



# ANNUAL INFORMATION FORM

For the Year Ended December 31, 2022

March 30, 2023

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## GENERAL

Reference is made in this annual information form (the “Annual Information Form” or “AIF”) to the audited consolidated financial statements (the “Financial Statements”) for the years ended December 31, 2022 and December 31, 2021, together with the auditor’s report thereon and Management’s Discussion and Analysis (the “MD&A”) for Torex Gold Resources Inc. (“Torex” or the “Company”) for the year ended December 31, 2022.

The Financial Statements and MD&A are available under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com). All financial information in this Annual Information Form is prepared in accordance with International Financial Reporting Standards (“IFRS”) unless otherwise stated.

Unless otherwise noted herein, information in this AIF is presented as at March 30, 2023.

In this AIF, references to “\$” refer to United States dollars and all references to “C\$” refer to Canadian dollars. On March 30, 2023, the daily exchange rate as quoted by the Bank of Canada was US\$0.7389=C\$1.00 and C\$1.3533=US\$1.00.

Additional abbreviations are used throughout this document including Au (gold), Ag (silver), Cu (copper), oz (ounce), gpt (grams per tonne), kt (thousand tonnes), mt (million tonnes), m (metres), km (kilometres), tpd (tonnes per day), and ktpd (thousand tonnes per day) as well as other defined terms which may be found in Appendix A - Glossary of Technical Terms and Abbreviations.

All references in this AIF to the “Company”, “we”, “us” and “our” also include references to all subsidiaries of the Company as applicable, unless the context requires otherwise.

## CAUTION ABOUT FORWARD-LOOKING INFORMATION

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

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

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

### Examples of Forward-Looking Information in this AIF

Generally, forward-looking information can be identified by the use of forward-looking terms such as “plans,” “expects,” or “does not expect,” “is expected,” “budget,” “scheduled,” “goal,” “estimates,” “forecasts,” “intends,” “anticipates,” or “does not anticipate,” “believes”, or “target” or variations of such words and phrases or statements that certain actions, events or results “may,” “could,” “would,” “might,” or “will be taken,” “occur,” or “be achieved.” Undefined capitalized terms in the list below are defined in later sections of the AIF:

- plans to seek seeking opportunities to acquire assets that enable diversification and deliver value to shareholders;
- business plans and strategy and other events or conditions that may occur in the future;
- the results set out in the Technical Report, including without limitation, the results of the economic analysis of the ELG Mine Complex and the Media Luna Project, including without limitation, expected cash flows, net present value (“NPV”), internal rate of return (“IRR”), revenue, sustaining and non-sustaining capital expenditures, operating costs, and payable metal production;
- plans to construct and bring the Media Luna Project into production;

- plans to fund the development of Media Luna and its exploration plans using available liquidity, including the Debt Facility, and forecasted cash flow;
- the expected effectiveness of the initiatives taken by the Company to reduce price uncertainty during the development of Media Luna;
- potential to expand mineral reserves and resources in the ELG Mine Complex, the Media Luna cluster, and the broader land package which is 75% unexplored;
- the Company's confidence in extending the life of the ELG Underground beyond current reserves and to maintain a consistent underground production profile beyond 2027;
- the Company's 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;
- planned exploration programs, including objectives and budgets;
- the targeted mining rates for the ELG Underground;
- the expected 2023 non-sustaining capital expenditures for the Media Luna Project and expectation that quarterly expenditures will remain relatively consistent through the first half of 2024 before declining as development activities winddown ahead of commercial production which is anticipated in early 2025;
- the Media Luna Project schedule;
- plans to achieve the targets in the Climate Change Report;
- plans to implement the World Gold Council Responsible Gold Mining Principles and to become compliant with the International Cyanide Management Code and the Global Industry Standard on Tailings Management;
- the expectation that the Company will be able to remain in compliance with the covenants under the Debt Facility to access the full amounts available thereunder;
- the expectation that the copper concentrates from the Media Luna Project will be marketable to a range of large, reliable smelters, trading houses and blending facilities.
- the continued profitability of the ELG Mine Complex with positive economics from mining, recoveries, grades, annual production;
- expectations or beliefs regarding the impacts of the ongoing and evolving COVID-19 pandemic and associated global events;
- expected receipt and maintenance of all necessary approvals and permits;
- the parameters and assumptions underlying the mineral resource and mineral reserve estimates and the financial analysis, and gold prices;
- the ability to maintain the safety and security of the Morelos Complex;
- estimated life of mine for the Morelos Complex, including the ELG Open Pits, ELG Underground and Media Luna;
- expected metal and gold equivalent production, annualized production of metals and gold equivalent production, annualized payable production of metals and gold equivalent production, and contribution of component metals to the gold equivalent production;
- future gold, copper and silver prices;
- plans to continue to optimize and potentially extend the ELG Mine Complex;
- expected metal recoveries and the ability of the Company to manage blending and production optimization opportunities;
- expected TCC, AISC and revenues from operations;
- the mineral resource and mineral reserve estimates and the ability to mine and process estimated mineral reserves;
- throughput rate of the ELG Processing Plant prior to and following the upgrades planned to process the ore from Media Luna;
- expected recoveries of gold, copper and silver and payable factors;
- expected continued operation of the tailings filtration plant at design levels;

- planned use of the existing Filtered Tailings Storage Facility until the commissioning of the upgraded processing plant, when the Company envisions depositing tailings into the depleted Guajes open pit;
- construction and schedule to complete the Guajes Tunnel and South Portals, the paste plant and other associated Media Luna infrastructure; and
- the expected continued supply of power and water to meet operational requirements.

## DIFFERENCES IN REPORTING OF MINERAL RESOURCE AND MINERAL RESERVE ESTIMATES

This AIF has been prepared in accordance with the requirements of the securities laws in effect in Canada, which differ in certain material respects from the disclosure requirements promulgated by the Securities and Exchange Commission (the “SEC”). For example, the terms “mineral reserve”, “proven mineral reserve”, “probable mineral reserve”, “mineral resource”, “measured mineral resource”, “indicated mineral resource” and “inferred mineral resource” are Canadian mining terms as defined in accordance with Canadian National Instrument 43-101 Standards of Disclosure for Mineral Projects and the Canadian Institute of Mining, Metallurgy and Petroleum (the “CIM”) - CIM Definition Standards on Mineral Resources and Mineral Reserves, adopted by the CIM Council, as amended. These definitions differ from the definitions in the disclosure requirements promulgated by the SEC. Accordingly, information contained or referenced in this AIF may not be comparable to similar information made public by U.S. companies reporting pursuant to SEC disclosure requirements.

## NON-GAAP FINANCIAL PERFORMANCE MEASURES

The Company has presented certain “non-GAAP financial measures” (“Non-GAAP Measures”) in this AIF within the meaning of National Instrument 52-112 – *Non-GAAP and Other Financial Measures*. Adjusted net earnings, adjusted net earnings per share (basic and diluted), total cash costs per ounce of gold sold (“TCC”), total cash costs margin, all-in sustaining costs per ounce of gold sold (“AISC”), all-in sustaining costs margin, sustaining and non-sustaining capital expenditures, earnings before interest, taxes, depreciation and amortization (“EBITDA”), adjusted EBITDA, unit cost measures, free cash flow, net cash (debt), and average realized gold price are financial performance measures with no standard meaning under IFRS, and therefore may not be comparable to other issuers. The Company believes that these measures, while not a substitute for measures of performance prepared in accordance with IFRS, provide investors with an improved ability to evaluate the underlying performance or financial position of the Company. These measures do not have any standardized meaning prescribed under IFRS. Please refer to the “Non-GAAP Financial Performance Measures” section (the “NGFM Section”) on pages 29 to 35 of the Company’s management discussion and analysis for the year ended December 31, 2022 dated February 22, 2023, which section is incorporated by reference herein and available on the Company’s SEDAR profile at [www.sedar.com](http://www.sedar.com), for further information with respect to adjusted net earnings, adjusted net earnings per share (basic and diluted), TCC, TCC margin, AISC, AISC margin, sustaining and non-sustaining capital expenditures, EBITDA, adjusted EBITDA, unit cost measures, free cash flow, net cash (debt) and average realized gold price, and a detailed reconciliation of each of these non-GAAP financial measures to the most directly comparable financial measures under IFRS.

The Company has included Non-GAAP Measures related to the results set out in the Technical Report in the following sections: “*General Development of the Business – Developments in 2022*”, “*Material Properties – Morelos Property*” and Appendix C – “*Summary of the Technical Report*”. These sections include the following Non-GAAP Measures related to the results set out in the Technical Report: TCC, total cash costs margin per ounce of gold or AuEq sold, mine-site all-in sustaining costs per ounce of gold or AuEq sold, mine site all-in sustaining costs margin, mine-site earnings before interest, taxes, depreciation and amortization (“mine-site EBITDA”), sustaining capital expenditures and non-sustaining capital expenditures. Please refer to the NGFM Section for further information with respect to these Non-GAAP Measures and a detailed reconciliation of each of these non-GAAP financial measures to the most directly comparable financial measures under IFRS. Please note that the mine-site all-in sustaining costs and mine-site all-in sustaining costs margin, do not include Torex corporate G&A and potential sustaining exploration costs, and mine-site EBITDA does not include Torex corporate G&A.

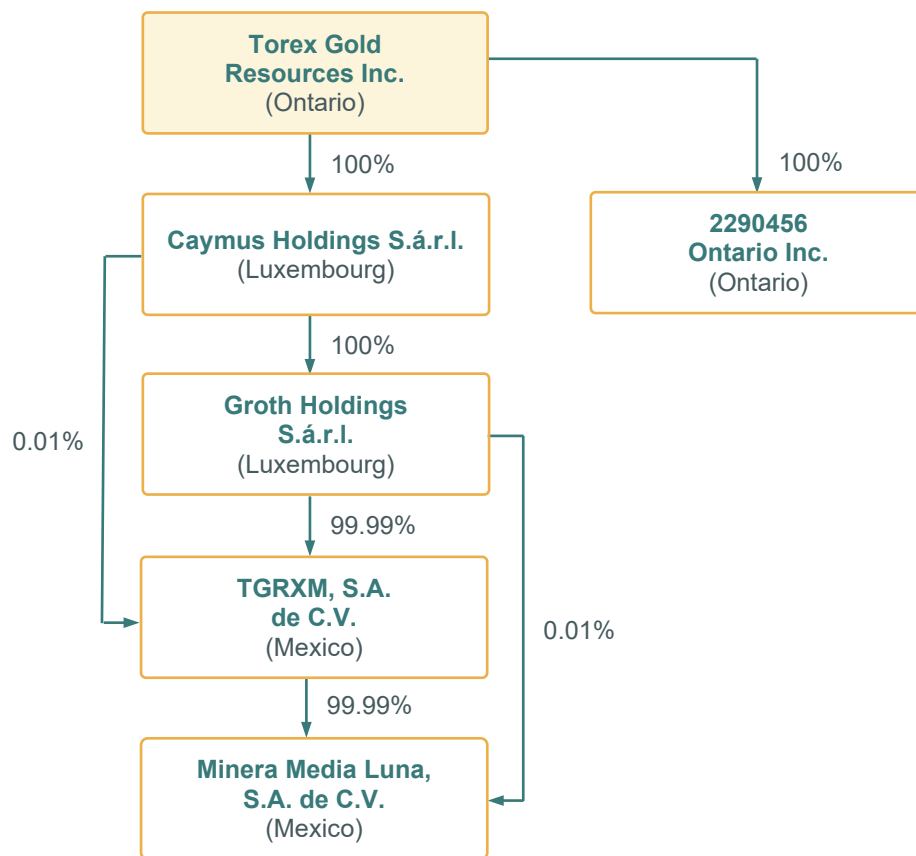
## CORPORATE STRUCTURE

### Name, Address and Incorporation

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

Effective December 18, 2020, Torex Luxembourg S.á.r.l completed a three-step voluntary liquidation procedure pursuant to Luxembourg laws. The material assets of Torex Luxembourg S.á.r.l were assigned to Torex, its sole shareholder, prior to the liquidation, and arrangements were made to satisfy the nominal liabilities of Torex Luxembourg S.á.r.l.

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



#### Notes to Corporate Structure Chart:

1. The shares of TGRXM, S.A. de C.V. and Minera Media Luna, S.A. de C.V. are pledged/conveyed to a Mexican security trustee as security for the obligations under a credit agreement and related documents. Caymus Holdings S.á.r.l, Groth Holdings S.á.r.l and TGRXM, S.A. de C.V. continue to be the beneficial owners of the relevant shares. The credit agreement was most recently amended and restated in August 2022 (see “*General Development of the Business – Financing Agreements – Debt Facility*”). The shares of TGRXM, S.A. de C.V. and Minera Media Luna, S.A. de C.V. continue to be pledged as security for the Debt Facility.
2. The Company’s principal subsidiary, TGRXM, S.A. de C.V., is a Mexican-based holding company whose sole business is to hold shares of the Mexican-based subsidiary, Minera Media Luna, S.A. de C.V., which is the registered holder of the Morelos Property. See “*Material Properties – Morelos Property*”.

## DESCRIPTION OF THE BUSINESS

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” or the “Property”), an area of 29,000 hectares in the highly prospective Guerrero Gold Belt located 180 kilometres southwest of Mexico City. The Property is owned by Minera Media Luna, S.A. de C.V. (“MML”), Torex’s wholly-owned subsidiary.

The Company’s principal asset is the Morelos Complex which includes the El Limón Guajes mining complex (“ELG” or the “ELG Mine Complex”), comprised of the El Limón Guajes open pits (the “ELG Open Pits” or the “ELG OP”), the El Limón Guajes underground mine (the “ELG Underground” or the “ELG UG”), the processing plant, and related infrastructure, which commenced commercial production as of April 1, 2016, and the Media Luna deposit (the “Media Luna Project” or “ML Project”), which is an advanced stage development project.

The Company issued the results of a feasibility study (the “Feasibility Study” or the “FS”) in the technical report (the “Technical Report”) titled *“ELG Mine Complex Life of Mine Plan and Media Luna Feasibility Study”* with an effective date of March 16, 2022, and a filing date of March 31, 2022, prepared in accordance with NI 43-101. The Technical Report has been filed on SEDAR under the Company’s profile ([www.sedar.com](http://www.sedar.com)) and is available on the Company’s website at [www.torexgold.com](http://www.torexgold.com).

The Company’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.

Details regarding the Morelos Property generally, and in particular the Morelos Complex, including the ELG Mine Complex and Media Luna Project, are set out under the subheading *“Material Properties – Morelos Property”* and under Appendix C – *“Summary of the Technical Report”*.

## GENERAL DEVELOPMENT OF THE BUSINESS

### KEY OPERATING AND FINANCIAL HIGHLIGHTS

<i>In millions of U.S. dollars, unless otherwise noted</i>	Year Ended			
	December 31, 2022	December 31, 2021	December 31, 2020	
<b>Operating Data</b>				
<i>Mining</i>				
Ore tonnes mined	kt	4,447	5,222	5,864
Waste tonnes mined	kt	34,560	34,923	36,657
Total tonnes mined	kt	39,007	40,145	42,521
Strip ratio <sup>1</sup>	waste:ore	8.9	7.3	6.7
Average gold grade of ore mined <sup>2</sup>	gpt	3.53	3.18	2.94
Ore in stockpile <sup>3</sup>	mt	4.7	4.8	4.1
<i>Processing</i>				
Total tonnes processed	kt	4,599	4,512	4,162
Average plant throughput <sup>4</sup>	tpd	12,600	12,362	11,372
Average gold recovery	%	88.3	88.3	89.0
Average gold grade of ore processed	gpt	3.64	3.65	3.64
<i>Production and sales</i>				
Gold produced <sup>5</sup>	oz	474,035	468,203	430,484
Gold sold	oz	473,122	468,823	437,310
<b>Financial Data</b>				
Revenue	\$	868.5	855.8	789.2
Cost of sales	\$	564.6	529.3	532.0
Earnings from mine operations	\$	303.9	326.5	257.2
Impairment loss	\$	-	41.2	-
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
Adjusted net earnings <sup>6</sup>	\$	167.1	180.0	135.7
Per share - Basic <sup>6</sup>	\$/share	1.95	2.10	1.59
Per share - Diluted <sup>6</sup>	\$/share	1.94	2.09	1.58
EBITDA <sup>6</sup>	\$	482.8	461.6	413.0
Adjusted EBITDA <sup>6</sup>	\$	478.5	490.8	431.4
Cost of sales <sup>8</sup>	\$/oz	1,193	1,129	1,217
Total cash costs <sup>6, 7</sup>	\$/oz	730	674	672
Total cash costs margin <sup>6</sup>	\$/oz	1,079	1,120	1,099
All-in sustaining costs <sup>6, 7</sup>	\$/oz	1,008	928	924
Average realized gold price <sup>6</sup>	\$/oz	1,809	1,794	1,771
Net cash generated from operating activities	\$	408.1	330.0	342.1
Net cash generated from operating activities before changes in non-cash working capital	\$	382.3	365.2	328.8
Free cash flow <sup>6</sup>	\$	129.8	97.9	192.0
Net cash <sup>6</sup>	\$	372.1	252.4	161.6
Cash and cash equivalents and short-term investments	\$	376.0	255.7	206.2
Total debt	\$	-	-	38.8
Total assets	\$	1,593.3	1,358.9	1,252.4
Total liabilities	\$	303.2	258.5	306.3

1. Ore mined from ELG Underground (defined herein) of 556 kt from ELG Underground is included in ore tonnes mined and excluded from the strip ratio in the year ended December 31, 2022. For the years ended December 31, 2021 and December 31, 2020, ore mined from ELG Underground was 461 kt and 366 kt, respectively.



2. Included within average gold grade of ore mined is the mined long term, low grade inventory. Excluding the long term, low grade inventory, the average gold grade of ore mined is 3.76 gpt for the year ended December 31, 2022. For the years ended December 31, 2021 and December 31, 2020, excluding the long term, low grade inventory, the average gold grade of ore mined is 3.50 gpt and 3.16 gpt, respectively.
3. 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. At December 31, 2021, there were 4.8 mt of ore in stockpiles at an average grade of 1.33 gpt, excluding 2.0 mt of long-term, low-grade stockpiles at an average grade of 0.94 gpt; the remaining 2.8 mt of ore in stockpiles are at an average grade of 1.61 gpt. As at December 31, 2020, there were 4.1 mt of ore in stockpiles at an average grade of 1.38 gpt, excluding 1.4 mt of long-term, low-grade stockpiles at an average grade of 0.91 gpt; the remaining 2.7 mt of ore in stockpiles are at an average grade of 1.62 gpt.
4. Tonnes per day for the years ended December 31, 2022, December 31, 2021 and December 31, 2020 are based on 365 days, 365 days and 366 days, respectively.
5. For the year-ended December 31, 2022, gold produced exceeded the upper end of full year guidance.
6. Adjusted net earnings, adjusted net earnings per share (basic and diluted), EBITDA, adjusted EBITDA, total cash costs, total cash costs margin, all-in sustaining costs, average realized gold price, free cash flow and net cash are non-GAAP financial measures with no standard meaning under IFRS. Refer to “Non-GAAP Financial Performance Measures” in the Company’s management’s discussion and analysis for the year ended December 31, 2022 for further information and a detailed reconciliation to the comparable IFRS measures.
7. For the year-ended December 31, 2022, total cash costs per ounce of gold sold were at the upper end of the guided range of \$695 to \$735 per oz and all-in sustaining costs per ounce of gold sold were near the mid-point of the guided range of \$980 to \$1,030 per oz.
8. Cost of sales for the year ended December 31, 2020 included \$11.1 million of care and maintenance costs incurred in the second quarter related to the COVID-19 suspension of operations.

## Developments in 2023 to date of AIF

### Mineral Reserve and Resource Update

- In March 2023, the Company announced the results of the year-end 2022 Mineral Reserve and Resource. On a total asset gold equivalent (“AuEq”) basis, net of depletion, Measured and Indicated Resources increased 567 koz (+8%) and Inferred Resources increased 41 koz (+2%). Prior to mine depletion of 511 koz AuEq, Measured & Indicated Resources increased 1,078 koz (+16%). At Media Luna, an inaugural Measured Resource of 473 koz AuEq at an average grade of 8.06 grams per tonne (“gpt”) AuEq was declared. At EPO, an inaugural Indicated Resource of 671 koz AuEq at an average grade of 5.16 gpt AuEq was declared. Step-out drilling to the south and west of EPO was successful in partially offsetting resources upgraded to the Inferred category. At the ELG Mine Complex, conversion of resources to reserves, drilling success and model updates resulted in more than 60% of Proven & Probable gold reserves processed in 2022 being replaced. See “Material Properties – Morelos Property.”

### Environmental, Social and Governance (“ESG”)

- In February 2023, annual local community development agreements (“CODECOPs”) were negotiated and signed with nine communities surrounding the ELG Mine Complex (Valerio Trujano, Atzcała, Real del Limón, La Fundación, Nuevo Balsas, San Nicolás, Acalmantilla, Tlanipatlán and Atlitxat) and two communities in close proximity to Media Luna (San Miguel and Puente Sur Balsas). The CODECOPs outline the development commitments made by the Company, as prioritized by local communities, and define the roles and responsibilities of the communities and the Company in designing and delivering local development projects.
- For the seventh consecutive year, a Participative Environmental Monitoring Agreement was renewed with the Autonomous University of Guerrero (“UAGro”), through which the UAGro conducts independent water quality testing of the nearby El Caracol dam, and shares results with local communities and local and state government officials. In addition, an annual Fisheries and Aquaculture Agreement was signed with local fishermen and fishing cooperatives in Nuevo Balsas, Puente Sur Balsas and Atzcała, through which the Company supports economic development through aquaculture training, fingerling campaigns and the donation of fishing equipment.
- The Company received a 2022 Indigenous and Community Relations Award from *Mining Magazine*, a major industry publication, for the Company’s approach and commitment to local community development; in addition, the Company was recognized as part of the The Globe and Mail’s 2023 *Report on Business* ‘Women Lead Here’ list, in recognition of the Company’s high percentage of women on its executive team, as compared with other Canadian publicly-traded companies with annual revenues of greater than \$50 million.

## Developments in 2022

### Operations

- In June, 2022, the Company achieved 10 million hours worked lost time injury free, for the second time since 2020. 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.
- Record annual gold production of 474,035 ounces ("oz") was delivered for the year, surpassing the prior record of 468,203 oz set in 2021. 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 of 473,122 oz was achieved at an average realized gold price of \$1,809 per oz, contributing to revenue of \$868.5 million. See "*Non-GAAP Financial Performance Measures*."

### Debt Facility

- The Company replaced the 2021 Debt Facility (as defined below) with a secured \$250.0 million debt facility (the "Debt Facility") with Torex as the borrower and consisting of \$100.0 million term loan (the "Term Facility") and a \$150.0 million revolving debt facility (the "Revolving Facility"). See "*General Development of the Business – Financing Agreements – Debt Facility*". The Company continues to assess alternatives including the high yield market, assuming favourable market conditions and pricing.

### Media Luna Project

- Based on the results of the Media Luna Feasibility Study included in the Technical Report, 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 the construction period as of April 1, 2022, with a remaining project spend of \$749.8 million as at December 31, 2022. Expenditures during this period were primarily focused on continued development of the Guajes Tunnel and South Portals, with development of the 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 Technical Report. 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.
- See "*Material Properties – Morelos Property*" and Appendix C – "*Summary of the Technical Report*".

### Funding the Development of the Media Luna Project and Exploration Plans

- 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. As at December 31, 2022, the Company had cash and cash equivalents on hand of \$376.0 million, nil borrowings on the Debt Facility with \$3.4 million in letters of credit drawn, leaving the availability of the Debt Facility at \$246.6 million.
- The Company has also taken initiatives to reduce price uncertainty during the development of the Media Luna Project. The Company entered into the following gold forward sales contracts: in the first quarter of 2022, 138,000 oz of gold between October 2022 and December 2023 at a weighted average price of \$1,921 per oz; in the fourth quarter of 2022, 60,000 oz of gold in 2024 at a weighted average price of \$1,916 per oz; and, in the first quarter of 2023, 114,000 oz from July 2023 to December 2024 at a weighted average price of \$1,992 per oz. See "*General Development of Business – Principal Products*".

### Media Luna Permitting

- 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.
- The Company also secured approval from the utility authorities to increase the power draw at the Morelos Property to 65 megawatts to sustainably deliver full production at Media Luna.

### ESG

- There were no reportable environmental incidents in 2022. The Company met its environmental targets for 2022, namely zero reportable spills of 1,000 litres or more that report to a natural water body.
- All commitments associated with the Company's 2022 CODECOPs were met with 11 local communities. Numerous community improvement infrastructure projects were completed as part of the agreements.
- In November 2022, 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. The full Climate Change Report can be found on the Company's website at [www.torexgold.com](http://www.torexgold.com).
- As part of the Company's carbon reduction targets, the Company received permitting approval from SEMARNAT on the construction of a new 8.7 megawatt solar plant. The solar plant is expected to be fully commissioned by the end of 2023.
- The Company continued to work toward compliance with recognized global ESG performance and disclosure standards, including the World Gold Council Responsible Gold Mining Principles ("RGMPs"), the International Cyanide Management Code ("ICMC") and the Global Industry Standard on Tailings Management ("GISTM"). In December, the Company's World Gold Council RGMP Year Two Implementation Progress Report was publicly disclosed on the Company's website, including independent assurance of progress from KPMG LLP.
- Year-over-year ESG ratings from key ratings agencies were substantially maintained or improved due to focused enhancements on disclosure. Key improvements include the Company's S&P Corporate Sustainability Assessment score improving to 47 (out of 100) from 37 in 2022, placing the Company in the 81st percentile of precious metals companies globally; and the Company's Sustainalytics ESG Risk Ranking, which improved to 31.5 in 2022 from 35.3 in the previous year, placing the Company in the top third (29/90) of the gold subindustry.
- The community of San Miguel voted in favour of resettlement due to its close proximity to Media Luna. The resettlement will involve approximately 50 homes. The general plan and architecture of the community was presented and approved by residents of San Miguel, and housing design options were presented to community members. It is anticipated the resettlement process will be completed by the first quarter of 2024.

### Developments in 2021

#### Operations and Finance

- Safety excellence continued with the Company exiting the year with a lost time injury frequency ("LTIF") of 0.14 per million hours worked on a rolling 12-month basis.
- The Company achieved strong operational and financial results, as the Company continued to effectively address the challenges associated with COVID-19. The Company delivered annual gold production of 468,203 oz, milling rate of more than 12,360 tonnes per day ("tpd"), underground mining rate of 1,260 tpd and annual gold sales of 468,823 ozs at an average realized gold price of \$1,794 per oz, generating revenue of \$855.8 million. See also "Risk Factors – Pandemics, Health Emergencies and Other Global Events" and "Non-GAAP Financial Performance Measures".
- As at December 31, 2021, the Company did not have plans to use the monorail-based mining system in its operations for the foreseeable future, nor invest in further development of the system. 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.

### **2021 Revolving Facility**

- The Company refinanced a prior debt facility with a two-year secured \$150 million revolving debt facility (the “2021 Revolving Facility”). See “*General Development of the Business – Financing Agreements – 2021 Debt Facility*”.

### **Media Luna Project**

- The Company continued to advance the Feasibility Study for the Media Luna Project. In the second quarter of 2021, after an analysis of the results of the monorail-based mining system test program at El Limón Deep (“ELD”) and an assessment of business risks, the Company decided to pursue the Media Luna Feasibility Study using conventional mining methods as the basis for design. See “*Material Properties – Morelos Property*”.
- In March 2021, the Company received a key environmental permit (“MIA Modification”) to allow for the commencement of early works construction activities on the south side of the Balsas River which commenced in Q1 and continued through the balance of the year.

### **ESG**

- In the second quarter of 2021, the Company became a signatory to the ICMC. As per ICMC signatory requirements, full conformance with the ICMC is required by May 2024.
- In the fourth quarter of 2021, the Company released its Year 1 Responsible Gold Mining Principles - Implementation Progress Report, with accompanying limited assurance from KPMG LLP. Doing so fulfilled the Year 1 requirements set out by the World Gold Council.
- The Company released its Organizational Purpose Statement: ‘*To transform finite mineral resources into lasting prosperity by positively impacting all the lives we touch*’.

### **Developments in 2020**

#### **Operations and Finance**

- Record safety performance as the Company surpassed 10 million hours worked without a lost time injury in November. In December 2020, a contractor suffered an injury to his right index finger, marking the Company’s first lost time injury since April 22, 2019.
- On April 2, 2020, in response to the Decree issued by the Government of Mexico for all non-essential businesses in the country to temporarily suspend operations to mitigate the spread of COVID-19, the Company announced that operations would not re-start at the conclusion of a planned maintenance shutdown of the processing plant that was underway at the time the Decree was issued. In May 2020, partial operations were resumed and full operations resumed in June 2020.
- As shown in the “*Key Operational and Financial Highlights*” above, the Company achieved strong operational and financial results, despite the challenges associated with COVID-19.

#### **Monorail-based Mining System**

- Process and equipment testing in Mexico continued at the designated test area in ELD.

#### **Media Luna Project**

- An early works program started excavating the Guajes tunnel to provide access to Media Luna from the North thereby de-risking this component of the development schedule. See “*Material Properties – Morelos Property*”.

### **ESG**

- In the fourth quarter of 2020, the Company became a member of the World Gold Council and committed to implementing the RGMPs as prescribed by the World Gold Council’s three-year implementation process.

## Development and Exploration

Details regarding exploration and development of the Morelos Property generally, and in particular the ELG Mine and Media Luna Project, are set out under the subheading “*Material Properties – Morelos Property – Key Developments Since the Effective Date of the Technical Report*” and Appendix C – “*Summary of the Technical Report*.”

## Operating under the COVID-19 Pandemic

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

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

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

The Company continues to work diligently to prevent the spread of COVID-19 both within the workforce and host communities, as per the recommendations of the Mexican Health authorities and Federal and State government requirements. The Company implemented a COVID-19 vaccination policy, which requires all employees, contractors, and visitors to be vaccinated to enter the operations.

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. See “*Risk Factors – Pandemics, Health Emergencies and Other Global Events*” for more information regarding COVID-19 and pandemic related risks which could impact the Company's operations.

## Financing Agreements

### 2021 Revolving Facility

On March 30, 2021, the Company's subsidiary MML signed a Third Amended and Restated Credit Agreement (the “*TARCA*”), replacing a prior debt facility, with the Lenders in connection with a two-year secured \$150 million revolving 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.

### Debt Facility

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, as amended by an amending agreement dated February 13, 2023, is available under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### Principal Products

The Company’s principal product is gold which requires refining to become a marketable material. The Company uses the services of a refiner to refine the doré produced at its operations to market delivery standards. The Company has two contracts for refining all of its gold. One contract is with two affiliated refineries (together, the “Primary Refiner”) located in the United States and Canada and is for a two-year period ending December 2024. The Company is obligated to send approximately 75% of its doré to the Primary Refiner. If a force majeure event affects the refinery, the Primary Refiner is obligated, at no additional cost to the Company, to make commercially reasonable efforts to refine the Company’s doré at another of the Primary Refiner’s refineries and the Company is entitled to deliver the doré to other refiners or refineries for refining without liability to the Primary Refiner.

The Company has a second contract with a refiner (the “Second Refiner”) in Switzerland, with operations in Switzerland and India. The contract has a one-year term to December 31, 2023 and it will automatically renew each year for another one-year term, unless either party gives notice to the other party that it wishes to terminate the contract on the anniversary date. The Company may send approximately 25% of its doré to the Second Refiner.

Due to the availability of alternative refiners, the Company believes that it is not dependent on any one refiner. However, circumstances affecting businesses in general, regionally or globally, including refineries and businesses which transport doré from mining operations to the refineries, may impact the Company’s ability to refine its doré production.

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 the first quarter of 2023, the Company entered into additional gold forward contracts to sell 48,000 oz of gold in 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) and gold forward contracts to sell 66,000 oz of gold from July 2023 to June 2024 at prices ranging from \$2,009 per oz to \$2,011 per oz (or at a weighted average price of \$2,010 per oz). See also “*Risk Factors – Use of Derivatives*”.

The balance of the refined gold is sold to the Lenders at spot prices. There are worldwide markets into which the Company may sell its gold and consequently, it is not dependent on any particular purchaser for the spot sales of its gold.

The copper concentrates from the Media Luna Project are expected to be considered mid-grade copper with high precious metals and minor deleterious elements. The copper concentrates are expected to be marketable to a range of large, reliable smelters, trading houses and blending facilities. Due to the expected high gold and silver content, the concentrates would not be suited for all smelters and destinations and would be sold and delivered to smelters/receivers with the best precious metal recovery capabilities. For information on the Media Luna Project see “*Material Properties – Morelos Property*” and Appendix C – “*Summary of the Technical Report*.”

### Employees and Specialized Skills and Knowledge

As at December 31, 2022, the Company had 1,151 full or part time employees: 1,108 workers employed at the operations and offices in Mexico and 43 employees in the corporate office in Toronto. At the operations, 99% of employees are from Mexico, with almost 60% from Guerrero State.

The number of contractors at the Company increased from 1,689 in 2021 to 2,303 in 2022, reflecting the increasing level of activity at the Media Luna Project.

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

### Competitive Conditions

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

The mineral exploration and mining business is competitive in all phases of exploration, development and production. The ability of the Company to acquire additional properties depends on, among other things, its ability to select, acquire and bring to production suitable properties or prospects for mineral exploration and development. See “*Risk Factors – Competition*”.

### Foreign Operations

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

### Business Cycle

The mining business is subject to mineral price cycles and the marketability of minerals and mineral concentrates is also affected by global economic cycles. Metal prices fluctuate widely and are affected by numerous factors such as global supply, demand, inflation, exchange rates, interest rates, forward selling by producers, central bank sales and purchases,

production, global or regional political, economic or financial situations, situations such as the ongoing impact of COVID-19, and Russia's invasion of Ukraine and other factors beyond the control of the Company. See *"Risk Factors – Fluctuations in Gold and other Metal Prices"*.

