typically longer than the true thickness of the mineralization. Drillholes that orthogonally intersect the mineralized skarn will tend to show true widths. Drillholes that obliquely intersect the mineralized skarn will show mineralized lengths that are slightly longer than true widths. A majority of the drillholes have been drilled obliquely to the skarn mineralization.

Sampling, Analysis, and Data Verification

Sample preparation and analytical laboratories used during Teck's exploration programs included ALS Chemex, Laboratorio Geológico Minero who was independent of Teck, and Global Discovery Laboratory who was Teck's in-house laboratory.

Sample preparation and analytical laboratories used by Torex include SGS Nuevo Balsas, SGS Toronto, SGS Vancouver, Acme Vancouver, Acme Guadalajara and TSL laboratories. The Nuevo Balsas laboratory is owned by Torex, and operated by SGS under a service agreement. The other SGS laboratories are independent of Torex.

Sample preparation and analytical methods have varied slightly by drill program. The procedures are in line with industry-standards at the time the work was completed. Sample security is consistent with industry standards. The samples were always attended or locked in the onsite sample preparation facility. Chain-of-custody procedures consist of filling out sample submittal forms that are sent to the laboratory with sample shipments to make certain that all samples are received by the laboratory.

The QA/QC program results do not indicate any problems with the analytical programs, therefore the analyses from the core drilling were determined to be suitable for inclusion in mineral resource estimation.

Data verification has been undertaken in support of compilation of technical reports in the period 2005 to 2017. Work completed included database review, QA/QC checks and independent analytical verification of the presence of gold silver and copper mineralization. See also "*Material Properties – Morelos Gold Property – Developments Since Effective Date of Technical Report*".

The data verification programs undertaken on the data collected from the Morelos Gold Property adequately support the geological interpretations and the analytical and database quality. It has therefore been deemed to support the use of the data in mineral resource estimation.

Mineral Processing and Metallurgical Testing

The ELG processing plant was designed and built based on several metallurgical test programs. All initial metallurgical test programs were completed by independent commercial metallurgical laboratories. After plant start-up at ELG, additional test work has been carried out both internally and at external laboratories. Drill core from exploration drilling was sampled and used for metallurgical testing for initial plant design. Follow-up test work was carried out on ROM ore samples as they became available. The selection of drill core was made with the usual standard of care so that the samples submitted for testing represent all the mineralized rock types within the mineralized area.

The operating results form the basis of the process results. Since declaration of commercial production gold recovery has averaged 86.1% (range of 75-90%) and silver has averaged 22.8% (range of 3-43%). In the Technical Report, recoveries used in the financial model for ELG Open Pit ore is set at 86.5% for 2018 and 87% for future years for gold and 23% for silver for 2018 and future years. Recovery values are about 2% below extraction values as losses are incurred to remove gold and silver from solution into doré. With operational focus on the CIP process, this gap could be reduced. See also "*General Development of the Business*" and "*Material Properties – Morelos Gold Property – Developments Since Effective Date of Technical Report*".

After plant start-up, the Company identified an issue with the quality of doré. Additional test work was carried out both internally and at external laboratories. Elevated levels of cyanide soluble copper in the ore were determined to be the cause. This issue is being permanently addressed with the addition of a SART plant to the process, which began operation late in the second quarter of 2018 and is now in full operation. See also "*Material Properties – Morelos Gold Property – Developments Since Effective Date of Technical Report*".

Sub-Sill ore is expected to have a weighted average recovery of ~85% for Au and 26.2% for Ag through the existing ELG processing plant.

Bond work index weighted average is 16.34 kWh/t. The ore is considered moderate hard to hard. To achieve the steady state level of 14,000 tpd balancing of the grinding circuit is underway. Test work showed that a K80 grind size of 90 microns (operating range 80 to 100) provided the same recovery as the planned grind size of 67 µm.

For Media Luna mineralized material, laboratory tests indicate estimated expected recoveries of 88.8% for copper, 85.1% for gold and 75% for silver. Following is the proposed process flow for Media Luna mineralized material. After grinding in the existing comminution circuit, Media Luna mineralized material will be processed in a sequential flotation circuit to generate two concentrates. One is a commercial grade copper/gold/silver concentrate for sale onto the world market, the other an Fe-S concentrate that will be leached for precious metals prior to use as backfill material. Flotation tailings will be leached in the existing ELG cyanidation/CIP process to recover precious metals as doré. Liquid/solid separation tests on residue of leached flotation tails achieved high-pressure filtration rates with good discharge and stacking properties at reasonable drying times. The expectation is that Media Luna tailings can be handled by the existing ELG tailing filters.

Mineral Resource and Mineral Reserve Estimates

MINERAL RESOURCE ESTIMATE

Mineral resources are reported inclusive of those mineral resources converted to mineral reserves, using the CIM Standards. Mineral resources are reported as undiluted.

EL LIMÓN AND GUAJES

Mineral resources (El Limón including El Limón Sur and Guajes) potentially amenable to open pit mining methods were classified using the rules listed below. In order for a block to be a classified as a mineral resource block, it must have the confidence class value assigned, and have a gold grade of 0.7 g/t Au or greater.

1. Measured mineral resource

   Mineral resources are classified as measured when a block was located within 15 m of the nearest composite and two composites from two additional drillholes was within 22 m. Drillhole spacing for measured resources would broadly correspond to a 20 m x 20 m grid.

2. Indicated mineral resource

   Mineral resources were classified as indicated when a block was located within 28 m of the nearest composite and one additional composite from another drillhole was within 40 m. Drillhole spacing for indicated resources would broadly correspond to a 36 m x 36 m grid.

3. Inferred mineral resource

   Mineral resources were classified as inferred when a block was located within 60 m of the nearest composite. Drillhole spacing for declaration of inferred mineral resources would broadly correspond to a 60 m x 60 m grid.

Mineral resources for El Limón and Guajes are summarized in the table below.

