TOREX GOLD RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2022

This Management's Discussion and Analysis of the financial condition and results of operations ("MD&A") for Torex Gold Resources Inc. ("Torex" or the "Company") was prepared as at February 22, 2023 and should be read in conjunction with the Company's audited consolidated financial statements and related notes for the year ended December 31, 2022. This MD&A contains forward-looking statements that are subject to risks and uncertainties as discussed under "Cautionary Notes". This MD&A also includes the disclosure of certain non-GAAP financial measures. Refer to "Non-GAAP Financial Performance Measures" which identifies the non-GAAP financial measures discussed in this MD&A for further information, including a reconciliation to the comparable IFRS measures. All dollar figures included herein are United States dollars ("U.S. dollar") unless otherwise stated.

FULL YEAR 2022 HIGHLIGHTS

- **Strong safety performance continues:** The Company exited the year with no fatalities and a lost-time injury frequency ("LTIF") rate of 0.28 per million hours worked on a rolling 12-month basis.
- **Record annual gold production:** Delivered record annual gold production of 474,035 ounces ("oz") for the year, surpassing the prior record of 468,203 oz set in 2021. Full year gold production surpassed the upper end of the guided range of 430,000 to 470,000 oz, marking the fourth consecutive year that original production guidance has been achieved. During the year, the Company also achieved record annual throughput in the mill of 12,600 tonnes per day ("tpd") and record annual mining rate from ELG Underground of 1,523 tpd.
- **Record annual gold sold:** Record annual gold sold of 473,122 oz at an average realized gold price[1] of $1,809 per oz, contributing to revenue of $868.5 million.
- **Met full year cost guidance:** Total cash costs[1] of $730 per oz sold, at the upper end of the guided range of $695 to $735 per oz sold. All-in sustaining costs[1] of $1,008 per oz sold, near the mid-point of the guided range of $980 to $1,030 per oz sold. Full year cost guidance was achieved despite significant global inflationary pressures. All-in sustaining costs margin[1] of $801 per oz sold, implying an all-in sustaining costs margin[1] of 44%. Cost of sales was $564.6 million or $1,193 per oz sold.
- **Strong profitability and EBITDA[1]:** Reported net income of $188.8 million, or earnings of $2.20 per share on a basic basis and $2.19 per share on a diluted basis. Adjusted net earnings[1] of $167.1 million, or $1.95 per share on a basic basis and $1.94 per share on a diluted basis. Net income includes a derivative gain of $8.8 million related to gold forward contracts entered into during the first and fourth quarters of 2022 to reduce downside price risk during the construction of the Media Luna Project. Generated EBITDA of $482.8 million and adjusted EBITDA of $478.5 million.
- **Robust cash flow generation:** Net cash generated from operating activities totalled $408.1 million and $382.3 million before changes in non-cash operating working capital, including income taxes paid of $107.3 million and positive free cash flow[1] of $129.8 million.
- **Strong financial liquidity:** The Company extended and increased the available credit facilities with a syndicate of international banks in the third quarter of 2022, providing a total of $250 million in available credit maturing in 2025. The year closed with net cash[1] of $372.1 million, including $376.0 million in cash and $3.9 million of lease obligations, no borrowings on the credit facilities and letters of credit drawn of $3.4 million, providing more than $622 million in available liquidity.
- **Media Luna Project:** Based on the results of the Media Luna Feasibility Study, included in an updated Technical Report for the Morelos Property released on March 31, 2022, the Board of Directors approved the development of the Media Luna Project, more than tripling the Morelos Property life of mine to 11.75 years. Media Luna Project expenditures incurred in 2022 totalled $124.7 million from commencement of construction as of April 1, 2022, with a remaining project spend of $749.8 million. Expenditures during this period were primarily focused on continued development of the Guajes Tunnel and South Portals, with development of the

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

Guajes Tunnel reaching 3,250 metres and South Portal Lower reaching 1,423 metres by end of year. As of December 31, 2022, physical progress on the Project was approximately 15%, with key engineering and procurement activities advancing. To date, lead times and costs of executed purchase orders are substantially in line with the assumptions made in the 2022 Technical Report. As a result of the previously announced lower procurement spend, there was an underrun in capital expenditures on the Project for 2022, and full-year non-sustaining capital expenditure for the Media Luna Project of $143.2 million was within the revised guidance of $120 million to $150 million. As of December 31, 2022, the Company had commitments in place for $229.7 million of project expenditures (approximately 26% of total budgeted expenditures). The pace of investment is expected to accelerate over the coming quarters, and the overall Project schedule remains on track at this early stage.

- **Receipt of Key Media Luna Environmental Permit:** In the third quarter of 2022, the Company received approval from Mexico's Secretariat of Environmental and Natural Resources ("SEMARNAT") on the key, culminating environmental permit for the Project (the "MIA Integral"), which allows for operations to begin at Media Luna.
- **Inaugural Climate Change Report Released:** In November, the Company released its inaugural Climate Change Report aligned with the recommendations of the Task Force on Climate-Related Financial Disclosure, including greenhouse gas ("GHG") emissions reduction targets in support of its overall commitment to achieve net zero GHG emissions by 2050, which include a 10% reduction in absolute emissions by 2030, otherwise stated as a 25% reduction in business as usual emissions.
- **Completion of World Gold Council Year 2 Responsible Gold Mining Principles (RGMP) Requirements:** In December, the Company's World Gold Council RGMP Year Two Implementation Progress Report (as of November 2022) was published. The Year Two Report highlights the Company's progress in reaching compliance with the RGMPs and provides independent assurance of progress from KPMG.

Q4 2022 HIGHLIGHTS

- **Safety performance:** Two lost-time injuries in the quarter with an employee suffering a fractured forearm and a contractor injuring an eye.
- **Gold production:** Delivered gold production of 116,196 oz for the quarter driven by strong gold grades to the mill, in part due a record mining rate at ELG Underground of 1,685 tpd, exceeding the previous record of 1,582 tpd set during Q2 2022.
- **Gold sold:** Sold 121,913 oz at an average realized gold price[1] of $1,784 per oz, with revenue of $216.5 million.
- **Total cash costs[1] and all-in sustaining costs[1]:** Total cash costs of $711 per oz sold and all-in sustaining costs of $1,034 per oz sold. Cost of sales was $146.6 million or $1,202 per oz sold in the quarter.
- **Net income and adjusted net earnings[1]:** Reported net income of $34.6 million or earnings of $0.40 per share on both a basic and diluted basis. Adjusted net earnings of $38.3 million or $0.45 per share on a basic basis and $0.44 per share on a diluted basis. Net income includes a net derivative loss of $20.0 million related to gold forward contracts entered into in 2022.
- **EBITDA[1] and adjusted EBITDA[1]:** Generated EBITDA of $96.0 million and adjusted EBITDA of $122.9 million.
- **Robust cash flow generation:** Net cash generated from operating activities totalled $132.1 million and $110.8 million before changes in non-cash operating working capital, including income taxes paid of $18.5 million and positive free cash flow[1] of $41.4 million.

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

OPERATING AND FINANCIAL HIGHLIGHTS

Table 1.

In millions of U.S. dollars, unless otherwise noted		Three Months Ended			Year Ended	
		Dec 31, 2022	Sep 30, 2022	Dec 31, 2021	**Dec 31, 2022**	Dec 31, 2021
Operating Results						
Lost-time injury frequency[1]	/million hours	**0.28**	0.10	0.14	**0.28**	0.14
Total recordable injury frequency[1]	/million hours	**1.58**	1.69	2.32	**1.58**	2.32
Gold produced	oz	**116,196**	122,208	109,411	**474,035**	468,203
Gold sold	oz	**121,913**	119,834	109,391	**473,122**	468,823
Total cash costs[2]	$/oz	**711**	760	764	**730**	674
Total cash costs margin[2]	$/oz	**1,073**	955	1,034	**1,079**	1,120
All-in sustaining costs[2]	$/oz	**1,034**	1,059	1,079	**1,008**	928
All-in sustaining costs margin[2]	$/oz	**750**	656	719	**801**	865
Average realized gold price[2]	$/oz	**1,784**	1,715	1,798	**1,809**	1,794
Financial Results						
Revenue	$	**216.5**	209.3	202.0	**868.5**	855.8
Cost of sales	$	**146.6**	146.2	135.1	**564.6**	529.3
Earnings from mine operations	$	**69.9**	63.1	66.9	**303.9**	326.5
Impairment loss	$	**-**	-	41.2	**-**	41.2
Net income (loss)	$	**34.6**	43.9	(0.5)	**188.8**	151.7
Per share - Basic	$/share	**0.40**	0.51	(0.01)	**2.20**	1.77
Per share - Diluted	$/share	**0.40**	0.51	(0.01)	**2.19**	1.71
Adjusted net earnings[2]	$	**38.3**	34.6	32.4	**167.1**	180.0
Per share - Basic[2]	$/share	**0.45**	0.40	0.38	**1.95**	2.10
Per share - Diluted[2]	$/share	**0.44**	0.40	0.38	**1.94**	2.09
EBITDA[2]	$	**96.0**	127.8	62.4	**482.8**	461.6
Adjusted EBITDA[2]	$	**122.9**	107.8	104.6	**478.5**	490.8
Cost of sales	$/oz	**1,202**	1,220	1,235	**1,193**	1,129
Net cash generated from operating activities	$	**132.1**	102.4	94.6	**408.1**	330.0
Net cash generated from operating activities before changes in non-cash operating working capital	$	**110.8**	91.3	87.4	**382.3**	365.2
Free cash flow[2]	$	**41.4**	33.5	37.3	**129.8**	97.9
Cash and cash equivalents	$	**376.0**	339.2	255.7	**376.0**	255.7
Net cash[2]	$	**372.1**	336.1	252.4	**372.1**	252.4

1. On a 12-month rolling basis, per million hours worked.
2. Total cash costs, total cash costs margin, all-in sustaining costs, all-in sustaining costs margin, average realized gold price, adjusted net earnings, EBITDA, adjusted EBITDA, free cash flow and net cash are non-GAAP financial measures with no standardized meaning under International Financial Reporting Standards ("IFRS"). Refer to "Non-GAAP Financial Performance Measures" for further information and a detailed reconciliation to the comparable IFRS measures.

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

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COMPANY OVERVIEW

Torex Gold Resources Inc. is an intermediate gold producer based in Canada, engaged in the exploration, development and operation of its 100% owned Morelos Property (the “Morelos Property”), an area of 29,000 hectares in the highly prospective Guerrero Gold Belt located 180 kilometres southwest of Mexico City.

The Company’s principal asset is the Morelos Complex, which includes the El Limón Guajes (“ELG”) Mine Complex, the Media Luna Project, a processing plant, and related infrastructure. Commercial production from the Morelos Complex commenced on April 1, 2016.

The Company released an updated technical report (“2022 Technical Report”) for the Morelos Property on March 31, 2022, entitled “Morelos Property NI 43-101 Technical Report ELG Mine Complex Life of Mine Plan and Media Luna Feasibility Study”. The 2022 Technical Report has an effective date of March 16, 2022 and is available on the Company’s website at www.torexgold.com and filed on SEDAR at www.sedar.com.

Torex’s key strategic objectives are to optimize and extend production from the ELG Mine Complex, de-risk and advance Media Luna to commercial production, build on ESG excellence, and to grow through ongoing exploration across the entire Morelos Property.

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

2022 PERFORMANCE AND 2023 GUIDANCE

The Company exceeded the upper end of full year production guidance of 430,000 to 470,000 oz of gold, with record annual gold production of 474,035 oz. Cost guidance was met; total cash costs[1] of $730 per oz sold were at the upper end of the target range of $695 to $735 per oz, and all-in sustaining costs[1] of $1,008 per oz sold were near the mid-point of the target range of $980 to $1,030 per oz sold despite significant global inflationary pressures. Sustaining capital expenditures[1] of $102.9 million were within the guidance of $85 to $105 million. Non-sustaining capital expenditures[1] of $186.1 million were within the revised guidance of $155 million to $190 million.

The Company released 2023 guidance on January 17, 2023, including production, total cash costs, all-in sustaining costs, as well as sustaining and non-sustaining capital expenditures.

The following table summarizes the Company's 2022 performance relative to guidance and its 2023 guidance:

Table 2.

In millions of U.S. dollars, unless otherwise noted		2022 Guidance[2]	2022 Performance	2023 Guidance
Gold Production	oz	430,000 to 470,000	474,035	440,000 to 470,000
Total Cash Costs[1]	$/oz	695 to 735	730	740 to 780
All-in Sustaining Costs[1]	$/oz	980 to 1,030	1,008	1,080 to 1,130
Capitalized Stripping	$	50 to 60	58.1	55 to 65
ELG Sustaining Expenditures[1]	$	35 to 45	44.8	60 to 70
Sustaining Capital Expenditures[1]	$	85 to 105	102.9	115 to 135
Media Luna Project	$	120 to 150	143.2	390 to 440
Media Luna Infill Drilling/Other	$	20	21.3	20
ELG Non-Sustaining Capital Expenditures[1]	$	15 to 20	21.6	2
Non-Sustaining Capital Expenditures[1]	$	155 to 190	186.1	412 to 462

1. These measures are non-GAAP financial measures. Refer to "Non-GAAP Financial Performance Measures" for further information and a detailed reconciliation to historical IFRS measures.
2. 2022 guidance was revised to reflect lower guided non-sustaining capital expenditure for the Media Luna Project as disclosed in the Company's MD&A dated November 8, 2022.

2022 PERFORMANCE AND 2023 OBJECTIVES

The following table summarizes the Company's performance relative to 2022 objectives and its 2023 objectives:

2022 Performance	2023 Objectives
Operations	
Safety – no fatalities, no lost-time injuries *Assessment: No fatalities and a LTIF of 0.28 per million hours worked*	**Safety** – no fatalities, no lost time injuries
Climate – establish Torex's net zero carbon commitment and associated long-term plan *Assessment: Met target with inaugural Climate Change Report issued in November 2022*	**Climate**: Complete Year 1 workplan on commitment to deliver 10% absolute reduction of GHG emissions by 2030 Substantially complete outstanding requirements for compliance with World Gold Council's Responsible Gold Mining Principles, International Cyanide Management Code and Global Industry Standard for Tailings Management
Environmental protection – zero reportable spills of 1,000 litres or more that report to a natural water body *Assessment: Met target*	**Environmental protection** – zero reportable spills of 1,000 litres or more that report to a natural water body
Production – 430,000 to 470,000 oz of gold produced *Assessment: Surpassed target with 474,035 oz*	**Production** – 440,000 to 470,000 oz of gold produced
Cost Control: Total cash costs of $695 to $735 per oz *Assessment: Met target with TCC of $730/oz*	**Cost Control**: Total cash costs of $740 to $780 per oz
All-in sustaining costs of $980 to $1,030 per oz *Assessment: Met target with AISC of $1,008/oz*	All-in sustaining costs of $1,080 to $1,130 per oz
ELG mine and plant sustaining capital expenditure of $35 million to $45 million *Assessment: Met target with $44.8 million*	ELG mine and plant sustaining capital expenditure of $60 million to $70 million, including $10 million for power related projects and $15 million in development that in prior years was classified as non-sustaining
ELG capitalized waste stripping of $50 million to $60 million *Assessment: Met target with $58.1 million*	ELG capitalized waste stripping of $55 million to $65 million
ELG non-sustaining capital expenditure of $15 million to $20 million *Assessment: Marginally above target with $21.6 million*	ELG non-sustaining capital expenditure of $2 million
Media Luna non-sustaining capital expenditure of $240 million to $290 million including $20 million of drilling and feasibility related costs *Assessment: Below target with $164.5 million as a result of revised guidance due to the redistribution of spend from 2022 to later periods; met revised guidance*	Media Luna non-sustaining capital expenditure of $390 million to $440 million excluding $20 million of drilling costs
Set up for growth	
Strip 37 million tonnes of waste in the open pits; 12,500 metres of development in the underground *Assessment: 35 million tonnes of stripped waste, within 5% of target and 12,424 metres of development in the underground*	Strip 38 million tonnes of waste in the open pits; 13,000 metres of development in the underground
Continue Media Luna infill and step-out drilling program – $19 million of capital expenditures to execute 64,000 metres of infill and step-out drilling at Media Luna as well as an initial infill drill program at the adjacent EPO deposit *Assessment: Below target, 58,847 metres drilled due to two less rigs operating than planned and expenditures of $19.2 million*	Complete Media Luna exploration drilling program – $20 million of capital expenditures to execute 55,000 metres of drilling
Complete Media Luna Feasibility Study in Q1 2022 *Assessment: Met target*	Completion of power related projects to increase draw to 45 megawatts (MW); submit application for further increase to 65 MW.
Execute over 2,000 metres of development in each of Guajes Tunnel, South Portal Upper and South Portal Lower, obtain MIA Integral permit in H1/2022 *Assessment: Below target* • *Guajes Tunnel 3,250 metres developed* • *South Portal Upper – 2,444 metres developed; South Portal Lower – 1,423 metres developed* • *MIA Integral permit obtained in Q3 2022*	Execute over 2,000 metres of development Guajes Tunnel Execute plan to increase ELG Underground mining rates
Complete ELG Brownfield Exploration Program – 73,000 metres of drilling and $14 million in expenditures *Assessment: Met target, 72,881 metres drilled and expenditures of $13.0 million, including 22,196 metres ($4.0 million) of delineation and ore control*	Complete ELG Brownfield Exploration Program – 57,000 metres of drilling and $12 million in expenditures
Continue Morelos Exploration Program – $3 million to execute 6,000 metres of drilling *Assessment: Below target, 3,000 metres drilled and expenditures of $3.0 million*	Continue Morelos Exploration Program – $2 million for mapping and sampling of select greenfield targets

FINANCIAL RESULTS

Table 3.