## Environmental, Community and Sustainability

### ***Policy Framework and Adherence to Global ESG Performance and Disclosure Standards***

The Company has adopted several policies concerning health and safety, social harmony, human rights and environmental protection. These policies include the Company's Code of Business Conduct and Ethics (the "Code") which sets out the Company's expectations of its directors, officers and employees to, among other things: (i) act ethically and honestly; (ii) obey all laws governing the conduct of the business and affairs of the Company; (iii) conduct business in an environmentally and socially responsible manner; and (iv) select and treat employees of the Company in a respectful, fair and equitable manner and foster a work environment that is safe and healthy and free from discrimination, harassment, intimidation and hostility of any kind. Copies of the Code, as well as the Company's the Safety and Health Policy, Environmental Protection Policy, Anti-Bribery and Anti-Corruption Policy, Whistleblower Policy and the Social Harmony and Human Rights Policy are available on the Company's website at [www.torexgold.com](http://www.torexgold.com).

In addition to its internal policies, in 2020, the Company became a member of the World Gold Council (the "WGC"). In accordance with the membership commitment, the Company is in the process of adopting the Responsible Gold Mining Principles ("RGMPs"), which were designed to provide confidence to governments, investors, employees, communities and civil society that gold is produced by the Company in a responsible manner. In the fourth quarter of 2022, the Company released its Year 2 Responsible Gold Mining Principles - Implementation Progress Report, with accompanying limited assurance from KPMG LLP, fulfilling the Year 2 requirements set out by the World Gold Council. The Company is currently in the process of fulfilling its Year 3 requirements, with a view to achieving full internal compliance by the end of 2023 in advance of a full conformance audit to be completed by August 2024.

In addition, in 2021, the Company became a signatory to the ICMC, and a workplan is currently underway to achieve full compliance with within the ICMC's three-year timeframe. In September 2022, a pre-audit was conducted by a third-party expert to help ensure readiness for the full compliance audit to take place in 2024.

In 2022, the Company's Board of Directors approved the adoption of the Global Industry Standard on Tailings Management ("GISTM"), with a view to full compliance by August 2025.

### ***Environment***

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

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

The ESMS is comprised of 16 management plans to manage and mitigate impacts to soil, water, air, flora, and fauna. It is implemented by a team of environmental specialists at the Company's operations with overall operational accountability residing with the Company's Senior Vice President, Mexico, who reports directly to the Chief Executive Officer. The Safety and Corporate Social Responsibility Committee of the Board of Directors maintains Board-level oversight of the ESMS and associated performance. An environmental compliance report is also submitted annually to the Mexican government through SEMARNAT.

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



- **Permitting and Legal Compliance:** The operations are subject to a variety of environmental laws and regulations in Mexico, including at the Federal and State levels. The Company maintains a comprehensive register of environmental obligations, including all permits, authorizations, and commitments. All environmental commitments are managed through an Environmental Quality Monitoring Programme, comprised of 16 management plans covering ten material environmental aspects. The Company also maintains a comprehensive environmental risk register to monitor, manage, and mitigate the 51 environmental risks identified within its baseline natural and industrial risk assessment, and an environmental quality and monitoring program to maintain legal and regulatory compliance and drive continual improvement in environmental performance.
- **Tailings Management:** The Company recognizes that tailings management is one of the most material environmental issues for mining companies globally and, as such, is currently working toward adoption of GISTM. The Company designed and constructed a filtered tailings storage facility for the ELG Mine Complex, which is one of the largest globally and the Company believes to be best-in-class. The tailings are filtered through a process that reduces the moisture content to 17%, which conserves water, eliminates the need for tailing embankments, and essentially eliminates the risk of dam failure. Tailings are conveyed and stacked within the storage facility. A buttress of rock on the downstream side of the storage facility adds additional stability and safety. The Company has internal technical teams dedicated to monitoring the area, and their work is audited by external experts who inspect the site twice a year in both the wet and dry season. The facility is also inspected annually by an independent, third-party consultant. The filtered tailings facility operated through all of 2022 with zero discharge to the downstream environment. In addition, lab results continue to indicate no acid drainage potential throughout the year.
- **Water Management:** The Company recognizes that water is a critical, shared resource and that water security is an important global issue. As such, the Company implements robust management systems to promote water efficiency at the operations and works in close partnership with our host communities on water related projects. The Company's approach to water management is aligned with IFC Performance Standard 3 on Resource Efficiency and Pollution Prevention, which requires the Company to adopt measures to maximize recycling and reduce water usage so that the operations' water consumption does not have significant adverse impacts on others. In 2022, the Company completed further updates on its site-wide water management plan to incorporate ongoing project development activities at Media Luna.

In 2022, for the seventh consecutive year, a Participative Environmental Monitoring Agreement was renewed with the Autonomous University of Guerrero ("UAGro"), through which the UAGro conducts independent water quality testing of the nearby El Caracol dam, and shares results with local communities and local and state government officials. In addition, an annual Fisheries and Aquaculture Agreement was signed with local fishermen and fishing cooperatives in Nuevo Balsas, Puente Sur Balsas and Atzcala, through which the Company supports economic development through aquaculture training, fingerling campaigns and the donation of fishing equipment.

- **Energy and Climate Change Management:** The Company supports the Paris Agreement goals and the recommendations of the TCFD, and believes that the mining sector has a key role to play in reducing GHG emissions as well as supporting the transition to a lower carbon economy by supplying critical mineral and metals that advance low carbon technologies. Furthermore, climate change presents risks and opportunities for the business, including physical risks to assets and operations as well as transition risks towards a lower-carbon future. The Company is therefore committed to embedding climate change management across all levels of the Company, and to provide disclosure on climate change that is consistent with the TCFD. In November 2022, the Company released its inaugural Climate Change Report aligned with the recommendations of TCFD. The Climate Change Report includes 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 Climate Change 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 technology at ELG and Media Luna, diesel and biodiesel tracking, and a carbon management plan. The Climate Change Report is available on the Company's website at [www.torexgold.com](http://www.torexgold.com).

- *Waste and Hazardous Materials Management:* The Company maintains a waste management program, including specific plans for both hazardous and non-hazardous waste that are aligned with Mexican environmental legislation, namely the General Law for the Prevention and Integral Management of Wastes. All hazardous waste is controlled and stored in metal drums and transferred to a warehouse before being removed by a government-accredited contractor. Solid urban waste, generated primarily in administrative and camp areas, is separated into various sub-streams. All organic waste is used in restoration areas, while plastic and aluminum are removed by a government-accredited contractor.
- The Company is also currently implementing the International Cyanide Management Code (ICMC) for the safe transportation, management, and disposal of cyanide. The Company expects to be in full conformance with the ICMC by May 2024.
- *Air Quality:* The Company's approach to managing air quality impacts is aligned with the Air Emissions and Ambient Air Quality requirements of the IFC Environmental, Health and Safety Guidelines. As per the requirements, the Company is committed to preventing and minimizing impacts, as applicable, by following defined air quality guidelines, which complement local regulations. Ongoing operational air quality monitoring indicates the air quality levels are consistently below maximum permissible limits (MPLs) as defined by Mexican regulations, and modeling indicates this will continue to be the case during development and operations at Media Luna.
- *Biodiversity and Land Use:* The Company recognizes the importance of biodiversity in maintaining ecosystem health, and completed comprehensive biodiversity baseline studies in 2014 and 2021, which inform associated Biodiversity Management Plans developed in conjunction with key stakeholders and regulatory agencies. The Company's approach to managing biodiversity risks and impacts is aligned with IFC Performance Standard 6 on Biodiversity Conservation and Sustainable Management of Living Natural Resources. A key mitigation measure is a commitment to compensate for land disturbances by establishing a conservation area in the nearby area at a ratio of 3:1 of the mining land disturbances, with the ultimate goal of "no net loss" of natural and critical habitat. To support this objective, annual reforestation programs are conducted using seedlings grown at two on-site nurseries (one at ELG and one at Media Luna).

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

A life-of-mine closure plan was developed for the ELG Mine Complex and Media Luna Project. The plan was developed as part of the Media Luna Feasibility Study. The Company recognizes a decommissioning liability relating to the ELG Mine Complex and development activities at the Media Luna Project based on disturbances incurred to date. As at December 31, 2022, a decommissioning liability of \$40.5 million had been recognized. In respect of its exploration activities, the Company has determined that no significant decommissioning liability exists. See Note 12 of the Company's Financial Statements for the year ended December 31, 2022, for information on the estimation of the liability.

### **Community Engagement and Development**

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

The Company aims to share the economic benefits of its operations with local stakeholders. In addition to the standard economic contributions the Company makes to local communities and host governments (e.g. taxes, royalties, land payments), the Company also contributes through various sustainable development initiatives. In 2018, the Company

moved away from a company-centric model of community economic development towards a ‘collaborative-partnership’ model based on agreements and partnerships among local stakeholders. This distributes the roles and responsibilities of community development away from the Company with a primary focus on local stakeholders and institutions. Doing so removes the Company from the center of dependency and allows communities to take responsibility for development in the broader context.

In 2018, in implementing this new approach, the Company signed unique community development agreements (Convenio de Desarrollo Comunitario Participativo (“CODECOPs”) with nine communities surrounding the ELG Mine Complex (Valerio Trujano, Atzcala, Real del Limón, La Fundición, Nuevo Balsas, San Nicolás, Acalmantilla, Tlanipatlán and Atlixac) and two communities in close proximity to Media Luna (San Miguel and Puente Sur Balsas), based on a collaborative-partnership model. The CODECOPs outline the development commitments made by the Company and the roles and responsibilities of the local stakeholders in designating and delivering development projects in their communities. Local committees were established for each CODECOP. Funding priorities are defined by the CODECOP committee representatives in consultation with community authorities and community members. This is a step beyond the more traditional impact benefit agreement model, as it increases local participation and decision-making among local stakeholders, rather than the Company. Typical projects include infrastructure development and improvements, water and sanitation projects, education initiatives, and cultural initiatives. In 2022, the Company invested \$0.7 million as part of the CODECOPs. In February 2023, CODECOPs for 2023 were negotiated and signed with each of the 11 communities.

The Company also invests directly in local economic initiatives that are defined by local communities, often in partnership with local government agencies and non-governmental development organizations. Doing so helps promote ownership of the initiatives, helps build capacity, and promotes long-term sustainability. In 2022, the Company invested \$3.9 million directly into such initiatives.

The Company has also contributed to the Mexican Fondo Minero (the “Mining Fund”) in respect of years 2016 onward (first year of gold production), which is funded through a 7.5% mining tax on extractive activities earnings and 0.5% royalty on gold and silver sales, with proceeds used to fund community infrastructure projects in mining communities. The Company contributed \$34.5 million, \$36.4 million, and \$34.2 million for years 2020, 2021 and 2022, respectively, to the Mining Fund; the payments are made in the first quarter of the following year. The rate and basis upon which the amount of the tax and the royalty is determined has not changed; the increase year over year in the amount paid to the Mining Fund is primarily due to the increase in the Company’s earnings and higher gold prices. See “*Risk Factors – Legislative Changes*” for information on changes to the use of the Mining Fund implemented by the Mexican Federal Government.

### ***Labor Relations and Collective Bargaining Agreements***

All employees are guaranteed the right to freedom of association and collective bargaining as per Mexican labour laws, in alignment with the core conventions of the International Labour Organization. The Company maintains a strong relationship with the national and local union. As at the end of 2022, unionized employees represent 65% of our workforce in Mexico.

In 2022, the Company signed a new one-year collective bargaining agreement (“CBA”) to December 31, 2023, with the Confederation of Mexican Workers (“CTM”). Unionized employees voted overwhelmingly in favour of the new CBA in conformance with new Mexican labour laws.

In addition to base salary increases, the CBA covers a variety of benefits, including health benefits, contributions to a savings fund, vacation premium and increased provision of scholarships for employee dependents. The Company provides all employees, without exception, the same health benefits, including private medical coverage, which is an industry leading practice in Mexico.

### **Additional Information**

The preparation of the Company's 2021 Responsible Gold Mining Report was guided by leading practices in sustainability reporting in the mining industry and by international guidelines, including the Global Reporting Initiative ("GRI") Core Standards, and the Sustainability Accounting Standards Board ("SASB") Metals and Mining Accounting Standard (Version 2018-10). The 2021 Responsible Gold Mining Report is available on the Company's website at [www.torexgold.com](http://www.torexgold.com).

The Company's inaugural Climate Change Report, aligned with the recommendations of the TCFD, can also be found on the Company's website at [www.torexgold.com](http://www.torexgold.com).

### **Information Systems and Cyber Security**

The Company's operations depend upon the availability, capacity, reliability, and security of its information technology ("IT") infrastructure, and its ability to expand and update this infrastructure as required, to conduct daily operations. The Company uses a combination of internal IT resources and third-party vendors for ongoing IT support and management, systems maintenance, and cyber security services. Torex has a dedicated IT department led from the Company office in Toronto, Canada with IT resources primarily located in Mexico at the mine site. The IT department reports to the CFO, who reports quarterly to the Audit Committee of the Board on the Company's cyber risk and IT controls program.

The Company relies on various IT systems in all areas of its operations, including finance, payroll, contract management, exploration and development data analysis, mining, processing and other operational activities, human resource management, regulatory compliance and communications with employees and third parties. These IT systems could be subject to network disruptions caused by a variety of sources.

As such, Torex's IT department conducts regular maintenance, updates and replacement of networks, equipment, IT systems and software, as well as pre-emptive work and redundancies to mitigate the risks or magnitude of failures, if any. In addition, the Company's IT systems and software are protected by various tools including, but not limited to, endpoint protection systems, firewalls, password requirements including multi-factor authentication for all remote access, e-mail threat-prevention solutions. Annually, the Company undertakes vulnerability assessments or penetration tests.

The Company has key IT controls in relation to its accounting and other computer systems grouped into six process domains: network operations; information security; change management; data management; application controls; and cyber risk. A combination of enterprise-grade network firewall devices, security software packages, and policy enforcement has been layered together to provide a multi-layered, defense-in-depth approach with intentional redundancies to increase protection of valuable data and information.

Annual cyber risk and IT general control testing activities are conducted to assess the data security infrastructure and recovery abilities. Employees receive annual cyber awareness training along with regular phishing simulation tests. The overall enterprise data security infrastructure is managed in accordance with applicable NIST (National Institute of Standards and Technology) cyber security governance framework and best practices.

In addition, internal and external IT assurance activities and vulnerability assessments are conducted, in part with advisory firms, to validate the completeness and effectiveness of the cyber risk program and related IT general controls.

To-date, the Company has not experienced any material losses relating to cyber-attacks or other material information security breaches. See "*Risk Factors – Information and Cyber Security*".

## MATERIAL PROPERTIES – MORELOS PROPERTY

As stated above, the Company issued the Technical Report which outlines the updated economics of the Morelos Complex in Guerrero, Mexico. The Technical Report includes an integrated mine plan for the ELG Mine Complex as well as the Media Luna Project. Operational and economic estimates are based on a project period commencing April 1, 2022, unless otherwise noted. See Appendix C – “*Summary of Technical Report*” for a summary of the key information set out in the Technical Report. Below are the material developments since the effective date of the Technical Report.

### Key Developments Since the Effective Date of the Technical Report

#### Updated Mineral Reserve and Mineral Resource Estimates

Table 1: Year-over-year comparison of Mineral Reserves & Mineral Resources for the Morelos Complex

	December 31, 2022			December 31, 2021			Variance		
	Tonnes (kt)	AuEq (gpt)	AuEq <sup>1</sup> (koz)	Tonnes (kt)	AuEq (gpt)	AuEq <sup>1</sup> (koz)	Tonnes (kt)	AuEq (gpt)	AuEq <sup>1</sup> (koz)
<b>Proven &amp; Probable Reserves</b>									
Media Luna Underground	23,017	4.54	3,360	23,017	4.54	3,360	-	-	-
ELG Open Pit	8,403	3.27	885	10,371	3.15	1,051	(19%)	4%	(16%)
ELG Underground	2,563	6.17	508	2,675	5.81	500	(4%)	6%	2%
Surface Stockpiles	4,655	1.30	195	4,808	1.38	213	(3%)	(6%)	(9%)
<b>Total Morelos Complex</b>	<b>38,638</b>	<b>3.98</b>	<b>4,947</b>	<b>40,871</b>	<b>3.90</b>	<b>5,123</b>	<b>(5%)</b>	<b>2%</b>	<b>(3%)</b>
<b>Measured &amp; Indicated Resources<sup>2</sup></b>									
Media Luna Underground	27,390	5.30	4,669	25,380	5.38	4,394	8%	(2%)	6%
ELG Open Pit	11,304	3.08	1,119	16,754	2.93	1,580	(33%)	5%	(29%)
ELG Underground	5,016	6.26	1,009	4,551	6.34	927	10%	(1%)	9%
EPO Underground	4,050	5.16	671	-	-	-	na	na	na
<b>Total Morelos Complex</b>	<b>47,760</b>	<b>4.86</b>	<b>7,468</b>	<b>46,685</b>	<b>4.60</b>	<b>6,901</b>	<b>2%</b>	<b>6%</b>	<b>8%</b>
<b>Inferred Resources</b>									
Media Luna Underground	7,322	4.27	1,006	5,991	4.05	780	22%	6%	29%
ELG Open Pit	1,385	1.95	87	812	1.83	48	71%	7%	82%
ELG Underground	1,480	6.05	288	1,380	4.95	220	7%	22%	31%
EPO Underground	5,634	4.04	732	8,019	3.97	1,024	(30%)	2%	(29%)
<b>Total Morelos Complex</b>	<b>15,821</b>	<b>4.15</b>	<b>2,112</b>	<b>16,202</b>	<b>3.98</b>	<b>2,071</b>	<b>(2%)</b>	<b>4%</b>	<b>2%</b>

#### Notes to Table:

- Gold equivalent (AuEq) Mineral Reserves and Resources take into account respective metal prices and metallurgical recoveries for gold, silver and copper (see Table 3 and Table 6).
- Mineral Resources are reported inclusive of Mineral Reserves.
- The reader is cautioned not to misconstrue this tabulation as a Mineral Reserve or a Mineral Resource statement. Tonnes, grades and contained metal are shown for comparison purposes only.
- Year-end Mineral Reserves and Resources as well as year-over-year variance subject to rounding.

Gold equivalent (“AuEq”) Mineral Reserves and Mineral Resources take into account respective metal prices and metallurgical recoveries for gold (“Au”), silver (“Ag”) and copper (“Cu”) by deposit. Metals prices used to estimate Mineral Reserves and Mineral Resources remain unchanged from those used in the Technical Report.

#### Proven and Probable Mineral Reserves

Total Proven and Probable Mineral Reserves are estimated at 4,947 koz AuEq at an average grade of 3.98 gpt AuEq, representing a 3% decrease relative to year-end 2021 reserves of 5,123 koz AuEq at 3.90 gpt AuEq. Of the Proven & Probable Reserves, 73% of the AuEq estimate is attributable to Au, 23% to Cu, and 4% to Ag.

Table 2: Year-over-year change in Proven and Probable Mineral Reserves

	December 31, 2022					Variance (2022 / 2021)				
	Tonnes (kt)	Au (koz)	Ag (koz)	Cu (Mlb)	AuEq <sup>1</sup> (koz)	Tonnes (kt)	Au (koz)	Ag (koz)	Cu (Mlb)	AuEq <sup>1</sup> (koz)
<b>Proven &amp; Probable Reserves</b>										
Media Luna Underground	23,017	2,077	18,944	444	3,360	-	-	-	-	-
ELG Open Pit	8,403	863	1,195	27	885	(1,968)	(173)	(308)	(2)	(166)
ELG Underground	2,563	480	598	14	508	(112)	(14)	87	0	8
Surface Stockpiles	4,655	188	470	7	195	(152)	(21)	(14)	0	(18)
<b>Total Morelos Complex</b>	<b>38,638</b>	<b>3,609</b>	<b>21,206</b>	<b>493</b>	<b>4,947</b>	<b>(2,233)</b>	<b>(208)</b>	<b>(236)</b>	<b>(2)</b>	<b>(176)</b>
Change - Net (%)						(5%)	(5%)	(1%)	(0%)	(3%)
<b>Change in Reserves Prior to Depletion</b>										
Ore Processed <sup>2</sup>						(4,599)	(538)	(568)	(15)	(545)
<b>Reserves - Added / Lost</b>						<b>2,366</b>	<b>330</b>	<b>332</b>	<b>13</b>	<b>369</b>
Change - Prior to Depletion (%)						6%	9%	2%	3%	7%

Notes to Table:

1. Gold equivalent Mineral Reserves take into account respective metal prices and metallurgical recoveries for gold, silver, and copper (see Table 3).
2. Ore processed (depletion) in 2022 on a AuEq basis assumes respective based on prices and recoveries used at year-end 2021.
3. Year-end Mineral Reserves and year-over-year variance (2022 versus 2021) subject to rounding.

Drilling and model updates were successful in replacing 68% of AuEq Proven & Probable Reserves processed in 2022. In the ELG Open Pit operation, additional laybacks in the El Limón pit added approximately 190 koz to reserves while drilling success in the El Limón Sur pit added approximately 50 koz. In the ELG Underground, reserves were once again added at the Sub-Sill and ELD deposits while initial Mineral Reserves were declared at Sub-Sill South and El Limón Sur Deep.

Table 3: Metal price and metallurgical recoveries assumptions used in the estimation of Mineral Reserves

Mineral Reserves	December 31, 2022			December 31, 2021			Variance		
	Au	Ag	Cu	Au	Ag	Cu	Au	Ag	Cu
<b>Metal Prices</b>	<b>(\$/oz)</b>	<b>(\$/oz)</b>	<b>(\$/lb)</b>	<b>(\$/oz)</b>	<b>(\$/oz)</b>	<b>(\$/lb)</b>	<b>(\$/oz)</b>	<b>(\$/oz)</b>	<b>(\$/lb)</b>
Media Luna Underground	\$1,400	\$17.00	\$3.25	\$1,400	\$17.00	\$3.25	-	-	-
ELG Open Pit	\$1,400	\$17.00	\$3.25	\$1,400	\$17.00	\$3.25	-	-	-
ELG Underground	\$1,400	\$17.00	\$3.25	\$1,400	\$17.00	\$3.25	-	-	-
Surface Stockpiles	\$1,400	\$17.00	\$3.25	\$1,400	\$17.00	\$3.25	-	-	-
<b>Metallurgical Recoveries</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>	<b>(%)</b>
Media Luna Underground	85%	79%	91%	85%	79%	91%	-	-	-
ELG Open Pit	89%	30%	23%	89%	30%	10%	-	-	13%
ELG Underground	90%	62%	63%	89%	30%	10%	1%	32%	53%
Surface Stockpiles	89%	30%	23%	89%	30%	10%	-	-	13%

Metal prices used in the estimation of Mineral Reserves are unchanged. Metallurgical recoveries for the ELG Underground have been updated to reflect anticipated Au, Ag, and Cu recoveries once the copper and iron sulphide flotation circuits are commissioned in late-2024 as part of the Media Luna Project.

Proven & Probable Reserves in the ELG Underground are now based on an AuEq cut-off grade. Mineral Reserves at Media Luna are unchanged.

Table 4: Mineral Reserve Estimate – Morelos Complex (December 31, 2022)

	Tonnes (kt)	Au (gpt)	Ag (gpt)	Cu (%)	Au (koz)	Ag (koz)	Cu (Mlb)	AuEq (gpt)	AuEq (koz)
<b>Media Luna Underground</b>									
Proven	-	-	-	-	-	-	-	-	-
Probable	23,017	2.81	25.6	0.88	2,077	18,944	444	4.54	3,360
<b>Proven &amp; Probable</b>	<b>23,017</b>	<b>2.81</b>	<b>25.6</b>	<b>0.88</b>	<b>2,077</b>	<b>18,944</b>	<b>444</b>	<b>4.54</b>	<b>3,360</b>
<b>ELG Open Pit</b>									
Proven	2,821	4.65	5.5	0.15	421	495	9	4.73	429
Probable	5,582	2.46	3.9	0.15	442	699	18	2.54	456
<b>Proven &amp; Probable</b>	<b>8,403</b>	<b>3.20</b>	<b>4.4</b>	<b>0.15</b>	<b>863</b>	<b>1,195</b>	<b>27</b>	<b>3.27</b>	<b>885</b>
<b>ELG Underground</b>									
Proven	829	6.22	7.7	0.28	166	204	5	6.60	176
Probable	1,734	5.64	7.1	0.24	314	393	9	5.96	332
<b>Proven &amp; Probable</b>	<b>2,563</b>	<b>5.83</b>	<b>7.3</b>	<b>0.25</b>	<b>480</b>	<b>598</b>	<b>14</b>	<b>6.17</b>	<b>508</b>
<b>Surface Stockpiles</b>									
Proven	4,655	1.26	3.1	0.07	188	470	7	1.30	195
Probable	-	-	-	-	-	-	-	-	-
<b>Proven &amp; Probable</b>	<b>4,655</b>	<b>1.26</b>	<b>3.1</b>	<b>0.07</b>	<b>188</b>	<b>470</b>	<b>7</b>	<b>1.30</b>	<b>195</b>
<b>Total Morelos Complex</b>									
Proven	8,306	2.90	4.4	0.12	776	1,170	22	2.99	800
Probable	30,332	2.91	20.5	0.70	2,833	20,037	471	4.25	4,148
<b>Proven &amp; Probable</b>	<b>38,638</b>	<b>2.91</b>	<b>17.1</b>	<b>0.58</b>	<b>3,609</b>	<b>21,206</b>	<b>493</b>	<b>3.98</b>	<b>4,947</b>

Notes to accompany 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 gold equivalent ("AuEq") formula as ELG Open Pits.
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., VP of Mines 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 Media Luna Underground Mineral Reserves:

6. Mineral Reserves are based on Media Luna Indicated Mineral Resources with an effective date of October 31, 2021.
7. Media Luna Underground Mineral Reserves are reported above a diluted ore cut-off grade of 2.2 g/t AuEq.
8. Media Luna Underground cut-off grades and mining shapes are considered appropriate for a metal price of \$1,400/oz gold ("Au"), \$17/oz silver ("Ag") and \$3.25/lb copper ("Cu") and metal recoveries of 85% Au, 79% Ag, and 91% Cu.
9. 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.
10. Media Luna Underground AuEq = Au (g/t) + Ag (g/t) \* (0.0112) + Cu (%) \* (1.6946), accounting for metal prices and metallurgical recoveries.

Notes to accompany the ELG Open Pit Mineral Reserves:

11. Mineral Reserves are founded on Measured and Indicated Mineral Resources, with an effective date of December 31, 2022, for ELG Open Pits (including El Limón, El Limón Sur and Guajes deposits).
12. ELG Open Pit Mineral Reserves are reported above an in-situ cut-off grade of 1.2 g/t Au.
13. ELG Low Grade Mineral Reserves are reported above an in-situ cut-off grade of 0.88 g/t Au.
14. It is planned that ELG Low Grade Mineral Reserves within the designed pits will be stockpiled during pit operation and processed during pit closure.
15. Mineral Reserves within the designed pits include assumed estimates for dilution and ore losses.
16. Cut-off grades and designed pits are considered appropriate for a metal price of \$1,400/oz Au and metal recovery of 89% Au.
17. Mineral Reserves are reported using a Au price of US\$1,400/oz, Ag price of US\$17/oz, and Cu price of US\$3.25/lb.
18. Average metallurgical recoveries of 89% for Au, 30% for Ag, and 23% for Cu.
19. ELG Open Pit (including surface stockpiles) AuEq = Au (g/t) + Ag (g/t) \* (0.0041) + Cu (%) \* (0.4114), accounting for metal prices and metallurgical recoveries.

Notes to accompany the ELG Underground Mineral Reserves:

20. Mineral Reserves are founded on Measured and Indicated Mineral Resources, with an effective date of December 31, 2022, for ELG Underground (including Sub-Sill, ELD, Sub-Sill South and El Limón Sur Deep deposits).
21. Mineral Reserves were developed in accordance with CIM guidelines.
22. El Limón Underground Mineral Reserves are reported above an in-situ ore cut-off grade of 3.2 g/t AuEq and an in-situ incremental cut-off grade of 1.05 g/t Au.
23. Cut-off grades and mining shapes are considered appropriate for a metal price of \$1,400/oz Au and metal recovery of 90% Au.
24. Mineral Reserves within designed mine shapes assume mechanized cut and fill mining method and include estimates for dilution and mining losses.
25. Mineral Reserves are reported using a Au price of US\$1,400/oz, Ag price of US\$17/oz, and Cu price of US\$3.25/lb.
26. Average metallurgical recoveries of 90% for Au, 62% for Ag, and 63% for Cu, accounting for the planned copper concentrator.
27. ELG Underground AuEq = Au (g/t) + Ag (g/t) \* (0.0083) + Cu (%) \* (1.1202), accounting for metal prices and metallurgical recoveries.

### Measured and Indicated Mineral Resources

Total Measured & Indicated Mineral Resources are estimated at 7,468 koz at an average grade of 4.86 gpt AuEq, representing an 8% increase relative to 6,901 koz AuEq at 4.60 gpt AuEq at year-end 2021. Of the Measured & Indicated Resource, 68% of the AuEq estimate is attributable to Au, 26% to Cu, and 5% to Ag.

Table 5: Year-over-year change in Measured & Indicated Mineral Resources

	December 31, 2022					Variance (2022 / 2021)				
	Tonnes (kt)	Au (koz)	Ag (koz)	Cu (Mlb)	AuEq <sup>1</sup> (koz)	Tonnes (kt)	Au (koz)	Ag (koz)	Cu (Mlb)	AuEq <sup>1</sup> (koz)
<b>Measured &amp; Indicated Resources<sup>2</sup></b>										
Media Luna Underground	27,390	2,796	27,168	645	4,669	2,011	154	1,462	43	275
ELG Open Pit	11,304	1,090	1,650	37	1,119	(5,450)	(468)	(929)	(7)	(461)
ELG Underground	5,016	916	1,304	33	1,009	464	1	216	3	82
EPO Underground	4,050	308	4,528	132	671	4,050	308	4,528	132	671
<b>Total Morelos Complex</b>	<b>47,760</b>	<b>5,110</b>	<b>34,650</b>	<b>847</b>	<b>7,468</b>	<b>1,075</b>	<b>(4)</b>	<b>5,277</b>	<b>170</b>	<b>567</b>
Change - Net (%)						2%	(0%)	18%	25%	8%
<b>Change in Resources Prior to Depletion</b>										
Ore Mined (depletion) <sup>3</sup>						(4,447)	(504)	(686)	(16)	(511)
<b>Resources - Added / Lost</b>						<b>5,522</b>	<b>499</b>	<b>5,963</b>	<b>186</b>	<b>1,078</b>
Change - Prior to Depletion (%)						12%	10%	20%	28%	16%

**Notes to Table:**

- Gold equivalent Mineral Resources take into account respective metal prices and metallurgical recoveries for gold, silver, and copper (see Table 6). Ore mined (depletion) in 2022 on a AuEq basis assumes respective based on prices and recoveries used at year-end 2021.
- Measured & Indicated Resources inclusive of Mineral Reserves.
- Ore mined (depletion) in 2022 on a AuEq basis assumes respective based on prices and recoveries used at year-end 2021.
- Year-end Mineral Resources and year-over-year variance (2022 versus 2021) subject to rounding.

The decline in Measured & Indicated Resources within the ELG Open Pit primarily reflects depletion. At the ELG Underground, infill drilling was successful in more than offsetting 110 koz AuEq of mine depletion.

Measured & Indicated Resources specific to Media Luna increased 275 koz AuEq, driven by the benefit of incorporating outstanding assay results from the 2021 infill drilling program, results which were received post the cut-off date for the year-end 2021 resource estimate. Additionally, infill drilling targeting three separate zones within the Media Luna deposit resulted in an inaugural Measured Resource of 473 koz AuEq at an average grade of 8.06 gpt AuEq.

Infill drilling at EPO was successful in establishing an inaugural Indicated Resource of 671 koz AuEq at an average grade of 5.16 gpt AuEq. The higher-grade nature of the Indicated Resource relative to the previous Inferred Resource at EPO is due to higher grades encountered through the 2022 infill drilling program, which in the area targeted led to a conversion rate of 108% based on AuEq contained metal and 83% based on tonnes.

Table 6: Metal price and metallurgical recoveries assumptions used in the estimation of Mineral Resources

Mineral Resources	December 31, 2022			December 31, 2021			Variance		
	Au (\$/oz)	Ag (\$/oz)	Cu (\$/lb)	Au (\$/oz)	Ag (\$/oz)	Cu (\$/lb)	Au (\$/oz)	Ag (\$/oz)	Cu (\$/lb)
<b>Metal Prices</b>									
Media Luna Underground	\$1,550	\$20.00	\$3.50	\$1,550	\$20.00	\$3.50	-	-	-
ELG Open Pit	\$1,550	\$20.00	\$3.50	\$1,550	\$20.00	\$3.50	-	-	-
ELG Underground	\$1,550	\$20.00	\$3.50	\$1,550	\$20.00	\$3.50	-	-	-
EPO Underground	\$1,550	\$20.00	\$3.50	\$1,550	\$20.00	\$3.50	-	-	-
<b>Metallurgical Recoveries</b>	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Media Luna Underground	85%	79%	91%	85%	79%	91%	-	-	-
ELG Open Pit	89%	30%	23%	89%	30%	10%	-	-	13%
ELG Underground	90%	86%	93%	89%	30%	10%	1%	56%	83%
EPO Underground	85%	75%	89%	85%	75%	89%	-	-	-

Metal prices used in the estimation of Mineral Resources are unchanged. Metallurgical recoveries for the ELG Underground have been updated to reflect anticipated Au, Ag, and Cu recoveries once the copper and iron sulphide flotation circuits are commissioned in late-2024 as part of the Media Luna Project.



### Inferred Mineral Resources

Total Inferred Resources are estimated at 2,112 koz AuEq at an average grade of 4.15 gpt AuEq, representing a 2% increase relative to 2,071 koz AuEq at 3.98 gpt AuEq at year-end 2021. Of the Inferred Mineral Resource at year-end 2022, 60% of the AuEq estimate is attributable to Au, 34% to Cu, and 6% Ag.