MINERAL RESOURCE STATEMENT, EFFECTIVE DECEMBER 31, 2017, EL LIMÓN AND GUAJES

	Tonnes (Mt)	Au Grade (g/t)	Ag Grade (g/t)	Contained Au (Moz)	Contained Ag (Moz)
El Limón (including El Limón Sur)					
Measured	7.99	2.86	5.02	0.73	1.29
Indicated	20.77	2.87	5.07	1.92	3.38
Subtotal Measured and Indicated	**28.76**	**2.87**	**5.05**	**2.65**	**4.67**
Inferred	3.27	1.71	4.05	0.18	0.43
	Tonnes (Mt)	**Au Grade (g/t)**	**Ag Grade (g/t)**	**Contained Au (Moz)**	**Contained Ag (Moz)**
Guajes					
Measured	2.19	2.53	2.28	0.18	0.16
Indicated	9.10	2.82	2.79	0.82	0.82
Subtotal Measured and Indicated	**11.29**	**2.76**	**2.69**	**1.00**	**0.98**
Inferred	0.45	1.49	2.60	0.02	0.04
	Tonnes (Mt)	**Au Grade (g/t)**	**Ag Grade (g/t)**	**Contained Au (Moz)**	**Contained Ag (Moz)**
El Limón and Guajes					
Measured	10.18	2.78	4.43	0.91	1.45
Indicated	29.87	2.86	4.37	2.74	4.20
Total Measured and Indicated	**40.05**	**2.84**	**4.39**	**3.65**	**5.65**
Inferred	3.72	1.68	3.87	0.20	0.46

Notes to accompany El Limón and Guajes mineral resource table

1. The qualified person for the estimates is Mark Hertel, RM SME, an MPH Consulting employee. The estimates have an effective date of December 31, 2017.
2. Mineral resources are reported using topography with mining progress as of December 31, 2017. Mining progress applies to both El Limón and Guajes mineral resources. Stockpiled material is not included within the resource table above.
3. Mineral resources are reported above a 0.7 g/t Au cut-off grade and constrained within a conceptual open pit shell.
4. Mineral resources are reported using a long-term gold price of US$1,380/oz, silver price of US$21.00/oz. The metal prices used for the mineral resource estimates are based on long-term consensus prices. The assumed mining method is open pit, mining costs used are US$2.18/tonne, processing costs US$19.09/tonne, general and administrative US$8.80/tonne processed. Metallurgical recoveries are assumed to be 87% for gold and 32% for silver. Assumed pit slopes range from 33 to 49 degrees.
5. Mineral resources are reported as undiluted; grades are contained grades.
6. Rounding as required by reporting guidelines may result in apparent summation differences between tonnes, grade, and contained metal content.
7. El Limón Sub-Sill Underground mineral resource has been excluded from the open pit mineral resource.
8. Mineral resources are reported inclusive of those mineral resources that have been converted to mineral reserves. Mineral resources that are not Mineral reserves do not have demonstrated economic viability.

See also *"Material Properties – Morelos Gold Property – Developments Since Effective Date of Technical Report".*

SUB-SILL UNDERGROUND

Sub-Sill mineral resources are potentially amenable to underground mining methods and all are classified using the rules listed below. From the drillhole spacing study, which uses the composite CV, variogram parameters, production rate, and kriging variance at various drill spacings, the following rules for the classification were defined.

1. Indicated mineral resource

   A drill spacing of 17.5 m by 17.5 m is required using a cut-off of 2.5 g/t Au. Two drillholes are required to be found within 19 m of the block centroid, and one of the two must be within 14 m. The block must be coded as skarn.

2. Inferred mineral resource

   This requires a block to be estimated within the variogram range, coded as skarn, and a drill spacing of approximately 35 m by 35 m. The block must have a grade of 2.5 g/t Au or greater.

   Measured mineral resources are not defined for the Sub-Sill at December 31, 2017.

Mineral resources for Sub-Sill are summarized in the table below.

MINERAL RESOURCE STATEMENT, EFFECTIVE DECEMBER 31, 2017, SUB-SILL UNDERGROUND

	Tonnes (Mt)	Au Grade (g/t)	Ag Grade (g/t)	Cu Grade (%)	Contained Au (oz)	Contained Ag (oz)
Indicated	1.29	8.09	10.22	0.50	336,085	424,492
Inferred	0.65	9.09	10.79	0.60	191,087	226,919

Notes to accompany Sub-Sill Underground mineral resource table

1. The qualified person for the estimate is Mark. P. Hertel, RM SME, an MPH Consulting employee. The estimate has an effective date of December 31, 2017.
2. Mineral resources are reported above a 2.5 g/t Au cut-off grade.
3. Mineral resources are reported as undiluted; grades are contained grades.
4. Mineral resources for the Sub-Sill that are contained within the conceptual pit shell have been removed from the ELG mineral resource estimate.
5. Mineral resources are reported using a long-term gold price of US$1,380/oz, and silver price of US$21.00/oz.
6. The assumed mining method is from underground.
7. Metallurgical recoveries are assumed to be 87% for gold and 32% for silver.
8. Rounding as required by reporting guidelines may result in apparent summation differences between tonnes, grade, and contained metal content.
9. Mineral resources that are not reserves do not have demonstrated economic viability.

See also *"Material Properties – Morelos Gold Property – Developments Since Effective Date of Technical Report".*

MEDIA LUNA UNDERGROUND

Media Luna mineral resources are potentially amenable to underground mining methods and are classified using the rules listed below. The following rules must be met for a block to be classified as an inferred mineral resource:

- Drill spacing of 100 m grid
- Two drillholes within 110 m
- Block must be within 3D modeled skarn zone
- Au Equivalent (AuEq) = Au (g/t) + Cu % *(79.37/47.26) + Ag (g/t) * (0.74/47.26)
- Block gold equivalent grade of 2.0 g/t AuEq or higher

Measured and indicated mineral resources are not defined for Media Luna at this time.

Mineral resources for Media Luna are summarized in the table below. The sensitivity of the estimate to changes in the selected AuEq cut-off grade are also shown in the table below, with the 2 g/t AuEq base case highlighted.

MINERAL RESOURCE STATEMENT, EFFECTIVE JUNE 23, 2015, MEDIA LUNA (BASE CASE IS HIGHLIGHTED)

Cut-off AuEq (g/t)	Tonnes (Mt)	AuEq Grade (g/t)	Au Grade (g/t)	Ag Grade (g/t)	Cu Grade (%)	Contained AuEq (Moz)	Contained Au (Moz)	Contained Ag (Moz)	Contained Cu (M lb)
1.0	79.3	3.42	1.74	21.28	0.80	8.72	4.45	54.26	1,405.03
1.5	63.9	3.94	2.07	24.01	0.90	8.11	4.25	49.33	1,269.15
2.00	**51.5**	**4.48**	**2.40**	**26.59**	**0.99**	**7.42**	**3.98**	**44.02**	**1,128.50**
2.5	41.4	5.02	2.75	28.81	1.09	6.69	3.66	38.35	996.74
3.0	33.9	5.53	3.06	31.18	1.18	6.02	3.34	33.96	884.44
3.5	27.6	6.05	3.40	33.37	1.27	5.37	3.02	29.65	776.49

Notes to accompany Media Luna mineral resource table

1. The qualified person for the estimate is Mark Hertel, RM SME, an MPH Consulting employee. The estimate has an effective date of June 23, 2015.
2. Au Equivalent (AuEq) = Au (g/t) + Cu % *(79.37/47.26) + Ag (g/t) * (0.74/47.26)
3. Mineral resources are reported using a 2 g/t Au Eq. grade
4. Mineral resources are reported as undiluted; grades are contained grades. Mineral resources that are not Mineral Reserves do not have demonstrated economic viability.