In millions of U.S. dollars, unless otherwise noted		Three Months Ended **Dec 31, 2022**	Three Months Ended Dec 31, 2021	Year Ended **Dec 31, 2022**	Year Ended Dec 31, 2021
Revenue	$	**216.5**	202.0	**868.5**	855.8
Gold	$	**212.2**	196.7	**850.5**	841.2
Silver	$	**1.4**	0.8	**3.4**	2.5
Copper	$	**2.9**	4.5	**14.6**	12.1
Cost of sales	$	**146.6**	135.1	**564.6**	529.3
Production costs	$	**84.3**	82.8	**337.1**	304.9
Royalties	$	**6.7**	6.0	**26.2**	25.6
Depreciation and amortization	$	**55.6**	46.3	**201.3**	198.8
Earnings from mine operations	$	**69.9**	66.9	**303.9**	326.5
General and administrative expenses	$	**8.2**	6.5	**24.1**	20.4
Exploration and evaluation expenses	$	**2.1**	3.2	**8.6**	7.2
Impairment loss	$	**-**	41.2	**-**	41.2
Derivative loss (gain), net	$	**20.0**	-	**(8.8)**	(3.1)
Finance (income) costs, net	$	**(4.5)**	0.7	**(5.2)**	0.8
Foreign exchange (gain) loss	$	**(0.8)**	0.3	**(1.3)**	(1.1)
Current income tax expense	$	**50.7**	20.8	**144.6**	123.4
Deferred income tax recovery	$	**(40.4)**	(5.3)	**(46.9)**	(14.0)
Net income (loss)	$	**34.6**	(0.5)	**188.8**	151.7
Per share - Basic	$/share	**0.40**	(0.01)	**2.20**	1.77
Per share - Diluted	$/share	**0.40**	(0.01)	**2.19**	1.71
Adjusted net earnings[1]	$	**38.3**	32.4	**167.1**	180.0
Per share - Basic[1]	$/share	**0.45**	0.38	**1.95**	2.10
Per share - Diluted[1]	$/share	**0.44**	0.38	**1.94**	2.09
Cost of sales	$/oz	**1,202**	1,235	**1,193**	1,129
Total cash costs[1]	$/oz	**711**	764	**730**	674
Total cash costs margin[1]	$/oz	**1,073**	1,034	**1,079**	1,120
All-in sustaining costs[1]	$/oz	**1,034**	1,079	**1,008**	928
All-in sustaining costs margin[1]	$/oz	**750**	719	**801**	865
Average realized gold price[1]	$/oz	**1,784**	1,798	**1,809**	1,794

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

2022 FINANCIAL RESULTS

Revenue totalled $868.5 million

Revenue for the year ended December 31, 2022 increased compared to the prior year primarily due to a slightly higher average realized gold price, coupled with a 1% increase in oz of gold sold. The Company sold 473,122 oz of gold at an average realized gold price[1] of $1,809 per oz during year ended December 31, 2022, compared to 468,823 oz at an average realized gold price of $1,794 per oz during the year ended December 31, 2021. The average realized gold price in 2022 includes a realized gain of $5.3 million on gold forwards. The increase in oz sold is consistent with a 1% increase in the oz of gold produced. The average gold grade of ore processed and average gold recovery were in line with the prior year with slightly higher volumes processed, leading to the 1% increase in gold produced.

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

Cost of sales was $564.6 million or $1,193 per oz sold

Cost of sales were higher for the year ended December 31, 2022 compared to the year ended December 31, 2021 on both a total and per oz basis. Production costs were primarily higher as a result of a 21% increase in tonnes mined in ELG Underground at a lower average grade mined and cost increases due to global inflationary pressures, including diesel and explosives, which were offset by lower cyanide consumption achieved through blending. Production costs were also lower in 2021 due to the legislative changes to the site-based profit sharing program in 2021, partially offset by lower volumes of capitalized waste stripping in 2021. Royalties represent 2.5% of proceeds from all metal sales and an additional 0.5% of proceeds from gold and silver sales and were higher due to the 1% increase in oz sold, coupled with a higher average realized gold price in the year ended December 31, 2022. Depreciation and amortization were marginally higher than the year ended December 31, 2021 primarily due to the 1% higher oz of gold sold. For 2023, depreciation and amortization is expected to range between $175 million to $200 million.

Total Cash Costs[1] were $730 per oz sold

Total cash costs per oz of gold sold for the year ended December 31, 2022 were 8% higher than the comparative period, primarily due to the higher production costs described above.

All-in Sustaining Costs were $1,008 per oz sold

The increase in AISC compared to the prior year was primarily due to higher total cash costs per oz of gold sold, coupled with higher sustaining capital expenditures, including higher capitalized stripping related to the El Limón pushback.

General and administrative expenses of $24.1 million

General and administrative expenses are comprised primarily of corporate office employee costs, share-based compensation, and professional fee costs. Excluding the remeasurement of share-based payments (loss of $0.4 million year in 2022 versus a gain of $5.9 million for the comparative period), general and administrative expenses would have been lower compared to the year ended December 31, 2021. The decrease is primarily due to lower consulting fees and lower share-based compensation expenses, excluding mark to market remeasurements, as a result of the lower weighted average grant date fair value compared to the prior year.

Impairment loss of nil

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

Derivative gain, net, of $8.8 million

In the first quarter of 2022, the Company entered into gold forward contracts to sell 138,000 oz of gold between October 2022 and December 2023 at prices ranging from $1,906 to $1,942 per oz (or at a weighted average price of $1,921 per oz). In the fourth quarter of 2022, the Company entered into gold forward contracts to sell 60,000 oz of gold between January 2024 and December 2024 at prices ranging from $1,913 to $1,926 per oz (or at a weighted average price of $1,916 per oz). These derivatives have not been designated as hedges; therefore, movements in the fair value of the derivatives are recognized in net income as they occur. The Company realized a gain of $5.3 million on the 30,000 oz of gold forwards that settled during the fourth quarter of 2022 at a weighted average price of $1,910 per oz, which was higher than the gold spot prices at the time of settlement. An unrealized gain of $3.5 million was recognized during the year ended December 31, 2022 on the remaining oz as a result of gold forward prices decreasing from the time the instruments were entered into.

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

In January 2023, the Company entered into additional gold forward contracts to sell 48,000 oz of gold between January 2024 to December 2024 at prices ranging from $1,960 per oz to $1,974 per oz (or at a weighted average price of $1,967 per oz). As a result, the Company has executed gold forward contracts to sell a total of 108,000 oz in 2024 at a weighted average price of $1,939 per oz.

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

Finance income, net of finance costs, of $5.2 million

The increase in finance income, net of finance costs, was primarily related to higher interest income due to higher cash on hand and interest received on the collection of VAT receivables.

Foreign exchange gain of $1.3 million

The foreign exchange gain during the year ended December 31, 2022 is primarily related to a 5.9% appreciation of the Mexican peso since the beginning of 2022.

Current income and mining tax expense of $144.6 million

The increase in current income and mining tax expense during the year ended December 31, 2022 over the comparative period was primarily due to the increase in income before taxes and the currency translation of the tax liability, resulting in higher corporate income tax and the 7.5% Mexican mining royalty.

Deferred income tax recovery of $46.9 million

The deferred income tax recovery was primarily driven by higher depreciation for accounting than for tax purposes, which reduced the difference between the book value and tax value of the assets in the deferred tax calculation, as well as the tax effect of currency translation on the tax base. As at December 31, 2022, the closing value of property, plant and equipment for tax purposes was $19.6 billion pesos and the closing value of inventory for tax purposes was $2.1 billion pesos.

Net income of $188.8 million

Net income during the year ended December 31, 2022 was $188.8 million compared to net income of $151.7 million during the year ended December 31, 2021. The increase was primarily due to a $41.2 million impairment loss in 2021 compared to nil in 2022, higher deferred income tax recovery, an increase in gold revenue, a net derivative gain of $8.8 million on gold contracts entered into in 2022, higher interest income due to higher cash on hand and interest received on the collection of VAT receivables, partially offset by higher production costs and higher current income tax expense.

FOURTH QUARTER 2022 FINANCIAL RESULTS

Revenue totalled $216.5 million

Revenue increased compared to the fourth quarter of 2021 primarily due to a 11% increase in oz of gold sold, partially offset by a slightly lower average realized gold price. The Company sold 121,913 oz of gold at an average realized gold price[1] of $1,784 per oz in the fourth quarter of 2022, compared to 109,391 oz at an average realized gold price of $1,798 per oz in the fourth quarter of 2021. The average realized gold price in the fourth quarter of 2022 includes a realized gain of $5.3 million on gold forwards. The increase in oz sold compared to the fourth quarter of 2021 resulted from a 6% increase in the oz of gold produced, coupled with the higher oz in finished goods inventory at the beginning of the quarter. The increase in gold production was largely due to the higher average gold grade of ore mined and processed and an increase in mining rates from both the ELG open pits and ELG Underground as compared with the fourth quarter of 2021.

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

Cost of sales was $146.6 million or $1,202 per oz sold

Cost of sales was 9% higher compared to the fourth quarter of 2021; however, 3% lower on a per oz basis due to the 11% increase in oz of gold sold. Production costs were higher than the comparative period primarily due to the increase in oz of gold sold, partially offset by higher volumes of capitalized waste stripping in the fourth quarter of 2022. Royalties were higher due to an increase in oz sold in the fourth quarter of 2022, partially offset by a lower average realized gold price. Depreciation and amortization were higher than the fourth quarter of 2021 on a total basis primarily due to the higher oz of gold sold.

Total Cash Costs[1] were $711 per oz sold

Total cash costs per oz of gold sold in the quarter decreased relative to the comparative period, primarily due to the higher oz of gold sold described above and higher capitalized waste stripping.

All-in Sustaining Costs were $1,034 per oz sold

The decrease in AISC relative to the fourth quarter of 2021 was primarily due to lower total cash costs per oz of gold sold, partially offset by higher sustaining capital expenditures, including increased capitalized stripping related to the El Limón pushback.

General and administrative expenses of $8.2 million

General and administrative expenses were higher than the fourth quarter of 2021. Excluding the remeasurement of share-based payments (losses of $2.5 million during the fourth quarter of 2022 and $0.1 million for the comparative period), general and administrative expenses would have been marginally lower compared to the fourth quarter of 2021, primarily due to lower consulting fees.

Impairment loss of nil

During the fourth quarter of 2021, the Company recorded a non-cash impairment charge of $40.7 million with respect to its monorail-based mining system, and $0.5 million related to a provision for obsolescence of materials and supplies. There were no comparable impairment losses during the fourth quarter of 2022.

Derivative loss, net, of $20.0 million

The Company realized a gain of $5.3 million on the 30,000 oz of gold forwards that settled during the fourth quarter of 2022 at a weighted average price of $1,910 per oz, which was higher than the gold spot prices at the time of settlement. An unrealized derivative loss of $25.3 million was recognized in the fourth quarter of 2022 as a result of gold forward prices strengthening during the fourth quarter of 2022.

Finance income, net of finance costs, of $4.5 million

The increase in finance income, net of finance costs, was primarily related to higher interest income due to higher cash on hand and interest received on the collection of VAT receivables.

Foreign exchange gain of $0.8 million

The foreign exchange gain in the fourth quarter of 2022 is primarily related to a 4.7% appreciation of the Mexican peso since the beginning of the quarter.

Current income and mining tax expense of $50.7 million

The increase in current income and mining tax expense during the fourth quarter of 2022 over the comparative period was primarily due to the increase in revenue, the settlement of the derivative contracts during the period, the currency translation of the tax liability and the recognition of the withholding tax on intercompany interest from the deferred tax to current tax, resulting in higher corporate income tax and the 7.5% Mexican mining royalty.

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

Deferred income tax recovery of $40.4 million

The deferred income tax recovery was primarily driven by higher depreciation for accounting than for tax purposes, which reduced the difference between the book value and tax value of the assets in the deferred tax calculation, the tax effect of currency translation on the tax base, the settlement of the derivative contracts during the period and the recognition of the withholding tax on intercompany interest from the deferred tax to current tax.

Net income of $34.6 million

Net income for the quarter was $34.6 million compared to net loss of $0.5 million in the fourth quarter of 2021. The increase in net income was primarily due to $41.2 million impairment loss in the fourth quarter of 2021 compared to no impairment losses in 2022, higher deferred income tax recovery, higher interest income due to higher cash on hand and interest received on the collection of VAT receivables and higher earnings from mine operations, partially offset by a derivative loss of $20.0 million on gold contracts entered into in 2022 and higher current income tax expense.

RESULTS OF OPERATIONS

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

Table 4.

