TOREX GOLD RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2023

This Management's Discussion and Analysis of the financial condition and results of operations ("MD&A") for Torex Gold Resources Inc. ("Torex" or the "Company") was prepared as at May 9, 2023 and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements and related notes for the three months ended March 31, 2023. It should also be read in conjunction with the Company's audited consolidated financial statements and annual MD&A for the year ended December 31, 2022. This MD&A contains forward-looking statements that are subject to risks and uncertainties as discussed under "Cautionary Notes". This MD&A also includes the disclosure of certain non-GAAP financial measures. Refer to "Non-GAAP Financial Performance Measures" which identifies the non-GAAP financial measures discussed in this MD&A for further information, including a reconciliation to the comparable IFRS measures. All dollar figures included herein are United States dollars ("U.S. dollar") unless otherwise stated.

HIGHLIGHTS

- **Strong safety performance continues:** Exited the quarter with no fatalities and a lost-time injury frequency ("LTIF") rate of 0.53 per million hours worked on a rolling 12-month basis. There were three lost-time injuries in the quarter at the Media Luna Project, with three contractors suffering hand-related injuries.
- **Gold production:** Delivered gold production of 122,918 ounces ("oz") for the quarter driven by a record milling rate of 13,073 tonnes per day ("tpd") and a record mining rate at ELG Underground of 1,738 tpd. This represents a strong start to the year and puts the Company on track to meet annual production guidance of 440,000 to 470,000 ounces.
- **Gold sold:** Sold 118,455 oz of gold at an average realized gold price[1] of $1,899 per oz, contributing to revenue of $228.8 million.
- **Total cash costs[1] and all-in sustaining costs[1]:** Total cash costs of $709 per oz sold and all-in sustaining costs of $1,079 per oz sold. All-in sustaining costs margin[1] of $820 per oz sold, implying an all-in sustaining costs margin[1] of 42%. Cost of sales was $137.4 million or $1,160 per oz sold in the quarter, benefitting from the record milling throughput, partially offset by the appreciation of the Mexican peso. Given the strong cost performance during the quarter, the Company is on track to achieve full year total cash costs guidance of $740 to $780 per oz and all-in sustaining costs guidance of $1,080 to $1,130 per ounce.
- **Net income and adjusted net earnings[1]:** Reported net income of $68.2 million or earnings of $0.79 per share on both a basic and diluted basis. Adjusted net earnings of $50.3 million or $0.59 per share on a basic and $0.58 per share on a diluted basis. Net income includes a net derivative loss of $26.6 million related to gold forward contracts entered into to mitigate downside price risk during the construction of the Media Luna Project.
- **EBITDA[1] and adjusted EBITDA[1]:** Generated EBITDA of $102.5 million and adjusted EBITDA of $132.7 million.
- **Cash flow generation:** Net cash generated from operating activities totalled $47.0 million and $61.9 million before changes in non-cash operating working capital, including income tax and royalty payments of $85.9 million, primarily related to fiscal 2022. Negative free cash flow[1] of $54.0 million net of cash outlays for capital expenditures, lease payments and interest.
- **Strong financial liquidity:** The quarter closed with net cash[1] of $318.4 million, including $321.9 million in cash and $3.5 million of lease obligations, no borrowings on the credit facilities of $250.0 million and letters of credit outstanding of $7.9 million, providing $564.0 million in available liquidity.

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

- **Media Luna Project:** Media Luna Project expenditures totalled $66.4 million during the quarter, with a remaining project spend of $683.4 million. Expenditures during this period were primarily focused on continued development of the Guajes Tunnel and South Portals, with development of the Guajes Tunnel reaching 3,870 metres and South Portal Lower reaching 1,725 metres by end of the first quarter. As of March 31, 2023, physical progress on the Project was approximately 24%, with detailed engineering, procurement activities underground development, and surface construction advancing. As of March 31, 2023, the Company had commitments in place for $298.9 million of project expenditures (approximately 34% of total budgeted expenditures). The pace of investment is expected to increase into the second half of 2023 and 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. The project continues to track to overall schedule and budget.
- **Year-end Mineral Reserves & Resources[1]:** Drilling success in the ELG Open Pits and ELG Underground resulted in more than 60% of Proven & Probable gold reserves processed in 2022 being replaced. Drilling both north and south of the Balsas River was successful in increasing gold equivalent Measured & Indicated resources by 1,078 koz prior to depletion (+16%) or 567 koz after depletion (+8%). Measured & Indicated resource growth was driven by ELG Underground, Media Luna, and EPO, where an inaugural gold equivalent Indicated resource of 671 koz was declared.