5. Mineral resources are reported using a long-term gold price of US$1470/oz, silver price of US$23.00/oz, and copper price of US$3.60/lb. The metal prices used for the mineral resource estimates are based on Amec Foster Wheeler`s internal guidelines which are based on long-term consensus prices. The assumed mining method is underground, costs per tonne of mineralized material, including mining, milling, and general and administrative used were US$50/t to US$60/t. Metallurgical recoveries average 88% for gold and 70% for silver and 92% for copper.
6. Inferred blocks are located within 110 m of two drillholes, which approximates a 100 m x 100 m drillhole grid spacing
7. Rounding as required by reporting guidelines may result in apparent summation differences between tonnes, grade, and contained metal content.

See also *"Material Properties – Morelos Gold Property – Developments Since Effective Date of Technical Report".*

MINERAL RESERVE ESTIMATE

ELG Mine Complex proven and probable mineral reserves are summarized in the tables below.

ELG OPEN PIT MINE - MINERAL RESERVES ESTIMATE

MINERAL RESERVE STATEMENT, ELG OPEN PIT MINE – EFFECTIVE DATE MARCH 31, 2018

Reserve Category	Tonnes (Mt)	Au Grade (g/t)	Ag Grade (g/t)	Contained Au (Moz)	Contained Ag (Moz)
El Limón (including El Limón Sur) - Note 3					
Proven	6.54	2.95	4.51	0.62	0.95
Probable	14.28	3.03	4.19	1.39	1.93
Sub-total Proven & Probable	**20.81**	**3.00**	**4.29**	**2.01**	**2.87**
Guajes - Note 3					
Proven	1.66	2.36	1.68	0.13	0.09
Probable	6.87	2.84	2.64	0.63	0.58
Sub-total Proven & Probable	**8.53**	**2.75**	**2.45**	**0.75**	**0.67**
Mined Stockpiles					
Proven	0.54	1.51	7.90	0.03	0.14
ELG Low Grade - Note 4					
Proven	1.13	0.80	2.12	0.03	0.08
Probable	2.32	0.80	1.90	0.06	0.14
Sub-total Proven & Probable	**3.45**	**0.80**	**1.98**	**0.09**	**0.22**
Total El Limón Guajes					
Proven	9.87	2.53	3.94	0.80	1.25
Probable	23.46	2.75	3.51	2.08	2.65
Total Proven & Probable	**33.33**	**2.69**	**3.64**	**2.88**	**3.90**

Notes to accompany mineral reserve table:

1. Mineral reserves are based on Guajes, El Limón and El Limón Sur measured and indicated mineral resources with an effective date of December 31, 2017.
2. Mineral reserves are reported based on open pit mining within designed pits and incorporate estimates of 15% dilution and 5% mining losses.
3. El Limón and Guajes mineral reserves are reported above diluted cut-off grades of 0.9 g/t Au for the Guajes and El Limón pits and 1.0 g/t Au for the El Limón Sur pit. The cut-off grades and pit designs are considered appropriate for metal prices of US$1,200/oz gold and US$17/oz silver, process recoveries averaging 87% for gold (83% for near cut-off grade ore) and 23% for silver and estimated mining, processing, and G&A unit costs during pit operation.
4. ELG Low Grade mineral reserves are reported above a diluted cut-off grade of 0.7 g/t Au and below the higher cut-off grades identified in Note 3. It is planned that ELG Low Grade mineral reserves within the designed pits will be stockpiled during pit operation and processed during pit closure. The Low Grade cut-off is considered appropriate for a gold price of US$1200/oz, a gold process recovery of 83% and estimated ore rehandle, processing, and G&A unit costs during pit closure.
5. Mineral reserves were developed in accordance with the CIM Standards.
6. Rounding may result in apparent summation differences between tonnes, grade, and contained metal content.
7. The qualified person for the mineral reserve estimate is Dawson Proudfoot, P. Eng. the Vice President of Engineering of the Corporation.

Contained gold in the proven and probable mineral reserves is 21.9% less than contained gold in the measured and indicated mineral resources. Approximately 6% of the difference in contained gold is attributed to the higher cut-off grades utilized to define mineral reserves, incorporation of mining losses and dilution in mineral reserve estimates, and mineral resource depletion due to mining in Q1 2018. The remaining 15.9% is gold contained principally in indicated mineral resources that are located outside the ultimate pit designs. The ultimate pits are smaller than the conceptual pit shell utilized to report mineral resources.

Mineral reserves have decreased by 3.3 Mt and contained gold has decreased by 0.21 Moz compared to the EY2017 mineral reserve estimates reported in Torex's 2017 Annual Information Form. Actual mining and processing during Q1 2018 contributed to the change to mineral reserves, however the major contributor was pit design changes. A pit optimization analysis utilizing long term metal prices forecasts and estimated unit costs during mine operation indicated modifications to the open pits to reduce waste stripping would benefit mine economics, and pit redesigns guided by the pit optimization results were implemented.

Reconciliations comparing plant feed with mineral reserve depletion from the start of commercial production through Q1 2018 indicate that over this period the in-pit mineral reserve model was a good predictor of the gold grade and tonnage of the mined areas, with tonnage, gold grade, and gold content comparison factors of 0.98, 0.99, and 0.97, respectively. At this time, it is concluded that no adjustment is required to the current ore control procedures for the open pit. Reconciliation results to date indicate that the mineral reserve model, which incorporates dilution and mining loss estimates, is a good predictor of the tonnes and gold grades identified in Guajes and El Limón open pit deposits.

See also *"Material Properties – Morelos Gold Property – Developments Since Effective Date of Technical Report".*

ELG UNDERGROUND MINE - MINERAL RESERVES ESTIMATE

The mineral reserve estimate for the ELG Underground is solely based on indicated mineral resources identified at the Sub-Sill zone within the December 31, 2017 mineral resource estimate.

The underground mineral reserve estimate for the Sub-Sill zone was determined by applying the MCAF mining method to the three-dimensional block model. This was done in Deswik®, a commercially available mine planning software. The shapes were assessed against an insitu cut-off grade and an incremental cut-off grade. The mine plan was completed by including the development and infrastructure required to support the mining process and access the mining shapes.