		Three Months Ended			Year Ended	
		Dec 31, 2022	Sep 30, 2022	Dec 31, 2021	**Dec 31, 2022**	Dec 31, 2021
Mining						
Total ELG Open Pits						
Ore tonnes mined	kt	**959**	883	864	**3,891**	4,761
Waste tonnes mined	kt	**8,546**	9,097	8,972	**34,560**	34,923
Total tonnes mined	kt	**9,505**	9,980	9,836	**38,451**	39,684
Ore tonnes mined per day	tpd	**10,420**	9,598	9,392	**10,660**	13,044
Strip ratio	w:o	**8.9**	10.3	10.4	**8.9**	7.3
Average gold grade of ore mined	gpt	**3.06**	3.02	2.75	**3.16**	2.80
ELG Underground						
Ore tonnes mined	kt	**155**	143	95	**556**	461
Ore tonnes mined per day	tpd	**1,685**	1,554	1,036	**1,523**	1,264
Average gold grade of ore mined	gpt	**6.19**	6.06	6.99	**6.06**	7.07
ELG Open Pits and Underground						
Ore tonnes mined	kt	**1,114**	1,026	959	**4,447**	5,222
Ore tonnes mined per day	tpd	**12,109**	11,152	10,428	**12,184**	14,426
Average gold grade of ore mined	gpt	**3.50**	3.44	3.17	**3.53**	3.18
Processing						
Total tonnes processed	kt	**1,141**	1,199	1,160	**4,599**	4,512
Average plant throughput	tpd	**12,404**	13,037	12,612	**12,600**	12,362
Average gold recovery	%	**88.4**	89.8	87.5	**88.3**	88.3
Average gold grade of ore processed	gpt	**3.78**	3.38	3.35	**3.64**	3.65
Gold produced	oz	**116,196**	122,208	109,411	**474,035**	468,203
Gold sold	oz	**121,913**	119,834	109,391	**473,122**	468,823
Financial Metrics						
Total cash costs[1]	$/oz	**711**	760	764	**730**	674
Total cash costs margin[1]	$/oz	**1,073**	955	1,034	**1,079**	1,120
All-in sustaining costs[1]	$/oz	**1,034**	1,059	1,079	**1,008**	928
All-in sustaining costs margin[1]	$/oz	**750**	656	719	**801**	865
Average realized gold price[1]	$/oz	**1,784**	1,715	1,798	**1,809**	1,794

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

Mining

A total of 1,114 kt of ore were mined in the fourth quarter of 2022, including 959 kt from the ELG open pits and 155 kt from ELG Underground. Average waste to ore strip ratio (“strip ratio”) in the open pits was 8.9:1. Excluding 117 kt of long-term, low-grade ore, the average gold grade of ore mined was 3.79 gpt.

In the fourth quarter of 2021, 959 kt of ore were mined, including 864 kt from the ELG open pits and 95 kt from ELG Underground, with an average strip ratio in the open pits of 10.4:1. Excluding 95 kt of long-term, low-grade ore, the average gold grade of ore mined was 3.41 gpt in the fourth quarter of 2021.

A total of 4,447 kt of ore were mined in 2022, including 3,891 kt from the ELG open pits and 556 kt from ELG Underground. Average strip ratio in the open pits was 8.9:1. Excluding 354 kt of long-term, low-grade ore, the average gold grade of ore mined was 3.76 gpt.

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

As at December 31, 2022, there were 4.7 mt of ore in stockpiles at an average grade of 1.26 gpt. Excluding 2.4 mt of long-term, low-grade stockpiles at an average grade of 0.95 gpt, the remaining 2.3 mt of ore in stockpiles are at an average grade of 1.58 gpt.

Plant Performance

Plant throughput achieved an average rate of 12,404 tpd, lower than the preceding quarter, and mostly affected by unplanned shutdowns in both the SAG and ball mills. The annual average milling rate was 12,600 tpd, a historical record for plant operations. In the fourth quarter of 2022, the Company incurred $7.9 million in cyanide costs at a consumption rate of 2.57 kilograms per tonne milled, which was comparable to the preceding quarter. Overall cyanide consumption for the year was 2.52 kilograms per tonne milled, lower than the 2021 rate of 4.69 kilograms per tonne milled. Gold recovery was 88.4% for the quarter and 88.3% for the year, marginally lower than the budgeted value of 89%, yet remaining higher than the design rate of 87%.

Gold Production and Sales

In the fourth quarter of 2022, 116,196 oz of gold were produced and 121,913 oz of gold were sold. Production in the fourth quarter of 2022 was higher than the comparative period primarily due to the higher average gold grade of ore processed.

In 2022, 474,035 oz of gold were produced and 473,122 oz were sold – both annual records for the Company, surpassing the previous annual record in 2021 of 468,203 oz produced and 468,823 oz sold.

ENVIRONMENT, SOCIAL & GOVERNANCE

Safety

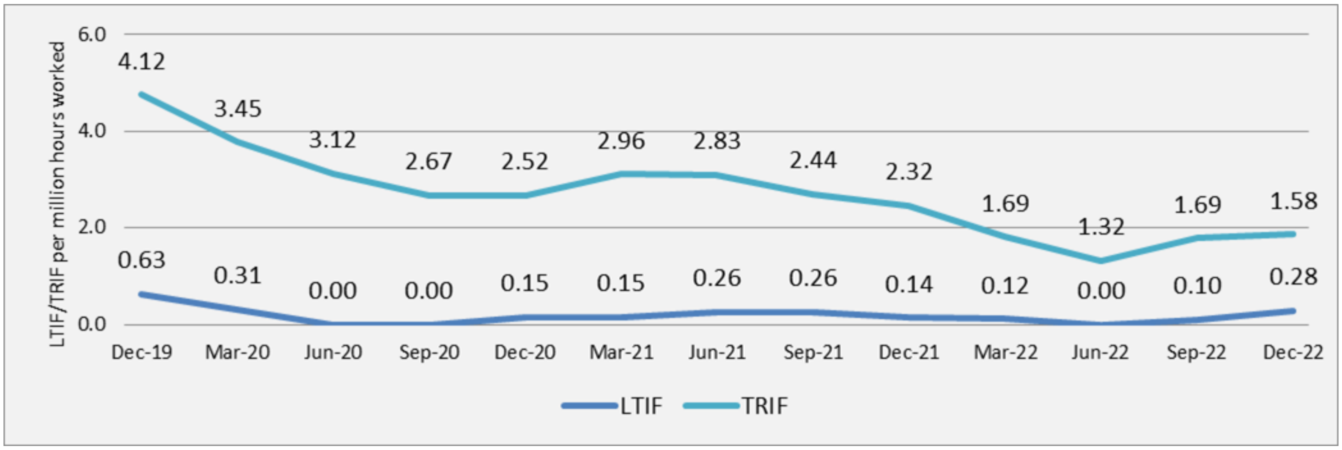
As at December 31, 2022, the Company's lost-time injury frequency (LTIF) was 0.28, and its total recordable injury frequency (TRIF) was 1.58, with no fatalities. Both rates include employees and contractors and are calculated per million hours worked on a rolling 12-month basis.

The following lost-time injuries were recorded: in July 2022, a contractor suffered a finger injury working on the Media Luna Project; in October 2022, an employee suffered a fractured forearm; in November 2022, a contractor injured his eye while doing routine work to reinstall a tire on the wheel of a backhoe; and in January 2023, a contractor sustained a finger pinch.

In November 2022, the Mexican Labor Secretariat completed a formal inspection at the ELG Mine Complex focused on regulatory compliance on Health and Safety Conditions for Underground and Open Pit Mines. The inspection included a review of systems, procedures, training compliance, field visits and conversations with employees and contractors. The inspection found 100% compliance, with no additional requirements or recommendations.

The Company's fatigue management program (SmartCap) completed its final stage of implementation on all open-pit mobile equipment. Data collected through 2023 using the open pit equipment will allow the team to prepare for the implementation of SmartCap in the new underground mine mobile fleet in 2024.

Lost-Time Injury Frequency and Total Recordable Injury Frequency Per Million Hours Worked on a Rolling 12-Month Basis: December 2019 – December 2022



COVID-19 Update

As of the beginning of January 2023, mandatory COVID-related restrictions in the operations were eased given 100% vaccination rates and a significant reduction in COVID-19 cases. In partnership with Mexican regulatory authorities, boosters are being offered to personnel at the site, and the Company will continue to follow any mandatory requirements enforced by state or federal governments moving forward.

Environment & Climate Change

There were no reportable spills or environmental incidents during the quarter and there are currently no material claims, demands, or legal proceedings against the Company related to environmental matters. As such, the Company has met its 2022 objective of zero reportable spills of 1,000 litres or more that report to a natural water body.

In November 2022, the Company released its inaugural Climate Change Report (the "Report") aligned with the recommendations of the Task Force on Climate-Related Financial Disclosure ("TCFD"). The Report includes greenhouse gas ("GHG") emissions reduction targets in support of its overall commitment to achieve net zero GHG emissions by 2050, which include a 10% reduction in absolute emissions (reduction of Scope 1 and 2 GHG emissions by 2030 compared to actual 2021 baseline); otherwise stated as a 25% reduction in business as usual emissions (reduction of Scope 1 and 2 GHG emissions in 2030 forecasted if no action is taken on intervention measures to reduce carbon emissions at the Media Luna Project). The Report contains a detailed action plan to meet the targets, which includes commissioning of a 8.7 MW solar plant, use of electric vehicles at Media Luna, ventilation on demand at ELG, diesel and biodiesel tracking, and a carbon management plan. The Report is available on the Company's website at www.torexgold.com.

Community & Government Relations

Relationships with local communities continue to be positive and productive.

During the quarter, the Company continued to invest in local communities both directly and through the implementation of unique community development agreements (known locally as CODECOPs) with eleven local communities. The CODECOPs define projects to be delivered in partnership with local communities, as defined by local CODECOP committees, including infrastructure, water, sewage, education and health initiatives.

In October 2022, the reestablishment of the Guerrero Mining Council was officially celebrated with industry officials and Governor of Guerrero State Evelyn Salgado Pineda, as a means to undertake actions to strengthen the sector. Torex Gold is an active participant on the Council.

In November 2022, the Company organized an event called 'Social Voices of Mining', to raise awareness about the impact of mining and the Company's activities in Guerrero. A number of forums, panels and presentations took place throughout the day, in a manner that fostered two-way dialogue from attendees. In total, approximately 500 people participated in the event, representing sectors such as government, business, academia, community and civil society.

ESG Performance, Disclosure and Reporting Standards

The Company continued to advance the implementation of a comprehensive, integrated 3-year workplan to work toward compliance with global ESG standards including the World Gold Council Responsible Gold Mining Principles (RGMPs), the International Cyanide Management Code (ICMC), the Global Industry Standard on Tailings Management (GISTM) and the Voluntary Principles on Security and Human Rights.

In December 2022, the Company's World Gold Council RGMP Year Two Implementation Progress Report (as of November 2022) was publicly disclosed on the Company's website at www.torexgold.com. The Year Two Report highlights the Company's progress in reaching compliance with the RGMPs in 2022, and provides independent assurance of progress from KPMG.

DEVELOPMENT ACTIVITIES

Media Luna Project Update

Following the completion of the Media Luna Feasibility Study and receipt of project approval by the Board of Directors, the Company commenced the execution phase of the Media Luna Project on April 1, 2022. During the fourth quarter, the ramp-up of project activities continued as work advanced on the north and south sides of the Balsas River. The project team continued its focus on the issuance of requests for proposals to the market for key long-lead equipment supply to both support engineering development and lock-in lead times to conform to the Project construction schedule. Additional key agreements were tendered and awarded related to surface work development contracts.

Total budgeted spend post March 31, 2022 related to the development of the Media Luna Project is unchanged at $874.5 million. As of December 31, 2022, the Company had commitments in place for $229.7 million of project expenditures (approximately 26%), including $124.7 million of expenditures incurred (approximately 14%). Based on purchase orders and contracts awarded to date, project costs in general are tracking well to the costs outlined in the Technical Report.

A summary of the Project expenditures can be found in the following table.

Table 5.

In millions of U.S. dollars, unless otherwise noted		Media Luna Project Capital
Per Technical Report	$	848.4
Adjustment for Q1 2022 underspend	$	26.1
Total budgeted spend post March 31, 2022	$	874.5
Expenditures incurred post March 31, 2022[1,2]	$	124.7
Remaining spend[2]	$	749.8
Percentage complete - relative to budgeted spend	%	14
Percentage complete - construction progress	%	15

1. Cumulative capital expenditures incurred on the Media Luna Project from commencement of construction as of April 1, 2022.
2. Excludes borrowing costs capitalized.

Torex expects to incur $390 to $440 million of non-sustaining capital expenditures at Media Luna in 2023, which is forecasted to be the peak year of investment. Quarterly expenditures are expected to remain relatively consistent through H1 2024, before declining as development activities wind down ahead of commercial production, which is anticipated in early 2025.

With project completion at 15% as of December 31, 2022, the Media Luna Project remains on track for first production in late 2024, following the tie-in of the copper and iron flotation circuits with the existing processing plant.

As reported in the previous quarter, the procurement phase for high volume, non-schedule critical procurement packages has taken additional time, given the push to expand the pool of vendors with a view to securing competitive pricing.

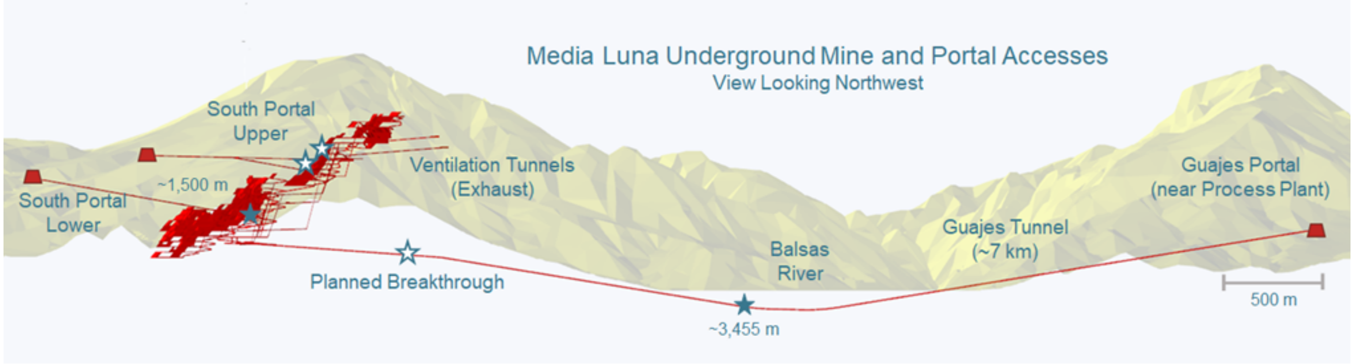
During the fourth quarter, the Company awarded multiple contracts and issued multiple purchase orders, including the Guajes conveyor radial stacker, cleaner flotation cells, samplers and analyzers, pumps, rock breakers, as well as electrical transformers and switch gear. Letters of intent were signed for the production mobile equipment fleet in December and support mobile equipment fleet post year-end, with purchase orders nearing completion. The upfront costs and delivery windows for both the battery electric vehicle and diesel vehicle portions of the fleet are in line with the lead times assumed in the original project schedule.

Detailed engineering is tracking ahead of procurement activity. All critical path engineering is on track. Surface engineering during the period focused on finalization of key process equipment sizing and specifications as well as continued detailing of the new flotation plant. Underground engineering advanced layout work related to infrastructure such as maintenance bays, refuge stations, west vent adit, as well as ore and waste handling systems.

Steady progress was made in advancing the Guajes Tunnel and South Portals. Breakthrough of the Guajes Tunnel on the south side of the Balsas River remains on track for Q1 2024, which is expected to provide ample time to hang the conveyor (approximately four months) and ensure all services are in place to connect Media Luna with the upgraded processing plant on the north side of the Balsas River.

Daily advance rates in the Guajes Tunnel averaged 6.4 metres during Q4 2022, including a record average daily advance rate of 7.2 metres during December. As at December 31, 2022, the Guajes Tunnel had advanced approximately 3,250 metres (3,455 metres as of end of January 2023), and successfully crossed under the Balsas River with no issues related to ground conditions or water. At South Portal Lower, development of the main lower ramp has commenced, with the main tunnel drive recently completed. Steady progress was made on ventilation during the fourth quarter, with Guajes Tunnel ventilation raise bore advancing (70 metres of 180 metres completed) and additional vent fans installed at both South Portal Upper and Lower.

Breakthrough of Guajes Tunnel on schedule for Q1 2024 (advance rates as at end of January)



During the fourth quarter, multiple surface construction projects were advanced, including slope stabilization along the access road to South Portal Lower, pad preparation for the paste plant and back-up generators adjacent to South Portal Upper, and development of the Mazapa bypass road. Key projects that kicked off in Q4 include construction of settling and decant ponds, and expansion of the MML construction camp.