Table 7: Year-over-year change in Inferred Mineral Resources

	December 31, 2022					Variance (2022 / 2021)				
	Tonnes (kt)	Au (koz)	Ag (koz)	Cu (Mlb)	AuEq <sup>1</sup> (koz)	Tonnes (kt)	Au (koz)	Ag (koz)	Cu (Mlb)	AuEq <sup>1</sup> (koz)
<b>Inferred Resources</b>										
Media Luna Underground	7,322	598	5,422	143	1,006	1,331	122	1,425	36	226
ELG Open Pit	1,385	85	100	2	87	573	38	10	0	39
ELG Underground	1,480	259	485	10	288	100	43	210	2	68
EPO Underground	5,634	324	5,668	145	732	(2,385)	(68)	(3,240)	(79)	(292)
<b>Total Morelos Complex</b>	<b>15,821</b>	<b>1,267</b>	<b>11,675</b>	<b>299</b>	<b>2,112</b>	<b>(381)</b>	<b>135</b>	<b>(1,596)</b>	<b>(41)</b>	<b>41</b>
Change - Net (%)						(2%)	12%	(12%)	(12%)	2%

**Notes to Table:**

1. Gold equivalent Mineral Resources take into account respective metal prices and metallurgical recoveries for gold, silver and copper (see Table 6).
2. Year-end Mineral Resources and year-over-year variance (2022 versus 2021) subject to rounding.

At Media Luna, drilling targeting spatial gaps in prior drilling was successful at adding Inferred Resources along the northern and southern boundaries of the deposit. The success of this program partially offset resources upgraded to the Indicated category.

Drilling at the El Limón Sur open pit was successful in expanding Inferred Mineral Resources within the upper areas of the deposit while drilling within the ELG Underground added to Inferred Resources. The additional Inferred Resources helped offset a portion of resources upgraded to the Indicated category during 2022.

Step-out drilling to the south and west of EPO offset a portion of the Inferred Resources upgraded to the Indicated category (671 koz AuEq). The EPO deposit remains open to the north, south and west.

Table 8: Mineral Resource Estimate – Morelos Complex (December 31, 2022)

	Tonnes (kt)	Au (gpt)	Ag (gpt)	Cu (%)	Au (koz)	Ag (koz)	Cu (Mlb)	AuEq (gpt)	AuEq (koz)
<b>Media Luna Underground</b>									
Measured	1,823	5.29	42.0	1.38	310	2,460	55	8.06	473
Indicated	25,567	3.02	30.1	1.05	2,486	24,708	589	5.11	4,196
<b>Measured &amp; Indicated</b>	<b>27,390</b>	<b>3.17</b>	<b>30.9</b>	<b>1.07</b>	<b>2,796</b>	<b>27,168</b>	<b>645</b>	<b>5.30</b>	<b>4,669</b>
Inferred	7,322	2.54	23.0	0.88	598	5,422	143	4.27	1,006
<b>ELG Open Pit</b>									
Measured	3,161	4.67	5.7	0.16	475	576	11	4.76	484
Indicated	8,143	2.35	4.1	0.15	615	1,073	26	2.42	635
<b>Measured &amp; Indicated</b>	<b>11,304</b>	<b>3.00</b>	<b>4.5</b>	<b>0.15</b>	<b>1,090</b>	<b>1,650</b>	<b>37</b>	<b>3.08</b>	<b>1,119</b>
Inferred	1,385	1.92	2.2	0.06	85	100	2	1.95	87
<b>ELG Underground</b>									
Measured	1,741	5.94	8.0	0.34	332	450	13	6.58	369
Indicated	3,274	5.54	8.1	0.28	583	854	20	6.08	640
<b>Measured &amp; Indicated</b>	<b>5,016</b>	<b>5.68</b>	<b>8.1</b>	<b>0.30</b>	<b>916</b>	<b>1,304</b>	<b>33</b>	<b>6.26</b>	<b>1,009</b>
Inferred	1,480	5.45	10.2	0.30	259	485	10	6.05	288
<b>EPO Underground</b>									
Measured	-	-	-	-	-	-	-	-	-
Indicated	4,050	2.37	34.8	1.48	308	4,528	132	5.16	671
<b>Measured &amp; Indicated</b>	<b>4,050</b>	<b>2.37</b>	<b>34.8</b>	<b>1.48</b>	<b>308</b>	<b>4,528</b>	<b>132</b>	<b>5.16</b>	<b>671</b>
Inferred	5,634	1.79	31.3	1.17	324	5,668	145	4.04	732
<b>Total Morelos Complex</b>									
Measured	6,725	5.17	16.1	0.54	1,117	3,486	80	6.13	1,325
Indicated	41,035	3.03	23.6	0.85	3,992	31,164	767	4.66	6,143
<b>Measured &amp; Indicated</b>	<b>47,760</b>	<b>3.33</b>	<b>22.6</b>	<b>0.80</b>	<b>5,110</b>	<b>34,650</b>	<b>847</b>	<b>4.86</b>	<b>7,468</b>
Inferred	15,821	2.49	23.0	0.86	1,267	11,675	299	4.15	2,112

Notes to accompany the Mineral Resource Table:

- CIM (2014) definitions were followed for Mineral Resources.
- Mineral Resources are depleted above a mining surface or to the as-mined solids as of December 31, 2022.
- Mineral Resources are reported using a gold ("Au") price of US\$1,550/oz, silver ("Ag") price of US\$20/oz, and copper ("Cu") price of US\$3.50/lb.
- Gold equivalent ("AuEq") of Total Mineral Resources is established from combined contributions of the various deposits.
- Mineral Resources are inclusive of Mineral Reserves.
- Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
- Numbers may not add due to rounding.
- The estimate was prepared by Ms. Carolina Milla, P.Eng. (Alberta), Principal, Mineral Resources

Notes to accompany Media Luna Underground Mineral Resources:

- The effective date of the estimate is December 31, 2022.
- Mineral Resources are reported above a 2.0 g/t AuEq cut-off grade.
- Metallurgical recoveries at Media Luna average 85% for Au, 79% for Ag, and 91% for Cu.
- Media Luna Underground AuEq = Au (g/t) + (Ag (g/t) \* 0.0119) + (Cu (%) \* 1.6483). AuEq calculations consider both metal prices and metallurgical recoveries.
- The assumed mining method is from underground methods, using a combination of long hole stoping and cut and fill.

Notes to accompany the ELG Open Pit Mineral Resources:

- The effective date of the estimate is December 31, 2022.
- Average metallurgical recoveries are 89% for Au, 30% for Ag and 23% for Cu.
- ELG Open Pit AuEq = Au (g/t) + (Ag (g/t) \* 0.0043) + (Cu (%) \* 0.4001). AuEq calculations consider both metal prices and metallurgical recoveries.
- Mineral Resources are reported above an in-situ cut-off grade of 0.78 g/t Au.
- 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:

- The effective date of the estimate is December 31, 2022.
- Average metallurgical recoveries are 90% for Au, 86% for Ag and 93% for Cu, accounting for the planned copper concentrator.
- ELG Underground AuEq = Au (g/t) + (Ag (g/t) \* 0.0123) + (Cu (%) \* 1.600). AuEq calculations consider both metal prices and metallurgical recoveries.
- Mineral Resources are reported above a cut-off grade of 3.0 g/t AuEq.
- The assumed mining method is underground cut and fill.

Notes to accompany EPO Underground Mineral Resources:

- The effective date of the estimate is December 31, 2022.
- Mineral Resources are reported above a 2.0 g/t AuEq cut-off grade.
- Metallurgical recoveries at EPO average 85% for Au, 75% for Ag, and 89% for Cu.
- EPO Underground AuEq = Au (g/t) + Ag (g/t) \* (0.0114) + Cu % \* (1.6212). AuEq calculations consider both metal prices and metallurgical recoveries.
- The assumed mining method is from underground methods using a long hole stoping.

## ***Drilling Programs at ELG, Media Luna and EPO and Exploration Drilling***

### *Additional information about ELG Infill and Step-Out Drilling*

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 2022, 21,922 metres of drilling, specific to the ELG Underground program, have been completed. The lower than planned drilling in 2022 was due to the timing of contractual arrangements with the drilling supplier.

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.

In addition, 5,211 metres of infill drilling have been completed in El Limón and El Limón Sur open pits.

### *Additional Information about Media Luna Drilling*

During 2022, approximately 27,400 metres were drilled at Media Luna, for which 100% of assays had been received by the end of January 2023. The 2022 Media Luna drilling program was focused on both upgrading and expanding Mineral Resources. Approximately 17,500 metres of drilling in 2022 was directed towards upgrading Indicated Resources within three higher-grade zones of the deposit to the Measured category and approximately 11,500 metres of drilling in 2022 was directed towards expanding Inferred Mineral Resources along the northern and southern boundaries of the Media Luna deposit.

For additional information on the 2022 Media Luna drill programs and results see news release “*Torex Gold Reports Results from Drilling at Media Luna*”, dated March 8, 2023, which is filed under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com) and available on the Company’s website at [www.torexgold.com](http://www.torexgold.com).

### *Additional Information about EPO Drilling*

During 2022, approximately 30,100 metres were drilled at EPO, for which 100% of assays had been received. Drilling at EPO in 2022 was focused on both upgrading and expanding mineral resources for which approximately 16,100 metres and 14,000 metres, respectively, were completed.

Infill drilling primarily targeted upgrading Inferred Mineral Resources to the Indicated category, with the Indicated Resource to be used as the basis for an internal prefeasibility study on EPO. Expansion drilling primarily targeted increasing the overall size of the Mineral Resource.

For additional information on the 2022 EPO Luna drill programs and results see news release titled “*Torex Reports Results from 2022 Drilling at EPO*”, dated March 23, 2023, which is filed under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com) and available on the Company’s website at [www.torexgold.com](http://www.torexgold.com).

### *Exploration Drilling*

There is significant potential across the entire Morelos land package, which is 75% unexplored.

### 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. In 2022, the ELG operations and exploration geology teams conducted an extensive evaluation of the potential for additional discoveries around ELG mining areas, and 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 of 2022, 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.

#### 2023 Exploration and Drilling

The Company plans to invest approximately \$39 million in exploration and drilling in 2023, with the goal of increasing the overall resource and reserve base of the Morelos Property and delivering on the Company's objective of filling the mill post 2027. Details of the planned exploration programs are as follows:

- *Media Luna:* Approximately \$20 million is budgeted for drilling within the broader Media Luna Cluster (55,000 metres). At EPO, 25,000 metres of drilling is planned with 40% focused on infill drilling and the remaining on expansionary drilling. The Company plans to carry-out an initial drill program at Media Luna West, which will include 26,000 metres of wide-spaced drilling to test the mineralized potential of this highly prospective target. In addition, 4,000 metres of condemnation drilling is planned.
- *ELG Underground:* Approximately \$6 million is budgeted for infill and step-out drilling within the ELG Underground (30,000 metres). Drilling is targeting to both upgrade and expand resources within Sub- Sill, Sub-Sill South, ELD and El Limón Sur Deep deposits.

- *Near Mine and regional:* Approximately \$8 million is budgeted to conduct exploration across the broader land package, including near mine drilling (27,000 metres of drilling) on early-stage exploration targets.
- *Definition and grade control drilling:* Approximately \$5 million of definition and grade control drilling is planned in 2023.

#### Quality Assurance/Quality Control

Torex maintains an industry-standard analytical quality assurance/quality control (QA/QC) and data verification program to monitor laboratory performance and to ensure high quality assay results. Results from this program confirm reliability of the assay results. All sampling is conducted by Torex Gold with analytical work for exploration programs at El Limón Guajes performed by SGS de Mexico S.A. de C.V. (“SGS”) in Durango, and by SGS in Nuevo Balsas, Mexico (each lab is independent of the Company). SGS facilities in Durango are ISO-17025 accredited. Gold analyses comprise fire assays with atomic absorption or gravimetric finish. External check assays for QA/QC purposes are performed by ALS Chemex de Mexico S.A. de C.V. (independent of the Company). The analytical QA/QC program at El Limón Guajes is currently overseen by Carlo Nasi, Chief Mine Geologist for Minera Media Luna, S.A. de C.V.

The analytical QA/QC program at the Media Luna Project (including the EPO deposit) has been approved by Bureau Veritas (“BV”) and is currently overseen by Nicolas Landon, Chief Exploration Geologist for Minera Media Luna, S.A. de C.V. The program includes 5% each of Certified Reference Materials and Blanks; blind duplicates are not included, but the Company evaluates the results of internal BV laboratory duplicates. The Company uses an independent laboratory to check selected assay samples and reference materials and has retained a consultant to audit the QA/QC data for every drill campaign at Media Luna. BV is independent of the Company and its Vancouver and Hermosillo facilities are ISO-17025 accredited.

#### Five-Year Production Outlook (2023-2027)

Ongoing efforts to further improve the near-term production profile for the Morelos Complex continue to bear fruit with higher production forecast through 2025 than was previously envisioned in the Technical Report. The improved near-term production outlook is directly related to ongoing efforts to extend and optimize production from ELG.

During 2022, drilling was successful in identifying additional mineralization along the boundary of the El Limón open pit, which is expected to extend the life of the deposit to mid-2025. In addition, drilling within the El Limón Sur open pit has extended the life of the deposit to late-2024.

In addition to the drilling success at the open pits, efforts to enhance the contribution from the ELG Underground have also been successful. Following an average record mining rate of 1,523 tonnes per day in 2022, the Company is targeting to exit 2023 at a mining rate of 1,800 tonnes per day and 2024 at a rate of 2,000 tonnes per day. The forecast rates compare favourably to the 1,400 tonnes per day outlined in the most recent Technical Report.

TABLE 9: Five-Year Production Outlook For The Morelos Complex

Production (koz) <sup>1</sup>	Actual	Outlook 2021	Outlook 2022	Outlook 2023	2022 Technical Report
2021 (Au)	468.2	430 to 470			
2022 (Au)	474.0	430 to 470	430 to 470		
2023 (Au)		400 to 450	420 to 460	<b>440 to 470</b>	435.7
2024 (AuEq)		300 to 350 (Au)	385 to 425	<b>400 to 450</b>	405.5
2025 (AuEq)			415 to 455	<b>425 to 475</b>	433.8
2026 (AuEq)				<b>425 to 475</b>	457.1
2027 (AuEq)				<b>450 to 500</b>	480.0

1) Payable gold production (Au) disclosed for 2023 and prior periods. Payable gold equivalent production (AuEq) disclosed for 2024 and beyond given increased contribution from copper and silver with the forecast start-up of Media Luna in Q4 2024. For more information on AuEq, see Tables 4 and 8 above.

The modest dip in 2024 production is associated with the current tie-in schedule for the copper and iron flotation circuits at the processing plant in late 2024. This year, a focus will be on further optimizing the existing tie in schedule with a view to minimizing associated down time.

Given the development stage nature of Media Luna, the contribution from Media Luna during the 5-year outlook period remains unchanged from the mine physicals outlined in the Technical Report.

### **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 of 2022, 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 10.**

<i>In millions of U.S. dollars, unless otherwise noted</i>	<b>Media Luna Project Capital</b>	
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 <sup>1,2</sup>	\$	124.7
Remaining spend <sup>2</sup>	\$	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 the first half of 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.

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.

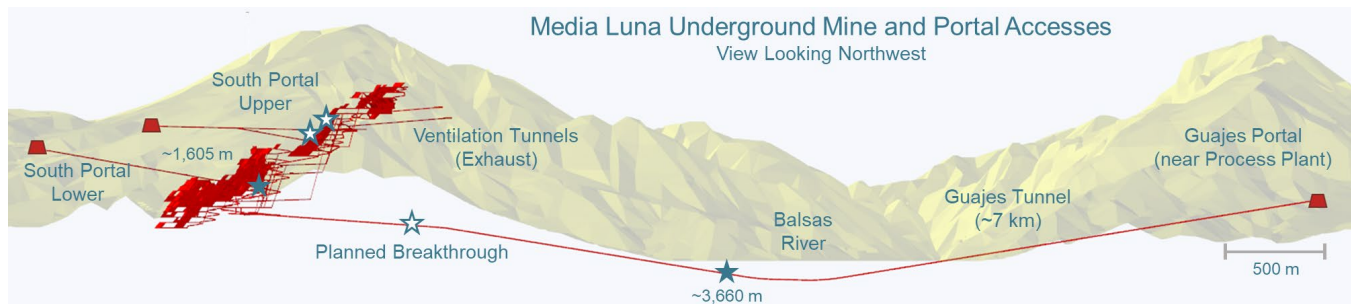
During the fourth quarter of 2022, the Company awarded multiple contracts and issued multiple purchase orders, including the Guajes conveyor radial stacker, cleaner flotation cells, samplers and analyzers, pumps, rock breakers, as well as electrical transformers and switch gear. Letters of intent were 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 the first quarter of 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 (3,660 metres as of end of February 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 February 2023)*



During the fourth quarter of 2022, 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 the fourth quarter include construction of settling and decant ponds, and expansion of the MML construction camp.

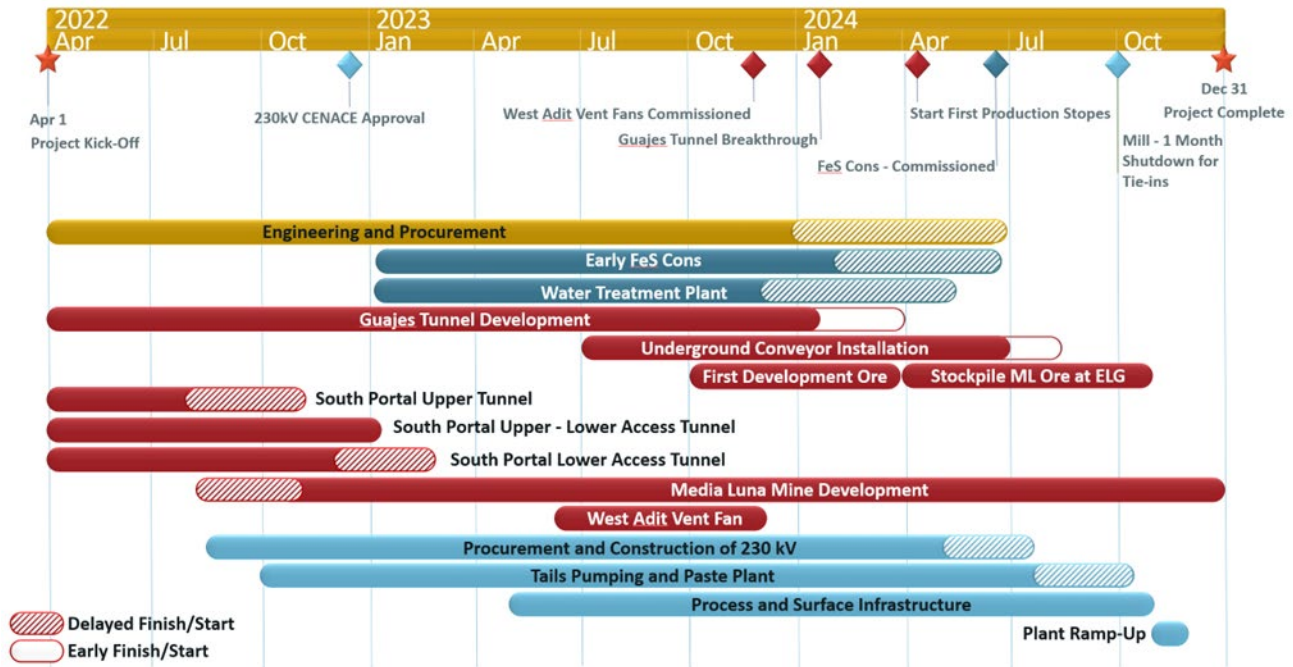
In parallel with development and construction activities, the surface and underground operational readiness teams have been staffed, and planning is progressing. These operational readiness teams are accountable for ensuring that processes and systems for all new work areas are established and ready 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 the first quarter of 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.

### Permitting

In 2022, the Company received approval from SEMARNAT on the key, culminating environmental permit for the Media Luna Project. The approval (“MIA Integral”) allows for operations to begin at Media Luna and builds on the receipt of the MIA Modification received in 2021. Receipt of the MIA Integral represents another key milestone in the de-risking of the Media Luna Project, and with the MIA Integral in hand, the Company now has all the environmental approvals required to develop and operate Media Luna.

In 2022, the Company also received approval to increase the power draw at Morelos to 45 MW to accommodate activities at both ELG and Media Luna. A subsequent approval was received to increase the power draw to 65 MW, required to sustainably deliver full production at Media Luna.

Work is currently underway for the preparation of two modifications to the MIA Integral. The first is to include updates to the footprint arrangement at Media Luna and ELG from the footprint contemplated in the original MIA-Integral submission, which was submitted to SEMARNAT in March 2023. The second will be focused on the new in-pit tailings facility, to be submitted by the end of the second quarter of 2023.



## MATERIAL RISKS AND ASSUMPTIONS

Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information. Forward-looking information is also based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect. Although the Company believes that the assumptions and expectations reflected in such forward-looking information are reasonable, undue reliance should not be placed on forward-looking information because the Company can give no assurance that such expectations will prove to be correct.

Material risks and assumptions include, without limitation:

- foreign operations and political and country risk;
- fluctuations in metal prices and ability to achieve forecasted revenues and cash flows;
- the ability to maintain the health and safety of the Company's employees;
- the ability of the Company to achieve its strategic growth plans including the successful development of the Media Luna Project;
- price fluctuations and availability of consumed commodities;
- ability to obtain required equipment, goods, consumables and services in a timely and cost-efficient manner;
- ability to achieve forecasted operating costs and capital expenditures budgets;
- risks associated with legislative changes that may impact the ELG Mine Complex operations and development of the Media Luna Project, and the ability to comply with any such changes;
- the ability to avoid the theft of gold and gold bearing material;
- the ability to maintain the safety and security of the Company's employees and property operating in a region with high crime rates;
- protection of human rights, and the ability identify and assess all potential human rights impacts of the Company;
- dependence on key executives and employees;
- the ability to secure and maintain necessary permits and licenses;
- ability to maintain positive and constructive relationships with the communities surrounding the ELG Mine Complex and the Media Luna Project;
- the ability of the Company to maintain good relationships with the union representing the employees, the employees and contractors;
- the ability to complete and successfully integrate acquisitions or or discover and develop new orebodies and/or expansion of existing mining operations;
- competition and the ability to acquire assets that enable diversification and deliver value to shareholders;
- risks related to mineral resource estimates and mineral reserve estimates, and uncertainty related to inferred mineral resources;
- the ability to maintain water quality standards through the Company's environmental measures;
- the effects of climate change, extreme weather events and water scarcity;
- risks associated with the use of reagents;
- risks associated with the protection of information and cyber security and the ability to implement effective measures to mitigate such risks;
- the reliability and accuracy of the Company's mineral resource and mineral reserve estimates, annual production, the financial analysis contained in the Technical Report including the Media Luna Feasibility Study, and geological, operational and price assumptions on which these are based and the regulatory framework regarding environmental matters;

- ability to carry on its exploration, development, mining and processing activities planned for the Morelos Property and exploration, development, mining and processing in the mining industry generally;
- actual results of current exploration, development, mining and processing activities not being consistent with expectations;
- risks associated with the single property status;
- environmental risks and hazards and the ability of the Company to operate in a safe, efficient and effective manner;
- ability to successfully maintain compliance with environmental regulation;
- compliance with anti-corruption laws and the *Extractive Sector Transparency Measures Act*;
- the ability to obtain, build or maintain adequate and continuous access to infrastructure, critical commodities, power and water, at a reasonable cost;
- risks associated with tailings facilities;
- risks related to regional or global pandemics, such as COVID-19, and other health emergencies;
- expectations of institutional shareholders and third party rating agencies on ESG matters and the ability of the Company to implement global ESG standards adopted by the Company;
- reputational risks;
- risks related to activist shareholders;
- price and volatility of public stock;
- recent history of earnings and no history of paying dividends;
- currency exchange rate fluctuations;
- litigation risk;
- enforcement of legal rights;
- title to the land on which the Company operates, including surface and access rights;
- risk related to indebtedness including the ability to satisfy the covenants under the Debt Facility and access to the full amount available thereunder;
- liquidity risk;
- interest rate risk;
- credit risk;
- risk of dilution to holders of common shares (the “Common Shares”) in the Company;
- government policies and practices in respect of VAT receivables and the ability to recover VAT receivables;
- risks related to taxation and royalties;
- hedging contracts;
- insurance for risks insured by the Company continuing to be available and adequate to cover liabilities;
- risks associated with contractor performance;
- supply chain management and achieving supplier alignment with the Company’s policies on human rights, health and safety, environmental protection and business ethics;
- decommissioning and reclamation costs;
- accounting policies and internal controls;
- the ability to avoid significant failure of the processing plant including structural damage from seismic activities or other uncontrolled events, or damage from fire or explosion;
- conflicts of interest of certain personnel;
- as well as those risk factors included herein and elsewhere in the Company’s public disclosure.

## RISK FACTORS

There are risks in every business and the mining industry has its own inherent risks. The business of the Company, financing, exploration, development and mining of the Company's properties and the acquisition of additional mining properties, is subject to a number of risk factors. While it is not possible to eliminate all of the risks inherent to the mining business, the Company engages in certain risk management practices, any individual or simultaneous occurrence could materially affect the Company's business, financial condition and future operating results, as well as other reputational and compliance aspects of the business, and could cause actual results to differ materially from those described in forward-looking statements relating to the Company. An important component of the Company's risk management approach is to ensure that the key risks which are evolving or emerging are appropriately identified, managed, and incorporated into existing monitoring and reporting processes. The risks are listed in an order of priority that the Company believes is appropriate, based on the assessment of, among other things, the impact and likelihood of such risks materializing, and the Company's expected capabilities to mitigate such risks.

Additional risks not currently known by the Company, or that the Company currently deems immaterial, may also impair the Company's operations. The risks and uncertainties described below should be carefully considered, as well as the other information contained and incorporated by reference in this AIF.

### 1. Political and Country Risk

The Company's sole producing mine, the ELG Mine Complex and the main mine development project, the Media Luna Project, are located in Mexico, and as such, the operations are subject to Mexican political, regulatory, economic, social, and other risks and uncertainties. Such risks may include, but are not limited to: economic instability; high rates of inflation; expropriation and resource nationalism; restrictions on foreign ownership and activities; renegotiation or nullification of existing concessions, licenses, permits and contracts; opposition to mining from environmental or other non-governmental organizations; illegal mining; limitations on repatriation of earnings or other currency controls; limitations on gold exports; labour or political unrest; invalidation of governmental orders; corruption; sovereign risk; war or civil unrest (including between neighbouring states), military repression, civil disturbances, terrorist activity, piracy and other criminal acts; hostage taking, kidnapping, extortion and gang violence; inability or unwillingness of state and/or federal authorities to enforce the law or reinstate and maintain the law and order; unanticipated changes in laws or policies; changes in monetary or taxation policies; regime change; the failure of foreign parties to honour contractual relations; the timing of the Company's receipt of anticipated funds in respect of its VAT receivables; and the Mexican federal and state laws and decrees with respect to the COVID-19 pandemic.

Any changes in regulations or shifts in political conditions are beyond the Company's control and may adversely affect its business. The Company's operations may be affected in varying degrees by government regulations, including those with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, employment, land use, water use, environmental legislation and mine safety. In addition, risks of operations in Mexico include fluctuations in currency exchange rates, inflation and significant changes in laws and regulations including but not limited to tax regulations, permitting and expropriation.

The effect of these factors cannot be accurately predicted. These risks may limit or disrupt the Company's projects, reduce financial viability of local operations, restrict the movement of funds, or result in the deprivation of contract rights or the taking of property by nationalization or expropriation without fair compensation. There can be no assurance that changes in the government or laws or changes in the regulatory environment for mining companies or for non-domiciled companies will not be made that would adversely affect the Company's business, financial condition, results of operation and prospects. See "*Risk Factors – Legislative Changes*".

## 2. Fluctuations in Gold and other Metal Prices

The Company's earnings are directly related to commodity prices, as revenues are derived from the sale of gold, with a smaller portion from silver and copper, as by-products. This will change after the expected start of the Media Luna plant operations in late 2024, when the Company expects a higher volume of revenue to come from copper mined from the Media Luna deposit.

The price of gold and other minerals fluctuates on a daily basis and is affected by numerous factors beyond the control of the Company, including but not limited to, the sale or purchase of commodities by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the Canadian and U.S. dollars and foreign currencies, global and regional supply and demand, the political and economic conditions and production costs of major mineral-producing countries throughout the world and supply and demand dynamics including the cost of substitutes, inventory levels and carrying charges. In addition, the recent uncertain geopolitical issues could also have a significant impact on the gold price in either direction. The aggregate effect of these factors is impossible to predict with accuracy.

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

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

From time to time the Company may engage in commodity hedging transactions intended to reduce the risk associated with fluctuations in commodity prices, but there is no assurance that any such commodity-hedging transactions designed to reduce the risk associated with fluctuations in metal prices will be successful. Hedging may not protect adequately against declines in the price of the hedged metal. Furthermore, although hedging may protect the Company from a decline in the price of the metal being hedged, it may also prevent it from benefiting from price increases.

## 3. Health and Safety

Mining activities are inherently dangerous and subject to conditions or events beyond the Company's control. As such, the employees and contractors are subject to many health and safety risks and hazards, including, but not limited to, rock bursts, cave-ins, floods, falls of ground, tailings dam failures, use of explosives, noise, electricity and moving equipment (especially heavy equipment) and slips and falls, which could result in occupational illness or health issues, personal injury, and loss of life. The Company's employees and contractors are also exposed to chemical, biological and physical agents that may result in occupational illnesses, including, but not limited to, exposure to arsenic or respiratory ailments, and hearing loss. Further, with the development of the underground ELG operations and the access tunnels to the Media Luna Project, personnel are exposed to heat stress due to the increases in temperature at deeper levels which may result in heatstroke and loss of productivity.

In this context, a fatality or a significant incident, a violation by the Company of local health and safety laws and regulations, or the failure of the Company to comply with the instructions of relevant health and safety authorities, could lead to, among other things, a temporary cessation of activities on its properties or any part thereof, a loss of the right to conduct operations on the properties, or the imposition of costly compliance procedures.

Although the Company has a robust safety culture embedded throughout the business and precautions to mitigate these risks have been taken, these risks cannot be eliminated and may adversely affect the Company's business, operations and reputation.

#### 4. Media Luna Project Execution

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 the Project approval received from its Board of Directors in March 2022, the Company accelerated the 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 in the next two years.

Complex mine development projects such as Media Luna Project involve a high degree of uncertainty driven by changes in costs and market conditions.

The construction of the Media Luna Project involves a number of partners engaged in all stages of the construction, from planning, detailed engineering, developing a plan of the material and equipment required, developing scope of work for procurement contracts and services, coordinating and managing all contractors and vendors, to managing the timeline and financial budget of the project. In this context, inadequate change management, quality control and assurance, quality of engineering and timeliness of delivery from engineering, supply chain and construction are common risks to be managed for a project such as the Media Luna.

Mine development 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;
- underground development delays due to complex resources scheduling and priorities;
- price increase, availability concerns and logistic delays of equipment and construction materials;
- design changes;
- Guajes Tunnel deviation(s) delays;
- 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);
- global economic and inflationary conditions.

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

As the Company continues to advance the Media Luna Project to mine production in the first quarter of 2024 and commercial production in early 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.

#### 5. Price Fluctuations and Availability of Consumed Commodities

Prices and availability of commodities consumed or used in connection with exploration, development and mining, such as natural gas, diesel, oil, cyanide, explosives, grinding media, equipment spare parts, concrete and other construction

materials, and electricity, can fluctuate, and these fluctuations affect the costs of production. In addition, certain raw materials and supplies used in connection with exploration, development and mining are obtained from a sole or limited group of suppliers (including, for example, truck tires and cyanide). These fluctuations in the market price and demand can be unpredictable, can occur over short periods of time and may have a material adverse impact on the Company's operating costs or the timing and costs of various projects.

The aftermath of the global pandemic and Russia's invasion of Ukraine, continue to increase the risk of disruption to energy supplies and high-energy prices, as well as production and logistics bottlenecks, factors that could contribute to further cost increases cost of goods and services.

In addition, the ongoing political tensions and foreign policy decisions in different regions, including Russian's invasion of Ukraine, could result in major future economic or other sanctions, or penalties, from the U.S., Canada and other governments against certain countries, companies, or persons conducting business in those specific jurisdictions. Politically motivated trade restrictions pose a risk to further destabilize supply chains and can cause significant increase in costs and availability challenges. For local populations, when left unmanaged, these disruptions could result in displacement, migration, political unrest, and domestic or regional conflict, all of which can potentially lead to state collapse.

An increase in the cost, or decrease in the availability, of construction materials may affect the timing and cost of the Media Luna Project development activities and other capital projects. Any prolonged disruption to the supply chain could have a material adverse effect on the Company's business, results of operations and financial condition.

In addition, during times of increased demand for metals and minerals, price increases may encourage expanded mining exploration, development and construction activities. These increased activities may result in escalating demand for and cost of contract exploration, development and construction services and equipment. Increased demand for and cost of services and equipment could cause exploration, development and construction costs to increase materially, resulting in delays if services or equipment cannot be obtained in a timely manner due to inadequate availability, and increased potential for scheduling difficulties and cost increases due to the need to coordinate the availability of services or equipment, any of which could materially increase project exploration, development or construction costs, result in project delays, or increase operating costs.

## 6. Capital and Operational Cost Estimates

The Company's annual detailed review of the life of mine plans, budget and forecasts of operating and capital expenditures are based on estimates and assumptions, including among other things:

- anticipated tonnage, grades and metallurgical characteristics of the ore to be mined and processed;
- anticipated recovery rates of gold, silver and other metals from the ore;
- cash operating costs;
- anticipated by-product credits;
- anticipated sustaining and non-sustaining capital costs;
- short-term operating factors such as the need for sequential development of ore bodies; and
- anticipated gold and silver price.

As the Company is proceeding with the development of Media Luna Project, and continues with the optimization of the ELG Mine Complex, which has several distinct pits and an underground mine with different ore characteristics, the capital cost estimates, operating cost estimates and assumptions may prove to be incorrect, resulting in the Company's actual results varying from the outcomes contemplated in the Feasibility Study, life of mine plan, the budget or forecasts, including without limitation greater capital, operating and capital costs. Further, if actual results vary significantly from Feasibility Study, life of mine plan, the budget or forecasts, the Company may not have sufficient cash flows, cash reserves, or available credit on its Debt Facility, or such other financing arrangements that the Company may secure to finance the Media Luna Project, to meet its commitments, and the Company may be required to take action to reduce cash outflows, including managing payment terms with vendors, halting capital expenditures and monitoring its working

capital. Some of these actions depend on the agreement of other parties outside of the Company's control and there can be no assurance that the Company would be able to obtain the agreement of these parties.