ELG UNDERGROUND SUB-SILL ZONE RESERVE - EFFECTIVE DECEMBER 31, 2017

Reserve Category	Tonnes (Mt)	Au Grade (g/t)	Ag Grade (g/t)	Cu Grade (%)	Contained Au (Moz)	Contained Ag (Moz)
Proven						
Probable	0.522	10.90	11.16	0.58%	0.183	0.187
Total Proven & Probable	**0.522**	**10.90**	**11.16**	**0.58%**	**0.183**	**0.187**

Notes to accompany mineral reserve table:

1. Mineral reserves are based on Sub-Sill measured and indicated resources with an effective date of December 31, 2017.
2. Mineral reserves are reported based on underground MCAF mining with designed underground workings and incorporates estimates for 10% dilution and 10% mining losses.
3. Mineral reserves are reported above in-situ cut-off grades of 4.47 g/t Au for the Sub-Sill. The cut-off grades and underground mine design are considered appropriate for metal prices of US$1,200/oz and US$17/oz, and estimated mining, processing and G&A unit costs during mine operations.
4. Process plant recoveries for the ELG Underground average 84.5% for gold and 26.2% for sliver.
5. Mineral reserves were developed in accordance with the CIM Standards.
6. Rounding may result in apparent summation differences between tonnes, grades and contained metal content.
7. The qualified person for this mineral reserve estimate is Clifford Lafleur, P.Eng. the Director of Technical Services of the Corporation.

See also *"Material Properties – Morelos Gold Property – Developments Since Effective Date of Technical Report".*

Mining Operations

ELG OPEN PIT - MINING METHOD

The ELG Open Pit is being mined by open pit mining method. The geotechnical design of pit slopes was initially carried out as part of the 2012 feasibility study. The slope designs continue to be reviewed and updated as additional data is collected and experience gained. Overall the rock mass has proven to be competent with geologic structure controlling stable bench face and interramp slope angles.

Groundwater and precipitation inflows to the Guajes Pit are being managed by a series of dewatering wells and in-pit dewatering systems, with pumping capacity primarily governed by runoff during storm events. Produced water is currently being pumped to onsite ponds. Similar dewatering systems will be employed within the EL Limón and El Limón Sur pits.

WRSFs are being developed by end dumping from platforms located at the crest elevation, since bottom-up construction is not considered practical due to the large elevation difference between the waste rock mining benches and the base of the WRSFs. In general, the foundation conditions are conducive to this type of WRSF construction. To ensure safe operation of the WRSFs, a safety zone has been established at the base of all WRSFs and safe waste rock placement procedures have been developed and utilized during mine operation. Surface water drainage from all of the WRSFs is being collected in surface water management ponds. At closure, the WRSF slopes will be re-graded to 2H:1V for long-term stability and safety.

LG pit optimization for the LOM plan was conducted based on long term metal price forecasts of US$1,200/oz for gold and US$17/oz for silver, process recoveries of 87% for gold and 23% for silver, and unit operating cost estimates sourced from the ELG 2018 budget and preliminary LOM forecasts. It is expected that G&A costs will be lower during the pit closure period, however the reduced G&A cost at that time is not considered in the pit optimization analysis, and therefore is not reflected in pit optimization results or in pit designs guided by pit optimization results.

A series of nested LG pit shells were generated by varying the gold price. Based on analysis of the resulting cash flow estimates on an incremental and present value basis, the pit shell generated using a gold price of $1,100/oz was selected to guide Guajes and El Limón ultimate pit design. Smaller nested shells were utilized to guide interior phase pit design.

The mine is in operation with multiple phase pits previously designed. The Guajes East pit, which is near completion, and the El Limón Sur pit, which approximates the selected $1,100/oz pit shell, were not redesigned. The Guajes ultimate phase pit, an interior Guajes phase pit, the El Limón ultimate phase pit and two interior El Limón phase pits were redesigned based on pit optimization results.

WRSFs are designed to minimize (where possible) the haul truck cycle time for each pit, considering the terrain, access road and facility layout, pit waste disposal requirements, waste rock re-sloping requirements, and waste rock capacity constraints. The Guajes WRSF is located in the valleys to the west of the pit. Guajes waste rock is also utilized to buttress the FTSF slopes on an ongoing basis for stability and closure purposes. It is also hauled to the Buttress WRSF located downhill from the El Limón WRSF. El Limón waste rock is hauled to the El Limón WRSF located to the north of the pit on the slopes above the Buttress WRSF.

Groundwater inflow to the proposed pits was predicted based on development of a 3-D numerical groundwater flow model. Maximum passive groundwater inflow rates are predicted to be low due to the low hydraulic conductivity of surrounding country rock (approximately 210 m^3/d, 100 m^3/d, and 21 m^3/d for the Guajes, El Limón, and El Limón Sur pits, respectively). Groundwater inflow to the Guajes Pit is being managed through an in-pit dewatering system (diesel-powered pump). Several bedrock dewatering wells are intercepting groundwater that would otherwise flow to the pits. Collectively, these wells are pumping approximately 27 m^3/day. Although ongoing groundwater modeling efforts may result in refinements to the above estimates, values are not expected to change significantly.

Ore quantities incorporate 5% mining loss and 15% dilution with grades of 0.13 g/t Au and 0.13 g/t Ag, which is supported by ongoing reconciliations of actual mining versus mineral resource depletion. ROM ore quantities are reported above diluted cut-off grades of 0.9 g/t Au for the Guajes and El Limón pits and 1.0 g/t Au for the El Limón Sur pit. ELG low grade ore, which is planned to be stockpiled during mine operation will be processed at pit closure when G&A costs are projected to be lower. It is reported above a diluted cut-off grade of 0.7 g/t Au for all pits. Silver is excluded from cut-off grade estimation since it is a minor contributor to revenue compared to gold.

The designed pits, as of March 31, 2018, are estimated to contain a total of 32.8 Mt of ore with average grades of 2.71 g/t Au and 3.57 g/t Ag. The pits also contain 189 Mt of primary waste rock for an overall strip ratio of 5.8:1. ROM ore stockpiles as of March 31, 2018 total 0.54 Mt with grades of 1.51 g/t Au and 7.9 g/t Ag.

The main pit production schedule objective is providing sufficient ROM ore to meet process plant capacity, which is estimated at 13,000 tpd in 2018 and 14,000 tpd (5.04 Mt/a) thereafter. Sub-Sill underground ore will supplement open pit ore feed to the process plant. Other scheduling constraints include maintaining sufficient ROM ore inventory to facilitate ore blending and/or to maximize the process plant head grade early in the LOM plan, and mining sufficient Guajes waste rock to meet the Buttress WRSF development schedule and providing ongoing waste rock buttressing of the FTSF. See also "*Material Properties – Morelos Gold Property – Developments Since Effective Date of Technical Report*".