[1] Mineral Reserve and Mineral Resource estimates for the Morelos Complex can be found in tables 22 and 23, respectively, of this MD&A. Gold equivalent values account for underlying metal prices and metallurgical recoveries used in reserve and resource estimates. For additional information on the Mineral Reserve and Mineral Resource estimates for the Morelos Complex, please see the Company's annual information form for the year ended December 31, 2022, or the Company's news release titled "Torex Gold Reports Year-end 2022 Reserves & Resources" issued on March 28, 2023, both available on Torex's website (www.torexgold.com) and under the Company's SEDAR profile (www.sedar.com).

OPERATING AND FINANCIAL HIGHLIGHTS

Table 1.

In millions of U.S. dollars, unless otherwise noted		Three Months Ended **Mar 31, 2023**	Dec 31, 2022	Mar 31, 2022
Operating Results				
Lost-time injury frequency[1]	/million hours	**0.53**	0.28	0.12
Total recordable injury frequency[1]	/million hours	**1.87**	1.58	1.69
Gold produced	oz	**122,918**	116,196	112,446
Gold sold	oz	**118,455**	121,913	108,012
Total cash costs[2]	$/oz	**709**	711	748
Total cash costs margin[2]	$/oz	**1,190**	1,073	1,128
All-in sustaining costs[2]	$/oz	**1,079**	1,034	1,034
All-in sustaining costs margin[2]	$/oz	**820**	750	841
Average realized gold price[2]	$/oz	**1,899**	1,784	1,876
Financial Results				
Revenue	$	**228.8**	216.5	207.7
Cost of sales	$	**137.4**	146.6	132.2
Earnings from mine operations	$	**91.4**	69.9	75.5
Net income	$	**68.2**	34.6	40.0
Per share - Basic	$/share	**0.79**	0.40	0.47
Per share - Diluted	$/share	**0.79**	0.40	0.46
Adjusted net earnings[2]	$	**50.3**	38.3	37.2
Per share - Basic[2]	$/share	**0.59**	0.45	0.43
Per share - Diluted[2]	$/share	**0.58**	0.44	0.43
EBITDA[2]	$	**102.5**	96.0	103.1
Adjusted EBITDA[2]	$	**132.7**	122.9	110.7
Cost of sales	$/oz	**1,160**	1,202	1,224
Net cash generated from operating activities	$	**47.0**	132.1	46.7
Net cash generated from operating activities before changes in non-cash operating working capital	$	**61.9**	110.8	60.8
Free cash flow[2]	$	**(54.0)**	40.5	(19.7)
Cash and cash equivalents	$	**321.9**	376.0	237.0
Net cash[2]	$	**318.4**	372.1	233.4

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

FIRST QUARTER REPORT

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

TABLE OF CONTENTS

COMPANY OVERVIEW

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

The Company's principal asset is the Morelos Complex, which includes the El Limón Guajes ("ELG") Mine Complex, the Media Luna Project, a processing plant, and related infrastructure. Commercial production from the Morelos Complex commenced on April 1, 2016 and an updated Technical Report for the Morelos Complex was released in March 2022.

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

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

GUIDANCE

The Company's annual production, cost and capital expenditure guidance for 2023 remains unchanged and there has been no change to the operational outlook for 2023.

The following table summarizes the Company's performance to date relative to 2023 guidance:

Table 2.

In millions of U.S. dollars, unless otherwise noted		2023 Guidance	Q1 2023 Performance
Gold Production	oz	440,000 to 470,000	122,918
Total Cash Costs[1]	$/oz	740 to 780	709
All-in Sustaining Costs[1]	$/oz	1,080 to 1,130	1,079
Capitalized Stripping	$	55 to 65	21.2
ELG Sustaining Capital Expenditures[1]	$	60 to 70	14.6
Sustaining Capital Expenditures[1]	$	115 to 135	35.8
Media Luna Project	$	390 to 440	66.4
Media Luna Infill Drilling/Other	$	20	3.1
ELG Non-Sustaining Capital Expenditures[1]	$	2	0.7
Non-Sustaining Capital Expenditures[1]	$	412 to 462	70.2

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

Gold production during the second and third quarters are expected to be closer to the bottom end of the quarterly run-rate implied by full year guidance. The Company's mine plan for the next two quarters reflects the conclusion of mining in the Guajes open pit, a heavy focus on waste stripping in the El Limón open pit and a drawdown of stockpiles. Given the mine plan, total cash costs and all-in sustaining costs during second and third quarters are expected to be above the upper end of the annual guided range for those quarters only. Production and costs are expected to return to usual levels in the fourth quarter, with higher processed grades and the increased level of ore production. Notwithstanding these planned quarter on quarter movements, the Company is well on track to achieve annual guidance.