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

## 7. Legislative Changes

The activities of the Company are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, export controls, currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims and concessions, environmental legislation, mine safety, toxic substances, land use, water use, land claims of local people and indigenous peoples, ownership of assets, and other matters. In 2021, the Mexican government announced restrictions and increased environmental reviews of the mining sector and although the operation, development and exploration activities of the Company are currently carried out in accordance with all applicable rules and regulations and the Company has not experienced any material delays in obtaining or renewing material permits for its operations and the Media Luna Project, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail exploration, production or development. Amendments to current laws and regulations governing operations and activities of mineral exploration, mining and processing or more stringent implementation thereof could have a material adverse impact on the Company. The effect of these factors cannot be accurately predicted, however, should they materialize, could create a situation adverse to the Company or which could undermine the ability of mining companies to operate successfully in Mexico.

Moreover, the officers and directors of the Company must rely, to a great extent, on the Company's Mexican legal counsel and local consultants retained by the Company in order to keep abreast of material legal, regulatory and governmental developments as they pertain to and affect the Company's business operations and to assist the Company with its governmental relations. The Company also must rely, to some extent, on those members of management and the Board who have previous experience working and conducting business in Mexico in order to enhance its understanding of and appreciation for the local business culture and practices in Mexico. The Company also relies on the advice of local experts and professionals in connection with current and new regulations that develop in respect of legal, banking, financing and tax matters in Mexico. Any developments or changes in such legal, regulatory, or governmental requirements or in local business practices in Mexico are beyond the control of the Company and may adversely affect its business.

Legislative changes in recent years include changes to the 2014 Mexican Federal Revenue Law which gave the Ministry of Economy the authority to allocate the Fund for the Development of Mining Production Zones (Mining Fund), directly or in coordination with local governments. Subsequently, in 2019, the Mexican Congress implemented a series of reforms to the law resulting in 85% of the funds previously destined to the Mining Fund to be reallocated to the Public Education Secretariat to be used to improve the conditions of educational centres and health services, and in physical investment resulting in a positive social, environmental and urban development impact, such as infrastructure and equipment projects of a social nature, including urban public spaces, streets and local roads, public lighting, environmental protection, natural areas preservation and urban mobility. Although the Company has contributed to the Mining Fund in respect of years

2016 onward, and in addition, the Company funds local priorities through the CODECOPs and other local investment agreements, the reallocation of the Mining Fund to other purposes that do not directly benefit the local communities in the Mining Production Zones from which the taxes are collected, may have a negative impact on the communities in the area of the Company's operations, which may in turn have a negative impact on the Company.

On March 28, 2023, the Mexican government proposed amendments to the Mining Law, National Waters Law, General Law of Ecological Equilibrium and Environmental Protection and the General Law of Prevention and Integral Management of Waste pertaining to, among other matters, granting of future mining permits and transfer of permits, granting of future water permits, mine reclamation and management of mining waste. The proposed legislation, as currently contemplated, would not be retroactive so the Company's existing mining concessions and other permits would remain in effect. The proposed legislation must still pass various legislative steps, and its final form, if it reaches final form, may vary substantially as it proceeds through the legislative process. As such, the possible impact on the operations and plans of the Company cannot be assessed at this time. Any future legislative changes may limit or disrupt the Company's consolidated operations, restrict the movement of funds or result in the deprivation of contractual rights or the taking of property by nationalization or expropriation without fair compensation. In the event of a dispute arising from such activities, the Company may be subject to the exclusive jurisdictions of courts outside Canada or may not be successful in subjecting persons to the jurisdiction of the courts in Canada, which could adversely affect the outcome of a dispute.

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

## 8. Security of Gold Production

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

## 9. Security in Mexico

The security situation across Mexico remains challenging in 2023, with an increased number of opportunistic common crime and homicide rates, and challenges in the institutional response to violence, driven by the inadequate coordination of efforts between the local police and the federal security forces. Moreover, data from the Public Security Ministry shows an increase in extortion cases during the year.

Certain areas in Mexico are continuing to experience incidents of localized violence, thefts, kidnappings, and extortion associated with drug cartels and other criminal organizations. Organized criminal groups are expected to continue to seek territorial control over illicit markets, looking for control over the drug trafficking and other illicit activities, including human trafficking, illegal logging, and fuel and gas theft. These actions could lead to turf wars and high levels of violence. In this context, the growing importance of the armed forces is illustrated by the continued increase in the proposed budget for the Defense Ministry for 2023.

Any increase in the level of violence, or a concentration of violence in the State of Guerrero, where the ELG Mine Complex and the Media Luna Project are located, could have an adverse effect on the results and the financial condition of the Company. In addition, local opposition to mine development projects could arise and such opposition may be violent.

The Company is aware that it is exposed to various levels of safety and security risks which could result in injury or death, damage to property, work stoppages, doré or other gold bearing material theft, or blockades of the Company's mining operations and projects. Risks associated with conducting business in the region include, but are not limited to kidnappings of employees, contractors and visitors; exposure of employees and contractors to local crime related activity



and disturbances; exposure of employees and contractors to drug trade activity; and damage or theft of Company or personal assets including the Company's gold shipments. These risks may result in serious adverse consequences including personal injuries or casualties, property damage or theft, including theft of gold, limiting or disrupting operations, restricting the movement of funds, impairing contractual rights and causing the Company to shut down operations. In addition, the Company's response to criminal activities can give rise to additional risks should they not be carried out consistently with international standards relating to the use of force and respect for human rights.

Such events, or the perception that such events are likely, could have a material adverse effect on the Company's cash flows, earnings, results of operations and financial condition, hamper the Company's ability to hire and retain qualified personnel, the ability to engage and retain quality contractor services, and make it more difficult for the Company to obtain financing, if needed. Although the Company has implemented measures and developed procedures regarding these risks, due to the unpredictable nature of criminal activities, there is no assurance that the Company's efforts will effectively safeguard personnel and Company property.

## 10. Human Rights

The United Nations Guiding Principles on Business and Human Rights were endorsed by the United Nations in 2011 and constitute the global standard of expected business conduct with regards to human rights. They establish that all companies have a responsibility to respect human rights.

The Company acknowledges that the recognition and protection of human rights in line with the Voluntary Principles on Security and Human Rights ("Voluntary Principles") are key components of all matters related to security, and in early 2022 undertook a comprehensive human rights impact assessment by a third-party expert consulting firm on human rights. In addition, security personnel at the Company received training on the Voluntary Principles in 2022, and training will continue to be provided on an annual basis.

Notwithstanding, the Company may not be able to identify and assess all potential human rights impacts. Any potential human right abuses either internally or externally, through third party business relationships, such as corruption, unequal treatment of ethnic minorities, gender discrimination, use of child labour, land use rights, supply chain sourcing, etc., could have a material adverse effect on the Company's reputation, as well as present legal and financial risks arising from failing to respect and/or reinforce human rights.

## 11. Permits and Licenses

The Company is required to obtain and maintain in good standing a number of permits and licenses from various levels of governmental authorities in connection with its operations, exploration and development projects. Necessary permits and licenses including, but not limited to, surface rights access and use, environmental impact authorization, forestry land use change authorization, concession for the occupation of national assets, discharge permits, hazardous waste register, land use license and use of explosives, are required in order to operate the ELG Mine Complex. The Company made significant progress in advancing permitting activities for the Morelos Mine Complex during 2022. Most notably, the Company received approval from Mexico's Secretariat of Environmental and Natural Resources ("SEMARNAT") on the "MIA Integral", which is the key, culminating environmental permit for the Media Luna Project. Additional permits will be required for the ongoing exploration, development, construction and operation of the Media Luna Project, as applicable. Land access agreements and approvals will also be needed for ongoing exploration activities and development on the Morelos Property more broadly. Any unexpected delays or costs or failure to obtain such permits or licenses could delay or prevent the construction and de-risking activities at Media Luna Project, further development of the ELG Mine Complex and other exploration projects on the Morelos Property, which could adversely impact the Company's operations, profitability and financial results.

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

loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

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

In addition, the government of Mexico must consult with indigenous peoples with respect to grants of mineral rights where such a grant may cause significant impacts in their life and environment, including without limitation, loss of territory or traditional land, eviction from their land and possible relocation. The Company is not aware of any evidence of indigenous peoples having rights in the lands covering the Company's mining concession. However, the risk of unforeseen indigenous title claims, even if the claims are without merit, could affect the existing operations, the Media Luna Project and exploration activities.

## 12. Community Relations

Positive and constructive relationships with the communities surrounding the ELG Mine Complex are critical to ensure the current and future success of the Company's existing operations, as well as for the construction and development of Media Luna Project and exploration programs. There is an increasing level of public interest worldwide relating to the perceived effect of mining activities on the environment and on communities impacted by such activities. In addition, there is an increased expectation from communities and local authorities for a consistent share of mining revenues for the development of their local economies through the promotion of local purchasing and capacity building of local partners, employment, education, agriculture and irrigation.

Local communities may be influenced by external entities, groups or organizations opposed to mining activities or seeking to gain illegally from mining. Social acceptance of the Company's operations remain strong and supportive; however, the Company may be challenged with social matters in the future that could result in illegal blockades. The Company is continuing to focus on building lasting and constructive relationships with host communities, its workforce and key stakeholders. For example, the Company negotiates annual community development agreements ("CODECOPS") with 11 communities surrounding ELG and Media Luna. The agreements are designed to address local needs and priorities through local committees, with committee members selected by each community assembly in order to empower local decision-making. However, there is no assurance that the Company's efforts will eliminate this risk in the future.

Any adverse publicity generated by local communities, NGOs or other stakeholders related to the Company's activities, regular operations and explorations or general practices could have an adverse effect on the Company's reputation or financial condition and may impact its ability to maintain its social license to operate. While the Company is committed to operating in a socially responsible manner, there is no guarantee that the Company's efforts in this respect will mitigate this risk.

## 13. Dependence on Key Executives and Employees

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

Shareholders rely on the good faith, experience and judgment of the Company's management and advisors in supervising and providing for the effective management of the business of the Company, including the technical skills and experience of the operations personnel responsible for the successful optimization and extension of the ELG Mine Complex, development and construction of the Media Luna Project, the continuous brownfields and greenfield exploration activities, as well as innovative technologies and processes. Notwithstanding mitigation strategies, including the development of a succession plan, the loss of key personnel or the inability of the Company to attract and retain skilled employees, may adversely affect its business and future operations. There can be no assurance that the Company will continue to be able to compete successfully with its peers in attracting and retaining senior leaders, qualified management and technical talent with the necessary skills and experience to execute its stated business strategies. In the event of a loss of one or

more key individuals, there may be challenges involved in replacing these individuals in a timely manner, and the length of time required to fill a key position may be longer than anticipated.

#### 14. Labour Relations

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

The Company has a number of labour policies and procedures in place that are designed to ensure compliance with Mexican labour law and regulations. Although the Company negotiated a new one-year collective bargaining agreement with unionized employees that took effect on January 1, 2023, and continues to build positive relationships with the CTM and employees, these measures may not prevent labour unrest, strikes, work stoppage or other labour disruptions in the future, and any such strike or work stoppage, including ones that result from unsuccessful negotiations with respect to new labour agreements, could have a material adverse effect on the Company's earnings and financial condition.

#### 15. Inorganic Growth

The Company's ability to sustain or increase present levels of production is dependent on the successful acquisition or discovery and development of new ore bodies and/or expansion of existing mining operations.

In addition to realizing the full potential of the Morelos Property, the Company may pursue the acquisition of producing operations, development, early stage or advanced exploration properties and companies possessing exploration permits, mining equipment and mineral property assets, that would enable diversification and deliver value to shareholders. Any acquisition that the Company may choose to complete may be of a significant size, may change the scale of the Company's business and operations, and may expose the Company or increase its exposure to new or existing geographic, political, operational, financial and geological risks.

Acquisition transactions involve inherent risks including, without limitation:

- accurately assessing the value, strengths and weaknesses, contingent and other liabilities and potential profitability of acquisition candidates;
- ability to achieve identified and anticipated operating and financial synergies;
- unanticipated costs and charges related to the acquisition;
- increased exposure to new or existing geographic, political, operational, financial and geological risks;
- diversion of management attention from existing business;
- potential loss of key employees or the key employees of any business that the Company acquires; and
- decline in the value of acquired properties, companies or securities.

Any one or more of these factors or other risks could prevent the Company from realizing the benefits anticipated from the acquisition of properties or companies and could have a material adverse effect on its ability to grow and on its financial condition.

There can be no assurance that any business or assets acquired in the future will prove to be profitable, that any development or exploration properties acquired will prove to be promising and eventually benefit the business, that the Company will be able to integrate the acquired businesses or assets successfully or that the Company will identify all potential liabilities during the course of due diligence. As the Company may need to use available cash, incur debt, issue common shares or other securities, or a combination of any one or more of these to finance an acquisition, this could limit its ability to raise additional capital, meet its financial covenants under the Debt Facility, operate, explore, develop properties or to make additional acquisitions, and could further dilute and decrease the trading price of its Common Shares.

## 16. Competition

The international mining industry is highly competitive in all phases. The Company faces strong competition from other mining companies in connection with:

- the acquisition of mineral-rich properties, situated in jurisdictions considered politically safe, producing or capable of economically producing precious metals;
- technical expertise to find, develop and produce on such properties;
- skilled labour and equipment to productively operate such properties; and
- available capital to finance development of such properties.

A number of transactions have been completed in the gold mining industry in recent years, with some competitors having made acquisitions or entered into business combinations, joint ventures, partnerships or other strategic relationships. Industry consolidation may lead to increased levels of competition, and there can be no guarantee that the Company will not become an acquisition target.

The Company competes with other mining companies, many of which have greater financial resources and larger technical staff than the Company, for the acquisition of mineral claims, leases and other mineral interests, as well as for the recruitment and retention of qualified employees. The Company may not be able to compete successfully with its competitors in acquiring properties, assets, or access to infrastructure, with an adverse impact on its future cash flows, earnings, results of operations and financial condition. In addition, even if the Company does acquire such interests, the resulting business arrangements may not ultimately prove beneficial to its business.

## 17. Reliability of Mineral Resource and Mineral Reserve Estimates

The Company's Mineral Resources are estimated quantities of Measured, Indicated and Inferred Mineral Resources, while the Mineral Reserves are estimated quantities of Proven and Probable Mineral Reserves that can be mined legally and economically, and processed by extracting their mineral content under current conditions and conditions anticipated in the future. There are numerous uncertainties inherent in estimating Mineral Resources and Mineral Reserves, including many factors beyond the Company's control, such as the quantity and quality of available data derived from limited information acquired through drilling and other sampling methods, the assumptions made, and judgments used in engineering and geological interpretation, including structure, grade distributions and trends. Inferred Mineral Resources are also considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves. Due to the uncertainty which may attach to Inferred Mineral Resources, there is no assurance that Inferred Mineral Resources will be upgraded to Indicated or Measured Mineral Resources with sufficient geological and grade continuity to constitute Proven and Probable Mineral Reserves.

In addition, where no achieved mining and processing data is available, there can be no assurance that gold, copper or silver recoveries in small scale laboratory tests will be duplicated in larger scale tests under on-site conditions or during production. There is no assurance that the estimated amount of Mineral Reserves will be recovered or that such minerals will be recovered at costs that the Company assumed in determining such Mineral Reserves. The Company's ability to recover estimated Mineral Reserves and Mineral Resources can be affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. Successful extraction requires safe and efficient mining and processing.

Market price fluctuations of gold, copper and silver, as well as increased production and capital and operating costs, reduced recovery rates, changes in the mine plan or design, or other technical, economic, and regulatory factors may render the Company's Proven Mineral Reserves and Probable Mineral Reserves unprofitable to develop or continue to exploit at ELG Mine Complex or the Media Luna Project for periods of time, or may render Mineral Reserves containing relatively lower grade mineralization uneconomic.

Further, as the Company gains more knowledge and understanding of an ore body through on-going exploration and mining activity, the Mineral Resource and Mineral Reserve estimates may change significantly, either positively or negatively.

Any material reductions in Mineral Resource or Mineral Reserve estimates, or of the Company's ability to extract the Mineral Reserves, could have a material adverse effect on the Company's results of operations and financial condition.

## 18. Water Management

All phases of the Company's operations are subject to environmental regulation under Mexican law and under laws of any other jurisdictions in which the Company may carry on business, including the maintenance of water quality standards. The Company's failure to obtain needed water permits, the loss of some or all the Company's water rights for its operating mines or shortages of water due to drought or loss of water permits could require the Company to improve the efficiency of its water usage, increase water recycling, curtail or close mining production and prevent the Company from pursuing expansion opportunities.

In addition, inadequate water data analysis and reporting tools could impact the appropriateness of the water quality model, a basis for the site tailings management program, closure plans and on-going operations risk management. The mismanagement of the operational deviations in water quality could also have environmental and/or regulatory consequences, in case of non-compliance with the required discharge water quality parameters.

While a number of robust control measures have been put in place to prevent contamination of ground water and the surrounding environment, there can be no assurance that water contamination or related disturbances affecting local water bodies and/or the residents of the local towns will not occur. Leaks or discharges from containment systems may cause the Company to be subject to liability for cleanup work that may not be insured. Serious incidents may also result in the loss of the Company's operating permit or social license to operate.

## 19. Use of Reagents

Production at the ELG Mine Complex involves the use of cyanide or other reagents, including certain chemicals that are designated as hazardous substances in the gold production, that could cause toxicity to the environment if released or not properly managed. Contamination from hazardous substances, either at the Company's own property or during transportation, for which it may be responsible, may subject the Company to liability for the investigation or remediation of the contamination, as well as for claims seeking to recover costs for related property damage, personal injury or damage to natural resources.

Although in 2021, the Company became a signatory to the International Cyanide Management Code, and reasonable measures are put in place at the ELG Mine Complex for the transport, handling and use of cyanide and other reagent to prevent contamination of ground water and the surrounding environment, should cyanide, other reagents, or contact water be improperly managed, leak or otherwise be discharged from the containment system, or into the ground water and the environment, the Company may become subject to liability for hazards and clean-up work that may not be covered by insurance. As such, the measures taken to prevent and mitigate the potential environmental harm caused by the Company's use of cyanide and other hazardous materials, including corrective action taken to address the detection of cyanide and other metals in the groundwater near the mine, and any additional measures required to address effluent compliance, fines and costs and/or the effluent quality at any location may have a negative impact on the Company's financial condition and/or results of operations.

## 20. Information and Cyber Security

The Company is reliant on the continuous and uninterrupted operation of its IT systems and operation technology ("OT"). User access and security of all site and corporate IT and OT systems are critical elements to the Company's operations. Unauthorized parties may attempt to gain access to the Company's systems or data through fraud or other means of deceiving the Company's counterparties, third-party service providers or vendors. IT and OT systems may be subject to disruption, damage, abuse/misuse, or failure, from a number of sources including, but not limited to targeted cyber-attacks, security breaches, computer viruses, natural disasters, inclement weather, and defects in design. These, and other threats, could result in a breach of confidentiality, integrity, or availability, of the information technology system, which could affect the Company's reputation, operations, and/or, financial performance. The Company's risk and exposure to these matters cannot be fully eliminated because of, among other factors, the evolving nature of the threats. In response, the Company has strengthened its investments and capabilities in information and cyber security.

Although, to date, the Company has not experienced any material losses relating to cyber-attacks or other information security breaches, there is no assurance that such losses will not occur in the future. Any future significant compromise or breach of data security, whether external or internal, or misuse of data, could result in additional significant costs, fines and lawsuits, and damage to the Company's reputation. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities or breaches.

As the regulatory environment related to information security, data collection and use, and privacy becomes increasingly rigorous, with new and constantly changing requirements applicable to the business, compliance with these requirements could also result in additional costs. The Company could incur substantial costs in complying with various regulations as a result of having to make changes to prior business practices in a manner adverse to the business. Such developments may also require the Company to make system changes and develop new processes, further affecting its compliance costs. In addition, violations of privacy-related regulations can result in significant penalties and reputational harm, which in turn could adversely impact the Company's business and results of operations.

## 21. Nature of Mineral Exploration and Mine Development Activities

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

Whether a mineral deposit will be commercially viable depends on a number of factors, some of which include: the particular attributes of the deposit, such as quantity and quality of the minerals and proximity to infrastructure; mineral prices, which are highly cyclical and subject to fluctuation; actual costs required to bring a deposit into production; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, permitting, importing and exporting of minerals and environmental protection and reclamation. Additional risks may be encountered due to technical, mechanical, logistical, transportation, security and labour challenges. It is difficult to accurately estimate the combined effect of all these factors.

As the Company continues to advance the Media Luna Project to mine production in the first quarter of 2024 and commercial production in early 2025, including the ongoing construction of the Guajes Tunnel and South Portals to maintain the schedule to first mine production, 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. The schedule constraints and significant capital expenditures required to develop Media Luna are considerable and changes in costs and market conditions or unplanned events or construction schedules can affect project economics. Actual costs and economic returns may differ materially from the Company's estimates, or the Company could fail or be delayed in obtaining the government approvals necessary for execution of a project, in which case, the Media Luna Project may not proceed either on its original timing or at all. Construction costs and timelines 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, COVID-19, weather conditions, ground conditions, availability of appropriate materials and equipment required for construction, availability and performance of contractors and suppliers, delivery and installation of equipment, design changes, accuracy of estimates and availability of accommodations for the workforce.

In addition, the Company cannot ensure that its current exploration and development projects will result in future profitable commercial mining operations or replacement of current production at existing mining operations with new mineral reserves. It is also not unusual for new mining operations to experience unexpected problems during the start-up phase and to require more capital and time than anticipated. As such, the actual operating results of the future Media Luna Project may differ materially from those anticipated.

## 22. Single Property Status

At present, the only material mineral property in which the Company has an interest is the Morelos Property. Although the Company continues to optimize the production from the ELG Mine Complex by additional open pit and underground developments and to de-risk the Media Luna Project, and planning for initial mine production in the first quarter of 2024 at Media Luna, ELG and Media Luna are part of the Morelos Property, and any adverse developments affecting this Property or the ELG Complex before the successful completion of the Media Luna Project could have a material adverse effect on the Company and would materially adversely affect the potential consolidated profitability, financial condition and results of operations of the Company.

While the Company may seek to develop and acquire additional mineral properties that are consistent with its business objectives, there can be no assurance that Torex will be able to identify suitable additional mineral properties or, if it does identify suitable properties, that it will have sufficient financial resources to acquire such properties or that such properties will be available on terms acceptable to the Company or at all.

## 23. Nature of Mining Operations

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

Due to topography limitations, the waste rock storage facility design does not include conventional progressive lifts or associated catch berms. In addition, considering the location of the waste dump uphill from main access road, a large-scale collapse could impact the use of the waste dumps and overall operational capacity.

## 24. Environmental Regulatory Landscape

All phases of the Company’s operations are subject to environmental regulation under Mexican law and under laws of any other jurisdictions in which the Company may carry on business. Environmental legislation in many countries is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There has been increased global attention on certain open pit techniques and new regulations restricting or prohibiting the use of cyanide and other hazardous substances in mineral processing activities. Other significant areas of focus include the maintenance of air and water quality standards, land restoration and reclamation, as well as limitations on the generation, transportation, storage, and disposal of solid and hazardous waste.

The Company maintains an Environmental Quality and Monitoring Program, which is comprised of 16 management plans covering various environmental aspects. In addition, the Company submits annual compliance reports to SEMARNAT (the Federal Secretariat of Environment and Natural Resources) and PROFEPA (the Federal Environmental Protection Agency), which are focused on compliance with the Company’s primary environmental authorizations. The Company’s environmental performance is also audited annually by an independent auditor approved by SEMARNAT. The Company is also in the process of compliance with the International Cyanide Management Code (ICMC), a recognized global standard for the safe management of cyanide.

While the Company has implemented and maintains the Environmental Quality and Monitoring Program there is no assurance that the Company will be successful in maintaining compliance with environmental regulations, and further, there is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company’s business, condition or operations. Environmental hazards may exist on the properties on which the Company holds interests which are unknown to the Company at present, and which have been caused by previous or existing owners or operators of the properties. The effect of these factors cannot be accurately predicted. If more restrictive environmental

legislation were to be adopted in Mexico and/or the State of Guerrero, it could have a significant adverse impact on the Company's results of operations and financial position, especially considering that there are few, if any, substitutes for cyanide that are as effective in extracting gold from the ore.

## 25. Compliance with Anti-Corruption Laws and ESTMA

The Company's operations are governed by, and involve interactions with, various levels of government in various countries. As such, the Company is required to comply with various anti-corruption and anti-bribery laws and regulations, including the *Canadian Corruption of Foreign Public Officials Act*, which prohibit the Company, its employees and intermediaries from bribing or making other prohibited payments to foreign officials or other persons to obtain or retain business or gain some other business advantage.

The ELG Mine Complex and the Media Luna Project are located in Mexico and, according to Transparency International, Mexico is perceived as having fairly high levels of corruption relative to Canada. The Company cannot predict the nature, scope or effect of future regulatory requirements to which the Company's operations might be subject or the manner in which existing laws might be administered or interpreted. If the Company chooses to operate in additional foreign jurisdictions in the future, it may become subject to additional anti-corruption and anti-bribery laws in such jurisdictions.

There has been a general increase in the frequency of enforcement and the severity of penalties under such laws, resulting in greater scrutiny and punishment of companies convicted of violating anti-corruption and anti-bribery laws. Failure to comply with the applicable legislation and other similar foreign laws could expose the Company and its senior management to civil and/or criminal penalties, other sanctions and remedial measures, legal expenses and reputational damage, all of which could materially and adversely affect the Company's business, financial condition and results of operations. Likewise, any investigation of any alleged violations of the applicable anti-corruption legislation by Canadian or foreign authorities could also have an adverse impact on the Company's reputation, business, financial condition and results of operations.

Corruption does not only occur with the misuse of public, government or regulatory powers, it also can occur in business supplies, inputs and procurement functions (such as illicit rebates, kickbacks and dubious vendor relationships) as well as the inventory and product sales functions (such as inventory shrinkage or skimming). Employees as well as external parties (such as suppliers, distributors and contractors) have opportunities to commit procurement fraud, theft, embezzlement and other wrongs against the Company.

In addition, increased disclosure regulations, such as the *Extractive Sector Transparency Measures Act*, require public disclosure of payments made to foreign and domestic governments at all levels, payments of any taxes, royalties, fees, production entitlements, bonuses, dividends, infrastructure improvement payments, and any other prescribed payment over C\$100,000. Failure to report, false reporting or structuring payments to avoid reporting may result in fines of up to C\$250,000 (which may be concurrent). If the Company becomes subject to an enforcement action or is in violation of ESTMA, this may result in significant penalties, fines and/or sanctions, which may have a material adverse effect on the Company's reputation.

## 26. Infrastructure

Mining, processing, development and exploration activities depend, in varying degrees, on the availability of adequate infrastructure. Reliable roads, bridges, power sources, fuel and water supply and the availability of skilled labour and other infrastructure are important determinants, which affect the capital and operating costs of the ELG Mine Complex and the Media Luna Project. Although the ELG Mine Complex and the Media Luna Project are situated within proximity to existing paved highways, with an alternative transportation route from the main highway to the mine site, with access to local and regional power supply, and located near established centres of supply for materials and labour, there can be no assurance that challenges or interruptions in infrastructure and resources will not be encountered. Additionally, unusual or extreme weather phenomena, sabotage, conflicts, blockades, protests, governmental or other interference in the maintenance or provision of infrastructure could also adversely affect the operations. The Company's inability to obtain, build or maintain adequate and continuous access to infrastructure, critical commodities, power and water, at a reasonable cost, could have a material adverse effect on the business, including without limitation, the Media Luna Project and exploration programs, results of operations, financial condition and the trading price of the Common Share.



## 27. Climate Change

The Company's mining and processing operations are energy intensive, with high reliance on the electricity grid in Mexico, which includes fossil fuel-based electricity. Global climate change continues to attract considerable public, scientific and regulatory attention. Globally, governments are moving to introduce legislation and treaties at the international, national, state / provincial and local levels, in response to the potential impacts of climate change.

In view of growing expectations from governments, investors and other stakeholders surrounding climate change risk, the Company publicly released an inaugural Climate Change Report in 2022 aligned with the recommendations of the Task Force on Climate-Related Financial Disclosure. The Climate Change 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); 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 targets are supported by a clear and credible pathway, which includes a set of planned, approved, and funded measures to 2030 including the construction of a new 8.7-megawatt solar plant and the introduction of battery electric vehicles at Media Luna.

Considering the political uncertainty about future climate and energy policy is high, the costs to comply with current and future regulations are difficult to predict. Government requirements and regulations may be amended, become more stringent, or have other effects on the Company such as incremental increases in fuel prices, accelerating the adoption of lower-carbon technologies, and electrification. Difficulties in integrating new technologies with existing systems, such as electric mining equipment, or the cost and unproven nature of new technology could have a material adverse effect on the Company's financial performance and its operational results.

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 development of the Media Luna Project. Moreover, 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 can provide no assurance that efforts to mitigate the risks of climate changes will be effective, including without limitation, achieving its GHG emission reduction targets and that the physical risks of climate change will not have an adverse effect on the Company's operations and profitability.

## 28. Tailings Storage

The Company recognizes that tailings management is one of the most material environmental issues for mining companies globally. Mining operations generate residual materials from mining and processing in the form of tailings containing chemicals and metals. The tailings are stored in engineered facilities and maintaining the integrity of a tailings storage facility requires appropriate engineering design, quality construction, quality control ongoing operating discipline with respect to maintenance and monitoring, in addition to effective governance processes. Tailings storage facilities may be subject to ground movements, deteriorating ground conditions, or extraordinary weather events.

The tailings from the ELG Mine Complex are filtered through a process that reduces the moisture content to 17%, which conserves water, eliminates the need for tailing embankments, and essentially eliminates the risk of dam failure, which is a critical consideration given that the Company operates in a highly seismic area. The tailings are conveyed and stacked within the FTSF and a buttress of rock on the downstream side of the storage facility adds additional stability and safety.

The Company has internal technical teams dedicated to monitoring the tailings facility. Site personnel responsible for the operation of the facility complete daily inspections and fill out daily inspection reports. In addition, the Company's Engineer

of Record (“EOR”) conducts monthly inspections and as well as dedicated wet and dry season inspections. The facility is also inspected annually by an independent, third-party consultant.

Going forward, the Company plans to further enhance the management of the FTSF by implementing the GISTM, a global best-practice standard for the effective and safe management of tailings.

While these technical characteristics and the additional monitoring activities significantly reduce the risks associated with the FTSF, there is no assurance that these measures will be successful in preventing a failure of the buttress walls resulting in an environmental spill of the filtered tailings into the environment beyond the boundary limits of the ELG Mining Complex.

Tailings will continue to be deposited in the FTSF through 2024 until the Media Luna operations commence and the new Guajes Pit Tailings Storage Facility (GTSF) is permitted. The West Guajes Pit will be converted into the GTSF; the West Guajes Pit will be mined out in 2023, and the GTSF will be commissioned in 2024 during commissioning of the ML process facilities. The Company is committed to following the GISTM guiding principles for the GTSF design and operation; however, there is no assurance that there will be no future failures of the tailings management systems (including physical tailings management facilities, tailings dams or seepage collection systems) due to operational or external matters, such as extreme weather, seismic event, or other incident, causing damage to persons or property, injury to aquatic life and economic damages. Such failures could result in immediate suspension of mining operations by government authorities and cause significant expenses, write offs of material assets and recognition of provisions for remediation, which affect the balance sheet and income statement. The Company may also be held liable for claims for damage to the natural environment, fines or penalties from governmental authorities, and claims relating to exposure to hazardous and toxic substances. In addition, any such failure may involve a lengthy clean-up.

Liabilities resulting from non-compliance, damage, regulatory orders or demands, or similar, could adversely and materially affect the Company’s business, results of operations and financial condition, and the Company’s losses or fines, penalties or other consequences of regulatory action might not be covered by insurance policies.

## 29. Pandemics, Health Emergencies and Other Global Events

The Company is subject to risks related to regional or global pandemics, such as COVID-19, and other health emergencies, which could significantly disrupt its operations, development of the Media Luna Project, and could have a material adverse effect on the Company’s financial performance and results of operations and progress on the Media Luna Project due to employee absences, disruption in our supply chains, information technology system constraints, government interventions, market volatility, overall economic uncertainty and other factors currently unknown and not anticipated.

Any such disruptions could also have a significant impact on commodity prices, equipment prices, availability of input materials and equipment, availability of credit, investor confidence, and general financial market liquidity, all of which may adversely affect the Company’s business and the market price of its Common Shares. Although the Company continues to build certain contingencies and resilience plans into its operations for various high impact scenarios, the Company cannot provide any assurances that its future response and business continuity plans will continue to be effective in managing these complex factors, and medium and long-term strategies, as well as operational plans, production and capital expenditures for the foreseeable future will not be delayed, postponed, or cancelled. While the health implications of the COVID-19 pandemic seem to be under control, with the increase in vaccination rates, the main risk factors have shifted to operational, financial, and organizational challenges. If any outbreaks occur, the government could order temporary suspensions requiring a shutdown of mining operations. The future protective measures may cause higher operating and capital costs related to containment efforts such as building quarantine rooms, limitations on mobility of people, disruption to the supply chain and increase in demand for financial support and aid from host governments, with material adverse effect on the Company’s business, financial condition, and results of operations.

## 30. ESG Practices and Reporting

ESG factors, including climate change and other matters relating to sustainable operations and governance, are increasingly becoming a metric for institutional shareholders to review and assess the performance of the Company and a significant factor in their investment decisions. The Company has developed a 3-year ESG workplan to support the

implementation of global ESG standards adopted by the Company, including the World Gold Council Responsible Gold Mining Principles (RGMPs), the Global Industry Standard on Tailings Management (GISTM), the Voluntary Principles on Security and Human Rights (VPSHR) and the International Cyanide Management Code (ICMC).

The Company's ability to obtain future financing or access capital may be impacted by the programs and commitments in respect of, and reporting on, ESG matters and the evaluation of these practices by third party rating agencies on ESG matters. However, due to the lack of uniformity and consistency in the ESG reporting standards and frameworks, there are no assurances that the Company's efforts will be sufficient or meet all or any of the standards and frameworks set by various ESG analysts, institutional or other investors, or that they will be accurately reported on.