Open pit mining is scheduled to be complete in early 2024. The mining rate peaks at approximately 50 Mt/a in 2019 and 2020 before declining. Mining quantities moved include primary ore and waste mined, plus ore and waste rehandle. Waste rehandle is primarily the result of dozer mining of the early benches, high up on the hill, that were not accessible by haul truck. The waste was pushed over the edge of the hill and is rehandled when mining gets down to the benches that the waste was pushed onto. ROM ore rehandle is a result of ore blending to smoothen plant head grades and/or improve head grades early in the mine life. Ore rehandle also includes all ELG low grade ore, which is scheduled to be stockpiled during mine operation and rehandled to the process plant during pit closure in 2024.

ROM and low grade ore stockpiles peak at 5 Mt at the start of 2023, with 2 Mt located in the Guajes pit area and 3 Mt in the El Limón pit area. The El Limón ore stockpiles are scheduled to increase to 3.5 Mt by the start of 2024, which will necessitate some pit design modifications to provide haulage ramp access to the in-pit stockpile locations.

The ELG mining is carried out by the owner's workforce on a continuous 24 hour/day 365 day/year basis, with three production crews working a 20 day on-10 day off rotation. Contractors are utilized for El Limón Sur pit mining, which requires small scale mining equipment, for blasting services, and for production equipment maintenance under maintenance and repair contracts. Production equipment maintenance by the owner's workforce is being phased in during 2018. The mine workforce is expected to peak at 254 employees in 2019 and 2020 before declining.

Grade control is based on blasthole sampling and definition drilling. The explosive powder factor is forecast at 0.22 kg/t utilizing a combination of ANFO and emulsion explosives.

The ELG Mine Complex is in operation and most production equipment needed for the LOM plan was acquired from 2013 to 2017. Major production equipment on site includes three 114-mm and six 171-mm drills equipped for down-the-hole hammer drilling, three 15- m^3 hydraulic shovels, four 12- m^3 wheeled loaders, 22 90-ton haulage trucks, seven bulldozers, three graders, two water trucks, and a small excavator. LOM plan equipment additions include three drills, two haulage trucks, a wheel bulldozer, and an additional small excavator. Seven production units are also scheduled to be replaced in 2019 and 2020 and a large number of units are scheduled for major overhauls over the four year period 2018 to 2021. See also "*Material Properties – Morelos Gold Property – Developments Since Effective Date of Technical Report*".

ELG UNDERGROUND - MINING METHOD

MCAF is the mining method selected for the Sub-Sill zone of the ELG Underground. The mine currently has approximately 2,000 m of development accessed via a portal from surface. A second portal was started in July 2018 to connect to existing development it will provide a second means of egress, facilitate flow through ventilation and improve transport logistics.

A geotechnical evaluation has been completed for the ELG Underground Mine, showing fair to good rock in most areas with typical ground support requirements. A crown pillar with a thickness of 10 m is adequate for the proposed mine plan.

Mine inflows have been estimated to be between 2.2 and 81.3 L/s with a best estimate of 32.8 L/s.

Cut and fill stopes are planned to be 5 m high and are designed to an ore cut-off grade of 4.47 g/t. The stopes are accessed by an internal ramp.

Production from Sub-Sill is planned over 29 months which started in April 2018. The mine will be ramped up to steady state production in December 2018 and will continue for 18 months entering a short ramp down period in 2020. A program to explore the immediate area near Sub-Sill and El Limón Deep has been started, with the goal of upgrading and discovering additional resources to sustain and extend mining operations beyond the current 29 month mine life. See also "*Material Properties – Morelos Gold Property – Developments Since Effective Date of Technical Report*".

MEDIA LUNA – MINING METHOD

Underground mining is planned for Media Luna. Based on a review of the geology and shape of the Media Luna mineral resource along with a high level geotechnical review, LHOS was selected as the main mining method. In areas where the mineral resource is narrow, C&F would be utilized. Based on the conceptual mine plan, LHOS would contribute approximately 66% of the total production with the remaining 34% being C&F.

The Media Luna mineral resources are a shallow dipping skarn deposit with a dip of approximately 35° to the southwest and mineralization thickness varying between 5 m and 70 m. The mineralized skarn is located between marble hanging wall and granodiorite footwall.

A review of the Media Luna mineral resource identified two distinct and separate areas of higher tonnage and grade, and a third geographic separated. Based on this assessment, a conceptual mining plan was developed which establishes three independent mining zones of which two are in operation at any given time. The plan provides operational flexibility for planning and scheduling while targeting high grade material early in production life. The conceptual mine design considers the three zones as independent mining areas that share a main materials handling system to transport mineralized material across the Balsas River to the ELG process plant.

Processing and Recovery Operations

The ELG processing plant has been in operation since the end of 2015 and has processed over 8 million tonnes of ore to produce over 515,000 oz of gold. During this period cyanide leaching followed by carbon in pulp absorption has proven to be an effective recovery process. Since declaration of commercial production gold recovery has averaged 86.1% (range of 75- 90%) and silver has averaged 22.8% (range of 3-43%). Recoveries used in the financial model for ELG Open Pit ore in the Technical Report is set at 86.5% for 2018 and 87% beyond for gold and 23% for silver. Soluble copper in the ore has proven to be an issue due to the high portion of recycle water used in the process. This issue will be permanently addressed with the addition of a SART plant to the process. See also “*Material Properties – Morelos Gold Property – Developments Since Effective Date of Technical Report*”.

Test work has determined Sub-Sill ore is amendable for recovery of gold and silver through the existing processing plant. Recoveries expected are 84.5% Au, 26.2% Ag and 6.3% Cu; the copper recovery as a SART plant concentrate. Test work was also completed which indicated the Sub-Sill ore is amendable to flotation which could lead to increased recoveries for gold, silver and copper to respectively 88%, 83.8% and 78.1%.

Within the Media Luna PEA the ELG process feed plan is altered to “make room” for the Media Luna mineralized material. During the overlap period, a portion of the ELG ore is displaced and processed later. For the purposes of the Media Luna Project PEA, no costs or revenues are assumed for the processing of the ELG ore.

Infrastructure, Permitting, and Compliance Activities

INFRASTRUCTURE

The current ELG Mine Complex infrastructure is sufficient for the remainder of the LOM. Power and water supply are adequate to meet the current demand. The power capacity is near maximum with maintaining 100% redundancy but there are no major planned process additions to the ELG Mine Complex and therefore the need to expand the power capacity is not required. There is a surplus of water for the plant if an increase in water demand is required.

A power study was undertaken in July 2017 to determine if additional power infrastructure was required with the addition of the horizontal belt filters and the SART plant. The conclusion of the report was that the capacity of the transformers feeding the plant was sufficient. Future load increases would result in a need to expand the supply and distribution system in order to maintain 100% redundancy. The current power demand has 100% redundancy with a second transformer.