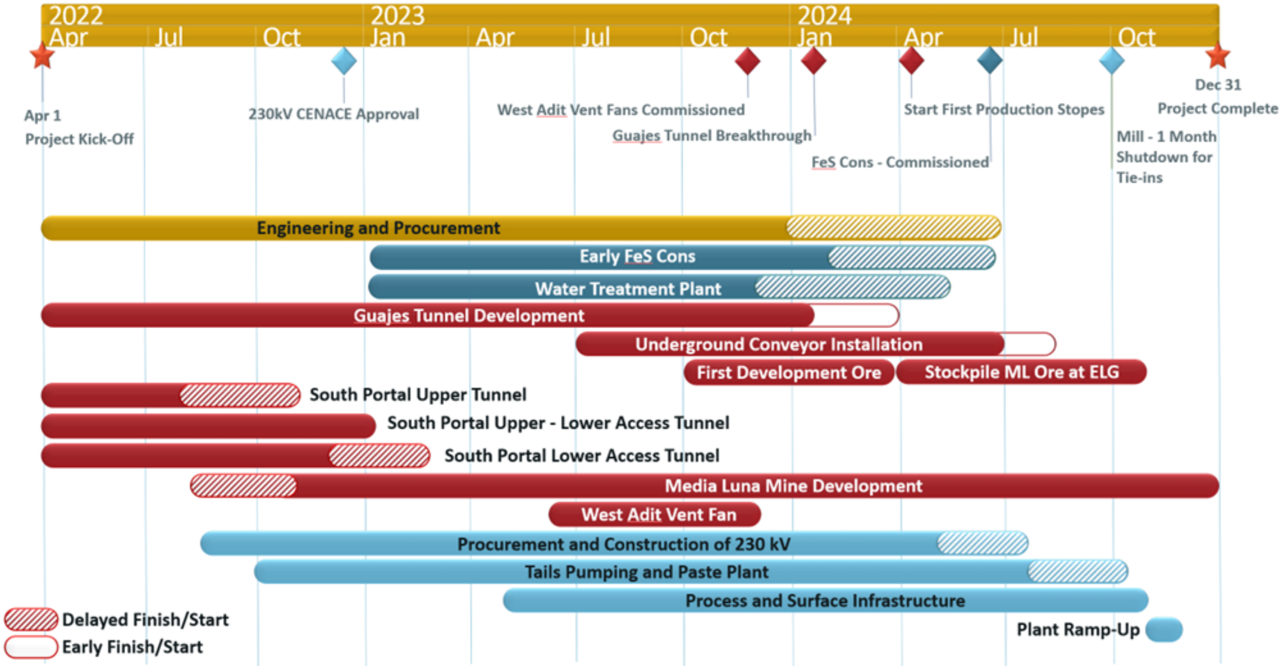
In parallel with development and construction activities, the surface and underground operational readiness teams have been staffed, and planning is progressing. These operational readiness teams are accountable for ensuring that processes and systems for all new work areas are established and ready in advance of the handover from the project team to operations. This includes workforce transition planning and training, developing the operating strategy, including all standard operating procedures, the maintenance plans for all fixed and mobile equipment, blend and feed strategies, detailed commissioning plans, first fills, concentrate shipment logistics, and all other requirements to ensure a smooth ramp up to commercial production in Q1 2025.

Based on progress to date as well as refreshed assumptions following the completion of the Technical Report last year, the Company has refined the project execution plan accordingly.

Key adjustments to the project execution plan include:

- Engineering and procurement phase has been extended six months to June 2024, mainly related to non-schedule critical procurement packages.
- Early installation of the iron sulphide (FeS) concentrator and the water treatment plant pushed back by four months, with completion dates well ahead of commissioning the process plant in October 2024.
- Breakthrough of the Guajes Tunnel advanced two months to early January 2024, resulting in the anticipated installation of Guajes conveyor a month earlier than originally scheduled.
- Completion of the paste plant pushed out three months to October 2024, reflecting additional time taken for a peer review and subsequent refinements to the original design.

A summary of the Media Luna Project schedule can be found in the following chart.



The updated plan reflects the Company’s latest estimates for the completion of key project deliverables, which have not impacted the overall project schedule given the original plan had assumed the potential for adjustments within the schedule and potential supply chain disruptions.

EXPLORATION AND DRILLING ACTIVITIES

There is significant potential to expand Mineral Reserves in ELG Underground, within the broader Media Luna area, and across the entire Morelos land package, which is 75% unexplored. The Company invested $36.5 million in exploration and drilling in 2022, with the purpose of increasing the overall resource and reserve base of the Morelos Property. An additional $39.0 million is planned to be invested in 2023.

Table 6.

In millions of U.S. dollars		Guided Expenditure (2023)	**Total Expenditure (2022)**	Guided Expenditure (2022)	Total Expenditure (2021)
Media Luna drilling - capitalized[1]	$	20.0	**19.2**	19.0	22.0
ELG:					
ELG infill and step-out drilling - capitalized[2]	$	6.0	**4.0**	6.0	4.4
ELG near mine program - expensed[3]	$	6.0	**5.3**	6.0	4.0
Regional exploration and drilling - expensed[3]	$	2.0	**3.2**	3.0	3.0
Definition and grade control drilling - expensed[4]	$	5.0	**4.8**	5.0	4.9
Total	$	39.0	**36.5**	39.0	38.3

1. Included in non-sustaining capital.
2. Included in sustaining capital.
3. Included in exploration and evaluation expenses as reported on the Consolidated Statements of Operations and Comprehensive Income.
4. Included in production costs as reported on the Consolidated Statements of Operations and Comprehensive Income.

Media Luna Drilling

During the fourth quarter of 2022, a total of 9,976 metres were drilled in the Media Luna cluster, which included the Media Luna, EPO infill, and EPO expansion programs.

The EPO program is divided into two phases. The objective of the first phase is to upgrade a portion of the 8 mt of Inferred Resources to Indicated, referred to as the infill drill program, and the second phase is to add additional Inferred Resources, referred to as the expansion drill program[1]. In the fourth quarter, the programs together completed 7,403 metres, with 4,858 metres drilled in the infill program and 2,545 metres from the expansion program.

Both programs advanced in parallel and were fully completed in 2022. Results to date confirm the extension of the EPO zone to the south. EPO represents an important area for potentially adding new resources in the Media Luna cluster. Geophysics and the ongoing drilling confirm the continuity of the skarn and the mineralization, and that the EPO area remains open to the north, south and west.

An additional 1,837 metres of drilling was also completed near the main Media Luna ore body with an aim of adding new Inferred Resources.

The original Media Luna cluster program planned the use of seven rigs, however, due to water availability, the program was conducted with five rigs. Despite these constraints, the program advanced according to the plan with 100% of the overall program completed (159 holes finished [not including pilot and lost holes]).

ELG Infill and Step-Out Drilling

Infill and step-out drilling is carried out every year at ELG to increase the confidence in the Mineral Resource models used in the mine plans, and to expand the existing resources along extensions to current operations.

Infill drilling is targeting to upgrade Inferred Resources to the Measured and Indicated Resource categories within the open pits and the Sub-Sill and ELD underground deposits. Step-out drilling is targeting to expand known

[1] For more information on expansion drilling, see the Company's news release titled "Torex Gold Reports Results of Expansion Drilling within Media Luna Cluster" issued on July 7, 2022, and filed on SEDAR at www.sedar.com and on the Company's website at www.torexgold.com.

mineralization and/or upgrade mineralized material to new Mineral Resources in lateral and vertical extensions to current underground workings in both deposits, as well as expanding other zones such as Sub-Sill South and El Limón Sur.

The infill and step-out drilling programs conducted in prior years have been successful in adding Measured and Indicated Resources and defining additional mineralized material to maintain production rates, which have the potential to extend the life of the mine.

In 2022, the Company planned to drill 27,000 metres within ELG Underground through a mix of infill and step-out drilling, compared to 26,030 metres drilled in 2021. As at the end of the fourth quarter of 2022, 21,922 metres of drilling, specific to the ELG Underground program, have been completed. The lower than planned drilling in 2022 is due to the timing of contractual arrangements with the drilling supplier. In addition, 5,211 metres of infill drilling have been completed in El Limón and El Limón Sur open pits.

The 2022 underground program started in January with one drill rig in operation and ramped up in July with three drill rigs operating full time. During the fourth quarter of 2022, a total of 7,751 metres were drilled at ELD and Sub-Sill deposits. In both deposits, the program was focused on southern extensions including the new Sub-Sill South area. The program will continue to focus on defining new resources in both deposits, in lateral extensions and at depth from the newly enabled drilling platform in Portal 3.

No open pit infill drilling was performed in the fourth quarter of 2022.

ELG Near Mine Program

The objective of the near mine drilling program is to explore additional geological potential within the ELG Mine Complex and identify new mineralized material. Over the last year, the ELG operations and exploration geology teams have conducted an extensive evaluation of the potential for additional discoveries around ELG mining areas. Nine well-supported target areas in the near-mine environment have been identified. In 2021, a total of 21,313 metres were drilled in areas around current operations at ELG, with a view to identifying and prioritizing the best targets to follow up in 2022. The 2022 program allocated a total of 28,500 metres for exploration of underground resources at El Limón Sur and El Limón East areas, and for potential open pit resources at Polvorin in the Guajes area.

During the fourth quarter, 3,045 metres in 16 holes were drilled at El Limón Sur in order to explore its underground potential south of the current underground operations. To date, the near mine program totals 28,763 metres completed, representing 100% of the total program metres. Results available for the fourth quarter drilling are positive, confirming the underground potential south of current operations. The evaluation of the results from the targets is in progress to decide on next steps. The positive results of the high-resolution magnetometry survey completed in the second quarter of 2022 over the entire ELG Mine Complex, and its correlation with known mineralized areas, was analyzed in detail. A drilling program is planned for 2023 to test some of the magnetic anomalies where the current geological interpretation, based on restricted deep drilling data, indicates potential skarn mineralization. Complementary geophysical surveys have been considered in others.

Surface reconnaissance work carried out in the area of La Guadalupe yielded positive results. La Guadalupe is part of a group of small old mining works, located approximately 800 metres to the east of the El Limón pit. Reconnaissance work in this area will continue in 2023.

The ELG brownfield program will continue in 2023, with the intention to add additional mine life to operations at the ELG Mine Complex. Positive exploration results reinforce the Company's confidence in extending the life of ELG Underground beyond current reserves, and to maintain a consistent underground production profile beyond 2027.

Regional Exploration and Drilling

The Morelos Property covers 29,000 hectares of highly prospective terrain in the prolific Guerrero Gold Belt in Mexico. More than ten target areas have been identified through a combination of surface mapping, sampling, and remote sensing work. Exploration along the property was reactivated in 2019, which started with a review of historical targets and additional target generation.

The Company allocated $3.0 million in the 2022 budget to fund the expansion of a regional greenfield exploration program within the Morelos Property. The 2022 exploration program focused on testing the most prospective targets including Esperanza, Querenque, and Tecate on the northern portion of the property. Planned work completed in 2022 includes detailed surface mapping and sampling, geophysical surveys and drilling. A total of $1.4 million was spent in the fourth quarter of 2022 on drilling (Esperanza-Naranjo), geophysics mapping, and sampling. This forms part of a longer-term exploration strategy intended to identify and prove up sources of mill feed to extend the life of ELG and Media Luna, and to increase annual production post-2027.

During the fourth quarter, exploration of the Morelos Property focused on surface mapping and sampling in the northern part of Esperanza. A total of 3,008 metres were drilled on the Esperanza target. Both holes intersected a series of intrusive and altered breccias which suggest that the Esperanza area is a geological domain similar to the Querenque area. Results from these holes are pending.

A hole in the Naranjo-La Fe target (~800 metres to the west of EPO) was also completed with 735 metres as part of the scouting plan to test the geophysical anomaly in this area. 10 metres of skarn were intercepted on this hole, of which results are pending.

FINANCIAL CONDITION REVIEW

Summary Balance Sheet

The following table summarizes key balance sheet items as at December 31, 2022:

Table 7.

In millions of U.S. dollars		**Dec 31, 2022**		Dec 31, 2021
Cash and cash equivalents	**$**	**376.0**	$	255.7
Value-added tax receivables		**48.2**		63.0
Inventory		**120.2**		123.3
Deferred income tax assets		**90.4**		55.4
Property, plant and equipment		**931.9**		836.1
Other assets		**26.6**		25.4
Total assets	**$**	**1,593.3**	$	1,358.9
Accounts payable and accrued liabilities	**$**	**132.8**	$	121.4
Income taxes payable		**107.9**		70.9
Deferred income tax liabilities		**11.4**		23.3
Decommissioning liabilities		**40.5**		37.3
Other liabilities		**10.6**		5.6
Total liabilities	**$**	**303.2**	$	258.5
Total shareholders' equity	**$**	**1,290.1**	$	1,100.4

Cash and cash equivalents

The Company ended 2022 with cash and cash equivalents on hand of $376.0 million. The Company primarily holds cash balances in U.S dollars but also holds accounts in Canadian dollars and Mexican pesos for operating and administrative purposes.

Value-added tax ("VAT") receivables

VAT decreased by $14.8 million compared to December 31, 2021, primarily as a result of delays in receipt of $13 million of refunds in the fourth quarter of 2021, which was collected in 2022. In addition, during 2022, the Company collected $7.3 million related to VAT from years prior to 2021. The VAT receivables are primarily denominated in Mexican pesos. The VAT receivables balance fluctuates as additional VAT is paid and refunds are received, as well as with the movement of the Mexican peso exchange rate relative to the U.S. dollar and any provisions.

Inventory

The decrease in inventory is largely due to lower stockpile ending balances, partially offset by an increase in materials and supplies.

Deferred income tax assets

The deferred tax asset relates to tax losses at the parent company level, and tax pools and temporary differences in Mexico. The increase in the deferred tax asset is primarily driven by higher depreciation for accounting compared to tax purposes, which reduces the difference between the book value and tax value of the assets, as well as the tax effect of currency translation on the tax base.

Property, plant and equipment

Property, plant and equipment increased due to additions of $315.1 million and an increase in the estimated discounted closure and rehabilitation costs on decommissioning liabilities of $1.7 million, partially offset by depreciation of $221.0 million. See Table 11 for a breakdown of capital expenditures during the year ended December 31, 2022.

Other assets

The other assets balance includes accounts receivable, prepaid expenses, advances and deposits and derivative contract assets. The increase in other assets is primarily due to derivative assets for gold forward contracts that were entered into during 2022. The increase in other assets is partially offset due to decreases in trade receivables of $0.8 million as a result of the timing of receipts.

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities have increased since December 31, 2021, primarily due to the timing and payments of trade payables and accrued liabilities. Accounts payable and accrued liabilities is generally highest at year end due to the full year accrual of the site-based profit sharing program and the timing of payments over the holiday season.

Decommissioning liabilities

Decommissioning liabilities increased by $3.2 million primarily due to the effect of additional disturbances as a result of ongoing mining operations and the development of Media Luna and the effect of foreign exchange rate changes. These increases were partially offset by certain reclamation expenditures associated with the plant and associated infrastructure which were previously planned for the end of the ELG open pits; however, with the approval of the Media Luna Project extending the life of the plant and other assets, the related reclamation expenditures have been delayed until the end of the current life of mine of the Media Luna Project.

Income taxes payable

The increase in the balance is primarily due to income tax expense of $144.6 million, partially offset by corporate income tax payments of $77.0 million and the 7.5% Mexican mining royalty of $30.3 million paid in the first quarter of 2022 in respect of 2021.

Other liabilities

Other liabilities include lease obligations, of which $2.6 million is in current liabilities and $1.3 million in non-current liabilities, as well as a non-current liability of $2.0 million relating to the derivative contracts based on gold forward prices as at December 31, 2022.