### 31. Reputational Risk

As a result of the increased usage, speed and global reach of social media and other web-based tools, companies today are at much greater risk of losing control over how they are perceived in the marketplace. Damage to the Company's reputation can be the result of the actual or perceived occurrence of any number of events, and could include allegations of fraud or improper conduct, environmental non-compliance or damage, failure to meet the Company's objectives or guidance, measures implemented to handle illegal blockades, or various community groups. Any of these events could result in negative publicity to the Company, including on social media and web-based media organizations, regardless of whether the underlying event is true or not. The Company places a great emphasis on protecting its image and reputation, but the Company does not ultimately have direct control over how its actions and image is perceived by others. Reputation loss may lead to increased challenges in developing and maintaining community and government relations, decreased investor confidence and act as an impediment to the Company's overall ability to advance its projects, or to access equity or debt financing.

### 32. Shareholder Activism

In recent years, publicly traded companies in the mining industry have been increasingly subject to demands from non-governmental organizations ("NGOs") and activist shareholders advocating for changes to corporate governance practices, such as executive compensation practices, social issues, or for certain corporate actions or reorganizations. There is an increasing level of public concern relating to the perceived effect of mining and processing activities on the environment and on communities impacted by such activities.

There can be no assurances that NGOs and activist shareholders will not publicly advocate for the Company to make certain corporate governance changes or engage in certain corporate actions.

Responding to challenges from NGOs and activist shareholders, such as proxy contests in the case of activist shareholders and media campaigns or other activities, could be costly and time consuming and could have an adverse effect on the Company's reputation and divert the attention and resources of the Company's management and Board. Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations and impede the Company's overall ability to advance its projects, obtain permits and licenses and/or continue its operations, which could adversely affect the business, future operations, profitability and the ability to attract and retain qualified personnel.

### 33. Trading Price and Market Volatility

The Common Shares of the Company are listed on the Toronto Stock Exchange (the "TSX"). The trading price of the Common Shares has been and may continue to be subject to fluctuations which may not necessarily be related to the financial condition, operating performance, underlying asset values or growth prospects of the Company that could result in losses for investors. The trading price of the Common Shares may be affected by short-term changes in the price of gold, copper and silver and other metals, global economic conditions, the Company's financial condition and results of operations, generally, the market's perception of the Company's value, whether or not reflective of the intrinsic value of the Company or its future prospects. The trading price of the Common Shares may also be affected by factors and events such as the public's reaction to press releases, public announcements, effects of proposed equity offerings, the arrival or departure of key personnel, and alliances or joint venture arrangements.

The Company's share price may also be negatively impacted by the investor's perception of an appropriate strategy for the Company that may not necessarily coincide with the strategy adopted by management as being in the best interests of the Company, including the Company's execution of its strategic plans or its inability to execute and achieve its announced strategy. The Company currently has a concentration of earnings and cash flow generated from a single commodity and the outlook for the gold price is uncertain. This may impair the Company's ability to raise capital. Given the current volatility in the gold price and the market's perception of the Company's value, the Company cannot predict the associated impact on its market capitalization. As a result of any of these factors, the market price of the Common Shares at a point in time may not accurately reflect the Company's long-term value.

#### 34. Limited History of Earnings, No History of Dividends

Prior to 2016, the Company had no history of earnings and only commenced generating earnings from 2018. In addition, the Company has not declared or paid dividends on its Common Shares since incorporation and does not currently have a policy with respect to the payment of dividends. Payment of any dividends in the future will depend on the Company's financial condition and such other factors as the Board considers appropriate. At this time however, all of the Company's available funds are anticipated to be invested to finance further growth of the Company's business and therefore investors cannot expect and should not anticipate receiving a dividend on the Common Shares in the foreseeable future.

The Debt Facility restricts Torex from making distributions to its shareholders to \$50 million each year, and such distributions are subject to the requirements of the FARCA. See "*General Development of the Business – Financing Agreements – Debt Facility*".

#### 35. Currency Exchange Rate Fluctuations

The Company operates in Canada and Mexico and has foreign currency exposure to non-U.S. dollar denominated transactions in U.S. dollars. The Company incurs costs in different currencies: the capital, operating, tax and royalty payment expenses are largely in Mexican peso and U.S. dollars, with the majority of corporate expenses in Canadian dollars, while the Debt Facility is denominated in U.S. dollars. A significant change in the currency exchange rates between the Mexican peso compared with the U.S. dollar could have a material adverse effect on the Company's results of operations in the future periods. As the Company has significant cash and cash equivalents, VAT or "Impuesto al Valor Agregado", accounts receivable, accounts payable, accrued liabilities, income taxes payable, and forward currency contracts, denominated in Mexican pesos and Canadian dollars, foreign exchange gains and losses occur when these currencies appreciate or depreciate, respectively, relative to the U.S. dollar. As a result, fluctuations in currency exchange rates could significantly affect the Company's business, financial condition, and results of operations.

From time to time the Company may engage in currency exchange hedging transactions intended to reduce the risk associated with fluctuations in currency exchange rates, but there is no assurance that any such hedging transactions designed to reduce the risk associated with fluctuations in exchange rates will be successful. Hedging may not protect adequately against the strengthening of the Mexican peso. Furthermore, although hedging may protect the Company from a strengthening in the Mexican peso, it may also prevent it from benefiting from a weakening of the Mexican peso.

#### 36. Litigation

The Company is subject to litigation arising in the normal course of business and may be involved in disputes with other parties in the future, including governments and their agencies, regulators and members of the Company's own workforce, which may result in litigation or other proceedings. In addition, in order to enforce its legal or contractual rights, litigation may be necessary, and the associated costs may be substantial. The causes of potential litigation cannot be known and may arise from, among other things, business activities, claims relating to the temporary occupation agreements, rights of indigenous peoples, employment and labour matters, including compensation and termination issues, environmental, health and safety laws and regulations, tax matters, volatility in the Company's stock price, failure to comply with disclosure obligations, the presence of illegal blockades or labour disruptions at its mine sites.

The timing of the final resolutions to such matters is uncertain and the Company may incur substantial defense and settlement costs of legal claims, even with respect to claims that are without merit. The results of litigation or any other proceedings cannot be predicted with certainty. The possible outcomes or resolutions could include adverse judgements,

orders or settlements, or require the Company to implement corrective measures any of which could require substantial payments and adversely affect its reputation. The Company is not currently involved in any material litigation or disputes with other parties which it believes might result in litigation; however, if the Company is unable to resolve future legal disputes favorably, it could have a material adverse effect on its consolidated financial position, results of operations or the Company's development of the Morelos Property.

### 37. Enforcement of Legal Rights

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

### 38. Land Title

In Mexico, legal rights applicable to mining concessions are different and separate from legal rights applicable to surface lands; accordingly, title holders of mining concessions must obtain agreement from surface landowners to obtain suitable access to mining concessions and for compensation in respect of mining activities conducted on such land.

The Company has at this time secured the right to mine within the boundaries of the mining concessions it holds, in connection with the Morelos Property; however, the legal title and possession of the land is currently held by various ejidos (communal ownership of land recognized by Mexican federal laws) and private parties. The Company has entered into temporary occupation agreements with the ejidos and private parties enabling MML to carry out mining, exploration, development and beneficiation activities at the ELG Mine Complex and development and exploration activities at the Media Luna Project.

Any unremedied non-compliance with such agreements could result in the agreements being rescinded or a request for specific performance being made. Failure to reach new agreements or disputes regarding existing agreements may cause blockades, suspension of operations, delays to projects, and on occasion, may lead to legal actions. Furthermore, while these agreements are legally enforceable, government authorities may be hesitant to enforce agreements against the ejidos and private parties and therefore it is important for the Company to maintain cordial community relations. The inability of the Company to secure surface access or purchase required surface rights could materially and adversely affect the timing, cost or overall ability of the Company to develop mineral deposits it may locate.

Although the Company has attempted to acquire satisfactory title to its properties, the Company's properties may be subject to prior unregistered liens, disputes, agreements, transfers or claims and title may be affected by, among other things, undetected defects in title which could have a material adverse impact on the Company's consolidated business operations, financial condition and results of operations. The Company can provide no assurance that there are no title defects affecting its properties. In addition, should title issues arise over who is entitled to compensation that the Company has agreed to pay in order to acquire the mining rights to explore, develop and exploit the concessions, complainants may commence actions against the Company, MML or their employees in respect of such disputes.

### 39. Indebtedness

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

On August 17, 2022, the Company signed 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 in connection with the Debt Facility, replacing the TARCA (under which the Company's subsidiary MML was the borrower). The Debt Facility permits spending to facilitate the development of the Media Luna Project and other existing and future projects of the Company and consists of a \$100.0 million Term Facility and a \$150.0 million Revolving Facility. 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](http://www.sedar.com).

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

#### 40. Liquidity Risk

Development of the Media Luna Project, mine operation activities at ELG, brownfield and greenfield exploration activities, and potential acquisition activities, will require significant investment of resources and capital. The Company is exposed to liquidity risks in meeting its operating expenditures in instances where cash positions are unable to be maintained or appropriate financing is unavailable. General market conditions, volatile metal and key consumable prices, a significant disruption to the Company's business, or other factors may make it difficult to secure the necessary financing.

The primary sources of funds available to the Company are cash flow generated by the ELG Mine Complex, its cash reserves and any available funds under the FARCA. 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.

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. As such, if operations at the ELG Mine Complex are shut down for a prolonged period, depending on the length of such shut down, the Company may not be able to generate sufficient cash flow or have sufficient cash reserves to meet its obligations as they become due or satisfy the financial and other covenants under the FARCA, including but not limited to the minimum liquidity threshold. In addition, the Company may not be able to draw on any amounts available under the FARCA.

In such circumstances, the Company may consider a number of actions to reduce cash outflows, including suspending employment contracts in Mexico, managing payment terms with vendors, halting capital expenditures, and monitoring its debt and working capital. The Company may also have various options available to mitigate the risk of breaching the covenants under the FARCA, including securing additional financing, deferring payments, renegotiation of the minimum liquidity and debt service covenants with the Lenders, strategic investments, joint ventures and sale of assets. These options are based on the agreement of other parties outside of the Company's direct control. There can be no assurance that the Company would be able access additional financing, obtain any necessary waivers or consents from the Lenders or complete any strategic investments, joint ventures and sale of assets on desirable terms or at all, which could result in a default of the Company's financial obligations. As a result of these uncertainties, the Company's growth plans could be adversely impacted, including through the delay or indefinite postponement of the development of Media Luna, other exploration activities, and acquisitions, which could subsequently impact the trading price of its Common Shares.

#### 41. Credit Risk

The Company is exposed to various counterparty risks including through financial institutions that hold the Company's cash reserves and derivative contracts, through the Company's insurance providers, and through other parties that may have contract payment obligations to the Company. Although the Company has adopted several measures to mitigate credit risk, and its credit risk on cash, cash equivalents, derivative contracts and VAT receivables is not considered significant as of December 31, 2022, there can be no assurance that the Company will not experience a loss due to a counterparty failing to satisfy its contractual obligations.

#### 42. Interest Rate Risk

Fluctuations in interest rates can affect the Company's results of operations and cash flow. The Company's cash and cash equivalents, as well as its Debt Facility are subject to variable interest rates. The Company deposits the majority of its cash in fully liquid Schedule A bank business investment savings accounts. The Company does not have any amounts borrowed under the FARCA at this time.

#### 43. Additional Financing and Dilution

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

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

#### 44. Recovery of Value Added Taxes

The Company is subject to credit risk with respect to its VAT receivable that is collectable from the Mexican government, if the tax authorities are unable or unwilling to make payments in a timely manner in accordance with Company's monthly filings. Timing of collection on VAT receivables is uncertain as VAT receivable procedures require a significant amount of information and follow-up. The VAT receivable decreased by \$14.8 million to \$48.2 million at December 31, 2022, compared to December 31, 2021, primarily as a result of delays in receipt of refunds in the fourth quarter of 2021, which were received in the first quarter of 2022. Significant delays in the collection of VAT receivables may affect the Company's ability to fund the continued development of the Media Luna Project. Even though the Company has in the past recovered VAT routinely, VAT recovery in Mexico remains a highly regulated, complex and, at times, lengthy collection process, increasing the risk that the Company's VAT receivable balance may not be refunded, or payment will be delayed.

#### 45. Taxes and Royalties

The Company currently operates in Canada, Mexico and Luxembourg through a number of subsidiary intermediary entities that are subject to the tax regimes in the jurisdictions in which they operate. The Company's operating subsidiary MML, is resident in Mexico and is subject to corporate income tax, mining taxes, consumption taxes, withholding taxes, other taxes and royalties. Tax regimes in Mexico may be subject to differing interpretations and are subject to change without notice. The introduction of new tax laws, regulations or rules, or changes to, or differing interpretation of, or application of, existing tax laws, regulations or rules by tax authorities or the courts, could result in an increase in the Company's taxes, or other governmental charges, duties or impositions, or an unreasonable delay in the refund of certain taxes owing to the Company.

Complex legislation and compliance obligations add to the complexity of calculating taxes payable and refunds expected and increase the risk of disagreement with local governments. The Company's interpretation of taxation law as applied to

its transactions and activities may not coincide with that of the tax authorities. As a result, transactions may be challenged or revised by tax authorities and the Company's operations. The Company is subject to routine tax audits by various taxation authorities in the jurisdictions in which it operates. Tax audits may result in additional tax, interest and penalties, which would adversely affect the Company. There is also a risk that restrictions on the repatriation of earnings from Mexico to foreign entities will be imposed in the future and the Company has no control over withholding tax rates.

As the expectations from investors and the public have increased around ESG commitments, the role and image of corporate tax is changing, whereby the Company must not only comply with the relevant local tax laws, but also assess the impact of its contribution to the communities where it operates.

While these tax risks are proactively managed and monitored by senior management, with the assistance of external tax experts, there can be no assurance given that new tax laws, rules or regulations will not be enacted or that existing tax laws will not be changed, interpreted or applied in a manner that could result in the Company's profits being subject to additional taxation, result in the Company not recovering certain taxes on a timely basis, or at all, adversely affect the Company's ability to repatriate earnings, or that could otherwise have a material adverse effect on the Company.

#### 46. Use of Derivatives

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

While the Company may enter into hedge arrangements to minimize its risk to changes to the exchange rate for the Mexican peso, there are no assurances that such arrangements will be successful, especially in the context of the current market volatility. There were no Mexican peso hedge contracts remaining at December 31, 2022.

Gold prices have fluctuated widely in recent years and there is no assurance that, even as commercial quantities of gold may be produced in the future, a profitable market will exist for them. In 2022 and early 2023, the Company entered into forward contracts for the sale of approximately 30% of projected 2023 and 2024 production from the ELG Mine Complex, at an average price of approximately \$1,924 per ounce of gold in 2023 and \$1,955 per ounce of gold in 2024.

Although hedging activities may protect the Company against a low gold price or commodity price fluctuations, they may also (i) limit the price that can be realized on the portion of hedged gold where the market price of gold exceeds the strike price in forward sale or call option contracts, and (ii) stipulate a price at which a commodity (such as fuel) must be purchased, which may be higher than the prevailing market price for that commodity.

#### 47. Insurance and Uninsured Risks

The business of the Company is subject to a number of risks and hazards generally, including, but not limited to, adverse environmental conditions, industrial accidents, labour disputes, materials shortages, unusual or unexpected geological conditions, metallurgical or processing problems, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, fires, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to properties of the Company or others, delays in mining, monetary losses and possible legal liability. Although the Company may maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with a mining company's operations and insurance obtained may contain exclusions and limitations on coverage. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution, global pandemics such as the COVID-19 pandemic, strikes, riots or civil commotion, or other hazards as a result of exploration, development and production is not generally available to the Company or to other companies in the mining industry on acceptable terms.



The Company might also become subject to liability for pollution or other hazards which it may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its business, consolidated financial condition and results of operations.

#### 48. Contractor Performance

As is common industry practice for certain aspects of operations, such as mining, drilling, blasting, security and others, to be conducted by outside contractors, the Company is subject to a number of risks associated with the use of such contractors, including the following:

- reduced control over the aspects of the operations that are the responsibility of a contractor;
- failure of a contractor to perform under its agreement(s), including but not limited to inability to meet the contractual timelines and/or deliver in accordance with the terms of the contract;
- failure of the contractor to comply with applicable legal and regulatory requirements;
- inability to replace the contractor in case of early termination of the service agreement;
- interruption of operations in the event the contractor ceases operations due to contractual disputes with the Company or as a result of liquidity constraints, insolvency or other unforeseen events (including events of force majeure);
- failure of the contractor to properly manage its workforce resulting in labour unrest, blockages, strikes or other employment issues, and tax issues related to the arrangement of contracts;
- inadequate contractor cybersecurity program and/or customer data management and privacy, exposing the Company to external attacks.

The Company cannot exclude the risk that its contractors may breach their contracts or that they may be negligent or otherwise deficient in performing the services for which they were contracted. This may result in financial liability or penalties to the Company for its inability to recover from those contractors or to remediate errors made by contractors, which are necessary for the optimal performance of the Company's projects.

As the Company proceeds with the development of the Media Luna Project, the timely and cost-effective completion of the work will depend to a large degree on the satisfactory performance of the Company's contractors, as well as the design and engineering consultants who are responsible for the different elements of the execution of construction plans. A major contractor default or the failure to properly manage contractor performance could have a material impact on Media Luna Project cost and schedule.

#### 49. Responsible Sourcing

In the current context of growing stakeholder expectation that mining companies implement adequate measures for an effective management of the value chain process in a proactive and transparent manner, there is an increasing level of public scrutiny relating to the Company's local business development and procurement strategies for responsible sourcing of raw materials and services.

The Company's supply chains are highly complex, multi-tiered networks that consist of continuously evolving relationships involving many thousands of individual suppliers around the world. As such, there is no assurance that the Company's suppliers will follow the Company's policies in support of human rights, health and safety, environmental protection and business ethics.

While the Company is proactively working on mitigating risks associated with supply chain management, the ability to mitigate these risks associated with raw materials and third-party services sourcing will continue to be challenging, despite ongoing due diligence efforts.

## 50. Decommissioning and Reclamation Costs

The Company has established a decommissioning and reclamation plan for the ELG Mine Complex and for the Media Luna Project. The costs associated with these activities are significant, based on estimates and subject to change. Due to the unknown nature of possible, future additional regulatory requirements, the potential for additional decommissioning and reclamation activities could create further uncertainties related to future reclamation costs, which may have a material adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Considering the continuously evolving regulations in this area, as well as changes in mining activities and processes, closure plans and site rehabilitation plans may be incomplete, inaccurately estimated, and/or not fully documented, with potential significant impact on the closure costs.

The Company recognized a decommissioning liability relating to the ELG Mine Complex and development activities at its Media Luna Project based on disturbances as of December 31, 2022, of \$40.5 million. In respect of its exploration activities, the Company has determined that no significant decommissioning liability exists. Assumptions have been made, based on the current economic environment, which management believes are a reasonable basis upon which to estimate the future liability. As discussed in Note 12 of the Company's consolidated financial statements ("Financial Statements") for the year ended December 31, 2022, these assumptions include a pre-tax discount rate, and the extent, timing and nature of reclamation expenditures. These estimates are reviewed regularly to take into account any material changes to the assumptions. From time to time, the Company will engage an external expert to prepare an updated closure plan for the ELG Mine Complex and/or the Media Luna Project. Actual decommissioning costs will ultimately depend on future market prices for the necessary decommissioning work required, which will reflect market conditions at the relevant time. Changes in these factors can materially impact the decommissioning liability and related assets recognized in the Consolidated Statements of Financial Position of the Financial Statements. See Note 12 of the Financial Statements, for information on the estimation of the liability.

## 51. Accounting Policies and Internal Controls

The Company prepares its financial reports in accordance with IFRS. The preparation of financial statements require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting periods. Judgments, estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ materially from estimates. Although the Company believes its financial reporting and financial statements are prepared with reasonable safeguards to ensure reliability, the Company cannot provide absolute assurance.

The Company assessed and tested, for the 2022 fiscal year, its internal control over financial reporting procedures in order to satisfy the requirements of National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*. Internal control over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use and transactions are properly recorded and reported. Management believes that any internal controls over financial reporting and disclosure controls and procedures, no matter how well designed, can have inherent limitations. Accordingly, the Company cannot provide assurance that its internal control over financial reporting will prevent or detect all errors and fraud instances.

In addition, as the Company continues to expand, the challenges involved in implementing an appropriate system of internal control over financial reporting will increase and will require that the Company continue to improve its internal control over financial reporting. Although the Company intends to devote substantial time and funds, as necessary, to ensure ongoing and future compliance, the Company cannot be certain that it will be successful in complying with internal control regulations.

The Company's failure to satisfy these requirements on an ongoing and timely basis could result in the loss of investor confidence in the reliability of its financial statements, which in turn could adversely affect the Company's business and the trading price of its Common Shares or market value of its other securities. Any failure to implement required new or

improved control(s), or difficulties encountered in their design or implementation could adversely affect the Company's operating results or cause it to fail to meet its reporting obligations.

## 52. Operation of the Processing Plant

The Company's operations are dependent on the availability and reliability of the processing plant. A significant failure of the processing plant at the ELG Mine Complex would materially impair the operations which, until corrected, would result in a partial or total suspension of the operations. Although the Company has systems and procedures to inspect and monitor the operation of the critical equipment of the process, the integrity of the building, along with programs for predictive and preventative maintenance, inventory of critical spares and consumables, and clear procedures for the use and handling of chemicals, a number of uncontrollable risks such as seismic events, or fire or explosion resulting from the incorrect use of chemicals could cause structural damages and extended plant shutdown. There can be no assurances that these measures will be successful in preventing a significant failure of the processing plant or minimizing the downtime if such an event were to occur.

## 53. Conflicts of Interest

Certain of the directors and officers of the Company currently serve or may serve in the future as directors and/or officers of other companies involved in natural resource exploration, development and production and, consequently, there exists the possibility for such directors and officers to be in a position of conflict. The Company's directors and officers understand that any decision made by any of such directors and officers involving the Company should be made in accordance with their duties and obligations to act honestly and in good faith with a view to the best interests of the Company. In addition, each of the directors is required to declare and refrain from voting on any matter where such directors may have any actual or potential conflicts of interest in accordance with the procedures set forth in the applicable corporate and other laws, as amended or supplemented from time to time. Further, the Company has instituted processes to identify and address any such conflicts of interest. Nevertheless, there is a risk that conflicts of interests may not always be fully or timely identified which could potentially result in adverse impacts on the Company.

## DIVIDENDS

The Company has never declared or paid cash dividends on the Common Shares. Any future dividend payment will be made at the discretion of the Board and will depend on the Company's financial needs to fund its planned programs and its future growth and any other factor that the Board deems necessary to consider in the circumstances. The Debt Facility restricts Torex from making distributions to its shareholders in excess of \$50 million per year, and such distributions are subject to the requirements of the FARCA. Distributions from MML to the Company are permitted under the Debt Facility, provided that certain customary conditions precedent are satisfied. See also "*General Development of the Business – Financing Agreements – Debt Facility*".

## DESCRIPTION OF CAPITAL STRUCTURE

The Company is authorized to issue an unlimited number of Common Shares, of which as at March 30, 2023, there were 85,880,756 Common Shares issued and outstanding. Holders of Common Shares are entitled to receive notice of any meetings of the holders of Common Shares of the Company and to attend and to cast one vote per Common Share held at all such meetings.

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

## MARKET FOR SECURITIES

### Common Shares

The Common Shares are listed and traded on the TSX under the symbol “TXG”. The following table sets forth, for the year ended December 31, 2022, the reported high and low prices, and the aggregate volume of trading of the Common Shares on the TSX.

Month	High (C\$)	Low (C\$)	Volume
January	\$ 13.44	\$ 11.81	6,304,158
February	\$ 16.57	\$ 12.16	7,494,552
March	\$ 17.43	\$ 15.34	10,327,423
April	\$ 16.44	\$ 13.51	6,419,474
May	\$ 14.75	\$ 11.78	5,128,252
June	\$ 13.30	\$ 9.92	5,249,706
July	\$ 10.24	\$ 8.54	6,096,528
August	\$ 11.50	\$ 9.25	6,167,109
September	\$ 10.13	\$ 8.07	8,776,728
October	\$ 10.64	\$ 8.97	4,945,680
November	\$ 12.46	\$ 8.72	5,906,732
December	\$ 16.51	\$ 12.66	11,571,374

The price of the Common Shares as quoted by the TSX at the close of business on March 30, 2023 was C\$22.75 per share.

### Prior Sales

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

Month of Issue	Type of Security	Number Issued	Issue/Exercise Price (\$)	Reason for Issuance
January 2022	Restricted Share Units	93,456	\$ 12.84	Issue under the RSU Plan
	Restricted Share Units	142,335	\$ 12.84	Issue under the ESU Plan
	Performance Share Units	213,506	\$ 12.84	Issue under the ESU Plan
February 2022	Restricted Share Units	2,759	\$ 15.49	Issue under the ESU Plan
	Performance Share Units	4,138	\$ 15.49	Issue under the ESU Plan
May 2022	Restricted Share Units	7,304	\$ 12.50	Issue under the ESU Plan
	Performance Share Units	10,952	\$ 12.50	Issue under the ESU Plan
August 2022	Restricted Share Units	5,808	\$ 10.76	Issue under the RSU Plan
	Restricted Share Units	1,440	\$ 10.76	Issue under the ESU Plan
	Performance Share Units	2,162	\$ 10.76	Issue under the ESU Plan
November 2022	Restricted Share Units	1,165	\$ 11.82	Issue under the ESU Plan
	Performance Share Units	1,748	\$ 11.82	Issue under the ESU Plan
December 2022	Restricted Share Units	1,353	\$ 16.34	Issue under the ESU Plan
	Performance Share Units	2,031	\$ 16.34	Issue under the ESU Plan

Notes:

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

## DIRECTORS AND OFFICERS

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

Name and Municipality of Residence	Position with the Company	Principal Occupation During the Last Five Years
<b>Richard A. Howes</b> Ontario, Canada	Board Chair since June 29, 2021 Director since June 17, 2020	President and Chief Executive Officer of Reunion Gold Corp since January 1, 2023  Prior thereto, he was a professional Corporate Director from June 2020 to December 2022 and President and CEO of Dundee Precious Metals Inc. from April 2013 to May 2020.
<b>Tony S. Giardini</b> Rome, Italy	Director since June 29, 2021	Director, President and Chief Executive Officer of Trilogy Metals Inc. since April 2020  Prior thereto, he was President of Ivanhoe Mines Ltd. From May 2019 to March 2020 and was Executive Vice President and Chief Financial Officer of Kinross Gold Corporation from December 2012 to April 2019.
<b>Jennifer J. Hooper</b> Ontario, Canada	Director since June 29, 2021	Corporate Director since June 2022  Prior thereto, she served as Chief Executive Officer of the Academy for Sustainable Innovation ("ASI") from September 2020 to June 2022 and she served as Managing Director of ASI beginning in June 2019. From September 2017 to June 2019, she was a management consultant and prior to September 2017, she was employed by Vale Canada and Vale S.A., last position held was as lead of the global health and safety function.
<b>Jay C. Kellerman</b> Ontario, Canada	Director since June 29, 2021	Partner with Stikeman Elliott LLP
<b>Jody L.M. Kuzenko</b> Ontario, Canada	Director and President and Chief Executive Officer since June 17, 2020	President and CEO of the Company since June 2020.  Prior thereto, COO of the Company from October 2018 to June 2020 and prior to joining the Company, employed by Vale Canada Limited, last position held was Director of Business Strategy (July 2004 to July 2018)
<b>Rosalie (Rosie) C. Moore</b> Utah, U.S.A.	Director since June 29, 2021	Corporate Director
<b>Rodrigo Sandoval Navarro</b> CDMX, Mexico	Director since August 3, 2022	Chief Financial Officer of Grupo Gigante since July 2018  Prior thereto, he was employed by Grupo Mexico S.A.B. de C.V., last position held was Corporate Chief Financial Officer (August 2008 to July 2018)
<b>Roy S. Slack</b> Ontario, Canada	Director since June 17, 2020	Founder and board member of Cementation Americas and served as President until 2018
<b>Elizabeth A. Wademan</b> Ontario, Canada	Director since August 10, 2016	President and Chief Executive Officer of Canadian Development Investment Corporation since March 2022  Prior thereto, Professional Corporate Director since August 2016.
<b>Mary D. Batoff</b> Ontario, Canada	General Counsel and Corporate Secretary	General Counsel and Corporate Secretary since July 2014

<p><b>Angela M. Robson</b> Ontario, Canada</p>	<p>Senior Vice President, Human Resources, ESG and Communications</p>	<p>Senior Vice President, Human Resources, ESG and Communications since February 2022</p> <p>Vice President, Corporate Affairs and Social Responsibility from June 2020 to January 2022</p> <p>Prior thereto, employed by Vale Canada Limited since October 2005, most recently as Manager, Corporate Affairs and Sustainability, North Atlantic Operations</p>
<p><b>Faysal A. Rodriguez Valenzuela</b> Sinaloa, Mexico</p>	<p>Senior Vice President, Mexico</p>	<p>Senior Vice President, Mexico since June 2020.</p> <p>Prior thereto, General Manager of MML from May 2018, and prior to joining the Company, employed by Primero Mining Corp as General Manager (October 2017 to May 2018) and Operation Manager (September 2016 to October 2017), and engaged by Agnico Eagle Mines Ltd. as a consultant (January 2016 to September 2016)</p>
<p><b>Daniel J. T. Rollins</b> Ontario, Canada</p>	<p>Senior Vice President, Corporate Development and Investor Relations</p>	<p>Senior Vice President, Corporate Development and Investor Relations since May 2019.</p> <p>Prior thereto, Director, RBC Capital Markets (April 2012 to March 2019)</p>
<p><b>Andrew P. Snowden</b> Ontario, Canada</p>	<p>Chief Financial Officer</p>	<p>Chief Financial Officer since January 2021.</p> <p>Prior thereto, employed by Sherritt International Corporation as Senior Vice President and CFO (January 2017 to December 2020).</p>
<p><b>David Stefanuto</b> Ontario, Canada</p>	<p>Executive Vice President, Technical Services and Capital Projects</p>	<p>Executive Vice President, Technical Services and Capital Projects since September 2021.</p> <p>Prior thereto, employed by Vale Canada, last position held was as Vice President/Director Base Metals North Atlantic Projects.</p>

As of March 30, 2023, an aggregate of 249,661 Common Shares (representing less than 1% of all issued and outstanding Common Shares as of March 30, 2023,) are beneficially owned, controlled or directed (directly or indirectly) by all of the directors and executive officers of the Company, as a group.

## STANDING COMMITTEES OF THE BOARD

Board Committee	Committee Members	Status
Audit	Tony S. Giardini (Chair) Rodrigo Sandoval Navarro Elizabeth A. Wademan	Independent Independent Independent
Compensation	Elizabeth A. Wademan (Chair) Tony S. Giardini Richard A. Howes	Independent Independent Independent
Corporate Governance and Nominating	Jay C. Kellerman (Chair) Jennifer J. Hooper Rodrigo Sandoval Navarro	Independent Independent Independent
Safety and Corporate Social Responsibility	Jennifer J. Hooper (Chair) Rosalie C. Moore Roy S. Slack	Independent Independent Independent
Technical	Roy S. Slack (Chair) Richard A. Howes Rosalie C. Moore	Independent Independent Independent

### Corporate Cease Trade Orders

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

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

### Bankruptcies and Other Proceeding

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

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

## Penalties or Sanctions

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

- a. any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- b. any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

## Conflicts of Interest

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

## AUDIT COMMITTEE

### Audit Committee Charter

The Charter of the Company’s Audit Committee is set forth at Appendix “B” hereto.

### Composition of the Audit Committee

The following directors have served as members of the Audit Committee for all of the period commencing on January 1, 2022 to the date hereof:

Tony S. Giardini	Independent <sup>1</sup>	Financial expert <sup>2</sup>
Rodrigo Sandoval Navarro	Independent <sup>1</sup>	Financial expert <sup>2</sup>
Elizabeth A. Wademan	Independent <sup>1</sup>	Financially literate <sup>1</sup>

Notes:

1. As defined by National Instrument 52-110 — *Audit Committees (“NI 52-110”)*.
2. The Board of Directors of the Company has determined that each of Mr. Giardini and Mr. Sandoval Navarro is an audit committee financial expert based on Mr. Giardini’s professional designation, education, and extensive international financial experience in extractive industries and Mr. Sandoval Navarro’s education and extensive financial experience including in the extractive industries.



## Relevant Education and Experience

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

<b>Tony S. Giardini</b>	Chartered Professional Accountant (Ontario and British Columbia), Chartered Business Valuator (British Columbia), Certified Public Accountant (Illinois, USA) Bachelor of Commerce, University of British Columbia (Vancouver, British Columbia)	Mr. Giardini is the President and Chief Executive Officer of Trilogy Metals Inc., a role he has held since May 2020. Mr. Giardini was President of Ivanhoe Mines Ltd. from May 2019 to March 2020 and was Executive Vice President and Chief Financial Officer of Kinross Gold Corporation from December 2012 to April 2019. He was Chief Financial Officer of Ivanhoe Mines Ltd. from May 2006 to April 2012. Prior to joining Ivanhoe Mines Ltd., he was Vice President and Treasurer of Placer Dome Inc. from 2002 to 2006. Mr. Giardini spent 12 years with accounting firm KPMG prior to joining Placer Dome Inc.
<b>Rodrigo Sandoval Navarro</b>	Master of Business Administration, Yale School of Management (Connecticut, USA), Bachelor of Economics, Instituto Tecnológico Autónomo de México (ITAM)(CDMX, Mexico) and a Post-Graduate Certificate in Corporate Finance from ITAM	Mr. Sandoval is the Chief Financial Officer of Grupo Gigante, a role he has held since July 2018. Mr. Sandoval previously spent 10 years with Grupo Mexico S.A.B. de C.V. first as Finance Director and then as Corporate Chief Financial Officer.
<b>Elizabeth A. Wademan</b>	Bachelor of Commerce, McGill University, Chartered Financial Analyst from the CFA Institute, and, ICD.D, Institute of Corporate Directors	Ms. Wademan is the President and Chief Executive Officer of Canada Development Investment Corporation, a role she has held since March 2022. She is an independent trustee of BSR Real Estate Investment Trust, where she is Chair of the Compensation, Governance and Nominating Committee and member of the Audit Committee and an independent director of Triple Flag Precious Metals Corp. She previously served as an independent director of SSR Mining Inc. She has over 25 years of experience in financial markets with 18 years spent in investment banking.