Water supply for the ELG Mine Complex and camp is from a well field (3 wells) located near the village of Atzcala approximately 18 km east of the mine site. Torex has been granted a water concession from the Mexican national water commission for taking up to 5 million cubic meters of water per year. Current water requirements for the ELG Mine Complex and camp is estimated at 1 million cubic meters per year (~110 m^3/hr), which provides for water availability for expansion at the current site or within the concessions.

On the operational site generally, clean water is diverted around the site and to the receiving environment. Water containing sediment is directed to sediment control ponds and water that has the potential to be in contact with reagents is retained within the overall plant and FTSF drainage and is used as make up water for the process plant. This water may be discharged if it meets the required standards.

Over the LOM, mining the El Limón and Guajes open pits is expected to generate approximately 260 Mt of waste rock and 42 Mt of filtered tailings. Waste rock mined from the El Limón open pit is placed in the El Limón WRSF. Waste rock mined from the Guajes pit is stored in two WRSFs: the Guajes North WRSF and the Guajes West WRSF. Tailings are placed in the FTSF. Geochemical testing of 645 waste rock samples indicates 77% of the waste rock samples had neutralization potential ratios (NPR) >3 and are, thus, characterized as non-PAG. MML does not segregate PAG and non-PAG waste rock during mining.

To date, over 8 million tonnes of tailings have been placed in the FTSF. To address operational issues with filtered tailings, the Guajes North WRSF has been extended across the downslope side of the FTSF as additional support for the tailings. See also "*Material Properties – Morelos Gold Property – Developments Since Effective Date of Technical Report*".

The WRSFs are being developed by a combination of end dumping from platforms located at the WRSF crest elevation, or when possible bottom-up construction. Such WRSF construction (end dumping from high elevations on steep terrain) has parallels at many other mining operations located in mountainous regions. Final slopes will be graded to 2H:1V for closure.

Environmental and Social Permitting and Studies

All national, state, and municipal permits/authorizations required for the exploration, development, and operation of the ELG Open Pit and process plant have been received from the various levels of Mexican government. The ELG Underground has all necessary permits/authorization for mining.

The site experiences distinct wet and dry seasons and warm temperatures (year-round, mean temperatures above 18°C). Other than the human settlements in the area, the ELG operation is the only major potential source of dust and noise. The quality of local surface and ground water is affected by local mineralization. The main surface water features in the area are the Presa El Caracol, and the Rios Balsas and Cocula Rivers.

The ELG area is primarily occupied by deciduous forests, which represent approximately 63% of the land area. Modified ecosystem units, including tilled fields, pasturelands, and plantations, are reflective of the traditional use of the areas around the mine site where very little of the land is used for agricultural production. The flora sampling units within the Media Luna area reported 187 species distributed in 130 genera and 45 families. The fauna research study carried out in 90.62 ha of the Media Luna area reported a total of 103 species including: 8 amphibia, 14 reptiles, 17 mammals, and 66 birds. The Morelos Gold Property is within the 'Zopilote Canyon' ('Cañón del Zopilote'), which is one of nine bird conservation areas in Guerrero.

The ELG Mine Complex represents a large mining operation in México, with implications for the State of Guerrero - ELG's initial capital investment represents one of the largest investments in the State's recent history. In 2017, MML spent $226 million in procurement to Mexican firms, and paid $53 million in wages to 2,369 employees (including contractors); 98% of the workforce is from Mexico, including 63% from Guerrero and 52% from the local communities. See also "*Material Properties – Morelos Gold Property – Developments Since Effective Date of Technical Report*".

In addition, $1.3 million was invested in community projects. Land access for the ELG Mine Complex required the relocation of two villages - the community of Real de Limón was located within the 500 m safety buffer zone of the proposed El Limón pit and the community of La Fundición was located within the active mining area. Both communities were in Ejido Real del Limón lands. These communities were successfully relocated to a new area, approximately 5 km east of the mine site area.

MML environmental management plans are organized into an over-arching EMP covering all major aspects of the physical and biological environment, and some key social aspects. The EMP is included in contract tender packages/specifications (contractual requirement) and is available to all ELG Mine Complex personnel (employees and contractors).

A natural and industrial risk assessment was undertaken for the ELG Mine Complex in 2014. This study is still valid with the addition of El Limón Sur and the ELG Underground Mine. Overall, 19 public safety risks, and 51 environmental risks were identified. Each hazard scenario included a consideration of public safety, or environmental risks, or both as appropriate.

Environmental and social management plans implemented at the ELG Mine Complex site include, but are not limited to, the following:

- Environmental risks evaluation and monitoring
- Accident Prevention Plan
- Environmental Quality and Monitoring Program
- Contingency Response Plan
- Erosion and Sediment Control plan
- Flora Rescue and Conservation Plan
- Fauna Rescue and Relocation Plan
- Stakeholder consultation and participation (engagement design and strategies at local, regional and international levels)
- Reporting
- Government-led consultation and negotiations
- Response to emergencies, and blockade prevention and management
- Mine closure effects
- Management of in-migration and population effect

See also *"Material Properties – Morelos Gold Property – Developments Since Effective Date of Technical Report".*

The next land use after mining is anticipated to be open land for basic farming/ranching, like much of the surrounding area except along the slopes of the filtered tailings storage facility and waste rock storage facilities, which will remain as exposed rock, which would be similar to natural talus slopes.

MML has involved stakeholders in the development of the ELG Mine Complex since 2010. Stakeholder engagement is one of the seven key components in MML's environmental and social management system. MML's Social Responsibility Team is in the communities each day providing a conduit for information from the community to MML and vice versa. The stakeholders in ELG fall into the following groups:

- **Directly affected stakeholders:** these stakeholders live in eight small communities located near the mine area: Nuevo Balsas, San Nicolas, La Fundición, Real de Limón, Atzcala, Balsas Sur, San Miguel Vista Hermosa (affected by exploration only) and Valerio Trujano.
- **Ejidatarios:** belong to five Ejidos in the ELG Mine Complex area – Ejido de Real de Limón, Ejido de Rio Balsas, Ejido de Atzcala, Ejido de Puente Sur Balsas and Ejido de Valerio Trujano. The Ejidos are legal entities some of which MML has signed long-term land leases and land purchase agreements to allow construction of ELG and associated facilities.
- **Interested stakeholders:** these are key interested stakeholders from three levels of government – municipal, state, and federal.