DEBT FINANCING

2021 Revolving Facility

On March 30, 2021, the Company’s subsidiary Minera Media Luna, S.A. de C.V (“MML”) signed a Third Amended and Restated Credit Agreement (the “TARCA”) with the Bank of Montreal, BNP Paribas, ING Bank N.V., Dublin Branch, Société Générale and the Bank of Nova Scotia in connection with a two-year secured $150.0 million revolving debt facility (the “2021 Revolving Facility”), resulting in the refinancing of the 2019 debt facility. Proceeds of the 2021 Revolving Facility were permitted to be used for general corporate and working capital purposes, including development expenditures and certain acquisitions, and 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 allowed the Company to make distributions to its shareholders in the aggregate amount of up to C$100.0 million, subject to the conditions of the 2021 Revolving Facility.

The 2021 Revolving Facility bore interest at a rate of LIBOR (subject to a zero floor) plus an applicable margin based on the net leverage ratio on any loan or letter of credit outstanding ranging from 2.75% to 3.75%.

The 2021 Revolving Facility was to mature on March 30, 2023 with a step down in capacity by $25.0 million on September 30, 2022 and again on December 31, 2022.

2022 Revolving Facility and Term Loan

On August 17, 2022, the Company (as borrower) signed a Fourth Amended and Restated Credit Agreement (the "FARCA") with the Bank of Montreal, Bank of Nova Scotia, Canadian Imperial Bank of Commerce, ING Capital LLC, National Bank of Canada, and Société Générale (the "Banks") in connection with a secured $250.0 million debt facility (the "Debt Facility"), replacing the TARCA (under which the Company's subsidiary MML was the borrower). The Debt Facility consists of a $100.0 million term loan (the "Term Facility") and a $150.0 million revolving debt facility (the "Revolving Facility"). As at December 31, 2022, the Company had nil borrowings on the Debt Facility and had drawn $3.4 million in letters of credit, reducing the available liquidity of the Debt Facility to $246.6 million. Proceeds of the Debt Facility may be used for general corporate purposes, including certain development expenditures and acquisitions, in all cases subject to the conditions of the Debt Facility.

The Debt Facility bears an interest rate of Term SOFR (subject to a zero floor), a forward-looking term rate based on SOFR, plus a credit spread adjustment and an applicable margin based on the Company's leverage ratio. The applicable margin applied is 2.50% based on a leverage ratio less than 1.0 times, 2.75% at a ratio less than 2.0 times, 3.00% at a ratio less than 2.5 times, and 3.50% at a ratio equal to or greater than 2.5 times. The credit spread adjustment will range from 0.10% to 0.25%.

The $150.0 million Revolving Facility matures on December 31, 2025 and is subject to quarterly commitment reductions of $12.5 million commencing on March 31, 2024. The $100.0 million Term Facility can be drawn until December 31, 2023, matures on June 30, 2025 and is subject to four equal quarterly repayment instalments commencing on September 30, 2024. Both the Revolving Facility and Term Facility can be repaid in full anytime without penalty.

The Debt Facility permits spending to facilitate the development of the Media Luna Project and other existing and future projects of the Company. The development expenditures are subject to the conditions of the Debt Facility, including compliance with financial covenants related to maintaining a net leverage ratio of less than or equal to 3.0, an interest coverage ratio of greater than or equal to 3.0 and minimum liquidity of $50.0 million.

The Debt Facility is secured by all of the assets of the Company and its material subsidiaries, which currently are its subsidiaries with a direct or indirect interest in the ELG Mine Complex and/or the Media Luna Project.

As at December 31, 2022, the Company was in compliance with the financial and other covenants under the FARCA. The FARCA is available under the Company's profile on SEDAR at www.sedar.com.

LIQUIDITY AND CAPITAL RESOURCES

The total assets of the Company as at December 31, 2022 were $1,593.3 million (December 31, 2021 - $1,358.9 million), which includes $376.0 million in cash and cash equivalents (December 31, 2021 - $255.7 million).

Net cash generated from operating activities before changes in non-cash operating working capital was $382.3 million during the year ended December 31, 2022, compared to $365.2 million during the year ended December 31, 2021. The increase in net cash generated from operating activities before changes in non-cash operating working capital of $17.1 million is largely due to the higher oz of gold sold, the higher average realized gold price and lower income taxes paid, partially offset by higher production costs.

Net cash used in investing activities during the year ended December 31, 2022 was $280.5 million compared to $203.7 million during the year ended December 31, 2021. Net cash used in investing activities was higher primarily due to an increase in additions to property, plant and equipment, largely related to the Media Luna Project, and the release of short-term investments during the year ended December 31, 2021.

Net cash used in financing activities for the year ended December 31, 2022 primarily related to lease principal payments of $3.9 million, transaction costs primarily related to the FARCA of $2.7 million and interest paid of $1.1 million. The net cash used in financing activities for the comparative period related to the full repayment of the 2019 Debt Facility of $40.0 million, lease principal payments of $2.7 million, interest paid of $1.7 million and transaction costs related to the TARCA of $0.5 million.

The Company does not currently have any debt outstanding and has $146.6 million available under the Revolving Facility with $3.4 million drawn in letters of credit, and $100.0 million available under the Term Facility. The Revolving Facility matures on December 31, 2025 and is subject to quarterly commitment reductions of $12.5 million commencing on March 31, 2024. The Term Facility can be drawn until December 31, 2023, matures on June 30, 2025 and is subject to four equal quarterly repayment instalments commencing on September 30, 2024. The Company expects to fund the development of the Media Luna Project and its exploration plans using available liquidity, including the Debt Facility, and forecasted future cash flow. The Company continues to assess alternatives including the high yield market, assuming favourable market conditions and pricing.

As at December 31, 2022, the Company's contractual obligations included office lease agreements; office equipment leases; long-term land lease agreements with Rio Balsas, Real del Limón, Atzcala, Puente Sur Balsas and Valerio Trujano Ejidos and the individual owners of land parcels within certain of those Ejido boundaries; and contractual commitments related to the purchases of goods and services used in the operation of the ELG Mine Complex and the Media Luna Project. All long-term land lease agreements can be terminated within one year at the Company's discretion at any time without penalty.

In addition, production revenue from certain concessions is subject to a 2.5% royalty payable to the Mexican Geological Survey agency. The royalty is accrued based on revenue and is payable on a quarterly basis. In the year ended December 31, 2022, the Company paid $21.3 million for the 2.5% royalty relating to the fourth quarter of 2021 and the first, second and third quarters of 2022. As at December 31, 2022, the Company has accrued $5.6 million for the 2.5% royalty relating to the fourth quarter of 2022 (December 31, 2021 - $5.1 million).

The Company is subject to a mining tax of 7.5% on earnings before the deduction of taxes, interest, depreciation and amortization, and a royalty of 0.5% on sales of gold, silver and platinum. Both the mining tax and 0.5% royalty are payable on an annual basis. In March 2022, the Company paid $34.6 million in respect of the 7.5% and 0.5% royalties for 2021. As at December 31, 2022, the Company has accrued $28.0 million and $4.3 million for the 7.5% and 0.5% royalties to be paid in March 2023, respectively (December 31, 2021 - $39.7 million and $4.2 million accrued for the 7.5% and 0.5% royalties to be paid in March 2022, respectively).

Quarterly production through 2023 is expected to be the lowest in the third quarter and the highest in the fourth quarter, with relatively similar levels of production anticipated in the first and second quarters. The quarterly variability is attributed to sequencing of the ELG open pits, which is expected to result in processed grades decreasing slightly in the third quarter and peaking in the fourth quarter. However, given timing of tax and employee profit sharing payments, the Company's net cash generated from operating activities is generally weighted towards the second half of the year as was the case in 2022 and 2021. Production in the fourth quarter of 2022 was lower than production during the third quarter of 2022, primarily due to lower processing throughput and a lower average gold recovery, partially offset by higher average grade processed.

The trends that affect the Company's liquidity are further described in the "Economic Trends" section of this MD&A.

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

Contractual Commitments

Table 8.

In millions of U.S. dollars		Payments Due by Period Total	Less than 1 year	1-3 years	4-5 years	Greater than 5 years
Operating commitments[1]	$	218.9	150.5	68.4	-	-
Capital commitments[1]	$	116.0	85.8	30.2	-	-
Accounts payable and accrued liabilities	$	132.8	132.8	-	-	-
Lease obligations	$	5.2	2.7	2.0	0.5	-
Total	$	472.9	371.8	100.6	0.5	-

1. Certain contractual commitments may contain cancellation clauses; however, the Company discloses its commitments based on management's intent to fulfill the contracts.

OUTSTANDING SHARE DATA

Table 9.

Outstanding Share Data as at February 22, 2023	Number
Common shares	85,876,599
Share purchase options[1]	24,707
Restricted share units[2, 3]	576,580
Performance share units[4]	602,337

1. Each share purchase option is exercisable into one common share of the Company. As of January 1, 2022, the Company does not intend to issue new share purchase options and the plan will terminate when the last of the outstanding share purchase options are exercised or expire.
2. Each restricted share unit is redeemable for one common share of the Company.
3. The balance includes both Restricted Share Units ("RSUs") and Employee Restricted Share Units ("ERSUs") issued under the Restricted Share Unit Plan ("RSU Plan") and the Employee Share Unit ("ESU Plan"), respectively.
4. The number of performance share units that vest is determined by multiplying the number of units granted to the participant by an adjustment factor, which ranges from 0 to 2.0. Therefore, the number of units that will vest and be settled may be higher or lower than the number of units originally granted to a participant. The adjustment factor is based on the Company's total shareholder return relative to a group of comparable companies over the applicable period. Under the terms of the plan, the Board of Directors is authorized to determine the adjustment factor.

NON-GAAP FINANCIAL PERFORMANCE MEASURES

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

Total Cash Costs

Total cash costs is a common financial performance measure in the gold mining industry; however, it has no standardized meaning under IFRS and as such, it may not be comparable to similar financial measures disclosed by other issuers. The Company reports total cash costs on a per oz sold basis. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, such as costs of sales and net cash generated from operating activities, certain investors use this information to evaluate the Company's performance and ability to generate operating income and cash flow from its mining operations. Management uses this metric as an important tool to monitor operating costs. In addition, the Compensation Committee of the Board of Directors uses certain of these measures, together with other measures, to set incentive compensation goals and assess performance. Total cash costs are calculated as production costs and royalties less by-product sales.

All-In Sustaining Costs ("AISC")

AISC is a common financial performance measure in the gold mining industry; however, it has no standardized meaning under IFRS and as such, it may not be comparable to similar financial measures disclosed by other issuers. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, such as cost of sales and net cash generated from operating and investing activities, certain investors use this information to evaluate the Company's operating performance and its ability to generate free cash flow from current operations. Management uses this metric as an important tool to monitor operating and capital costs. In addition, the Compensation Committee of the Board of Directors uses certain of these measures, together with other measures, to set incentive compensation goals and assess performance.

Torex reports AISC in accordance with the guidance issued by the World Gold Council ("WGC"). The WGC definition of AISC seeks to extend the definition of total cash costs by adding corporate general and administrative costs, reclamation and remediation costs (including accretion and amortization), sustaining exploration and study costs (capitalized and expensed), capitalized stripping costs, sustaining capital expenditures and sustaining leases, and represents the total costs of producing gold from current operations. Non-sustaining costs are primarily those related to new operations and major projects at existing operations that are expected to materially benefit the current operation. The determination of classification of sustaining versus non-sustaining requires judgement by management. AISC excludes income tax payments, interest costs, costs related to business acquisitions, and costs related to growth projects. Consequently, these measures are not representative of all of the Company's cash expenditures. In addition, the calculation of AISC does not include depreciation and amortization expense as it does not reflect the impact of expenditures incurred in prior periods. Therefore, it is not indicative of the Company's overall profitability. Other companies may quantify these measures differently because of different underlying principles and policies applied. Differences may also occur due to different definitions of sustaining versus non-sustaining capital. In November 2018, the WGC updated its guidance for AISC. The Company adopted the updated guidance beginning January 1, 2019.

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

Table 10.

In millions of U.S. dollars, unless otherwise noted		Three Months Ended			Year Ended	
		Dec 31, 2022	Sep 30, 2022	Dec 31, 2021	**Dec 31, 2022**	Dec 31, 2021
Gold sold	oz	**121,913**	119,834	109,391	**473,122**	468,823
Total cash costs per oz sold						
Production costs and royalties	$	**91.0**	94.9	88.8	**363.3**	330.5
Less: Silver sales	$	**(1.4)**	(0.6)	(0.8)	**(3.4)**	(2.5)
Less: Copper sales	$	**(2.9)**	(3.2)	(4.5)	**(14.6)**	(12.1)
Total cash costs	$	**86.7**	91.1	83.5	**345.3**	315.8
Total cash costs per oz sold	$/oz	**711**	760	764	**730**	674
All-in sustaining costs per oz sold						
Total cash costs	$	**86.7**	91.1	83.5	**345.3**	315.8
General and administrative costs[1]	$	**5.7**	5.0	6.1	**23.5**	25.6
Reclamation and remediation costs	$	**1.4**	1.4	1.1	**5.4**	4.5
Sustaining exploration costs expensed	$	**-**	-	1.1	**-**	4.0
Sustaining capital expenditure[2]	$	**32.3**	29.4	26.1	**102.9**	85.3
Total all-in sustaining costs	$	**126.1**	126.9	118.0	**477.1**	435.3
Total all-in sustaining costs per oz sold	$/oz	**1,034**	1,059	1,079	**1,008**	928

1. This amount excludes a loss of $2.5 million, gain of $0.3 million and loss of $0.1 million for the three months ended December 31, 2022, September 30, 2022, and December 31, 2021, respectively, and a loss of $0.4 million and gain of $5.9 million for the years ended December 31, 2022 and December 31, 2021, respectively, in relation to the remeasurement of share-based payments. This amount also excludes corporate depreciation and amortization expenses totalling nil, $0.1 million and $0.2 million for the three months ended December 31, 2022, September 30, 2022, and December 31, 2021, respectively, $0.2 million and $0.7 million for the years ended December 31, 2022 and December 31, 2021, respectively, recorded within general and administrative costs. Included in general and administrative costs is share-based compensation expense in the amount of $0.8 million or $7/oz for the three months ended December 31, 2022, $0.8 million or $7/oz for the three months ended September 30, 2022, $0.7 million or $6/oz for the three months ended December 31, 2021, $4.2 million or $9/oz for the years ended December 31, 2022 and $5.2 million or $11/oz for the years ended December 31, 2021.
2. Before changes in net working capital and other, capital expenditures for the three months and year ended December 31, 2022 totalled $105.6 million and $289.0 million, respectively, including lease payments (principal and interest) of $1.2 million and $4.4 million, respectively. Sustaining capital expenditures of $32.3 million and $102.9 million in the three months and year ended December 31, 2022, respectively, are related to $17.5 million and $58.1 million, respectively, for the cash component of capitalized stripping activities, $13.5 million and $40.8 million, respectively, for sustaining equipment and infrastructure expenditures, and $1.3 million and $4.0 million, respectively, for sustaining exploration costs capitalized. Non-sustaining capital expenditures of $73.3 million and $186.1 million for the three months and year ended December 31, 2022, respectively, relating to ELG Underground and the Media Luna Project, have been excluded from AISC.

Reconciliation of Sustaining and Non-Sustaining Costs to Capital Expenditures

Table 11.