### Audit Committee Oversight

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

### Reliance on Certain Exemptions

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

### Pre-approval Policies and Procedures

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

### External Auditor Service Fees (By Category)

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

	2022 <sup>1</sup>	2021 <sup>1</sup>
<b>Audit Fees</b> <sup>2</sup>	<b>C\$ 781,988</b>	<b>C\$ 710,700</b>
<b>Audit Related Fees</b> <sup>3</sup>	<b>C\$ 32,020</b>	<b>C\$ 26,181</b>
<b>Tax Fees</b>		
Compliance <sup>4</sup>	C\$ 25,316	C\$ 35,456
Advisory <sup>5</sup>	C\$ 56,688	C\$ 48,447
<b>Total tax</b>	<b>C\$ 82,004</b>	<b>C\$ 83,904</b>
<b>All Other Fees</b>	Nil	Nil

Notes:

1. Fees include administrative charges and nominal out-of-pocket expenses billed by the Company's external auditors.
2. Audit Fees relate to the audit of the Financial Statements, the audit of the annual Financial Statements of MML in 2021, and services provided in connection with the review of interim unaudited financial statements. For the year ended December 31, 2022, audit fees include fees related to the auditor's involvement with a possible offering of high yield notes.
3. Audit Related Fees relate to a limited assurance engagement with respect to the Company's progress report on the implementation of the World Gold Council's Responsible Gold Mining Principles.
4. Tax compliance involves preparation of original and amended tax returns, claims for refund, tax payment-planning services.
5. Tax advisory services can include assistance with tax audits and appeals, transfer pricing services, tax advice related to employee benefit plans and requests for rulings or technical advice from taxing authorities.

### LEGAL PROCEEDINGS

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

### INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

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

## TRANSFER AGENT AND REGISTRAR

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

## MATERIAL CONTRACTS

There are no contracts of the Company, other than contracts entered into in the ordinary course of business, that are material to the Company and that were entered into by the Company within the most recently completed financial year or were entered into prior to such time and are still in effect, other than the FARCA. See “*General Development of the Business – Financing Agreements – Debt Facility*”.

## INTERESTS OF EXPERTS

Carolina Milla, P.Eng., is a qualified person under NI 43-101 and she has reviewed and approved the scientific and technical information pertaining to Mineral Resources in this AIF under the sections titled “*General Development of the Business – Developments in 2023 to Date of AIF – Mineral Reserve and Resource Update*” and “*Material Properties – Morelos Property – Key Developments Since the Effective Date of the Technical Report*” and the information on the drilling programs in this AIF under the sections titled “*Material Properties – Morelos Property – Key Developments Since the Effective Date of the Technical Report – Additional Information about ELG Infill and Step-Out Drilling*”, “*Material Properties – Morelos Property – Key Developments Since the Effective Date of the Technical Report – Drilling Programs at ELG Media Luna and EPO and Exploration Drilling – Additional Information about Media Luna Drilling*” and “*Material Properties – Morelos Property – Key Developments Since the Effective Date of the Technical Report – Drilling Programs at ELG Media Luna and EPO and Exploration Drilling – Additional Information about EPO Drilling*”, “*Material Properties – Morelos Property – Key Developments Since the Effective Date of the Technical Report – Drilling Programs at ELG Media Luna and EPO and Exploration Drilling – Exploration*”, “*Material Properties – Morelos Property – Key Developments Since the Effective Date of the Technical Report – Drilling Programs at ELG Media Luna and EPO and Exploration Drilling – 2023 Exploration and Drilling*” and “*Material Properties – Morelos Property – Key Developments Since the Effective Date of the Technical Report – Quality Assurance and Quality Control*”. Ms. Milla is a member of the Association of Professional Engineers and Geoscientists of Alberta (Member ID #168350), has experience relevant to the style of mineralization under consideration, is a qualified person under NI-43-101, and is an employee of Torex.

The scientific and technical data contained in this AIF under the sections titled “*General Development of the Business – Developments in 2023 to Date of AIF – Mineral Reserve and Resource Update*” and “*Material Properties – Morelos Property – Key Developments Since the Effective Date of the Technical Report*” pertaining to Mineral Reserves have been reviewed and approved by Johannes (Gertjan) Bekkers P.Eng., the Director of Mine Technical Services for Torex Gold, who is a qualified person as defined by NI 43-101. Mr. Bekkers is a registered member of the Professional Engineers of Ontario, has worked the majority of his career in open pit and underground hard rock mining in Canada and overseas in progressively senior engineering roles with relevant experience in mine design and planning, mining economic viability assessments, and mining studies.

The scientific and technical data contained in this AIF under the sections titled “*General Development of the Business – Developments in 2022 – Media Luna Project*”, “*Material Properties – Morelos Property – Key Developments Since the Effective Date of the Technical Report– Five-Year Production Outlook (2023-2027)*”, “*Material Properties – Morelos Property – Key Developments Since the Effective Date of the Technical Report– Media Luna Update*”, and such other scientific and technical information (excluding Appendix C and Appendix D) not referred to in the foregoing, has been reviewed and approved by Dave Stefanuto, P.Eng., the Executive Vice President, Technical Services and Capital Projects for Torex Gold, and a qualified person as defined by NI 43-101.

The scientific and technical information relating to the Morelos Property in Appendix C – “*Summary of the Technical Report*” and Appendix D – “*After Tax Sensitivities to Key Factors*” has been derived from, and in some instances is an extract from, or is based on the Technical Report. A copy of the Technical Report is available under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

Each of Robert Davidson, P.E., Vice President of M3 Engineering & Technology Corporation; Carl John Burkhalter, P.E. of NewFields Mining & Technical Services LLC; David Stuart Halley, Conrad Partners Limited; Dawn H. Garcia, CPG, Golder Associates USA Inc.; John Makin, MAIG, SLR Consulting (Canada) Ltd.; Leslie Correia, Pr.Eng, Paterson & Cooke Canada Inc.; Lucas Kingston, MSc, PG, NewFields Mining & Technical Services LLC; Michael Levy, MSc., P.E., P.G., P.Eng, of JDS Energy & Mining Inc.; Michael L. Pegnam, P.E., Golder Associates USA Inc.; Michal Dobr, RNDr., P.Geo (BC), Golder Associates Ltd.; Robert W. Pratt, P.E., Call & Nicholas, Inc.; Ross David Hammett, PhD., P.Geo (BC), Golder Associates Ltd.; Stuart J Saich, P.E., Consultoria e Ingenieria Promet101 LTDA; and Johannes (Gertjan) Bekkers, P.E., Torex Gold Resources Inc. are authors of the Technical Report and each is a “qualified person” within the meaning of NI 43-101.

Other than Mr. Bekkers, an employee of the Company, and Mr. Levy, the aforementioned firms and persons held no securities of the Company or of any associate or affiliate of the Company at or following the time when they, as applicable: (i) prepared the Technical Report; and/or (ii) reviewed and approved the scientific and technical information set forth in Appendix C – “*Summary of the Technical Report*” and Appendix D – “*After Tax Sensitivities to Key Factors*”, and in each case did not receive any direct or indirect interest in any securities of the Company or of any associate or affiliate of the Company in connection with the preparation, review, confirmation and/or approval, as applicable, of the foregoing. Mr. Levy purchased in the market 736 Common Shares in the second quarter of 2017. Mr. Levy is not currently expected to be elected, appointed or employed as a director, officer or employee of the Company or of any associate or affiliate of the Company.

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

## ADDITIONAL INFORMATION

Additional information relating to the Company is available under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com). Additional information, including information concerning directors’ and officers’ remuneration and indebtedness, principal holders of the Company’s securities and securities authorized for issuance under equity compensation plans, where applicable, is contained in the management information circular of the Company dated May 11, 2022.

Additional financial information is provided in the Company’s Financial Statements and MD&A for the year ended December 31, 2022.

## APPENDIX “A” – GLOSSARY OF TECHNICAL TERMS AND ABBREVIATIONS

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

Full Name	Abbreviation
Diamond drill bit that produces 47.6 mm core	NQ
Neutralization Potential Ratio	NPR
Net Present Value	NPV
Ounce	oz
Potentially Acid Generating	PAG
Parts per million	ppm
Preliminary Economic Assessment	PEA
Quality Assurance and Quality Control	QA/QC
Qualified Person	QP
Reverse Circulation	RC
Run-of-mine	ROM
Semi-Autonomous Grinding	SAG
Secretaría de Medio Ambiente y Recursos Naturales (Secretariat of the Environment, National Resources)	SEMARNAT
Société Générale de Surveillance S.A.	SGS
Tonnes per day	tpd
Micrometer	µm
Waste Rock Storage Facilities	WRSF

## APPENDIX “B” – MANDATE OF THE AUDIT COMMITTEE

### Purpose

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

### Composition

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

### Meetings

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

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

### Resources and Authority

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

### Responsibilities

#### *Financial Accounting, Internal Controls and Reporting Process*

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



### **Public Disclosure**

19. In addition to its responsibilities in sections 18(b) and (c), the Committee shall:
- a. review and discuss with senior officers of the Corporation any guidance being provided on the expected future results and financial performance of the Corporation, and provide its recommendations on such guidance to the Board; and
  - b. review from time to time the procedures which are in place for the review of the public disclosure by the Corporation of financial information extracted or derived from the financial statements of the Corporation and periodically assess the adequacy of such procedures.

### **Financial Risk Management**

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

### **Corporate Conduct**

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

### **Code of Business Conduct and Ethics**

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

### **Whistleblower Policy**

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

### **Monetary Authority Policy**

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

### ***Anti-Bribery and Anti-Corruption Policy***

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

### ***Independent Auditor***

27. The Committee shall recommend to the Board, for appointment by shareholders, a firm of external auditors to act as the Independent Auditor and shall monitor the independence and performance of the Independent Auditor. The Committee shall arrange and attend, as considered appropriate and at least annually, a private meeting with the Independent Auditor and shall review and approve the remuneration of such Independent Auditor within the pre-approved fee threshold or such other amount approved by the Board.

28. The Committee shall ensure that the lead audit partner at the Independent Auditor is changed every seven years.

29. The Committee should resolve any otherwise unresolved disagreements between the senior officers of the Corporation and the Independent Auditor regarding the internal controls or financial reporting of the Corporation.

30. The Committee should pre-approve all audit and non-audit services not prohibited by law, including Applicable Laws, to be provided by the Independent Auditor. The Committee should review the proposed fee thresholds for such services and make a recommendation on the fee thresholds for audit services to the Board for approval. The Chair may, and is authorized to, pre-approve non-audit services provided by the Independent Auditor up to a maximum amount of \$50,000 per engagement.

31. The Committee should review the audit plan of the Independent Auditor, including the scope, procedures and timing of the audit.

32. The Committee should review the results of the annual audit with the Independent Auditor, including matters related to the conduct of the audit.

33. The Committee should obtain timely reports from the Independent Auditor describing critical accounting policies and practices applicable to the Corporation, the alternative treatment of information in accordance with International Financial Reporting Standards that were discussed with the CFO, the ramifications thereof, and the Independent Auditor's preferred treatment, and should review any material written communications between the Corporation and the Independent Auditor.

34. The Committee should review the fees paid by the Corporation to the Independent Auditor and in respect of audit and non-audit services on an annual basis.

35. The Committee should review and approve from time to time the Corporation's hiring policy regarding partners, employees and former partners and employees of the present and any former Independent Auditor.

36. The Committee should monitor and assess the relationship between the senior officers of the Corporation and the Independent Auditor, and monitor the independence and objectivity of the Independent Auditor.

### ***Other Responsibilities***

37. The Committee should review and assess from time to time the adequacy of this mandate and submit any proposed amendments to the Board for consideration.

38. The Committee should perform any other activities consistent with this mandate and Applicable Laws as the Committee or the Board considers advisable.

## Chair

39. The Chair should:

- a. provide leadership to the Committee and oversee the functioning of the Committee;
- b. chair meetings of the Committee (unless not present), including *in-camera* sessions, and report to the Board following each meeting of the Committee on the activities and any recommendations and decisions of the Committee, and otherwise at such times and in such manner as the Chair considers advisable;
- c. ensure that the Committee meets at least quarterly in each financial year of the Corporation, and otherwise as is considered advisable;
- d. in consultation with the Chair of the Board (the “Chair”), the Lead Director, if any, and the members of the Committee, establish dates for holding meetings of the Committee;
- e. set the agenda for each meeting of the Committee, with input from other members of the Committee, the Chair, the Lead Director, if any, and any other appropriate individuals;
- f. ensure that Committee materials are available to any director upon request;
- g. act as a liaison, and maintain communication, with the Chair, the Lead Director, if any, and the Board to coordinate input from the Board and to optimize the effectiveness of the Committee;
- h. report annually to the Board on the role of the Committee and the effectiveness of the Committee in contributing to the effectiveness of the Board;
- i. assist the members of the Committee to understand and comply with the responsibilities contained in this mandate;
- j. foster ethical and responsible decision making by the Committee;
- k. review, together with the other members of the Audit Committee and the Chair of the Board, in advance of public release (i) any earnings guidance, and (ii) any press release containing financial information based upon financial statements and management’s discussion and analysis that has not previously been released, pursuant to the Mandate of the Audit Committee;
- l. consider complaints covered by the Whistleblower Policy, undertake an investigation of the violation or suspected violation of the Code or as defined in the Whistleblower Policy, and promptly report to the Committee and the Board any complaint that may have material consequences for the Corporation and, for each financial quarter of the Corporation, the Chair should report to the Committee and to the Independent Auditor, the aggregate number, the nature and the outcome of the complaints received and investigated under the Whistleblower Policy;
- m. together with the Corporate Governance and Nominating Committee, oversee the structure, composition and membership of, and activities delegated to, the Committee from time to time;
- n. ensure appropriate information is provided to the Committee by the senior officers of the Corporation to enable the Committee to function effectively and comply with this mandate;
- o. ensure that appropriate resources and expertise are available to the Committee;
- p. ensure that the Committee considers whether any independent counsel or other experts or advisors retained by the Committee are appropriately qualified and independent in accordance with Applicable Laws;
- h. facilitate effective communication between the members of the Committee and the senior officers of the Corporation, and encourage an open and frank relationship between the Committee and the Independent Auditor;
- i. attend, or arrange for another member of the Committee to attend, each meeting of the shareholders of the Corporation to respond to any questions from shareholders that may be asked of the Committee;
- j. in the event a Chair is not appointed by the Board at the first meeting of the Board following the annual meeting of shareholders each year, and the position of Chair of the Corporate Governance and Nominating Committee is vacant, serve as the interim Chair until a successor is appointed; and
- k. perform such other duties as may be delegated to the Chair by the Committee or the Board from time to time.



## APPENDIX "C" – SUMMARY OF TECHNICAL REPORT

# 1 EXECUTIVE SUMMARY

## 1.1 Overview – El Limón Guajes Mine Complex and Media Luna Project Introduction

This technical report (the Technical Report) provides a life of mine plan for the El Limón Guajes Mine Complex (ELG Mine Complex) and Feasibility Study (FS) for the Media Luna Project (ML Project). The ELG Mine Complex and the Media Luna Project are collectively known as the Morelos Complex.

Torex Gold Resources Inc. (Torex) wholly-owns the Morelos Property, a group of seven mineral concessions, covering approximately 29,000 ha, including the Reducción Morelos Norte Concession (26,000 ha) which hosts four deposits, El Limón (which includes El Limón Sur), Guajes (together, referred to as the ELG OP), Sub-Sill and ELD (together, referred to as the ELG UG) and Media Luna (ML), each of which has a Mineral Resource estimate and a Mineral Reserve estimate prepared in accordance with National Instrument 43-101 (NI 43-101). The mineral concessions have been granted for a term of 50 years (Reducción Morelos Norte to 2055). The Morelos Property is wholly owned by Torex through its Mexican subsidiary, Minera Media Luna, S.A. de C.V. (MML). The Morelos Property is in the Mexican State of Guerrero, approximately 180 kilometers southwest of Mexico City, 60 km southwest of Iguala and 35 km northwest of Mezcala. The closest village, Nuevo Balsas, is a small agricultural-based community with a population of approximately 1,700. The Morelos Property is in the Guerrero Gold Belt and the entire 29,000 ha is considered to have significant exploration potential. For the purposes of this Technical Report, the names MML and Torex, and together the Company, are used interchangeably.

The vast majority of the land in the Reducción Morelos Norte concession is owned by Ejidos. Land owned by an Ejido is collectively administered and is held by its members as either common land, which is jointly owned by the members, or as parcels, which are held by individual members.

MML has surface rights to all land required for the operation of the ELG Mine Complex through long-term lease agreements with the Rio Balsas Ejido, the Real del Limón Ejido, Ejido members with ownership of individual parcels, and individuals who own private lands. MML has also secured surface rights to land for the direct development of the ML Project through the signing of long-term lease agreements with the Puente Sur Balsas Ejido and its members with ownership of the individual parcels which cover current exploration and development activities and can be converted to mining of the ML deposit. In addition, MML has long-term lease agreements for camp and water well access with the Atzcala Ejido, and its members with ownership of individual parcels.

In 1995, the former Morelos Mineral Reserve, created in 1983, was divided into a northern and southern portion, and these portions were allocated to mining companies through a lottery system. MML, at that time a joint venture vehicle between Miranda Mining Development Corporation (MMC which was subsequently acquired by Goldcorp Inc.) and Teck Resources Limited (Teck), submitted the winning bid for the Morelos Norte license in mid-1998. Initial work completed by Teck from 1998 to 2008, comprised of initial regional exploration programs, identified El Limón and Guajes deposits in 1999 and completed about 100,000 m of drilling. Torex acquired full control of these deposits through the acquisition of MML. By agreement dated August 6, 2009, Torex acquired 78.8% of MML from Teck and the remaining 21.2% interest in MML was purchased from Goldcorp on February 24, 2010.

There are no significant factors or risks known to Torex that might affect access or title, or the right or ability to perform work on the Morelos Property. However, in the past, MML has experienced illegal blockades from time to time as the local communities adjusted to being part of a large industrial-based economy. The last such blockade concluded in 2018.

Torex has been operating the ELG Mine Complex since 2016, which includes three independent open pits (the ELG OP referred to above) to extract ore from the skarn hosted gold-silver Guajes and El Limón deposits along with an underground mine (ELG UG). The open pits and underground mine feed a centrally located cyanide leach / carbon-in-pulp process plant (CIP), with filtered tailings deposited just to the west of the ELG Process

Plant. The ELG Process Plant has a design throughput rate of 14,000 tonnes per day (t/d). The plan contemplates the current Mineral Reserves being depleted in 2024. As at year end 2021, the ELG Mine Complex has produced and sold more than 2.2 million ounces (Moz) of gold from 24.4 million tonnes (Mt) of ore. There is a 2.5% royalty payable to the Mexican government on minerals produced and sold from the Reducción Morelos Norte Concession.

While operating the ELG Mine Complex, Torex has carried out work on the ML deposit to support the Mineral Reserve for the development of the FS. The key concepts of the FS are presented below:

- Approximately 160 km of infill drilling at ML has resulted in the definition of a 25.4 Mt (4.4 Moz AuEq) Indicated Mineral Resource and 23 Mt (3.4 Moz AuEq) Probable Mineral Reserve.
- Development of the ML Project allows for the mining and processing of additional ore from the ELG UG mine that would otherwise be forfeited due to lack of tonnage to the ELG Process Plant.
- ML ore will be mined via proven underground bulk stope mining methods.
- ML ore will be transported to the ELG Process Plant site via an underground conveyor suspended from the back of the Guajes Tunnel. The tunnel will be developed below the Balsas River and will be the primary access connecting the ELG Mine Complex with the ML mine.
- Access for personnel and material to ML mine will be via the Guajes Tunnel or the two South Portal tunnels.
- Construction of the Guajes Tunnel, and South Portal tunnels commenced in 2021 as part of the ML early works program.
- ML ore will be processed through an existing/enhanced ELG Process Plant including a new copper concentrate circuit which will produce a copper-gold-silver concentrate. Copper and iron flotation tailings will be leached to produce doré.
- Overall metal recoveries are expected to incrementally improve from current levels with the planned ML process design.
- A Class 3 capital cost estimate has been developed for the ML mine, process, and surface infrastructure.
- ML mine operating costs have been estimated from first principles using industry standard productivity rates and assumptions. The future process operating costs are well understood due to several years of ELG operational experience.
- The ML Project shows positive economics with the current ML Mineral Reserves.
- Future Reserve growth through ongoing exploration is expected to further improve the ML Project's economics.

This Technical Report was prepared by Torex and the following Authors:

- M3 Engineering & Technology Corporation (M3)
- SLR Consulting Ltd (SLR)
- Consultoria e Ingenieria ProMet101 Ltd. (ProMet101)
- BQE Water Inc. (BQE)
- BBA E&C Inc. (BBA)
- Stantec Consulting International Ltd. (Stantec)
- Paterson & Cooke Canada Inc. (P&C)
- Golder Associates Ltd. (Golder)
- JDS Energy & Mining Inc. (JDS)
- Call & Nicholas, Inc. (CNI)
- NewFields Mining Design & Technical Services (NewFields)
- Conrad Partners

These Authors were commissioned by Torex to jointly provide a Technical Report for the Morelos Property that contains the Life of Mine Plan for the ELG Mine Complex and a Feasibility Study of the Media Luna deposit using the ELG Mine Complex infrastructure.

## 1.2 Geology, Mineralization and Deposit Types

The Guerrero platform is characterized by a thick sequence of Mesozoic carbonate rocks successively comprising the Morelos, Cuautla and Mezcala Formations and has been intruded by a number of early Tertiary-age granitoid bodies. The carbonate sequence is underlain by Precambrian and Paleozoic basement rocks. The Cretaceous sedimentary rocks and granitoid intrusions are unconformably overlain by a sequence of intermediate volcanic rocks and alluvial sedimentary rocks (red sandstones and conglomerates) which partially cover the region.

The Mesozoic succession was folded into broad north–south-trending paired anticlines and synclines as a result of east-vergent compression during the Laramide Orogeny (80–45 Ma). The Property lies at the transition between belts of overthrust rocks to the west and more broadly-folded rocks to the east.

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

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

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

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

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

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

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

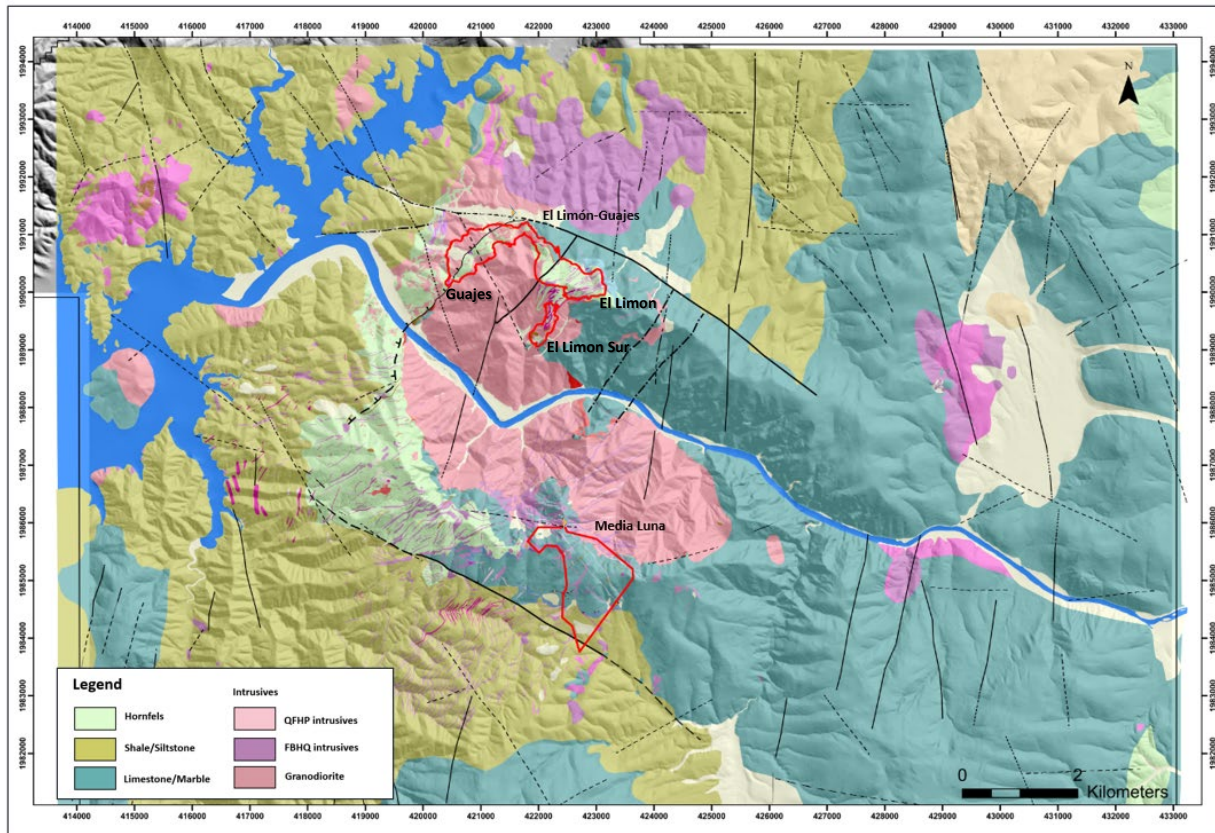
The Guajes West zone is located along the northwest contact of the El Limón granodioritic stock. Surface geology is represented by the hornfels–intrusive contact with some local patchy and structure-controlled skarn occurrences. The skarn formed at the contact between hornfels and marble; however, in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

The ML deposit is located on the south side of the Balsas River, ~7 km south of the ELG Mine Complex.

The surface geology of the ML area is dominated by Morelos Formation limestone which is intruded by numerous feldspar porphyry dykes and sills.

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

The regional geology setting outlining the main ELG and ML mineral deposits is shown in Figure 1-1.



**FIGURE 1-1: REGIONAL GEOLOGICAL SETTING SHOWING THE EL LIMÓN GUAJES AND MEDIA LUNA DEPOSITS**

### 1.3 Exploration

The Morelos Property has been exposed to a wide variety of exploration techniques that include including reconnaissance mapping, 1:5,000 scale geological mapping, systematic 1:500 scale pit mapping and 1:250 scale underground mapping, systematic road-cut, channel sampling, soil and stream sediment sampling, diamond drilling, an airborne ZTEM, magnetic geophysical survey (airborne and drone), and a gravimetry survey.

Exploration work at the Morelos Property has shown that magnetic surveys are highly effective at identifying targets for follow up drilling. Based on the results of exploration activity at the Morelos Property, zones of high magnetic intensity that coincide with the contact between the granodiorite intrusion and sedimentary formations show high potential for mineralization.

Additional exploration has a likelihood of generating further exploration successes particularly down-dip and along strike from of the known deposits. There is also potential for discovery of additional mineralization outside of the known deposits as there are several geophysical targets that warrant follow-up investigation, on both sides of the Balsas River.

In the Qualified Person’s (QP) opinion, the exploration programs completed to date are appropriate to the style of the deposits and prospects within the Morelos Property. Exploration and samples have been collected in a manner such that they are representative and not biased. The known deposits are likely to be successfully



extended along strike and at depth by following the contacts of the intrusions with the Mezcala/Cuatla and Morelos formations. The ML cluster has the potential to be expanded and current targets may be connected into one larger entity. The lateral limits of this cluster remain un-tested.

#### **1.4 Drilling**

Drilling completed during the Teck ownership, between 2000 and 2008, referred to as legacy drilling, comprised of 619 drillholes (98,774 m), including 558 core holes (88,821 m) and 61 RC holes (9,953 m).

From 2009 until the end of 2021, Torex has completed 3,426 core holes (719,609 m) and 110 RC holes (8,792 m). Drillholes completed within mineralization range in size from NQ to PQ and are designed to intersect the mineralization in the most perpendicular manner as possible. Due to the deep nature of the ML deposit, Torex has employed Directional Core Drilling (DCD) since 2019 to improve drilling precision and to concentrate drillhole meters in, and not above, the deposit.

Drilling at the Morelos Property has delineated multiple zones of continuously mineralized Au and Au-Cu skarn bodies and has been used as the basis of the Mineral Resource Estimate.

In the opinion of the QP, the quality and volume of the drilling, logging, collar and down-hole survey data collected by Torex are appropriate to support the declaration of Mineral Resources at the Morelos Property and no issues were identified in the drilling procedures, data collection and data storage that would have a material impact on the Mineral Resource.

#### **1.5 Sampling and Analysis**

Sample analysis techniques varied slightly between drill programs and can be summarized as follows. Samples are dried and crushed to 75% passing 2 mm before splitting. Sub-samples are pulverized to at least 85% passing 75 µm before analysis. Sample pulps are assayed for Au, Cu, Ag and deleterious elements using a variety of standard techniques including fire assay, acid digest, sodium peroxide fusion, gravimetric, and ICP-AES. The appropriate technique is selected according to the element being assayed and the grade obtained by the initial assay.

Certified reference materials and blank samples are inserted into the sample stream for quality assurance and quality control purposes before being sent to the laboratories. Regular check assay programs are carried out on selected samples to check for analytical bias at assay laboratories.

Sample preparation and analytical laboratories used by prior owners included ALS Chemex, Laboratorio Geológico Minero (Lacme), and Global Discovery Laboratory (GDL). Sample preparation and analytical laboratories used by Torex include SGS, Acme, TSL and Bureau Veritas laboratories. All laboratories are independent of the Company.

Samples are always supervised by Torex staff or stored in locked facilities. Samples are transported to laboratories in sealed bags by reputable logistics companies.

In the opinion of the QP, the sample collection, preparation, analysis, QAQC, storage and security at the Morelos Property is aligned with industry best practices and is adequate to support the estimation of the Mineral Resources.

#### **1.6 Data Verification**

The SLR QP conducted a site visit during which a selection of drillhole data was confirmed spatially (collar location, azimuth, and dip confirmation) and that the logging and analytical results matched with the drill core. A desktop study to confirm analytical results against original assay certificates, and a series of visual and software-based validation checks were also undertaken.

Extensive data verification work was carried out between 2005 and 2017. This was done by reputable consultants such as Amec Foster Wheeler M&M, Analytical Solutions Ltd., and Qualitica Consulting Inc. No significant flaws were found in the data.

In the opinion of the QP, the data provided is adequate to support the estimation of Mineral Resources at the Morelos Property. The QP found no evidence of any tampering, falsification or systematic error in the data used to estimate the Mineral Resource.

## 1.7 Mineral Resource Estimate

SLR has prepared updated Mineral Resources for the ML and ELG deposits and adopted the previous Mineral Resource estimate for the EPO area of ML. The effective date for each estimate is October 31, 2021 for ML and EPO, and December 31, 2021 for the ELG Mine Complex.

The Mineral Resources were estimated into seven block models across the Morelos Property, the majority of the grade being hosted in exoskarn and endoskarn lithologies.

At ELG, outlier grades were treated using a grade distance restriction while at ML a traditional grade capping approach was taken. Assays were composited to 3 m, 2.5 m or 1 m within the skarn domains depending on the mining method and block size being used for the area. Grades were interpolated into a whole block or sub blocked model in two or three passes using inverse distance cubed (ID3) or ordinary kriging (OK) to weight each sample.

Mineral Resources are classified into the Measured, Indicated and Inferred categories using a drillhole spacing approach. The criteria to define each category was tailored to each deposit area, and considers geological continuity and understanding, as well as a drillhole spacing study. Both open pit and underground mining methods are considered at the property.

Mineral Resource domains and block models were constructed using Leapfrog Geo and Edge software. Databases and surfaces provided were validated using standard techniques and block models were validated using statistical comparisons, visual reviews, and reconciliation to mine production (where available).

Metal prices were assumed to be US\$1,550/oz Au, US\$20.00/oz Ag and US\$3.50/lb Cu and gold equivalents (AuEq) were calculated using the price ratios in combination with metallurgical recovery. The cut-off grades calculated for each area were 0.9 g/t Au (ELG OP), 2.6 g/t Au (ELG UG) and 2.0 g/t AuEq (Media Luna and EPO).

Using the above the cut-off grades relevant for each deposit and proposed mining method, Measured and Indicated Mineral Resources are estimated to total 46.7 Mt at average gold, silver, and copper grades of 3.41 g/t Au, 19.6 g/t Ag, and 0.66% Cu and containing 5.1 Moz of gold, 29.3 Moz of silver and 677 million pounds (Mlb) of copper. Inferred Mineral Resources are estimated to total 16.2 Mt at average gold, silver and copper grades of 2.17 g/t Au, 25.5 g/t Ag, and 0.95% Cu and containing 1.13 Moz of gold, 13.3 Moz of silver and 340 Mlb of copper. Results are presented in Table 1-1.

**TABLE 1-1: SUMMARY OF MINERAL RESOURCES AT THE MORELOS PROPERTY**

Mineral Resources	Tonnes (kt)	Grade			Contained Metal			Gold Equivalent	
		Au (g/t)	Ag (g/t)	Cu (%)	Au (koz)	Ag (koz)	Cu (Mlb)	AuEq (g/t)	AuEq (koz)
<b>ELG Open Pits</b>									
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
<b>ELG Underground</b>									
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
<b>Media Luna Underground</b>									
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
<b>EPO Underground</b>									
Measured									
Indicated									
Measured & Indicated									
Inferred	8,019	1.52	34.6	1.27	391	8,908	225	3.97	1,024
<b>Total</b>									
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 the 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 Media Luna 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 longhole stoping and, cut and fill.

The QP is not aware of any environmental, permitting, legal, title, taxation, socio-economic, marketing, political or other relevant factors that could materially affect the Mineral Resource Estimate.

## **1.8 Mineral Reserves**

Updated Mineral Reserves for the ELG Mine Complex and ML deposits were prepared and are described in Section 15. The effective date for the ELG Mine Complex Mineral Reserve estimates is December 31, 2021 and October 31, 2021 for ML.