MML's operations have been interrupted several times by illegal blockades, most recently in November 2017. Operations were re-established in January 2018 with full access in April 2018. The November 2017 blockade was established by a minority of workers who tried to demand the Company change the union representation from CTM to the Los Mineros Union. It is the Company's position that the Los Mineros Union made unsubstantiated claims to damage Company relationships with local communities and, thereby, bolster their case for a change in union. As with many negative advertising campaigns, initially this tactic met with some success.

With a bit of time, MML's traditionally strong community relationships re-asserted themselves and it was community support that led to a circumventing of the union blockade in mid-January 2018 and a restart of operations. Community support for the Company continued to grow since the restart of operations in mid-January, as is evidenced by blockades of the 'blockaders' and a growing chorus for government intervention to provide the Company with unfettered access to all of its facilities. The Mineros Union withdrew its challenge for the change of union on April 2018, the blockades were removed and full access to the site and infrastructure were restored.

Capital and Operating Costs

ELG MINING COMPLEX

Capital Cost Estimate

Capital cost for the ELG Mine Complex is based on the LOM plan used for operation of the ELG Mine Complex by Torex. The key results of the capital cost estimates (for mine, process facilities, site support, and growth) are outlined in the table below:

CAPITAL TOTAL COSTS ($M)

	Total	2018	2019	2020	2021	2022	2023	2024
Sustaining								
Mine	70.5	16.9	25.3	21.7	3.9	1.4	1.3	
Sub-Sill Zone	3.4	0.1	3.1	0.2				
Process Plant	13.4	10.4	1.5	0.5	1			
Site Support and Exploration	16.3	10.4	2.4	1.3	0.9	0.6	0.4	0.3
Sub-total	**103.6**	**37.8**	**32.3**	**23.7**	**5.8**	**2**	**1.7**	**0.3**
Deferred Stripping	149.5	62.3	26.5	42.6	14.6	3.5		
Total Sustaining	**253.1**	**100**	**58.8**	**66.3**	**20.4**	**5.5**	**1.7**	**0.3**
Non- Sustaining								
SART	3.4	3.4						
Sub-Sill Zone	22.1	21.3	0.8					
Development	28.0	10.0	14.0	4.0				
Total Non-Sustaining	**53.5**	**34.7**	**14.8**	**4.0**				
Total	**306.6**	**134.7**	**73.6**	**70.3**	**20.4**	**5.5**	**1.7**	**0.3**

Operating Cost Estimate

The operating and maintenance costs for the ELG Open Pit operations are summarized by areas of the operation and shown in the table below. Cost centers include mine operations, process plant operations, G&A area and treatment & logistic costs. Operating costs were determined annually for the life of the mine. Actual labor rates and contractual supply rates as available are used as basis for the cost summary. No escalation was included. The table below shows the annual cost for a typical year, in this case year 2 - 2019.

TYPICAL YEAR (YEAR 2 – 2019) OPERATING COSTS BY AREA

Ore Processed Tonnes	5,040,000
Open Pit total Tonnes Mined	50,067,000
Underground Ore Tonnes Mined	302,000

Mining Operations	Annual Cost - ($M)	$/t Mined
Drill	$ 17.13	$ 0.34
Blast	$ 18.85	$ 0.38
Load	$ 13.75	$ 0.27
Haul	$ 25.54	$ 0.51
Mine Indirect	$ 17.92	$ 0.36
Rehandling	$ 0.66	$ 0.01
Technical Services	$ 10.06	$ 0.20

	Annual Cost - ($M)	$/t Ore Mined
Underground	$ 26.68	$ 88.23
Subtotal Mining	**$ 130.58**	**$ 2.59**

Processing Operations	Annual Cost - ($M)	$/t Ore Processed
Crushing	$ 2.26	$ 0.45
Grinding	$ 27.24	$ 5.40
Leaching & Thickening	$ 29.31	$ 5.81
Carbon Handling & Refinery	$ 3.35	$ 0.66
Cyanide Destruction	$ 1.90	$ 0.38
Filtering	$ 12.13	$ 2.41
Tailing	$ 7.48	$ 1.48
Ancillary	$ 1.16	$ 0.23
Plant Indirect	$ 8.19	$ 1.62
SART	$ 3.60	$ 0.72
Subtotal Processing	**$ 96.62**	**$ 19.17**

Supporting Facilities	Annual Cost - ($M)	$/t Ore Processed
Site Support (including Profit Share)	$ 50.79	$ 10.08
Treatment & Refinery	$ 1.85	$ 0.37
Subtotal Supporting Facilities	**$ 52.64**	**$ 10.44**
Total Mine Site Operating Cost	**$ 279.83**	**$ 55.52**

See also *"General Development of the Business".*

Economic Analysis

The results from the economic analysis for the ELG Mine Complex are shown below:

PROJECTED FINANCIAL METRICS FOR THE ELG MINE COMPLEX 2018 TO END OF LOM ($M)

ELG Mine Complex NAV* at a 5% Discount Rate	**$**	**705.8**
Sustaining CAPEX	**$**	**253.1**
ELG Open Pits	$	59.8
ELG Technical Services	$	10.7
ELG UNDERGROUND	$	3.4
ELG Plant	$	13.4
ELG Site Support	$	16.3
Deferred Stripping CAPEX	$	149.5
Average OPEX, with Ag Credits (before royalties and inventory movement)	$	512/oz
Average OPEX without the Ag Credits (before royalties and inventory movement)	$	521/oz
AISC per oz Au	**$**	**734**
Open Pit Mining Cost per Tonne Mined	$	2.18
Underground Mining Cost per Tonne Mined	$	100.88
Mining Cost per Tonne Processed	$	15.67
Processing Cost per Tonne Processed	$	19.94
Treatment & Refinery per Tonne Processed	$	0.37
Metal Prices Used		
Gold - $/oz	$	1,200
Silver - $/oz	$	17
Copper - $/lb	$	3
Exchange Rate	**$18 MXN : $1 USD**	

*NAV = NPV less long-term debt plus cash on hand based on proven and probable reserves, before corporate initiatives.

MEDIA LUNA PROJECT PEA

Economic analysis for the Media Luna Project is presented as a “standalone” in that no cost or revenue is considered for mining/processing of ore from the ELG Mine Complex within the financial modeling. However, the Media Luna Project considers the use of the existing ELG Mine Complex as required, and it is also assumed that “room” is made in the ELG processing plant to accommodate processing of the ML mineralized material.

The resulting economic indicators from this conceptual mining plan and an alternate mining method are outlined in this section. The PEA is preliminary in nature. It includes inferred mineral resources that are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the results set forth in the PEA will be realized. Mineral resources that are not mineral reserves do not demonstrate economic viability.