In millions of U.S. dollars		Three Months Ended			Year Ended	
		Dec 31, 2022	Sep 30, 2022	Dec 31, 2021	**Dec 31, 2022**	Dec 31, 2021
Sustaining	$	**14.8**	12.8	10.9	**44.8**	36.2
Capitalized Stripping	$	**17.5**	16.6	15.2	**58.1**	49.1
Non-sustaining	$	**6.6**	4.3	5.7	**21.6**	36.8
Total ELG	$	**38.9**	33.7	31.8	**124.5**	122.1
Media Luna Project	$	**62.6**	32.5	32.3	**143.2**	93.6
Media Luna Infill Drilling/Other	$	**4.1**	5.4	2.9	**21.3**	22.0
Working Capital Changes & Other	$	**(14.8)**	(3.0)	(10.1)	**(11.8)**	(7.3)
Capital expenditures[1]	$	**90.8**	68.6	56.9	**277.2**	230.4

1. The amount of cash expended on additions to property, plant and equipment in the period as reported in the Consolidated Statements of Cash Flows.

Average Realized Gold Price and Total Cash Costs Margin Per Oz of Gold Sold

Average realized gold price and total cash costs margin per oz of gold sold are non-GAAP financial measures that do not have a standardized meaning under IFRS and as such, they may not be comparable to similar financial measures disclosed by other issuers. Management and certain investors use these measures to better understand the gold price and margin realized throughout a period.

Average realized gold price is calculated as revenue per the Consolidated Statements of Operations and Comprehensive Income, less silver sales and copper sales, adjusted for realized gains (losses) on gold contracts where applicable, divided by oz of gold sold. Total cash costs margin per oz of gold sold reflects average realized gold price per oz of gold sold, less total cash costs per oz of gold sold.

Reconciliation of Average Realized Gold Price and Total Cash Costs Margin Per Oz of Gold Sold to Revenue

Table 12.

		Three Months Ended			Year Ended	
In millions of U.S. dollars, unless otherwise noted		**Dec 31, 2022**	Sep 30, 2022	Dec 31, 2021	**Dec 31, 2022**	Dec 31, 2021
Gold sold	oz	**121,913**	119,834	109,391	**473,122**	468,823
Revenue	$	**216.5**	209.3	202.0	**868.5**	855.8
Less: Silver sales	$	**(1.4)**	(0.6)	(0.8)	**(3.4)**	(2.5)
Less: Copper sales	$	**(2.9)**	(3.2)	(4.5)	**(14.6)**	(12.1)
Add (less): Realized gain (loss) on gold contracts	$	**5.3**	-	-	**5.3**	(0.2)
Total proceeds	$	**217.5**	205.5	196.7	**855.8**	841.0
Total average realized gold price	$/oz	**1,784**	1,715	1,798	**1,809**	1,794
Less: Total cash costs	$/oz	**711**	760	764	**730**	674
Total cash costs margin	$/oz	**1,073**	955	1,034	**1,079**	1,120
Total cash costs margin	%	**60**	56	58	**60**	62

All-in Sustaining Costs Margin and All-in Sustaining Costs Margin Per Oz of Gold Sold

AISC margin and AISC margin per oz of gold sold are non-GAAP financial measures that do not have a standardized meaning under IFRS and as such, they may not be comparable to similar financial measures disclosed by other issuers. Management and certain investors use these measures to better understand the AISC margin throughout a period. AISC margin is calculated as revenue per the Consolidated Statements of Operations and Comprehensive Income, less silver sales, copper sales, realized gains (losses) on gold contracts where applicable, and AISC. All-in sustaining costs margin per oz of gold sold reflects the average realized gold price per oz of gold sold less all-in sustaining costs per oz of gold sold.

Reconciliation of All-in Sustaining Costs Margin to Revenue

Table 13.

In millions of U.S. dollars, unless otherwise noted		Three Months Ended **Dec 31, 2022**	Sep 30, 2022	Dec 31, 2021	Year Ended **Dec 31, 2022**	Dec 31, 2021
Gold sold	oz	**121,913**	119,834	109,391	**473,122**	468,823
Revenue	$	**216.5**	209.3	202.0	**868.5**	855.8
Less: Silver sales	$	**(1.4)**	(0.6)	(0.8)	**(3.4)**	(2.5)
Less: Copper sales	$	**(2.9)**	(3.2)	(4.5)	**(14.6)**	(12.1)
Add (less): Realized gain (loss) on gold contracts	$	**5.3**	-	-	**5.3**	(0.2)
Less: All-in sustaining costs	$	**(126.1)**	(126.9)	(118.0)	**(477.1)**	(435.3)
All-in sustaining costs margin	$	**91.4**	78.6	78.7	**378.7**	405.7
Total all-in sustaining costs margin	$/oz	**750**	656	719	**801**	865
Total all-in sustaining costs margin	%	**42**	38	39	**44**	47

Adjusted Net Earnings and Adjusted Net Earnings Per Share

Adjusted net earnings and adjusted net earnings per share (basic and diluted) are non-GAAP financial measures that do not have a standardized meaning under IFRS and as such, they may not be comparable to similar financial measures disclosed by other issuers. Management and certain investors use these metrics to measure the underlying operating performance of the Company. Presenting these measures from period to period helps management and investors evaluate earnings trends more readily in comparison with results from prior periods.

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

Reconciliation of Adjusted Net Earnings to Net Income (Loss)

Table 14.

In millions of U.S. dollars, unless otherwise noted		Three Months Ended			Year Ended	
		Dec 31, 2022	Sep 30, 2022	Dec 31, 2021	**Dec 31, 2022**	Dec 31, 2021
Basic weighted average shares outstanding	shares	**85,843,808**	85,843,808	85,749,183	**85,831,727**	85,714,843
Diluted weighted average shares outstanding	shares	**86,166,019**	86,039,606	86,161,396	**86,079,481**	86,140,607
Net income (loss)	$	**34.6**	43.9	(0.5)	**188.8**	151.7
Adjustments:						
Unrealized foreign exchange (gain) loss	$	**(0.9)**	0.3	0.9	**(1.2)**	(0.7)
Change in unrealized gains and losses on derivative contracts	$	**25.3**	(20.0)	-	**(3.5)**	(5.4)
Impairment loss	$	**-**	-	41.2	**-**	41.2
Remeasurement of share-based payments	$	**2.5**	(0.3)	0.1	**0.4**	(5.9)
Tax effect of above adjustments	$	**(8.1)**	6.0	(12.7)	**1.3**	(8.8)
Tax effect of currency translation on tax base	$	**(15.1)**	4.7	3.4	**(18.7)**	7.9
Adjusted net earnings	$	**38.3**	34.6	32.4	**167.1**	180.0
Per share - Basic	$/share	**0.45**	0.40	0.38	**1.95**	2.10
Per share - Diluted	$/share	**0.44**	0.40	0.38	**1.94**	2.09

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

EBITDA and Adjusted EBITDA are non-GAAP financial measures that do not have a standardized meaning under IFRS and as such, they may not be comparable to similar financial measures disclosed by other issuers. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use these measures to evaluate the operating performance of the Company. Presenting these measures from period to period helps identify and evaluate earnings trends more readily in comparison with results from prior periods. EBITDA is defined as net income (loss) adjusted to exclude depreciation and amortization, net finance (income) costs and income tax expense (recovery). Adjusted EBITDA is defined as EBITDA adjusted to exclude specific items that are significant but not reflective of the underlying operating performance of the Company, such as the impact of unrealized foreign exchange (gains) losses, change in unrealized gains and losses on derivative contracts, remeasurement of share-based payments, and certain impairment losses (if applicable).

Reconciliation of EBITDA and Adjusted EBITDA to Net Income (Loss)

Table 15.

In millions of U.S. dollars		Three Months Ended **Dec 31, 2022**	Three Months Ended Sep 30, 2022	Three Months Ended Dec 31, 2021	Year Ended **Dec 31, 2022**	Year Ended Dec 31, 2021
Net income (loss)	$	**34.6**	43.9	(0.5)	**188.8**	151.7
Finance (income) costs, net	$	**(4.5)**	(0.8)	0.7	**(5.2)**	0.8
Depreciation and amortization[1]	$	**55.6**	51.4	46.7	**201.5**	199.7
Current income tax expense	$	**50.7**	32.3	20.8	**144.6**	123.4
Deferred income tax (recovery) expense	$	**(40.4)**	1.0	(5.3)	**(46.9)**	(14.0)
EBITDA	$	**96.0**	127.8	62.4	**482.8**	461.6
Adjustments:						
Impairment loss	$	**-**	-	41.2	**-**	41.2
Change in unrealized gains and losses on derivative contracts	$	**25.3**	(20.0)	-	**(3.5)**	(5.4)
Unrealized foreign exchange (gain) loss	$	**(0.9)**	0.3	0.9	**(1.2)**	(0.7)
Remeasurement of share-based payments	$	**2.5**	(0.3)	0.1	**0.4**	(5.9)
Adjusted EBITDA	$	**122.9**	107.8	104.6	**478.5**	490.8

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

Free Cash Flow

Free cash flow is a non-GAAP financial measure with no standardized meaning under IFRS and as such, it may not be comparable to similar financial measures disclosed by other issuers. The Company defines free cash flow as net cash generated from operating activities less cash outlays for capital expenditures and interest. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company's operating performance and its ability to fund operating and capital expenditures without reliance on additional borrowing.

Table 16.

In millions of U.S. dollars		Three Months Ended **Dec 31, 2022**	Three Months Ended Sep 30, 2022	Three Months Ended Dec 31, 2021	Year Ended **Dec 31, 2022**	Year Ended Dec 31, 2021
Net cash generated from operating activities	$	**132.1**	102.4	94.6	**408.1**	330.0
Less:						
Additions to property, plant and equipment[1]	$	**(90.8)**	(68.6)	(56.9)	**(277.2)**	(230.4)
Interest paid	$	**0.1**	(0.3)	(0.4)	**(1.1)**	(1.7)
Free cash flow	$	**41.4**	33.5	37.3	**129.8**	97.9

1. The amount of cash expended on additions to property, plant and equipment in the period as reported on the Consolidated Statements of Cash Flows.

Net Cash

Net cash is a non-GAAP financial measure with no standardized meaning under IFRS and as such, it may not be comparable to similar financial measures disclosed by other issuers. Net cash is defined as total cash and cash equivalents and short-term investments less debt adjusted to exclude unamortized deferred financing charges and leases at the end of the period. These measures are used by management, and may be used by certain investors, to measure the Company's debt leverage.

Table 17.

In millions of U.S. dollars		**Dec 31, 2022**	Sep 30, 2022	Dec 31, 2021
Cash and cash equivalents	$	**376.0**	339.2	255.7
Less: Lease obligations	$	**(3.9)**	(3.1)	(3.3)
Net cash	$	**372.1**	336.1	252.4

Unit Cost Measures

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

Table 18.

	Three Months Ended						**Year Ended**			
In millions of U.S. dollars, unless otherwise noted	**Dec 31, 2022**		Sep 30, 2022		Dec 31, 2021		**Dec 31, 2022**		Dec 31, 2021	
Gold sold (oz)	**121,913**		119,834		109,391		**473,122**		468,823	
Tonnes mined - open pit (kt)	**9,505**		9,980		9,836		**38,451**		39,684	
Tonnes mined - underground (kt)	**155**		143		95		**556**		460	
Tonnes processed (kt)	**1,141**		1,199		1,160		**4,599**		4,512	
Total cash costs:										
Total cash costs ($)	**86.7**		91.1		83.5		**345.3**		315.8	
Total cash costs per oz sold ($)	**711**		760		764		**730**		674	
Breakdown of production costs	**$**	**$/t**	**$**	**$/t**	**$**	**$/t**	**$**	**$/t**	**$**	**$/t**
Mining - open pit	**28.6**	**3.01**	28.6	2.87	26.3	2.67	**110.4**	**2.87**	103.2	2.60
Mining - underground	**10.9**	**70.19**	13.2	91.89	9.1	95.51	**45.9**	**82.53**	38.7	84.01
Processing	**38.2**	**33.43**	38.2	31.82	40.4	34.80	**151.6**	**32.97**	158.2	35.05
Site support	**13.2**	**11.54**	12.8	10.64	12.7	10.98	**49.3**	**10.72**	46.5	10.31
Mexican profit sharing (PTU)	**3.9**	**3.43**	5.9	4.96	4.6	3.93	**23.7**	**5.15**	16.3	3.61
Capitalized stripping	**(17.5)**		(16.6)		(15.2)		**(58.1)**		(49.1)	
Inventory movement	**6.2**		5.2		3.8		**9.5**		(11.4)	
Other	**0.8**		1.4		1.1		**4.8**		2.5	
Production costs	**84.3**		88.7		82.8		**337.1**		304.9	

ADDITIONAL IFRS FINANCIAL MEASURES

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

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

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

ECONOMIC TRENDS

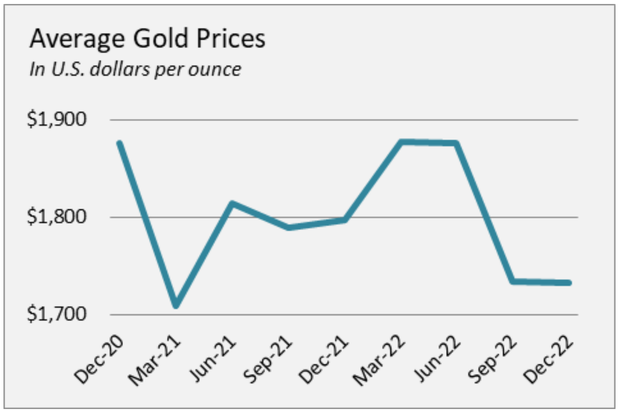
The market price for gold and foreign currency exchange rates are the most significant external factors that affect the Company's financial performance.

Table 19.

		Three Months Ended		Year Ended	
		Dec 31, 2022	Dec 31, 2021	**Dec 31, 2022**	Dec 31, 2021
Average market spot prices[1]					
Gold	$/oz	**1,732**	1,796	**1,807**	1,799
Closing market exchange rates[2]					
Mexican peso : U.S. dollar	Peso : $	**19.5**	20.5	**19.5**	20.5
Canadian dollar : U.S. dollar	C$: $	**1.35**	1.27	**1.35**	1.27
Average market exchange rates[2]					
Mexican peso : U.S. dollar	Peso : $	**19.7**	20.8	**20.1**	20.3
Canadian dollar : U.S. dollar	C$: $	**1.36**	1.26	**1.30**	1.25

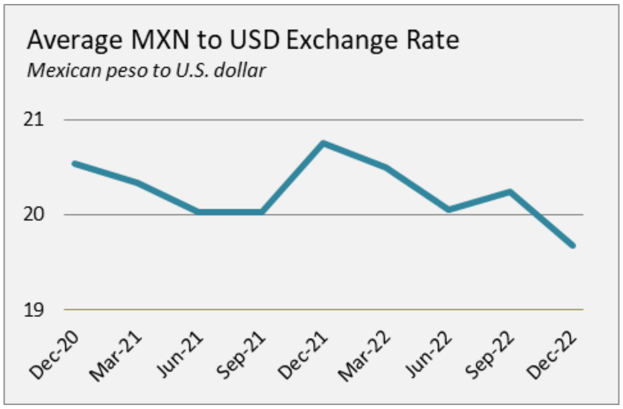
1. Source: Bloomberg
2. Sources: Bank of Mexico, Bank of Canada

Metal prices



The Company's profitability and operating cash flows are significantly impacted by the price of gold. From January 2022 to December 2022, based on closing prices, gold prices were comparable. From January 2021 to December 2021 and based on closing prices, gold prices increased 2%. In the first quarter of 2022 the Company entered into gold forward contracts to sell 138,000 oz of gold between October 2022 and December 2023 at prices ranging from $1,906 to $1,942 per oz (or at a weighted average price of $1,921 per oz). In the fourth quarter of 2022 the Company entered into gold forward contracts to sell 60,000 oz of gold in 2024 at prices ranging from $1,913 to $1,926 per oz (or at a weighted average price of $1,916 per oz). In January 2023, the Company entered into additional gold forward contracts to sell 48,000 oz of gold in 2023 at prices ranging from $1,960 per oz to $1,974 per oz (or at a weighted average price of $1,967 per oz).