Metal prices were assumed to be US\$1,400/oz Au, US\$17.00/oz Ag and US\$3.25/lb Cu and gold equivalents (AuEq) were calculated using the price ratios in combination with metallurgical recovery. The in-situ cut-off grades calculated for each deposit were 1.2 g/t Au (ELG OP), 3.58 g/t Au (ELG UG) and 2.4 g/t AuEq (ML) for longhole stoping. ELG OP applies an in-situ 1.1 g/t cut-off grade for Low Grade Ore that is stockpiled for future processing upon depletion of the open pit deposits. ELG UG mine applies an in-situ 1.04 g/t cut-off grade for Incremental Ore that is mined as development in the designed mine openings.

The Mineral Reserve estimates were prepared solely on Measured and Indicated Mineral Resources, with provisions for mine dilution and recovery. Any Inferred Mineral Resources included within the mine designs is treated as waste rock material.

The ELG OP Mineral Reserve estimates were prepared using Hexagon™ MinePlan 3D software and underground Mineral Reserves were prepared using Deswik software. Relevant and appropriate economical and geotechnical parameters were applied to each deposit to identify mineable shapes from the respective Mineral Resources models.

Using the above cut-off grades relevant for each deposit and proposed mining method parameters, Proven and Probable Mineral Reserves are estimated to total 40.9 Mt at average gold, silver, and copper grades of 2.90 g/t Au, 16.3 g/t Ag, and 0.55% Cu and containing 3.82 Moz of Au, 21.4 Moz of Ag and 495 Mlb of Cu. The Proven Reserves include a total of 4.8 Mt of stockpiled ore at average gold, silver and copper grades of 1.35 g/t Au, 3.1 g/t Ag, and 0.07% Cu and containing 0.21 Moz of Au, 0.5 Moz of Ag and 7 Mlb of Cu. Results are presented in Table 1-2.

**TABLE 1-2: MINERAL RESERVES STATEMENT, MORELOS PROPERTY**

Mineral Reserves	Tonnes (kt)	Grade			Contained Metal			Gold Equivalent	
		Au	Ag	Cu	Au	Ag	Cu	AuEq	AuEq
		(g/t)	(g/t)	(%)	(koz)	(koz)	(Mlb)	(g/t)	(koz)
<b>ELG Open Pit</b>									
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
<b>ELG Underground</b>									
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
<b>Media Luna</b>									
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
<b>Surface Stockpiles</b>									
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
<b>Total</b>									
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 the Mineral Reserves Estimate 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 ELG AuEq identified in Note 14.
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. El Limón and Guajes Open Pit Mineral Reserves are reported above a diluted cut-off grade of 1.1 g/t Au.
8. El Limón Guajes 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 CoG 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 Media Luna 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 Mineral Reserves are reported above a diluted ore cut-off grade of 2.2 g/t AuEq.
25. Media Luna 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 longhole stoping, supplemented with mechanized cut and fill mining method and includes estimates for dilution and mining losses as outlined in Section 16.4.4.4.5.
27. Media Luna gold equivalent (AuEq) =  $Au\ (g/t) + Ag\ (g/t) * (0.011188) + Cu\ (\%) * (1.694580)$ , accounting for metal prices and metallurgical recoveries.

The QP is not aware of any environmental, permitting, legal, title, taxation, socio-economic, marketing, political or other relevant factors that could materially affect the Mineral Reserve Estimate.

## **1.9 Mining Methods**

### **1.9.1 ELG Open Pit - Mining Method**

The ELG OP mine plan was prepared based on established parameters and capacities for existing operations. ELG OP applies a conventional truck and shovel mining method. Open pit mining operations for the El Limón and Guajes pits are executed using the Owner's open pit mining fleet and a contractor maintenance workforce, with some support of specialized contractor services. The El Limón Sur open pit operations are executed entirely by contractor workforce and equipment. All open pit operations are supported by owner's supervision and Technical Services.

### **1.9.2 ELG Underground - Mining Method**

The ELG UG mine plan was prepared based on established parameters and capacities for existing operations. ELG UG consists of the El Limón and Sub-Sill deposits and applies cut and fill mining method with consolidated rockfill as backfill. Underground mining operations are executed using contractor workforce and equipment, supported by Owner's supervision and its Technical Services.

An infill drilling and step out drilling program is planned in 2022 to explore the immediate area near Sub-Sill and El Limón Deep, with the goal of upgrading and discovering additional resources to sustain and extend mining operations beyond the current mine life.

### 1.9.3 Media Luna Underground – Mining Method

The ML Underground mine is designed for an average production capacity of 7,500 t/d, predominately using a mining method of longhole stoping with paste backfill, supplemented by mechanized cut and fill stoping where appropriate.

The ML Underground mine will be a fully mechanized operation with the primary access to the mine via the Guajes Tunnel. The Guajes Tunnel will have a length of approximately 6.5 km, creating an underground connection between the ELG Mine Complex and the ML mine. The ELG site will continue to serve as the base of mine operations. Two additional South Portal tunnels will provide access from the ML mine to the internal mine ramp. These three access tunnels will equally serve as fresh air intakes for the mine ventilation, with exhaust air leaving the mine through two designated ventilation adits, each equipped with two fans to create a ventilation pull system. Construction of the Guajes and South Portal tunnels commenced in 2021 as part of the ML early works program.

The ML Underground mine is designed for bulk mining from 6 active mining blocks, each set up with dedicated infrastructure to sustain continuous production of ore from stopes. The ML deposit has a dip that is suitable to benefit from sub-vertical ore and waste passes to move broken material efficiently between levels by gravitational force. The material handling system is designed to minimize the requirement for rehandling by mobile equipment. Each mining block will consist of several production levels, with dedicated infrastructure constructed in the footwall drift of each level. All production levels will be accessible from the internal mine ramp.

Broken ore and waste will move through a system of sub-vertical passes to rock breaker stations equipped with grizzlies. From the rock breaker stations, the sized material will continue on to the conveyor transfer level to dedicated ore and waste bins, where the material is then fed onto the Guajes Tunnel conveyor system. The Guajes Tunnel conveyor system will transport ore and waste through the tunnel from the ML mine to the ELG Mine Complex. The conveyor will terminate outside the portal of the Guajes Tunnel, from where ore and waste will be rehandled to its final destination.

A dedicated paste backfill plant will be constructed outside of South Portal Upper. The plant will be supplied with slurry tailings from the ELG processing facility, which will be pumped from the ELG Mine Complex through the Guajes Tunnel and up to the paste plant. Binder will be supplied to the paste plant via surface transportation. Paste backfill will be pumped into the mine through a directionally driven borehole that intersects with the South Portal tunnel. The piping is routed through the underground workings, branching off to stopes in the Media Luna Upper and Media Luna Lower orebodies.

ML mining operations will be executed using an Owner's workforce and mobile fleet, with support of specialized contractor services. Mine personnel will principally use the existing ELG Mine Complex as their base and travel underground to their assigned worksite through the Guajes Tunnel. Both the longhole mining method and owner-operated underground mining activities are a change from the existing contractor-operated underground mining operations at ELG Mine Complex. A workforce transition strategy will be developed as part of the project execution to enable operators from the open pit mining operations to join the ML workforce after open pit mining operations have ceased, and appropriately implement a recruitment plan to meet the mine and scheduling requirements.

The mobile fleet will be a hybrid fleet of mostly Battery-Electric Vehicles (BEVs) with support from a diesel mobile fleet. Battery-electric production equipment will significantly reduce the requirement for ventilation underground and provide an improved work climate for the workforce due to the absence of diesel particulate matter and engine heat. The implementation of BEVs will also support the Company's intentions to reduce carbon consumption as part of a longer-term climate change strategy currently under development.

Infill drilling and step out drilling is planned in 2022 and future years to explore the immediate area near ML, with the goal of upgrading and discovering additional Mineral Resources to sustain and extend mining operations beyond the estimated mine life.

## 1.10 Mineral Processing and Metallurgical Testing

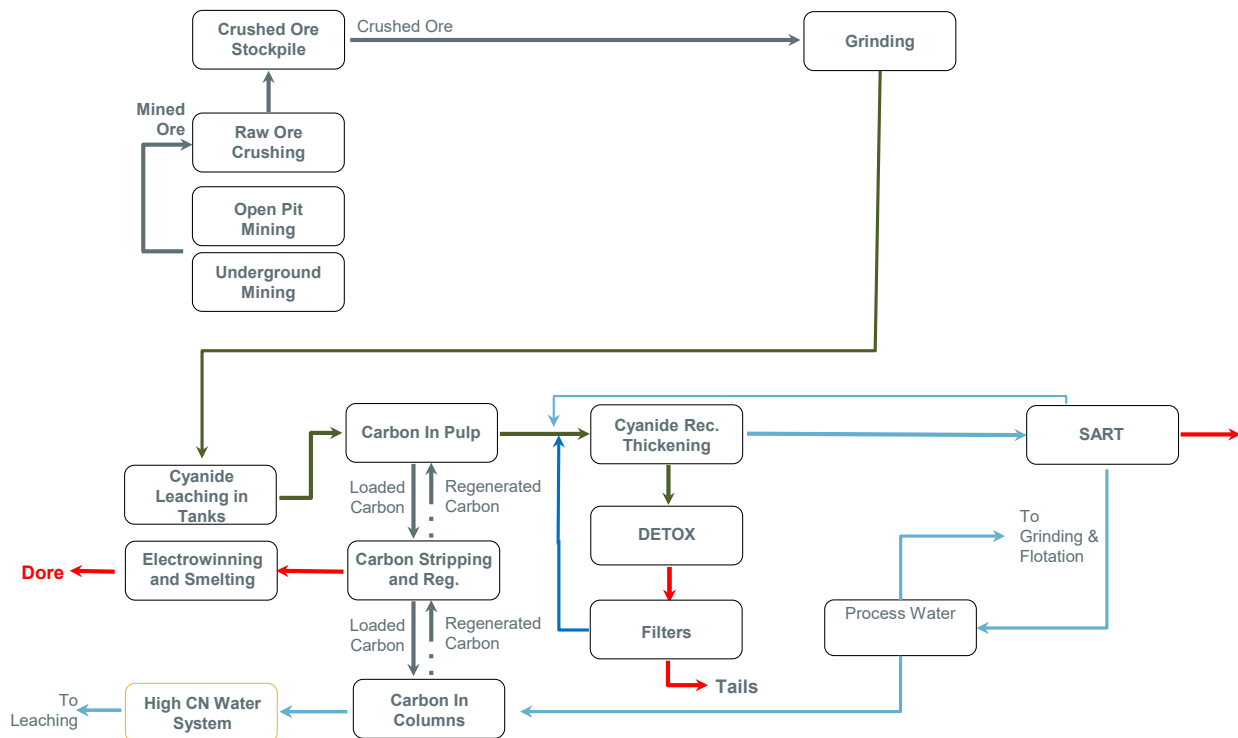
The existing ELG Process Plant will be used to process ELG OP and ELG UG ores until the end of Q3 2024. From Q4 2024, a new processing facility that will be able to process the high grade copper sulphides from the ML ores will be put into operation. The use of the new facilities will allow for an increase in recovery of the gold and silver over and above the existing facility and achieve high recoveries of a saleable copper concentrate. The predicted recoveries for the two process facilities when treating the different feed materials are presented in Table 1-3. The proposed ML process facility will be used to process ELG OP ores as required and when operated, in that condition the recoveries will revert back to the current performance as no copper concentrate will be produced. The predicted recoveries for each mine zone when processed through the facilities are incorporated to the mine and financial plans to achieve the overall predicted LOM recoveries.

**TABLE 1-3: PROCESS FACILITY RECOVERIES ON ELG OP/UG AND ML ORES**

Process Facility and Feed Type	Recoveries		
	Gold	Silver	Copper
ELG Current Process Facility with ELG OP/UG feed (Q2 2022 to Q3 2024)	89.0%	30.0%	10.0%
Media Luna Proposed Process Facility with ELG UG and ML feed (Q4 2024+)	90.0%	86.0%	93.0%
Average LOM Recovery	89.8%	80.5%	86.4%

### 1.10.1 Processing the ELG Ores and Metal Recoveries

The ELG Processing Plant has been in operation since the end of 2015 and has processed over 24.4 Mt of ore to produce over 2.2 Moz of gold to December 2021. Since declaration of commercial production gold recovery has averaged 87.3% (range of 63 – 91%) and silver has averaged 26.3% (range of 3 – 46%). The average gold recovery for 2021 was 88.3%, and for silver was 30.6%. The simplified process flowsheet is presented in Figure 1-2. The milling rate for the year in 2021 was on average 12,362 t/d, with a product size of 80% passing 92 µm.



**FIGURE 1-2: EXISTING ELG PROCESS FLOWSHEET**



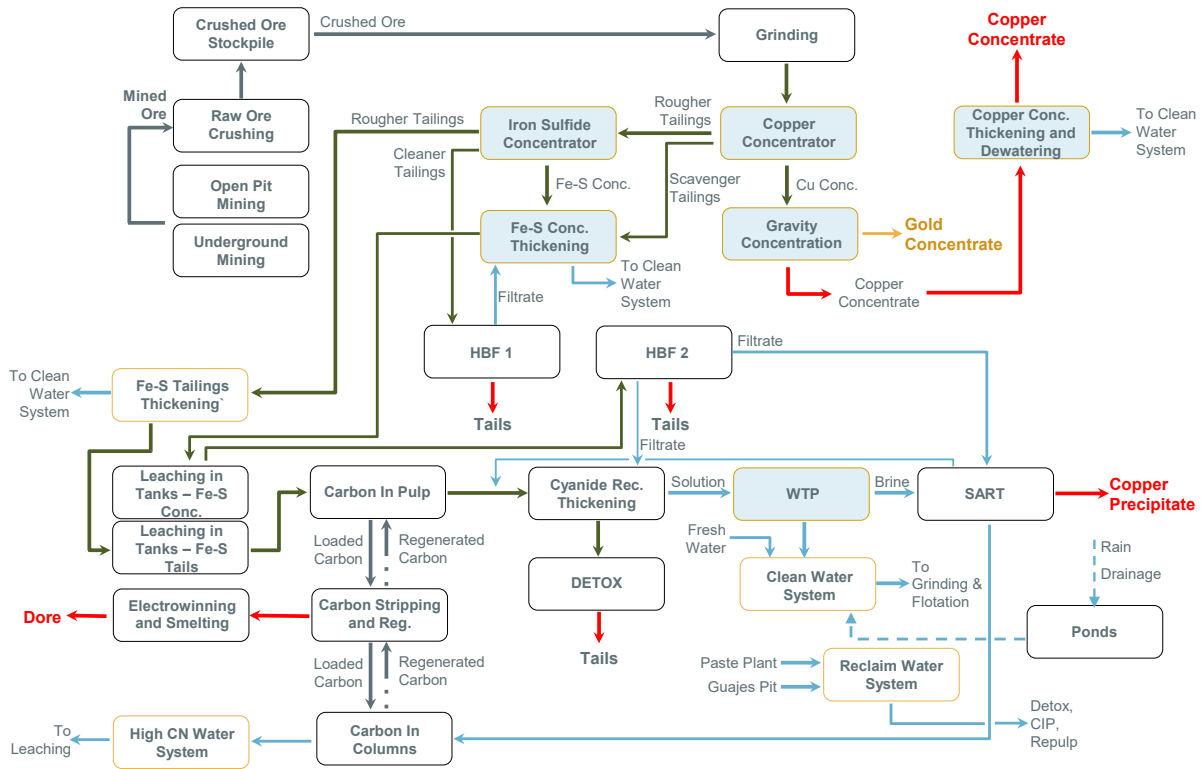
Cyanide leaching followed by carbon in pulp (CIP) adsorption continues to be an effective recovery process for the ELG OP ores. However, elevated levels of iron in the feed was identified as the source of increased cyanide consumption with measures put in place to mitigate this via pre-oxidation using liquid oxygen injection. The impact of soluble copper on cyanide consumption has been mitigated to a reasonable extent via the operation of the SART process. The implementation of the SART plant in 2018 resulted in the recovery of 89.1 tonnes per month of copper in SART.

### **1.10.2 Media Luna Mineral Metallurgy and Proposed Processing Facility**

The ML ores contain elevated levels of copper, primarily in the form of chalcopyrite that is amenable to recovery via flotation processes. The value of the copper in the feed represents approximately 30% of the economic value of the mineralized ores from the Media Luna deposit.

An extensive metallurgical testing program for the FS followed the initial evaluation as part of the preliminary metallurgical program. This was carried out on fresh drill core obtained as part of the infill drilling program, with spatial and grade variability used to ensure samples were representative. As part of the metallurgical testing the optimum conditions for processing to maximize copper recovery, copper concentrate grade, silver and gold recovery was carried out. In addition, an extensive evaluation into the department of deleterious elements (Bismuth, Arsenic, Zinc and Cadmium) to the copper concentrate was carried out. The depression of these elements to minimize the impact of smelter penalties was explored in detail, but due to relatively high grades of these elements in the feed, penalties will be payable.

The preferred process flowsheet to treat the ML ores will be to use sequential flotation in which a saleable copper concentrate is recovered first and then followed by the recovery of a metal sulphides concentrate stream (Fe-S). The iron sulphides have been shown to be the primary cause of increased cyanide consumption in the existing ELG facility whenever underground material that is similar to that of the ML ores is fed to the process facility. These contain reactive Pyrrhotite which consumes both oxygen and cyanide in the leach circuits thereby increasing cyanide consumption and also at times reduced gold recovery. Metallurgical testing on both ELG and ML ores consistently showed that recovering iron sulphides into a separate concentrate stream via flotation and separate leaching from a low sulphide tails could result in reduced cyanide consumption and increased gold recovery. The increased gold recovery comes from the ability to regrind the iron sulphide concentrate to 80% passing 30 µm versus the operating primary grind size of 80-100 µm.



**FIGURE 1-3: PROPOSED ML PROCESS FLOWSHEET**

For ML and ELG UG mineralized material, laboratory tests indicate expected overall recoveries of 93.0% for copper, 90.0% for gold and 86.0% for silver should be obtained from an integrated flotation and leaching circuit. The significant increase in recovery of silver is due to the physical association of silver with chalcopyrite with the bulk of the silver recovery to report to the copper concentrate. Gold recovery is expected to increase as a result of the ability to recover gold associated with metal sulphides and regrind these prior to leaching.

The process flowsheet will maximize reuse of the existing circuit as far as possible and repurpose equipment to minimize capital costs. The crushing and primary grinding circuits will be used with minimal modifications. A new flotation circuit will generate three flotation products, with the copper concentrate to be filtered and trucked off site for smelting. The new iron sulphide flotation circuit will generate a low sulfur grade flotation tails stream which will be fed to the existing leach and gold recovery circuits. The high sulfur content iron sulphide concentrate will be reground and fed through a dedicated leach circuit using the existing repurposed leach tanks, with the product to be fed to the horizontal belt filters to recover pregnant solution with elevated gold and copper in solution. This stream will be sent directly to the SART plant to recover copper and silver and regenerate cyanide that will be complexed with the soluble copper. The product from the SART plant will be fed to the modified existing CIC circuit to recover gold which will also be fed to the ADR plant.

A key change will be required to be made to the process water circuits for the new ML circuit. The existing process water contains cyanide as part of the original design, and this will need to be changed as cyanide in the flotation circuit would depress the copper minerals. Two new water circuits will be configured, using the existing process facilities, in addition to the installation of a new water treatment plant to ensure that any excess cyanide containing water is converted to cyanide free water for feed to the grinding and flotation circuits.

The existing tails pressure filters will not be used in the future, but instead tails will be sent to either the paste plant or a new tails thickener at the Guajes portal area for thickening and deposition in the Guajes west pit. The generation of the high and low iron sulphide content flotation tails streams will be used to maximize the placement of high sulphide material as paste backfill in the underground mine, as much as practical.

The new copper and iron flotation circuits along with a water treatment plant will be constructed at the ELG Mine Complex to support the ML Project. The flotation circuit will be located between the existing ELG coarse ore stockpile dome and tailings filter building and the water treatment plant will be located near the existing SART facility. Coinciding with the copper flotation plant commissioning, the tailings disposal will change from filtered tailings within the Filtered Tailings Storage Facility (FTSF), to slurry tailings deposition into the mined out Guajes West Pit, termed the Guajes Pit Tailings Storage Facility (GTSF).

Due to the challenges being faced by the existing operation with regards to high cyanide consumption and the presence of pyrrhotite in the feed, the construction of the iron sulphide facility and associated water treatment plant is to be accelerated ahead of the main flotation circuit. Installing the early Fe-S circuit will help to de-risk the main ML Project as the conversion of the water systems and separate leach circuits will have been completed and commissioned by the time the ML Project is ready for commissioning. The iron sulphide facility has a planned commissioning timeline of Q1 2024.

### 1.10.3 Process Plant Feed

The mineralized ores to be fed to the process facility from mining operations from April 2022 through to Q3 2024 will include open pit and underground ELG ores, and from Q4 2024 to LOM underground ores from both ELG and ML, and ELG stockpile material. The construction of the new ML process facilities will allow for the transition from the existing mill feed of ELG OP and UG ores to the production of copper concentrate from both ELG UG and ML ores. This is in addition to the production of doré and SART copper precipitate. The Media Luna process facility will, however, still be able to process the low copper content ELG OP and stockpile ores by bypassing the copper flotation circuit and making use of the iron sulphide recovery and separate leaching circuits. Figure 1-4 presents the mine production from 2022 to 2033, and Figure 1-5 presents the ore to be processed including stockpile reclaim material.

The process facility design capacity will be reduced to 10,600 t/d to suit the ML mine capacity and remaining ELG UG and stockpile materials.

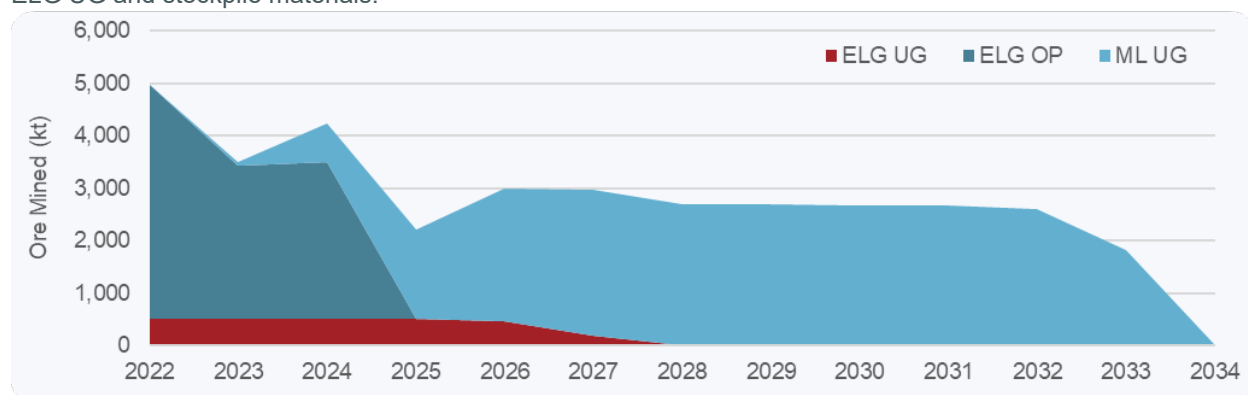


FIGURE 1-4: MORELOS COMPLEX MINE ORE PRODUCTION

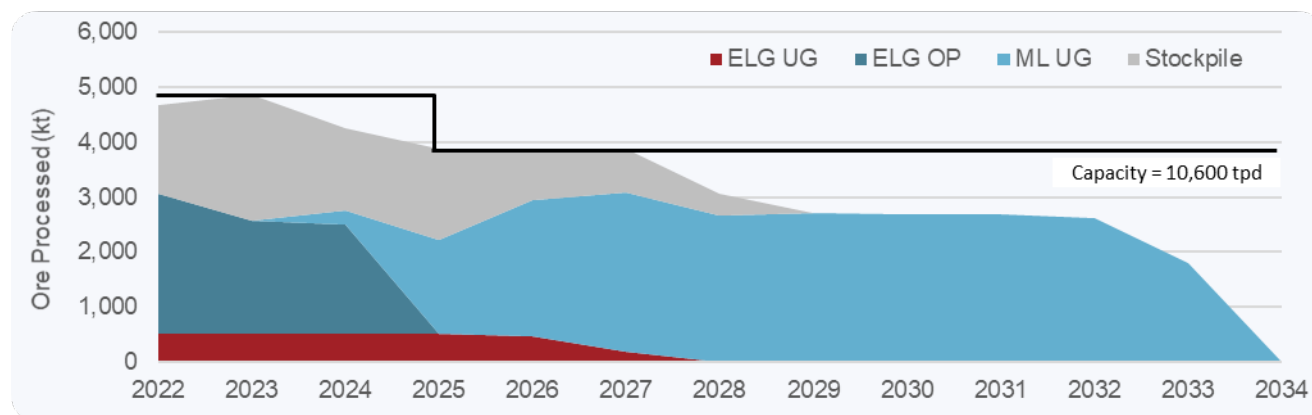
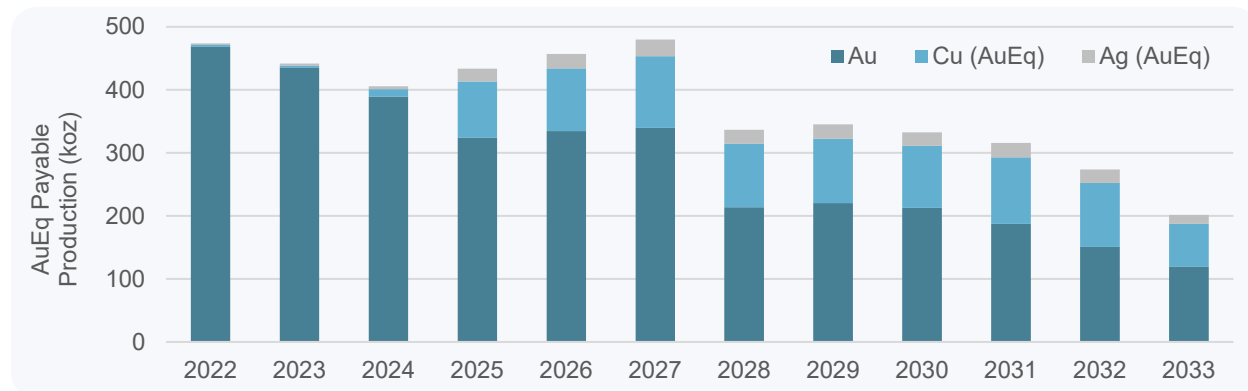


FIGURE 1-5: MORELOS COMPLEX ORE PROCESSED

The recovery of copper concentrate from the Media Luna and ELG UG ores will result in an increase in gold equivalent production once the new process facility is commissioned. The production profile including the contribution from copper and increased silver recovery is presented in Figure 1-5. Gold equivalent production/sold is calculated by adding the gold equivalent values for copper and silver to gold. Gold equivalent for copper is calculated by multiplying copper production/sold by the underlying copper price and then dividing by the underlying gold price. Gold equivalent for silver is calculated by multiplying silver production/sold by the underlying silver price and then dividing by underlying gold price.



**FIGURE 1-6: MORELOS COMPLEX AUEQ PRODUCTION**

It should be noted that the mill feed and resulting gold production as shown in Figure 1-4 through Figure 1-6 include full year production through 2022, while the Morelos Complex financial model and economic criteria as presented within this Technical Report are presented on a go-forward basis as of Q2 2022.

### 1.11 Non-Process Infrastructure

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

The ELG Mine Complex on-site infrastructure is focused on the open pit and underground mines and includes the administration, process plant, crusher, and mine operation infrastructure. The ELG Process Plant is located north of the West Guajes pit and northwest of the El Limón pit. The facilities are all outside a 500-m blast radius from the pits, except for the El Limón Crusher and RopeCon conveyor. The infrastructure was constructed by leveling existing hills to provide relatively flat areas for the facilities. The process plant is on one leveled hill area and the mine truck shop is located on another leveled ridge area. The Guajes crusher structure is located on the same ridge as the truck shop and set into the side slope of the ridge. The crushed ore stockpile is located on grade between the crusher and the process plant. The administration and warehouse are located on benches adjacent to the ELG Process Plant.

The ELG infrastructure is currently operating and no major additions are required to service the ELG LOM needs. The water required for the ELG Mine Complex is supplied from a purpose-built well field which has more than enough capacity to handle the existing ELG LOM needs.

The ML Project surface infrastructure makes significant use of the existing ELG Mine Complex infrastructure to reduce environmental impact, reduce capital expenditures, and to utilize the secure ELG work area. During operations, the primary access into the ML Underground mine will be via the 6.5 km Guajes Tunnel from ELG under the Balsas River, and two access tunnels from the ML south portals located in the ML exploration area south of the Balsas River. A conveyor system will be utilized to transport ore from the ML Mineral Resource to the ELG Mine Complex through the Guajes Tunnel. Access to the ML south portals is via an existing road from the town of Mezcala to the village of San Miguel, portions of which will be upgraded to meet the higher traffic demands during project development and operations.

Additional wells at the ML South Portal area will supplement development work for the ML mine until there is connection to ELG through the Guajes Tunnel, at which time mine service water will be from the mine service water recycling ponds located at either the Guajes East pit, or South Portal Upper sediment pond.

#### **1.11.1 Access**

Access to the ELG Mine Complex is via two routes; from the north by narrow, paved highway from Iguala and from the east by the East Service Road which connects the ELG Mine Complex to Highway I-95. The ELG Mine Complex is mainly accessed from the East Service Road (ESR) which was purposely built for the mine to accommodate the movement of all supplies and most personnel to and from the mine. The main well field, power supply and permanent camp are located along the ESR. Access to the mine is controlled with a guardhouse located at the entrance to the main process plant at the termination point of the ESR. All mine supplies, including cyanide, are transported along the ESR.

Access to the ML Project is currently from highway 95 along an 18 km paved road from Mezcala, which passes near the Los Filos Mine. The route becomes a small gravel road for 5 km from the village of Mazapa to San Miguel, and the gravel portion of this route will be widened and upgraded for the ML Project construction and operations period.

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

#### **1.11.2 Camps**

The Permanent Camp for Owner's operations personnel (termed VLO) is located approximately 15 km from the main gate at the process plant, along the ESR. An additional on-site camp (termed 916 Camp) has been constructed adjacent to the ELG Process Plant for use by visitors, contractors or in times when access to the complex is restricted. The Atzcala camp area will house project personnel working on the construction at the ELG Mine Complex along with space for contractors to setup their own camp facilities.

Camps for the ML mine development and operation are located approximately 500 m southeast of the San Miguel community and consist of 3 separate areas; the MML camp, the Drilling Contractor camp, and the Mine Contractor camp. As part of an early works program, the first extension to the existing MML camp as well as the establishment of the underground development contractor's camp have been completed.

#### **1.11.3 Water Supply**

Water supply for ELG Mine Complex is from 3 wells developed near the village of Atzcala approximately 11 km east of the mine site and the water is pumped to the ELG Process Plant via a 14.5 km pipeline. Water from the Atzcala well field is used for the camp, process water for the mining and plant operation, dust control on the roads as well as domestic use at the mine and plant site. This water is also used as potable water after treatment. Package water treatment plants are being utilized to treat all potable water needs.

For the Media Luna mine development period, five production wells are currently being used to supply the exploration drilling, early works construction, and camps on a specified daily pumping schedule. To reduce well use, a water recycling system will be installed to enable re-use of mine water and to also take advantage of the natural runoff water collected in the ponds during the wet season. Once the mine is connected to ELG Mine Complex through the Guajes Tunnel, the main source of water supply for underground development will be from the ELG water sources, allowing for reduced consumption from the ML wells.

#### **1.11.4 Power**

Power is supplied to the ELG Mine Complex at 115 kV from a transmission line that is within two kilometers of the complex site. A switching station (CFE Balsas Substation) has been constructed at the base of the 115 kV line, followed by a two kilometers transmission line extending from this line to a substation located at the mine

site. The switching station is powered by an existing 115 kV power line from the CFE El Caracol Substation. The connected load for the facility is 40 MW with a demand of 30 MW.

A connection to the 230 kV national electrical system will have to be installed in order to serve the additional load of the ML Project. The system will consist of a new 230 kV switchyard that will connect to an existing national electrical system 230 kV overhead line, a 230 kV powerline, and a 230 kV substation located at the existing ELG Mine Complex.

#### **1.11.5 Waste Rock Storage Facilities**

The Guajes North Waste Rock Storage Facility (WRSF) has been extended across the downslope side of the FTSF as additional support for the tailings.

The El Limón Norte and El Limón Sur WRSFs comprise the two main ELG WRSFs and are being developed by end dumping from platforms located at the crest elevation (descending construction sequence), since bottom-up construction is not considered practical due to the large elevation difference between the El Limón and El Limón Sur open pits and the base of the WRSFs. Individual phases can exceed 200 m in height with material placed at the angle of repose (1.4H:1V). At closure, the WRSF slopes will be re-graded to 2H:1V for long-term stability.

Surface water management includes diversions to limit flow towards tipping faces and basal flow-through drains. Drainage from all of the WRSFs is being collected in surface water management ponds.

Two WRSFs will be available to store waste rock near the ML South Portals prior to connection with the Guajes Tunnel. The South Portal WRSF will store approximately 700,000 tonnes and the West WRSF will store approximately 870,000 tonnes. Each WRSF will be constructed in an ascending construction sequence with 30 m lifts placed at angle of repose (1.4H:1V) with setbacks between lifts to establish an overall 2H:1V slope. Surface water management includes perimeter drainage channels to collect surface water run-off and basal flow through into sedimentation ponds at the toe of the facilities. Final closure activities would include contour drain construction on any remaining benches with periodic downslope drains contoured into bench faces to deliver rainfall runoff to the toe.

#### **1.11.6 Tails Management Facilities**

Currently, the tailings are filtered, placed and compacted in the FTSF which is located southwest of the process plant and northwest of the Guajes open pit. To date, over 24 Mt of tailings have been placed in the FTSF. Tailings will continue to be deposited in the FTSF through 2024 until the ML operations commence and the GTSF is permitted. If needed, the FTSF can be expanded vertically and laterally to contain ML tailings.

The plan for tailings management from the processing of the ML Mineral Reserve is to place tailings in one of two locations, the Guajes Pit, and as paste backfill in the underground mine. The Guajes Pit shell has a storage capacity of approximately 17.3 Mt for tailings storage.