Capital Cost Estimate

The accuracy of the process plant estimate is ±25% while the accuracy of the underground mining estimate is ±23%. Capital expenditure were defined as follows based on the commercial production date:

- Project capital is defined as all capital costs through to the end of the construction period (second quarter 2023) not including pre-commercial operating costs. This period is years 1 to 4 or 2020 to 2023.
- Pre-commercial capital cost is defined as all project capital cost, and operating cost less revenue generated prior to commercial production.
- Sustaining capital is defined as all capital expenditures after commercial production is obtained, start of the third quarter 2023.

The table below summarizes project capital costs.

MEDIA LUNA PROJECT CAPITAL AND PRE-COMMERCIAL CAPITAL

	$M
Surface and Process Plant	$ 271.5
Underground Development	$ 225.0
Sub-Total Project capital	**$ 496.5**
Pre-Commercial Operating Cost	$ 92.5
Pre-Commercial Revenue	$ -177.6
Total Pre-Commercial Capital	**$ 411.4**

Sustaining capital cost for the underground mining of the Media Luna mineral resource was estimated at $109 million.

No sustaining capital was estimated for the process plant and surface infrastructure at this level of study.

Operating Costs Estimate

Operating costs were built up based on anticipated labor and estimated consumption rates. The table below summarizes operating costs on a cost per mineralized tonne processed for the Media Luna Project by presenting a typical year of operations during the overlap with ELG Mine Complex and Media Luna Project only after ELG ore has been exhausted.

OPERATING COST SUMMARY FOR LOM OF PROJECT

	$/mineralized tonne
Underground Mining	$ 23.64
Process Plant	$ 23.47
Site Support	$ 14.11
Treatment & Refining	$ 10.03
Total	**$ 71.23**

Economic Analysis

The Media Luna Project economics were estimated using a discounted cash flow model. The financial indicators examined for the project included the NPV, IRR and payback period (time in years to recapture the initial capital investment). Annual cash flow projections were estimated over the life of the mine based on capital expenditures, production costs, transportation and treatment charges and sales revenue. Metal price assumptions are $1,200/oz gold, $17/oz silver, and $3.00/lb copper. The financial indicators for the Media Luna Project are based on a 100% equity case with no debt financing being assumed and are summarized in the following table.

KEY MEDIA LUNA "STANDALONE" PROJECT DATA

Mineralized Material (kt)	30,937
Copper Grade (%)	1.03
Gold Grade (g/t)	2.58
Silver Grade (g/t)	27.59
Gold Equivalent (g/t)	4.77
Total Tonnes Mined (kt)	**30,937**
Process Plant (ML Feed only)	
Mineralized Material Processed (kt)	30,937
Bullion Production	
Gold Production (kozs)	849
Gold Recovery - %	33.1%
Silver Production (kozs)	1,372
Silver Recovery - %	5%
Copper Concentrate Production	
Copper Concentrate (kt)	1,124
Copper Production (klbs)	624,219
Copper Recovery %	88.8%
Gold Production (kozs)	1,333
Gold Recovery - %	52%
Silver Production (kozs)	19,212
Silver Recovery - %	70%
Total Production and Recoveries (Bullion + Copper Concentrate)	
Gold Production (kozs)	2,182
Gold Recovery %	85.1%
Silver Production (kozs)	20,585
Silver Recovery %	75%
Copper Production (klbs)	624,219
Copper Recovery %	88.8%
Metal Prices	
Copper ($/lb)	3.00
Gold ($/oz)	1,200
Silver ($/oz)	17.00

ML "Standalone" Economic Indicators Before-Taxes	
Revenues ($M)	4,517.7
Project Capital - ($M) (cost to construct project)	496.5
Mining Equipment/ Infrastructure/ Development ($M)	213.9
Process Plant ($M)	265.9
Owner's Cost ($M)	16.7
Pre-commercial Capital – ($M), Project Capital plus pre-commercial operating cost less pre-commercial revenue.	411.4
Sustaining Capital – ML ($M) including Mine Development	109.4
Mining Cost - ML ($/t mined)	23.64
Processing Plant ($/t processed)	23.47
Site Support ($/t processed)	14.11
Treatment & Refining Charges ($/t processed)	10.03
Total Operating Cost ($/t processed)	71.23
Average Cash Cost per oz Au Eq	596.08
Average AISC per oz Au Eq	619.34
ML "Standalone" Economic Indicators Before-Taxes	
NPV @ 0% ($M)	1,770
NPV @ 5% ($M)	977
NPV @ 8% ($M)	688
IRR %	37.3
Payback - years	5.3
ML "Standalone" Economic Indicators After-Taxes*	
NPV @ 0% ($M)	1,110
NPV @ 5% ($M)	582
NPV @ 8% ($M)	392
IRR %	27.3
Payback – years	5.8

*Taxes in the Media Luna Project financial model were calculated based only on costs and revenue related to the Media Luna Project.

MUCKAHI MINING SYSTEM

In the Technical Report, Torex also presents the proprietary Muckahi Mining System. The Technical Report describes Muckahi as well as using the Media Luna Project as a platform for comparison to demonstrate the potential benefits of utilizing Muckahi on this deposit, or any other deposit that does not employ caving methods. It is not intended to be seen as a trade-off study within the PEA. Muckahi is experimental in nature and has not been tested in an operating mine. Many aspects of the system are conceptual, and proof of concept has not been demonstrated. It includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

After many years of thought and design effort, Muckahi is now shifting to the underground testing phase. Manufacturing of the first of the prototype machines is underway, testing underground is scheduled to commence in Q1 2019. Torex looks forward to having a proof of concept before the Media Luna feasibility study work requires a commitment to mining method.

See also *“General Development of the Business” and “Material Properties – Morelos Gold Property – Developments Since Effective Date of Technical Report”.*

Exploration, Development, and Production

The current work program being carried out by Torex is designed to support the potential upgrade of mineral resources to a higher classification, and further evaluate outlying exploration targets. Work has been divided up into near mines, Media Luna and exploration and is summarized below:

- **Sub-Sill:** Continue infill drilling program and underground development to upgrade inferred and indicated mineral resources and complete a new resource model with the infill results. Continue expansion program.
- **ELG Deep Mineralization:** Implement drill program and study to exploit known and potential deep high strip ratio mineralization by underground mining. The study is to determine best method to exploit the mineralization, open pit or underground.
- **Media Luna:** Continue infill drilling program upgrade inferred mineral resources and complete a new resource model with the infill results.
- **Exploration:** Key aims of the program are to continue exploration efforts on previously-identified outlying prospects and exploration of outlying unexplored or lightly-explored target areas based on reconnaissance knowledge and generation of new targets through further geological work, test porphyry target.

See also *“Material Properties – Morelos Gold Property – Developments Since Effective Date of Technical Report”.*

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