Foreign exchange rates



The functional currency of the Company and its subsidiaries is the U.S. dollar, and it is, therefore, exposed to financial risk related to foreign exchange rates. Changes in exchange rates are expected to have an impact on the Company's results. In particular, approximately 55% of the Company's payments for the year ended December 31, 2022 were incurred in Mexican pesos. In addition, the Company is exposed to foreign exchange risk on its non-U.S. dollar denominated monetary assets and liabilities. The average exchange rates of the Mexican peso relative to the U.S. dollar were 20.1 and 20.3 pesos to $1 during the years ended December 31, 2022 and 2021, respectively, representing an appreciation of 0.8% in the Mexican peso.

Summary of Annual Information

Table 20.

In millions of U.S. dollars, unless otherwise noted		**Dec 31, 2022**	Dec 31, 2021	Dec 31, 2020
Revenue	$	**868.5**	855.8	789.2
Net income	$	**188.8**	151.7	109.0
Per share - Basic	$/share	**2.20**	1.77	1.27
Per share - Diluted	$/share	**2.19**	1.71	1.25
Total assets	$	**1,593.3**	1,358.9	1,252.4
Non-current liabilities	$	**59.9**	64.1	101.1
Dividends	$	**-**	-	-

The consolidated annual financial statements for each of the three years' most recently completed financial years were prepared in accordance with IFRS. The presentation currency and functional currency are U.S. dollars.

Revenue for the year ended December 31, 2022 was higher due to higher oz of gold sold and higher average realized gold prices compared to prior years. Revenue for the years ended December 31, 2022 and 2021 represent full years of operations while revenue for the year ended December 31, 2020 was negatively impacted by a temporary suspension of operations resulting from a decree by the Mexican government related to COVID-19.

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

Total assets increased in 2022 primarily due to higher cash balances resulting from free cash flow generated and additions to property, plant and equipment, largely related to the Media Luna Project.

Non-current liabilities increased year over year primarily due to the increase in the decommissioning liabilities due to the effect of discounting, the effect of foreign exchange rate changes, and additional disturbances as a result of the ongoing mining operations. Non-current liabilities also increased as a result of the increase in the non-current share-based compensation liabilities based on the increase in the Company's share price and a derivative liability of $2.0 million.

SUMMARY OF QUARTERLY RESULTS

Quarterly Results for the Eight Most Recently Completed Quarters

Table 21.

		2022				2021			
In millions of U.S. dollars, unless otherwise noted		**Dec 31**	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31
Financial Results									
Revenue	$	**216.5**	209.3	235.0	207.7	202.0	216.7	205.9	231.2
Net income (loss)	$	**34.6**	43.9	70.3	40.0	(0.5)	36.5	60.7	55.0
Per share - Basic	$/share	**0.40**	0.51	0.82	0.47	(0.01)	0.43	0.71	0.64
Per share - Diluted	$/share	**0.40**	0.51	0.80	0.46	(0.01)	0.41	0.69	0.62

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

Net income (loss) has fluctuated based on, among other factors, the quantity and grade of ore mined and processed, gold prices, foreign exchange rates, current and deferred income tax recoveries and expenses, cost of reagents consumed, interest income on VAT receivables, and impairment losses particularly in the fourth quarter of 2021. Gold prices affect the Company's realized sales prices of its gold production, and gains and losses on the gold forward contracts entered into in the first and fourth quarters of 2022 and the past gold collar contracts that were in place prior to September 30, 2021. Fluctuations in the value of the Mexican peso and Canadian dollar relative to the U.S. dollar affect the Company's operating and corporate expenses, foreign currency derivative gains and losses, income taxes, and the value of non-U.S. dollar denominated monetary assets and liabilities such as cash, amounts receivable, accounts payable and debt. Changes in the value of the Mexican peso also impact the tax basis of non-monetary assets and liabilities considered in the Company's deferred tax assets and liabilities.

OFF-BALANCE SHEET ARRANGEMENTS

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

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Refer to Notes 3 and 4 in the Company's audited consolidated financial statements for the years ended December 31, 2022 and 2021.

RECENT ACCOUNTING PRONOUNCEMENTS

Refer to Note 3 in the Company's audited consolidated financial statements for the years ended December 31, 2022 and 2021.

FINANCIAL RISK MANAGEMENT

The Company examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include liquidity risk, foreign currency risk, commodity price risk and interest rate risk, and are detailed in Note 17 of the Company's audited consolidated financial statements for the years ended December 31, 2022 and 2021.

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 risk in meeting its operating expenditures in instances where cash positions are unable to be maintained or appropriate financing is unavailable. The primary sources of funds available to the Company are cash flows generated by the ELG Mine Complex, its cash reserves and any available funds under the Debt Facility.

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2022, the Company had cash balances of $376.0 million (December 31, 2021 - $255.7 million). The Company maintains its cash in fully liquid business accounts. As at December 31, 2022, the cash balance held by MML was $286.8 million compared to $177.8 million as at December 31, 2021.

As at December 31, 2022, the Company had nil borrowings on the Debt Facility and had drawn $3.4 million in letters of credit, reducing the available liquidity of the Debt Facility to $246.6 million (December 31, 2021 - the $150.0 million 2021 Revolving Facility was undrawn).

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

Foreign Currency Risk

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

As at December 31, 2022, the Company had cash and cash equivalents and accounts payable and accrued liabilities that are denominated in Mexican pesos and in Canadian dollars. A 10% appreciation or depreciation of the Mexican peso relative to the U.S. dollar would have resulted in a decrease or increase of $2.3 million in the Company’s net income from the translation of these balances for the year ended December 31, 2022, assuming other variables remain unchanged. A 10% appreciation or depreciation of the Canadian dollar relative to the U.S. dollar would have resulted in a decrease or increase of $0.1 million in the Company’s net income for the year ended December 31, 2022, assuming other variables remain unchanged.

The Company has no foreign currency contracts outstanding as at December 31, 2022 and 2021.

As at December 31, 2022, based on ending spot rates compared to the year ended December 31, 2021, the Mexican peso appreciated by 5.9%. 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 as at December 31, 2022, multiplied by the applicable Mexican tax rate, derives an associated deferred tax asset. This value was higher than the equivalent deferred tax liability value calculated for the prior year. The difference in these amounts contributed to a deferred tax recovery for the year.

Commodity Price Risk

Gold prices have fluctuated widely in recent years and there is no assurance that a profitable market will exist for gold produced by the Company. In 2020, the Company entered into a series of zero-cost collars to hedge against changes in gold prices for a total of 8,000 oz of gold per month until September 2021. These contracts expired in September 2021, and as at December 31, 2022, the Company has no further outstanding gold collar positions (December 31, 2021 - nil).

In the first quarter of 2022, the Company executed monthly forward price contracts on future gold production to reduce downside price risk during the build-out of the Media Luna Project. Under the contracts, the Company will sell 138,000 oz of gold (approximately 25% of production) between October 2022 to December 2023 at a weighted average price of $1,921 per oz.

In the fourth quarter of 2022, the Company executed additional monthly forward price contracts on future gold production. Under the contracts, the Company will sell 60,000 oz of gold between January 2024 to December 2024 at a weighted average price of $1,916 per oz.

In January 2023, the Company executed additional monthly forward price contracts on future gold production. Under the contracts, the Company will sell 48,000 oz of gold between January 2024 to December 2024 at prices ranging from $1,960 per oz to $1,974 per oz (or at a weighted average price of $1,967 per oz).

Table 22.

Settlement Date (Quarter)	Weighted Average Price ($/oz)	Quantity (Oz)
Q4 2022[1]	1,910	30,000
Q1 2023	1,924	27,000
Q2 2023	1,924	27,000
Q3 2023	1,924	27,000
Q4 2023	1,924	27,000
Q1 2024[2]	1,939	27,000
Q2 2024[2]	1,939	27,000
Q3 2024[2]	1,939	27,000
Q4 2024[2]	1,939	27,000
Total	1,929	246,000

1. Forward contract has been fully settled as at December 31, 2022.
2. Includes additional gold forward contracts executed in January 2023.

As at December 31, 2022, the remaining gold forward contracts have prices ranging from $1,907 per oz to $1,942 per oz (or at a weighted average price of $1,921) to sell 168,000 oz of gold between January 2023 to December 2024.

As at December 31, 2022, a 10% change in the gold price would result in a $21.4 million decrease or increase (using a weighted average forward price as at December 31, 2022 of $1,901 per oz) in the Company's net income for the year ended December 31, 2022 relating to the gold forward contracts.

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 Debt Facility bears interest at a rate of Term SOFR plus a credit spread adjustment and an applicable margin based on the Company's leverage ratio. The 2021 Revolving Facility bore interest at a rate of LIBOR plus an applicable margin based on the net leverage ratio on any loan or letter of credit outstanding. In February 2019, the Company entered into interest rate swap contracts for a fixed LIBOR of 2.492% on interest payments related to $150.0 million of the term loan to hedge against unfavourable changes in interest rates. In the second quarter of 2021, the Company unwound its interest rate swap contracts for a realized loss of $1.0 million.

The Company does not consider its interest rate risk exposure to be significant as at December 31, 2022 with respect to its cash and cash equivalents.

RISKS AND UNCERTAINTIES

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

Management monitors the principal risks and uncertainties to the Company's business, financial condition, and results of operations for new or elevated risks and supplements, when necessary, its disclosure under "Financial Risk Management" and below. Readers are cautioned that no enterprise risk management framework or system can ensure that all risks to the Company, at any point in time, are accurately identified, assessed, managed or effectively controlled and mitigated.

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

Certain of these risks are described below. For a comprehensive discussion of other risks faced by the Company, which may cause the actual financial results, performance or achievements of the Company to be materially different from the Company's estimated future results, performance or achievements expressed or implied by forward-looking information or forward-looking statements, please refer to the Company's latest Annual Information Form ("AIF") and the Technical Report, each available under the Company's profile on SEDAR at www.sedar.com and on the Company's website.

Media Luna Project Development Risk

The ability of the Company to achieve its strategic growth plans is dependent, in part, on the successful development of the Media Luna Project.

Upon approval of the Project from its Board of Directors in March 2022, the Company commenced Project period development and construction activities and procurement of long-lead items. The capital expenditure and resources allocated for the development of Media Luna are expected to be significant until the Project achieves commercial production, expected in 2025. Complex mine development projects such as Media Luna involve a high degree of uncertainty driven by factors including changes in costs and market conditions.

Currently, the activities on the south side of the river continue to advance substantially in accordance with the plan; however, the construction timelines and costs can be impacted by a wide variety of factors, many of which are beyond the Company's control. These include, but are not limited to:

- unanticipated adverse geotechnical conditions;
- availability and performance of engineering, construction contractors, mining contractors, suppliers and consultants;
- price increase, availability concerns and logistic delays of equipment and construction materials;
- design changes;
- weather conditions and adequacy of water supply;
- accidents, labour actions and force majeure events;
- unexpected labour issues, labour shortages, strikes or community blockades;
- quality of existing infrastructure;
- availability of accommodations for the workforce;
- the receipt of required governmental approvals and permits in connection with the construction of mining facilities and the conduct of mining operations (including environmental permits); and
- global economic and inflationary conditions.

As the Company continues to advance the Media Luna Project to commercial production in 2025, there can be no assurance that the expected outcomes in the Feasibility Study will be successfully achieved, including the expectation that the Media Luna Project can be constructed and operated in an economically viable manner.

Mitigation measures include extensive operational and economic reviews, with a focus on Project budget, future cash flows, profitability, results of operations and the financial condition of the Company. Project oversight activities include schedule and cost tracking, along with clear execution and oversight responsibilities.

During the fourth quarter, the ramp-up of project activities continued as work advanced on the north and south sides of the Balsas River. The project team continued its focus on the issuance of requests for proposals to the market for key long-lead equipment supply to both support engineering development and lock-in lead times to conform to the Project construction schedule. Additional key agreements were tendered and awarded related to surface work development contracts. For additional information on the progress of the Media Luna Project see "Development Activities - Media Luna Project Update."

Liquidity Risk

The significant investment needed for the development of the Media Luna Project, along with general market conditions, and volatile metal and key consumable prices, could increase the Company's liquidity risk in the upcoming years. To mitigate this risk, management uses a rigorous planning, budgeting and forecasting process to estimate the funds the Company will need to support ongoing operations, the development of the Media Luna

Project and its exploration plans. As mentioned previously, the Company expects to fund the development of the Media Luna Project and its exploration plans using available liquidity, including the Debt Facility, and forecasted future cash flow. In addition, the Company continues to assess alternatives including the high yield market, assuming favourable market conditions and pricing. While the Company has implemented measures to mitigate the liquidity risk associated with its investment in Media Luna, and the Company's forecasts support the expectation such sources of funding will be sufficient to support the Media Luna Project and its exploration plans, there is no assurance that such mitigation measures will be effective or that sources of funding will be sufficient.

Climate Change

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

The increased regulation, such as of limiting the greenhouse gas emissions or the use of energy, or introducing new carbon or water taxes, may adversely affect the Company's operations, and related legislation is becoming more stringent, with an impact on the Company's compliance costs. In view of growing expectations from governments, investors and other stakeholders surrounding climate change risk, the Company opted to commission a standalone climate risk assessment to enhance its understanding of longer-term climate-related risks for our business, including both transition and physical risks. The Company has also completed an energy and greenhouse gas emissions reductions opportunities study, and in November 2022 released an inaugural Climate Change Report aligned with the recommendations of the Task Force on Climate-Related Financial Disclosure. The Report contains GHG emissions reduction targets in support of the Company's overall commitment to achieve net zero GHG emissions by 2050 to align with the global transition to a lower-carbon future. Despite efforts by the industry and/or the Company to address climate change, such efforts may not be sufficient for investors who may decide to divest their interest in the industry and/or the Company, which may affect the market price of the Company's shares.

In addition, the physical risks of climate change may also have an adverse effect on the Company's operations. These risks include extreme weather events such as increased frequency or intensity of rainfall or prolonged drought which could have the potential to disrupt operations. Effects of climate change or extreme weather events could have negative impacts on the Company's operations, development and exploration activities, including without limitation, stress on the water management system, limiting the drilling programs or causing prolonged disruption to the delivery of essential commodities, which may cause the Company's production efficiency to be reduced or delay in the Media Luna Project. Moreso, in the long term, such climate change events or conditions could have adverse effects on the workforce and on the local communities surrounding the areas where the Company operates, such as an increased risk of food insecurity, water scarcity, civil unrest and the prevalence of disease. The Company cannot provide assurance that efforts to mitigate the risks of climate changes will be effective and that the physical risks of climate change will not have an adverse effect on the Company's operations and profitability.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

The President and Chief Executive Officer and Chief Financial Officer evaluated or caused to be evaluated under their supervision the design and operating effectiveness of internal controls over financial reporting as defined by NI 52-109 as at December 31, 2022. Based on this evaluation, the President and Chief Executive Officer and Chief Financial Officer concluded that the Company's internal controls over financial reporting were designed and operating effectively as at December 31, 2022.

There was no change in the Company’s internal control over financial reporting that occurred during 2022 that has materially affected, or is reasonably likely to materially affect, the Company’s internal controls over financial reporting.

Disclosure Controls and Procedures

Disclosure controls and procedures have been designed to provide reasonable assurance that all relevant information required to be disclosed by the Company is accumulated and communicated to senior management as appropriate to allow timely decisions regarding required disclosure. The Company’s President and Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation of the design of the disclosure controls and procedures, that as at December 31, 2022, the Company’s disclosure controls and procedures have been designed and operate effectively to provide reasonable assurance that material information is made known to them by others within the Company.