The tailings stream reporting to the GTSF will be primarily Fe-S Tails. Occasionally, a small amount of Fe-S Cons will be combined with the Fe-S Tails tailings stream, with a maximum ratio of 20% Fe-S Con to 80% Fe-S Tails and an average of approximately 10% to 90%. More than half of the Fe-S Cons will be directed into the paste backfill.

The GTSF is designed with engineering controls including a base drainage system and a lining system on non-natural areas of the pit rim. Instrumentation will be used to monitor the pit wall stability as the tailings rise. Downstream groundwater monitoring wells, that can be converted to pump back wells, are included in the design to provide an adaptive management strategy to safely contain the slurry tailings from the ML operations. The GTSF has been designed in accordance with the new Global Industry Standard on Tailings Management (GISTM).

### 1.11.7 Water Management

Torex maintains an Operational Water Management Plan that provides detailed information on current water monitoring and management systems at the ELG Mine Complex and Media Luna, as well as information on planned water management systems for the ML Project when the underground mine becomes operational. Key water management tools include a Web-GIS Dashboard for data management, access, and team collaboration and a site-wide water balance model to evaluate the movement of water and estimate water storage and flow rates at major mine facilities.

The water management system includes four sediment ponds that receive contact water that requires treatment for sediment load prior to discharge to the environment. Contact water from the FTSF and plant site are collected in three ponds (Ponds 1, 2, and 3), which are pumped to the Central Water Pond (CWP) for use in the mill. FTSF contact water includes runoff from the FTSF surface, underdrain flow, and seepage that is collected below the pond dams. Water demands exceed the supply of water that is collected and recycled in water management ponds, so freshwater from the Atzcala well field is used to augment supply.

The operation of the ML Project will primarily impact tailings storage at ELG, increase the amount of water that needs to be managed due to the addition of excess mine dewatering flows from the ML Mine to the ELG Mine Complex, and potentially reduce the quantity of water required from the existing Atzcala well field. Excess water from the ML Underground mine will be piped through the Guajes Tunnel to the Guajes East Pit where it will be stored for use by mine services or for process makeup water. ELG contact water reporting to Ponds 1, 2, 3 and the CWP will remain in operation during the ML Project. Effective pond management will be important and will involve prioritizing the use of reclaimed pond water in the plant during the wet season, rather than the use of fresh water from the Atzcala well field.

Two sediment ponds, a decant pond, and a sump will be constructed at ML to capture runoff from the portal and waste rock areas. The water will be used for mine services and dust control at ML.

### 1.12 Environmental and Social Permitting and Studies

The ELG Mine Complex complies with Mexican federal, state and municipal environmental laws and regulations. Mexico has established environmental laws and regulations that apply to the development, construction, operation and closure of mining projects, and the Company has management systems in place to ensure ongoing regulatory compliance at the existing operations and ML Project. Of particular importance are the air, surface water and groundwater quality monitoring programs. An environmental compliance report is submitted annually to the Mexican environmental authority. There are no active violations of environmental compliance.

The Company has authorized permits allowing for operations at the ELG Mine Complex and the early works outside of the existing permit boundary to access the Media Luna deposit. The most recent modification of the permit ('MIA-Modification') authorized the construction of the South Portal Upper and Lower on the south side of the Balsas River, as well as the Guajes Tunnel under the Balsas River subject to consultations with the national water regulator (CONAGUA), which are currently ongoing. In July 2021, the Company applied for an environmental permit 'MIA-Integral' to integrate the ELG Mine Complex and Media Luna environmental authorizations. There are no major technical or social risks that have been identified, and approval is expected in the first half of 2022. A modification to the MIA-Integral will be needed in the future for in-pit tailings disposal. This permit application will be submitted in the second half of 2022.

Other environmental permit applications that have been submitted and are pending authorization include, construction of a landfill on the ML Project, road improvements between Mazapa and San Miguel, additional water concessions at ML Project and sewage discharge permits at Morelos Complex. A permit application is also pending for construction of a new solar plant at ELG Mine Complex, as part of the Company's broader plans to reduce its carbon footprint.

Additional future non-environmental permit requirements include authorizations from the Federal Electricity Commission to increase the electrical power draw, and to make a connection to the regional 230 kV power line system.

A conceptual closure plan for the integrated Morelos Complex, including the ML Project, was updated based on the Life-of-Mine designs. In general, the closure plan activities include decommissioning, demolition, rehabilitation and post-closure monitoring. Facilities that will remain after closure will be the open pits, the FTSF, the planned in-pit GTSF and WRSFs. The seepage from the FTSF will need to be managed until discharges meet applicable environmental regulatory standards or can be managed passively. The geochemistry study and contaminant transport modeling predictions indicated that long-term seepage management will not be required. After the post-closure monitoring period, the reclaimed lands and remaining facilities will be relinquished to the property owners and members of the Ejido lands. It is expected that the land usage post-closure will be natural habitat for wild flora and fauna, land for livestock grazing and areas of restricted access. The areas of restricted access will be the open pits, the underground mine workings, the GTSF and the FTSF. The current estimated closure cost for the Morelos Complex is \$92.6 million.

Environmental, cultural heritage and social baseline studies have been carried out for the initial ELG Mine Complex and for the ML Project. The Morelos Property is in a mountainous, rural area with agriculture, fishing and mining representing the three biggest economic sectors. The presence of the Balsas River has contributed to the biodiversity of the region, and the Morelos Complex is located within one of nine bird conservation areas in the state of Guerrero. The flora and fauna baseline studies identified twenty-six different species that are under special conservation status, including two fauna species that are considered under threat of local extinction, namely the *Leopardus wiedii* (Margay), which is a small wild cat native to Central and South America, and the *Ara militaris* (Military macaw), which is a large parrot. No Indigenous peoples have been identified that are impacted by operations at the ELG Mine Complex or the ML Project.

An Environmental Protection Policy and an Environmental and Social Management System have been implemented by the Company with a commitment to meet or surpass environmental regulatory requirements in all exploration, development, mining, and closure activities, while doing zero harm to the natural environment beyond operational boundaries. This policy is currently implemented at the ELG Mine Complex and will extend to development and operations at ML Project. The system includes programs for management of water, wastes, and biodiversity, as well as environmental monitoring programs. As part of the energy and greenhouse gas emissions program, climate change is considered, and emissions inventories are kept. The projected energy use, and associated greenhouse gas emissions, for the ELG Mine Complex and ML Project is comprised of 70% grid electricity, 25% diesel and 4% solar over the Life of Mine. Gasoline and propane will account for less than 1% of consumption. The Company is currently conducting a carbon reductions opportunities study to further identify energy savings and emissions reductions as part of a broader climate change strategy currently under development.

Stakeholder identification and analysis exercises are regularly updated to identify and assess stakeholder concerns. Local communities are considered to have the highest potential impact and influence on operations at Morelos Complex. Relationships with local communities are positive, and the Company has unique community development agreements (CODECOPs) in place with the nine key communities near ELG Mine Complex and two key communities near ML Project. The agreements address local economic development, additional direct community investment, local employment and local procurement initiatives. Criminal activities in the region, or the perception that activities are likely, are a concern in southern Mexico, including in Guerrero. Illegal drug production and transport occurs in the region, which has resulted in violence between criminal organizations. This violence has not been directed at the Company and has not affected the Company's ability to engage in exploration and mining activities.

The Company has committed to the continuous improvement and disclosure of material environmental, social and governance (ESG) information through its commitment to implement voluntary sustainability standards such as the World Gold Council Responsible Gold Mining Principles (RGMPs), the International Cyanide Management Code (ICMC), "Industria Limpia" (Clean Industry) certification through the Mexican federal agency



responsible for the enforcement of environmental laws, and potentially the GISTM. The Company has adopted a Diversity Policy. Currently, 14% of the workforce at site is made up of women, and 18% of the management team in Mexico is comprised of women. The Company has programs in place to attract more women to the workforce.

### **1.13 Capital Cost Estimate**

Capital and operating cost estimates have been developed for the ELG Life of Mine planning and the Media Luna Project Feasibility Study. A summary of the total Morelos Complex capital costs is provided in Table 1-4. All capital costs including non-sustaining and sustaining have been assumed on a go-forward basis as of April 1, 2022. The Media Luna initial project capital period is assumed from April 1, 2022 through December 31, 2024. The Media Luna commercial production period is assumed from January 1, 2025 through the end of life of mine in 2033. All Media Luna Project costs incurred prior to April 1, 2022 are assumed sunk costs (estimated at approximately \$124M) and are excluded from the project economic analysis. Capital costs have been expressed without allowance for escalation, currency fluctuation, or interest.

**TABLE 1-4: TOTAL CAPITAL COST ESTIMATE, MORELOS COMPLEX, Q2 2022 THROUGH 2033**

As of April 1, 2022	Units	Q2 2022 to 2024 (Total)	2025+ (Total)	Life of Mine (Total)
<b>Non-Sustaining<sup>1</sup> - Media Luna</b>				
Guajes Portal & Tunnel	\$M	75.8	0.0	75.8
South Portals & Tunnels	\$M	40.2	0.0	40.2
Underground Mine	\$M	172.6	0.0	172.6
Process Plant	\$M	98.3	0.0	98.3
Tailings and Paste Plant	\$M	77.8	0.0	77.8
On-Site Infrastructure	\$M	15.0	0.0	15.0
Off-Site Infrastructure	\$M	25.9	0.0	25.9
<b>Sub-total Directs</b>	<b>\$M</b>	<b>505.6</b>	<b>0.0</b>	<b>505.6</b>
Freight and IMMEX	\$M	61.6	0.0	61.6
Contractor Indirects	\$M	20.3	0.0	20.3
Mobilization, Spares, Vendor Support	\$M	26.6	0.0	26.6
EPCM	\$M	81.5	0.0	81.5
Owners Cost	\$M	53.3	0.0	53.3
Contingency	\$M	99.5	0.0	99.5
<b>Sub-total Indirects</b>	<b>\$M</b>	<b>342.8</b>	<b>0.0</b>	<b>342.8</b>
<b>Total Media Luna Non-Sustaining</b>	<b>\$M</b>	<b>848.4</b>	<b>0.0</b>	<b>848.4</b>
<b>Non-Sustaining<sup>1</sup> - El Limón Guajes</b>				
ELG Underground - Portal 3	\$M	1.7	0.0	1.7
<b>Sustaining<sup>1</sup></b>				
ELG Open Pit - Capitalized Stripping	\$M	93.7	0.0	93.7
ELG Open Pit - Other	\$M	24.8	0.0	24.8
ELG Underground	\$M	31.1	2.7	33.8
Media Luna Underground	\$M	0.0	266.0	266.0
Process Plant	\$M	22.8	70.0	92.8
Support equipment leases	\$M	10.0	24.0	34.0
<b>Total</b>	<b>\$M</b>	<b>182.4</b>	<b>362.7</b>	<b>545.1</b>
<b>GRAND TOTAL</b>	<b>\$M</b>	<b>1,032.5</b>	<b>362.7</b>	<b>1,395.2</b>

Note 1: These measures are Non-GAAP Financial Performance Measures (collectively, "Non-GAAP Measures"). For a detailed reconciliation of each Non-GAAP Measure to its most directly comparable GAAP financial measure please refer to the Company's management's discussion and analysis ("MD&A") for the year ended December 31, 2021, dated February 23, 2022. The MD&A is available on the Company's website ([www.torexgold.com](http://www.torexgold.com)) and under the Company's SEDAR profile ([www.sedar.com](http://www.sedar.com)). See also Section 2.5– Non-GAAP Financial Measures.

#### 1.14 Operating Cost Estimate

A summary of the total Morelos Complex operating costs is provided in Table 1-5. All operating costs included have been assumed on a go-forward basis as of April 1, 2022 in order to align with the capital cost estimate time periods described above, and as carried in the project economics. The ELG mines and process plant have been operating since 2016, and their associated costs are well understood. Processing and Site Support costs on a \$/t basis will increase incrementally with the Media Luna operation, predominantly due to redistribution of overhead costs with reduced mill throughput. The ML mine operating costs were developed from first principles basis including labor, materials, consumables and energy, using quoted costs or referencing local labor rates and materials costs where applicable. Operating costs have been expressed without allowance for escalation, currency fluctuation, or interest.

**TABLE 1-5: TOTAL OPERATING COST ESTIMATE, MORELOS COMPLEX, Q2 2022 THROUGH 2033**

As of April 1, 2022		Q2 2022 to 2024 (Total)	2025+ (Total)	Life of Mine (Total)
<b>Physicals</b>				
Total ore mined - ELG Open Pit	kt	9,528	0	9,528
Waste mined - ELG Open Pit	kt	71,121	0	71,121
Total mined - ELG Open Pit	kt	80,649	0	80,649
Total ore mined - ELG Underground	kt	1,404	1,145	2,549
Total ore mined - Media Luna	kt	806	22,210	23,017
Net stockpile drawdowns	kt	887	3,798	4,685
Total Ore Processed	kt	12,624	27,154	39,778
<b>Operating Unit Costs (with PTU)</b>				
ELG Open Pit - per tonne mined	\$/t	2.81	0.00	2.81
ELG Underground - per tonne ore mined	\$/t	96.25	100.56	98.19
Media Luna - per tonne ore mined	\$/t	44.77	33.65	34.04
Process Plant - per tonne ore processed	\$/t	32.63	35.43	34.54
Site Support - per tonne ore processed	\$/t	11.49	14.39	13.47
<b>Operating Unit Costs (without PTU)</b>				
ELG Open Pit - per tonne mined	\$/t	2.67	0.00	2.67
ELG Underground - per tonne ore mined	\$/t	95.10	99.12	96.90
Media Luna - per tonne ore mined	\$/t	44.77	33.00	33.42
Process Plant - per tonne ore processed	\$/t	31.65	34.78	33.79
Site Support - per tonne ore processed	\$/t	10.85	13.98	12.99
<b>Total Operating Cost</b>				
ELG Open Pit	\$M	215.2	10.9	226.1
ELG Underground	\$M	133.7	113.3	247.0
Media Luna	\$M	36.8	733.0	769.8
Process Plant	\$M	399.6	944.6	1,344.2
Site Support	\$M	137.0	379.7	516.7
Transport/Treatment/Refining	\$M	12.3	213.4	225.7
Employee Profit Sharing (PTU)	\$M	56.7	55.0	111.7
Capitalized stripping	\$M	(44.5)	(49.2)	(93.7)
Total Operating Cost	\$M	946.8	2,400.7	3,347.5
Total Operating Cost - per tonne processed	\$/t	75.00	88.41	84.15

### 1.15 Economic Analysis

The results of the economic analysis of the Morelos Complex, including ELG and Media Luna Mineral Reserves, are presented in Table 1-6 below and are as of April 1, 2022. The production plan used in this analysis is based on the proven and probable reserves at ELG and ML. Operating and capital costs were developed using activity based costing and zero-based principles. The sales revenue is based on the production of gold and silver doré, copper/gold/silver concentrate, and copper precipitate and accounts for appropriate payable factors. The estimates of capital expenditures include project capital, sustaining and non-sustaining capital for the remaining Mineral Reserves for ELG and ML. Closure cost estimates were developed by estimating the impact of future disturbance based on the mine plan.

The Net Present Value (NPV) of the Morelos Complex was calculated at an asset level, based on the financial plan developed as indicated above using 5% discount rate. Incremental benefit arising from Media Luna was determined through comparison of two cases above. This analysis reiterated that Media Luna is not only accretive to the combined operation on a standalone basis, but it also enables the processing of 776 kt (@ 5.41 g/t) of ELG UG ore that would otherwise be uneconomic on a standalone basis.

**TABLE 1-6: MORELOS COMPLEX KEY FINANCIAL METRICS – AS OF APRIL 1, 2022**

Metrics as of April 1, 2022	Units	Morelos Complex	ELG Standalone	ML Incremental
<b>Processed</b>				
Life of Mine	years	12	4	8
Total ore	kt	39,778	15,931	23,847
<b>Total Payable Sold</b>				
Gold	koz	3,294	1,330	1,964
Silver	koz	15,587	661	14,926
Copper	mlb	409	4	405
Gold Equivalent	koz	4,392	1,347	3,045
<b>Operating Costs (life of mine, with PTU)</b>				
ELG Open Pit	\$/t mined	2.81		
ELG Underground	\$/t mined	98.19		
ML Underground	\$/t mined	34.04		
Processing	\$/t milled	34.54		
Site Support	\$/t milled	13.47		
Transport/Treatment/Refining	\$/t milled	5.67		
Total cash costs - By-product <sup>1</sup>	\$/oz	545	820	
Total cash costs - gold equivalent <sup>1</sup>	\$/oz	809	831	
Mine-site all-in sustaining costs - By-product <sup>1</sup>	\$/oz	739	1,015	
Mine-site all-in sustaining costs - gold equivalent <sup>1</sup>	\$/oz	954	1,023	
<b>Total Capital Expenditures</b>				
Non-Sustaining	\$M	850	2	848
Sustaining	\$M	545	184	361
<b>Reclamation and closure</b>	<b>\$M</b>	<b>93</b>		
<b>Economics - After-Tax</b>				
EBITDA <sup>1</sup>	\$M	3,503	1,067	2,436
NPV (0% discount rate)	\$M	1,418	590	828
NPV (5% discount rate) - Base Case	\$M	1,040	582	458
NPV (10% discount rate)	\$M	778	572	206
IRR	%			16.1%
Project payback period	years			5.8
<b>Base Case Commodity/Currency Assumptions</b>				
Gold	\$/oz	1,600	1,600	1,600
Silver	\$/oz	21.00	21.00	21.00
Copper	\$/lb	3.50	3.50	3.50
MXN/USD		20.00	20.00	20.00

Note 1: These measures are Non-GAAP Financial Performance Measures (collectively, "Non-GAAP Measures"). For a detailed reconciliation of each Non-GAAP Measure to its most directly comparable GAAP financial measure please refer to the Company's management's discussion and analysis ("MD&A") for the year ended December 31, 2021, dated February 23, 2022. The MD&A is available on the Company's website ([www.torexgold.com](http://www.torexgold.com)) and under the Company's SEDAR profile ([www.sedar.com](http://www.sedar.com)). See also Section 2.5 – Non-GAAP Financial Measures.

The life of mine recoveries and the payable metal production are shown in Table 1-7. Note that the metal recovery and distribution shown in this table represent the overall results of the current blended LOM mill feed, and they have been estimated based on metallurgical recoveries as stated in Table 1-3. The new process flowsheet and associated recoveries with the Cu Concentrate circuit will start in Q4 2024 onwards.

**TABLE 1-7: RECOVERIES AND PAYABLE METAL PRODUCTION – AS OF APRIL 1, 2022**

	Concentrate			Doré / Other			Total		
	Au (koz)	Ag (koz)	Cu (klb)	Au (koz)	Ag (koz)	Cu (klb)	Au (koz)	Ag (koz)	Cu (klb)
<b>Existing Processing Plant (Q2 2022 to Q3 2024)</b>									
Recovered to				89.0%	30.0%	10.0%	<b>89.0%</b>	<b>30.0%</b>	<b>10.0%</b>
Recovered metal				1,118	529	3,379	<b>1,118</b>	<b>529</b>	<b>3,379</b>
Payable factor				99.96%	99.50%	96.50%	<b>99.96%</b>	<b>99.50%</b>	<b>96.50%</b>
Payable metal				1,117	526	3,254	<b>1,117</b>	<b>526</b>	<b>3,254</b>
<b>Upgraded Processing Plant (Q4 2024+)</b>									
Recovered to	56.4%	79.1%	89.0%	33.6%	5.9%	3.0%	<b>90.0%</b>	<b>85.0%</b>	<b>92.0%</b>
Recovered metal	1,380	15,461	407,369	823	1,152	13,850	<b>2,202</b>	<b>16,613</b>	<b>421,218</b>
Payable factor	98.25%	90.00%	96.50%	99.96%	99.50%	96.50%	<b>98.89%</b>	<b>90.66%</b>	<b>96.50%</b>
Payable metal	1,354	13,915	392,325	822	1,146	13,338	<b>2,176</b>	<b>15,061</b>	<b>405,663</b>
<b>Life of Mine</b>									
Recovered to	37.3%	72.6%	82.8%	52.5%	7.9%	3.5%	<b>89.8%</b>	<b>80.5%</b>	<b>86.4%</b>
Recovered metal	1,380	15,461	407,369	1,940	1,681	17,229	<b>3,320</b>	<b>17,142</b>	<b>424,597</b>
Payable factor	98.25%	90.00%	96.50%	99.96%	99.50%	96.50%	<b>99.25%</b>	<b>90.93%</b>	<b>96.50%</b>
Payable metal	1,354	13,914.9	392,325	1,940	1,672.6	16,592	<b>3,294</b>	<b>15,587.4</b>	<b>408,917</b>

### 1.16 Other Relevant Information

As part of the current strategy, Torex funds and will continue to fund a multi-million-dollar drilling and exploration budget each year for the Morelos Property. Prospects and exploration targets for the Morelos Property have been divided into two types, Near Mine and District-Scale Exploration Targets. Near Mine are defined to be within the ELG Mine Complex, while district-scale targets are outside of the ELG Mine Complex.

Near mine drilling and exploration at ELG is currently focused in the areas adjacent to the existing infrastructure at the ELG Mine Complex. This includes identification of new resources underneath the pits, and extension of Sub-Sill and ELD underground deposits. As of January 1, 2022, there are 7,500 m of planned underground capital development, which will create suitable access for Infill and Exploration drilling.

Torex, supported by consultants, conducted a district scale target definition utilizing detailed geological mapping and rock-chip sampling, grid-based soil geophysics and detailed geophysical modeling from the property-wide ZTEM-magnetic survey conducted in 2013. Between 2019-2021, a review of the historical targeting and new target generation was conducted. In 2021, two new geophysical surveys were conducted at ML, including a drone magnetic survey to improve the resolution of the magnetic anomalies and a gravimetry survey.

District-Scale exploration targets and prospective areas on the south side of the Balsas River around the ML resource include EPO, EPO North, Media Luna West, Media Luna East, ML02, Todos Santos, and ML04. These targets are referred to as part of the ML cluster. The targets on the north side of Rio Balsas and outside of the ELG Mine Complex includes Esperanza, Querenque, Tecate, and Atzcala.

Approximately \$15M has been allocated for District-Scale exploration drilling activities in 2022. From the sixteen district-scale exploration targets, six areas have been prioritized for follow-up work. South of river, the

priority targets within the ML cluster include EPO, EPO North and Media Luna West. Three targets are located north of the Balsas River; Esperanza, Querenqueue and Tecate.

The remaining prospects are at an earlier stage of exploration and the lithologies, structural and alteration controls on mineralization are currently insufficiently understood to support estimation of Mineral Resources. The prospects retain exploration potential and represent significant upside for both mine life and economics.

### **1.17 Conclusions and Recommendations**

The ELG and ML deposits are examples of Au and Au-Cu skarn systems. The geology and controls on mineralization are well understood by the site geologists and are appropriate to support the declaration of a Mineral Resource Estimate. The remainder of the property retains exploration potential and continued exploration and drilling is justified to define and expand the resource base at the property. SLR recommends that Torex continue to drill infill holes in the inferred material, and to extend the known mineralization along strike and down dip from the currently defined resources.

The ELG OP mining operations as developed have proven effective in exploiting near surface Guajes and El Limón deposit Mineral Resources. Pit designs and quantities have been updated guided by the results of a pit optimization analysis based on current costs and geological understanding.

The ELG UG operations have been a success since inception, with considerable growth of the reserves over the years due to successful drilling campaigns. There is considerable and real potential for further resources growth and the existing resource base may be suitable for larger-scale production.

Exploration work since 2015 has resulted in an increase in the Mineral Resources at ELG UG, leading to a high-grade Mineral Reserve estimate based on a mechanized cut and fill mine design. The current mining method is appropriate and successful from the operational point of view; however, there remains room for improvement in terms of production increase, productivity improvement, cost reduction, and utilization of resources. The addition of Portal 3 will enhance the ventilation, backfill and hauling systems at the ELG UG once it is completed. Based on financial, exploration success and ELG UG performance in the previous years to date, it is recommended that Torex continue with the production increase /improvement initiatives.

The geometry and rock mass quality make ML amenable to extraction using longhole stoping and mechanized cut and fill mining methods with paste backfill. The steady state production rate of 7,500 t/d is seen to be attainable based on the current level of understanding of the ML deposit.

The ML mine development and mining methods are safe and highly mechanized, they use common equipment and processes that are proven in the global mining industry. The successful execution of these methods to achieve planned underground mine development and production at ML will require the operation to build on its established culture focused on worker health and safety. It will also require investment and emphasis on worker skills training geared toward the new equipment and technology used, along with systems for structured mine planning. Key recommendations include continued engagement with suppliers for all mobile equipment, further assessment of automation and autonomous operation, and securing battery electric vehicles on time to support the LOM schedule. Additionally, the mine plan schedule will be optimized including more detailed assessment of stope designs and cut-off grades in current market price environments.

The existing facilities designed for crushing, grinding, cyanide leach and carbon recovery of precious metals to doré for the existing ELG ores are considered to be suitable for the continued processing of both ELG OP and ELG UG ores. The metallurgical testing program results from the FS indicates that the proposed split flotation circuit to generate a saleable copper concentrate followed by recovery of a high sulphide content Fe-S concentrate with separate leaching of two flotation streams is the preferred process design. A significant part of the existing process facilities will be either reused or repurposed for the future process to minimize capital expenditures. New process facilities for the ML Project include the Fe-S and Cu flotation circuits, water treatment plant, Cu concentrate loadout, new tailings and power infrastructure.

It is recommended to undertake additional testing to increase the understanding of gold deportment and association with minerals, lithology, etc. within the ELG and ML mine zones to support the optimization of operations decisions as to whether to leach flotation tails streams or not. It is also recommended to evaluate online analysis systems to improve turnaround time for online analysis of gold and other elements in the new flotation circuit along with advancing the understanding of copper concentrate handling and blending requirements together with associated facilities. It is also recommended that an assessment be completed with respect to changing grinding media over to high chrome content material to minimize negative impact on flotation performance.

For the waste rock storage facilities, continue on-going slope monitoring practices including daily inspections and utilization of slope instrumentation (prisms, GPS, extensometers). Upgrade software used to manage monitoring data to allow for distribution of real-time alerts of slope displacement. Continue slope management practices including crest cutting, re-grading and short dumping. Modify short dumping as needed to maintain sufficient distance from the crest when near-crest cracking has been observed.

ML is located in an area with moderate climate, workable topography and regional work force that has experience in construction and operations of mining projects. The current ELG Mine Complex has developed significant infrastructure which ML can utilize.

Based on the design of the tailings management system, there are no flaws or unresolvable issues anticipated. NewFields support the current monitoring and testing programs in place for the tailings facility and recommends they continue. Storage of slurry tailings in the GTSF is feasible and economical, further development of the GTSF tailings deposition and water recovery designs is recommended. It is important to note that either tailings strategy proposed for the ML Project; expanding the FTSF or utilizing the GTSF, adhere to the design principles of the GISTM.

Potential water issues related to waste rock and tailings disposal have been identified and plans for mitigation, if required, can be developed.

The site wide water balance demonstrates that sufficient water is available through the LOM. Depending on the amount of water produced by the ML Underground mine, storage and treatment of additional contact water is feasible utilizing the existing mine infrastructure and exhausted open pits. It is recommended that the Company continue to improve the measurement of important inputs to the site wide water balance and the numerical groundwater models, and update the models as needed to optimize development plans. The Operational Water Management Plan should also continue to be refined, including the development of a site storm water management plan.

The baseline environmental studies were comprehensive and reasonable. The ELG Mine Complex and ML Project have an established monitoring program that complies with the permit requirements. Groundwater sampling quality control procedures should be formalized and some techniques improved such as single use samplers or purging prior to sampling.

The ELG Mine Complex and ML Project have the required permits for current activities, and additional permits are either pending responses from the environmental agency or are planned for future submittal. At this time, there are no known factors to preclude a successful permitting effort; however, the length and effort of the permitting process with the Mexican environmental agency can be difficult to predict. A future permit modification to convert the Guajes pit into an in-pit tailings storage facility will be needed. Although in-pit tailings disposal has been used successfully outside of Mexico, there is a potential risk associated with delays in receipt of this permit given that in-pit disposal is a relatively new approach in Mexico. The Company has an on-going strategy to mitigate risks associated with substantial delays. In addition, the Company will require authorization from energy authorities to increase the power draw and distribution required for ML Project, through a connection to the regional 230 kV power line system for the higher electricity loads for ML.

Although the mine is in a state considered as a high-risk security area, the security protocols are well-defined, and no material incidents have occurred in the past three years.

The Company has a strong social license program and there is positive support from the stakeholder communities. In addition, the corporate management has a strong commitment to ESG issues.

A summary of environmental monitoring reports should be prepared at least annually that contain the results of the monitoring programs, data validation, interpretation and discussion of results, and recommendations for corrective actions, as needed. Continued monitoring of environmental systems and mining wastes is recommended. This includes updated predictions of post-closure water quality.

The ML Project estimates were prepared following best practices and consider where applicable site conditions and existing contract and operational costs. The scope of the design will require an \$848 million investment in the project period capital, together with \$363 in sustaining capital after the project period and through the life of mine. A closure plan and costing were developed for the life of mine conditions that include the existing ELG Mine Complex and the addition of the ML Project.

Evaluation of the ML Project has been completed on an incremental basis considering the overall operation and is financially viable. Based on a long term Au price of \$1600, after tax incremental NPV at 5% is \$458 million and IRR of 16.1%. ML Project returns are sensitive to the gold price and operating cost.

In addition to the positive economics of the Project, there is an abundance of prospectivity on the south side of the Morelos Property, which is expected to further improve the ML Project's economics. The ML Project also opens up the opportunity for Torex to diversify into becoming a meaningful copper producer.

With tremendous future exploration potential, advancing the ML Project is fundamental to setting up the Morelos Complex for a sustainable future of operations, and prolonged economic prosperity for local communities and all of those who share stakes in the Company.



## APPENDIX “D” – AFTER TAX SENSITIVITIES TO KEY FACTORS

		(\$400)	(\$200)	(\$100)	Base Case	\$100	\$200	\$400
Gold Price - Long-term	\$/oz	\$1,200	\$1,400	\$1,500	\$1,600	\$1,700	\$1,800	\$2,000
Morelos Complex - NPV (5%)	\$M	\$378	\$733	\$890	\$1,040	\$1,186	\$1,331	\$1,617
ML Incremental - NPV (5%)	\$M	\$49	\$277	\$371	\$458	\$538	\$616	\$764
ML Incremental - IRR	%	6.4%	12.2%	14.3%	16.1%	17.7%	19.1%	21.8%
		(\$1.50)	(\$1.00)	(\$0.50)	Base Case	\$0.50	\$1.00	\$1.50
Copper Price - Long-term	\$/lb	\$2.00	\$2.50	\$3.00	\$3.50	\$4.00	\$4.50	\$5.00
Morelos Complex - NPV (5%)	\$M	\$728	\$839	\$945	\$1,040	\$1,127	\$1,210	\$1,291
ML Incremental - NPV (5%)	\$M	\$149	\$259	\$364	\$458	\$544	\$626	\$705
ML Incremental - IRR	%	9.3%	11.9%	14.2%	16.1%	17.7%	19.3%	20.7%
		(\$6.00)	(\$4.00)	(\$2.00)	Base Case	\$2.00	\$4.00	\$6.00
Silver Price - Long-term	\$/oz	\$15.00	\$17.00	\$19.00	\$21.00	\$23.00	\$25.00	\$27.00
Morelos Complex - NPV (5%)	\$M	\$998	\$1,013	\$1,027	\$1,040	\$1,054	\$1,068	\$1,081
ML Incremental - NPV (5%)	\$M	\$418	\$432	\$445	\$458	\$471	\$484	\$497
ML Incremental - IRR	%	15.3%	15.6%	15.8%	16.1%	16.3%	16.6%	16.8%
		(30%)	(20%)	(10%)	Base Case	10%	20%	30%
Media Luna Project Capex	\$M	\$594	\$678	\$763	\$848	\$933	\$1,018	\$1,102
Morelos Complex - NPV (5%)	\$M	\$1,211	\$1,155	\$1,099	\$1,040	\$981	\$919	\$856
ML Incremental - NPV (5%)	\$M	\$629	\$573	\$517	\$458	\$399	\$337	\$274
ML Incremental - IRR	%	24.4%	21.2%	18.4%	16.1%	14.0%	12.2%	10.5%
		(30%)	(20%)	(10%)	Base Case	10%	20%	30%
Sustaining Capex	\$M	\$316	\$361	\$406	\$452	\$497	\$542	\$587
Morelos Complex - NPV (5%)	\$M	\$1,121	\$1,095	\$1,068	\$1,040	\$1,013	\$986	\$958
ML Incremental - NPV (5%)	\$M	\$514	\$496	\$477	\$458	\$439	\$420	\$400
ML Incremental - IRR	%	17.3%	16.9%	16.5%	16.1%	15.7%	15.3%	14.9%
		(30%)	(20%)	(10%)	Base Case	10%	20%	30%
Opex	\$M	\$2,330	\$2,663	\$2,996	\$3,329	\$3,662	\$3,995	\$4,328
Morelos Complex - NPV (5%)	\$M	\$1,490	\$1,342	\$1,193	\$1,040	\$876	\$700	\$512
ML Incremental - NPV (5%)	\$M	\$719	\$636	\$550	\$458	\$353	\$237	\$110
ML Incremental - IRR	%	20.7%	19.3%	17.8%	16.1%	14.0%	11.5%	8.3%
		(2.0%)	(1.5%)	(1.0%)	Base Case	1.0%	1.5%	2.0%
Gold recovery	%	87.8%	88.3%	88.8%	89.8%	90.8%	91.3%	91.8%
NPV (5%)	\$M	\$985	\$999	\$1,013	\$1,040	\$1,068	\$1,082	\$1,095
ML Incremental NPV (5%)	\$M	\$428	\$436	\$444	\$458	\$473	\$480	\$487
ML Incremental IRR	%	15.5%	15.6%	15.8%	16.1%	16.4%	16.5%	16.7%

### Notes to Table:

1. Estimates are based on the project period commencing April 1, 2022. All amounts in U.S. dollars.