Limitations of Controls and Procedures

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

QUALIFIED PERSONS

Scientific and technical information contained in this MD&A has been reviewed and approved by Johannes Bekkers, P.Eng, Vice President, Mine Technical Services of Torex Gold Resources Inc. and a Qualified Person under NI 43-101.

ADDITIONAL INFORMATION

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

Mineral Reserves for the Morelos Complex

Table 23.

	Tonnes (kt)	Au (g/t)	Ag (g/t)	Cu (%)	Au (koz)	Ag (koz)	Cu (Mlb)	AuEq (g/t)	AuEq (koz)
El Limón Guajes Open Pit (ELG OP)									
Proven	4,900	3.95	4.6	0.14	623	719	15	4.00	630
Probable	5,471	2.35	4.5	0.12	414	784	15	2.39	421
Proven & Probable	**10,371**	**3.11**	**4.5**	**0.13**	**1,037**	**1,503**	**30**	**3.15**	**1,051**
El Limón Guajes Underground (ELG UG)									
Proven	110	7.23	10.5	0.59	25	37	1	7.38	26
Probable	2,566	5.68	5.7	0.22	469	474	13	5.74	474
Proven & Probable	**2,675**	**5.74**	**5.9**	**0.24**	**494**	**511**	**14**	**5.81**	**500**
Media Luna Underground (ML UG)									
Proven	-	-	-	-	-	-	-	-	-
Probable	23,017	2.81	25.6	0.88	2,077	18,944	444	4.54	3,360
Proven & Probable	**23,017**	**2.81**	**25.6**	**0.88**	**2,077**	**18,944**	**444**	**4.54**	**3,360**
Surface Stockpiles									
Proven	4,808	1.35	3.1	0.07	209	484	7	1.38	213
Probable	-	-	-	-	-	-	-	-	-
Proven & Probable	**4,808**	**1.35**	**3.1**	**0.07**	**209**	**484**	**7**	**1.38**	**213**
Total Morelos Complex									
Proven	9,817	2.72	3.9	0.11	858	1,240	23	2.75	869
Probable	31,054	2.96	20.2	0.69	2,959	20,202	472	4.26	4,254
Proven & Probable	**40,871**	**2.90**	**16.3**	**0.55**	**3,817**	**21,442**	**495**	**3.90**	**5,123**

Notes to accompany summary Mineral Reserve table:

1. Mineral Reserves were developed in accordance with CIM (2014) guidelines.
2. Rounding may result in apparent summation differences between tonnes, grade, and contained metal content Surface Stockpile mineral reserves are estimated using production and survey data and apply the same AuEq formula as ELG open pits and ELG Underground.
3. AuEq of Total Reserves is established from combined contributions of the various deposits.
4. The qualified person for the mineral reserve estimate is Johannes (Gertjan) Bekkers, P. Eng., Director of Mine Technical Services.
5. The qualified person is not aware of mining, metallurgical, infrastructure, permitting, or other factors that materially affect the Mineral Reserve estimates.

Notes to accompany the ELG Open Pit Mineral Reserves:

6. Mineral Reserves are founded on Measured and Indicated Mineral Resources, with an effective date of December 31, 2021, for ELG open pits (including El Limón, El Limón Sur and Guajes deposits).
7. ELG Open Pit Mineral Reserves are reported above a diluted cut-off grade of 1.1 g/t Au.
8. ELG Low Grade Mineral Reserves are reported above a diluted cut-off grade of 1.0 g/t Au.
9. It is planned that ELG Low Grade Mineral Reserves within the designed pits will be stockpiled during pit operation and processed during pit closure.
10. Mineral Reserves within the designed pits include assumed estimates for dilution and ore losses.
11. Cut-off grades and designed pits are considered appropriate for a metal price of $1,400/oz Au and metal recovery of 89% Au.
12. Mineral Reserves are reported using a gold price of US$1,400/oz, silver price of US$17/oz, and copper price of US$3.25/lb.
13. Average metallurgical recoveries of 89% for gold and 30% for silver and 10% for copper.
14. ELG AuEq = Au (g/t) + Ag (g/t) * (0.0041) + Cu (%) * (0.1789), accounting for metal prices and metallurgical recoveries.

Notes to accompany the ELG Underground Mineral Reserves:

15. Mineral Reserves are founded on Measured and Indicated Mineral Resources, with an effective date of December 31, 2021, for ELG Underground (including Sub-Sill and ELD deposits).
16. Mineral Reserves were developed in accordance with CIM guidelines.
17. El Limón Underground mineral reserves are reported above an in-situ ore cut-off grade of 3.58 g/t Au and an in-situ incremental cut-off grade of 1.04 g/t Au.
18. Cut-off grades and mining shapes are considered appropriate for a metal price of $1,400/oz Au and metal recovery of 89% Au.
19. Mineral Reserves within designed mine shapes assume mechanized cut and fill mining method and include estimates for dilution and mining losses.
20. Mineral Reserves are reported using a gold price of US$1,400/oz, silver price of US$17/oz, and copper price of US$3.25/lb.
21. Average metallurgical recoveries of 89% for gold and 30% for silver and 10% for copper.
22. ELG AuEq = Au (g/t) + Ag (g/t) * (0.0041) + Cu (%) * (0.1789), accounting for metal prices and metallurgical recoveries.

Notes to accompany the ML Underground Mineral Reserves:

23. Mineral Reserves are based on Media Luna Indicated Mineral Resources with an effective date of October 31st, 2021.
24. Media Luna Underground Mineral Reserves are reported above a diluted ore cut-off grade of 2.2 g/t AuEq
25. Media Luna Underground cut-off grades and mining shapes are considered appropriate for a metal price of $1,400/oz Au, $17/oz Ag and $3.25/lb Cu and metal recoveries of 85% Au, 79% Ag, and 91% Cu.
26. Mineral Reserves within designed mine shapes assume long-hole open stoping, supplemented with mechanized cut-and-fill mining and includes estimates for dilution and mining losses.
27. Media Luna AuEq = Au (g/t) + Ag (g/t) * (0.011188) + Cu (%) * (1.694580), accounting for metal prices and metallurgical recoveries.

Mineral Resources for the Morelos Complex

Table 24.

	Tonnes (kt)	Au (g/t)	Ag (g/t)	Cu (%)	Au (koz)	Ag (koz)	Cu (Mlb)	AuEq (g/t)	AuEq (koz)
El Limón Guajes Open Pit (ELG OP)									
Measured	5,727	3.89	5.0	0.13	716	919	17	3.93	724
Indicated	11,027	2.37	4.7	0.12	842	1,660	28	2.41	856
Measured & Indicated	**16,754**	**2.89**	**4.8**	**0.12**	**1,557**	**2,579**	**45**	**2.93**	**1,580**
Inferred	812	1.80	3.5	0.08	47	90	1	1.83	48
El Limón Guajes Underground (ELG UG)									
Measured	584	7.24	10.0	0.52	136	187	7	7.37	138
Indicated	3,968	6.11	7.1	0.27	779	900	23	6.18	789
Measured & Indicated	**4,551**	**6.25**	**7.4**	**0.30**	**915**	**1,088**	**30**	**6.34**	**927**
Inferred	1,380	4.88	6.2	0.25	217	275	8	4.95	220
Media Luna Underground (ML UG)									
Measured	-	-	-	-	-	-	-	-	-
Indicated	25,380	3.24	31.5	1.08	2,642	25,706	602	5.38	4,394
Measured & Indicated	**25,380**	**3.24**	**31.5**	**1.08**	**2,642**	**25,706**	**602**	**5.38**	**4,394**
Inferred	5,991	2.47	20.8	0.81	476	3,998	106	4.05	780
EPO									
Measured	-	-	-	-	-	-	-	-	-
Indicated	-	-	-	-	-	-	-	-	-
Measured & Indicated	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Inferred	8,019	1.52	34.6	1.27	391	8,908	225	3.97	1,024
Total Morelos Complex									
Measured	6,311	4.20	5.5	0.17	852	1,106	24	4.25	862
Indicated	40,375	3.28	21.8	0.73	4,263	28,266	653	4.65	6,039
Measured & Indicated	**46,685**	**3.41**	**19.6**	**0.66**	**5,114**	**29,373**	**677**	**4.60**	**6,901**
Inferred	16,202	2.17	25.5	0.95	1,131	13,271	340	3.98	2,071

Notes to accompany summary Mineral Resource table:

1. CIM (2014) definitions were followed for Mineral Resources.
2. Mineral Resources are depleted above a mining surface or to the as-mined solids as of December 31, 2021.
3. Mineral Resources are reported using a gold price of US$1,550/oz, silver price of US$20/oz, and copper price of US$3.50/lb.
4. AuEq of total Mineral Resources is established from combined contributions of the various deposits.
5. Mineral Resources are inclusive of Mineral Reserves.
6. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
7. Numbers may not add due to rounding.
8. The estimate was prepared by Mr. John Makin, MAIG, a consultant with SLR Consulting (Canada) Ltd. Mr. Makin is independent of the company and is a “Qualified Person” under NI 43-101.

Notes to accompany the ELG Mineral Resources:

9. The effective date of the estimate is December 31, 2021.
10. Average metallurgical recoveries are 89% for gold, 30% for silver and 10% for copper.
11. ELG AuEq = Au (g/t) + (Ag (g/t) * 0.0043) + (Cu (%) * 0.1740). AuEq calculations consider both metal prices and metallurgical recoveries.

Notes to accompany the ELG Open Pit Mineral Resources:

12. Mineral resources are reported above a cut-off grade of 0.9 g/t Au.
13. Mineral Resources are reported inside an optimized pit shell, underground mineral reserves at ELD within the El Limón shell have been excluded from the open pit Mineral Resources.

Notes to accompany ELG Underground Mineral Resources:

14. Mineral Resources are reported above a cut-off grade of 2.6 g/t Au.
15. The assumed mining method is underground cut and fill.
16. Mineral Resources from ELD that are contained within the El Limón pit optimization and that are not underground Mineral Reserves have been excluded from the underground Mineral Resources.

Notes to accompany ML Mineral Resources:

17. The effective date of the estimate is October 31, 2021.
18. Mineral Resources are reported above a 2.0 g/t AuEq cut-off grade.
19. Metallurgical recoveries at Media Luna (excluding EPO) average 85% for gold, 79% for silver, and 91% for copper. Metallurgical recoveries at EPO average 85% for gold, 75% for silver, and 89% for copper.
20. Media Luna (excluding EPO) AuEq = Au (g/t) + (Ag (g/t) * 0.011889) + (Cu (%) * 1.648326). EPO AuEq = Au (g/t) + Ag (g/t) * (0.011385) + Cu % * (1.621237). AuEq calculations consider both metal prices and metallurgical recoveries.
21. The assumed mining method is from underground methods, using a combination of long-hole stoping and, cut and fill.

CAUTIONARY NOTES

Forward-Looking Statements

This MD&A contains "forward-looking statements" and "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, information with respect to the future mining, development and exploration plans concerning the Morelos Property; the adequacy of the Company's financial resources; the Company's key strategic objectives to optimize and extend production from the ELG Mine Complex, de-risk and advance Media Luna to commercial production, build on ESG excellence, and to grow through ongoing exploration across the entire Morelos Property; plans to realize the full potential of the Morelos Property and opportunities to acquire assets that enable diversification and deliver value to shareholders; the Company's 2023 objectives as described in the MD&A; the Company's GHG emissions reduction targets in support of its overall commitment to achieve net zero GHG emissions by 2050, which include a 10% reduction in absolute emissions (reduction of Scope 1 and 2 GHG emissions by 2030 compared to actual 2021 baseline) and a 25% reduction in business as usual emissions (reduction of Scope 1 and 2 GHG emissions in 2030 forecasted if no action is taken on intervention measures to reduce carbon emissions at the Media Luna Project); the Company's plans to install a 8.7 MW solar plant, use of electric vehicles at Media Luna, ventilation on demand at ELG, diesel and biodiesel tracking, and a carbon management plan; the Company's commitment to fully implement the new Responsible Gold Mining Principles, International Cyanide Management Code and Global Industry Standard on Tailings Management and the Voluntary Principles on Security and Human Rights; total budgeted spend post March 31, 2022 related to the development of the Media Luna Project is unchanged at $874.5 million; as of December 31, 2022, the Company had commitments in place for $229.7 million of project expenditures, including $124.7 million of expenditures incurred; based on purchase orders and contracts awarded to date, project costs in general are tracking well to the costs outlined in the Technical Report; Torex expects to incur $390 to $440 million of non-sustaining capital expenditures at Media Luna in 2023, which is forecasted to be the peak year of investment; quarterly expenditures are expected to remain relatively consistent through H1 2024, before declining as development activities wind down ahead of commercial production, which is anticipated in early 2025; with project completion at 15% as of December 31, 2022, the Media Luna Project remains on track for first production in late 2024; detailed engineering is tracking ahead of procurement activity; all critical path engineering is on track; breakthrough of the Guajes Tunnel on the south side of the Balsas River remains on track for Q1 2024, which is expected to provide ample time to hang the conveyor (approximately four months) and ensure all services are in place to connect Media Luna with the upgraded processing plant on the north side of the Balsas River; the summary of the Media Luna Project schedule; the significant potential to expand Mineral Reserves in ELG Underground, within the broader Media Luna area, and across the entire Morelos land package; the Company's plans to invest $39.0 million in 2023 in exploration and drilling; the objectives of the two phases of the EPO program as described in the MD&A; the potential for new resources to be added to the EPO deposit; the target of the infill drilling program at ELG to upgrade Inferred Resources to the Measured and Indicated Resource categories within the open pits and the Sub-Sill and ELD underground deposits; the target of the step-out drilling on new mineral resources in lateral and vertical extensions to current underground workings in both deposits, as well as expanding other zones such as Sub-Sill South; the continued focus of the ELG program on defining new resources in both deposits, in lateral extensions and at depth from the newly enabled drilling platform in Portal 3; the objective of the near mine drilling program to explore additional geological potential within the ELG Mine Complex and identify new mineralized material; plans to conduct a drilling program to be carried out in 2023 to test some of the magnetic anomalies where the current geological interpretation, based on restricted deep drilling data, indicates potential skarn mineralization; the continuation of the ELG; the Company's confidence in extending the life of ELG Underground beyond current reserves, and to maintain a consistent underground production profile beyond 2027; the longer-term exploration strategy intended to identify and prove up sources of mill feed to extend the life of ELG and Media Luna, and to increase annual production post-2027; the expectation that quarterly production through 2023 will be the lowest in the third quarter and the highest in the fourth quarter, with relatively similar levels of production anticipated in the first and second quarters; the expected to result in processed grades decreasing slightly in the third quarter and peaking in the fourth quarter; given timing of tax and employee profit sharing payments, the Company's net cash generated from operating activities is generally weighted towards the second half of the year; 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; and the possibility that the implementation of such plans may increase costs significantly.

Generally, forward-looking information can be identified by the use of forward-looking terminology such as “plans,” “expects,” or “does not expect,” “is expected,” “budget,” “scheduled,” “goal,” “estimates,” “forecasts,” “intends,” “anticipates,” or “does not anticipate,” “believes”, “potential”, “objective”, “target”, “guided” or “tends” or variations of such words and phrases or statements that certain actions, events or results “may,” “could,” “would,” “might,” or “will be taken,” “will occur,” or “be achieved.” Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including risks factors included herein and elsewhere in the Company’s public disclosure, including without limitation the Technical Report, the AIF and annual MD&A.

Forward-looking information and statements are based on the assumptions discussed in the Technical Report, AIF and this MD&A and the annual MD&A and such other 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. The forward-looking information contained herein is presented for the purposes of assisting investors in understanding the Company’s expected financial and operating performance and the Company’s plans and objectives and may not be appropriate for other purposes. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

February 22, 2023