2023 OBJECTIVES

The following table summarizes the Company's objectives for 2023:

Environment, Social & Governance (ESG)
Safety – no fatalities, no lost time injuries
Climate – Complete Year 1 workplan on commitment to deliver 10% absolute reduction of GHG emissions by 2030
ESG – Substantially complete outstanding requirements for compliance with World Gold Council's Responsible Gold Mining Principles, International Cyanide Management Code and Global Industry Standard for Tailings Management
Environmental protection – zero reportable spills of 1,000 litres or more that report to a natural water body

Operations
Production – 440,000 to 470,000 oz of gold produced
Cost Control:
Total cash costs of $740 to $780 per oz
All-in sustaining costs of $1,080 to $1,130 per oz
ELG mine and plant sustaining capital expenditure of $60 million to $70 million, including $10 million for power related projects and $15 million in underground development that in prior years was classified as non-sustaining
ELG capitalized stripping of $55 million to $65 million
ELG non-sustaining capital expenditure of $2 million

Set up for growth
Media Luna non-sustaining capital expenditure of $390 million to $440 million, excluding $20 million of drilling costs
Strip 38 million tonnes of waste in the open pits; 13,000 metres of development in the underground
Complete Media Luna exploration drilling program – $20 million of capital expenditures to execute 55,000 metres of drilling
Completion of power-related projects to increase draw to 45 megawatts (MW); submit application for further increase to 65 MW
Execute over 2,000 metres of development Guajes Tunnel
Execute plan to increase ELG Underground mining rates
Complete ELG Brownfield Exploration Program – 57,000 metres of drilling and $12 million in expenditures
Continue Morelos Exploration Program – $2 million for mapping and sampling of select greenfield targets

FINANCIAL RESULTS

Table 3.

In millions of U.S. dollars, unless otherwise noted		Three Months Ended Mar 31, 2023	Three Months Ended Mar 31, 2022
Revenue	$	**228.8**	207.7
Gold	$	**224.4**	202.7
Silver	$	**1.5**	0.7
Copper	$	**2.9**	4.3
Cost of sales	$	**137.4**	132.2
Production costs	$	**81.5**	79.6
Royalties	$	**6.9**	6.2
Depreciation and amortization	$	**49.0**	46.4
Earnings from mine operations	$	**91.4**	75.5
General and administrative expenses	$	**10.2**	8.4
Exploration and evaluation expenses	$	**1.6**	2.3
Other expenses	$	**0.6**	-
Derivative loss, net	$	**26.6**	8.2
Finance (income) costs, net	$	**(3.0)**	0.4
Foreign exchange gain	$	**(1.0)**	(0.1)
Current income tax expense	$	**16.8**	24.6
Deferred income tax recovery	$	**(28.6)**	(8.3)
Net income	$	**68.2**	40.0
Per share - Basic	$/share	**0.79**	0.47
Per share - Diluted	$/share	**0.79**	0.46
Adjusted net earnings[1]	$	**50.3**	37.2
Per share - Basic[1]	$/share	**0.59**	0.43
Per share - Diluted[1]	$/share	**0.58**	0.43
Cost of sales	$/oz	**1,160**	1,224
Total cash costs[1]	$/oz	**709**	748
Total cash costs margin[1]	$/oz	**1,190**	1,128
All-in sustaining costs[1]	$/oz	**1,079**	1,034
All-in sustaining costs margin[1]	$/oz	**820**	841
Average realized gold price[1]	$/oz	**1,899**	1,876

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

FIRST QUARTER 2023 FINANCIAL RESULTS

Revenue totalled $228.8 million

Revenue increased primarily due to a 10% increase in gold ounces sold, coupled with a marginally higher average realized gold price. The Company sold 118,455 ounces of gold at an average realized gold price[1] of $1,899 per oz in the first quarter of 2023, compared to 108,012 ounces at an average realized gold price of $1,876 per oz in the first quarter of 2022. The average realized gold price in the first quarter of 2023 includes a realized gain of $0.5 million on gold forwards compared to nil in the comparative period. The 10% increase in ounces sold primarily resulted from a 9% increase in gold produced. The increase in gold production was largely due to the record processing plant throughput, an increase in the mining rates from ELG Underground, as well as the higher average gold grade of ore mined and processed. The higher grades of ore mined at the ELG open pits are consistent with the mine plan as the current phase at the Guajes open pit approaches depletion in the second quarter of 2023.

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

Cost of sales was $137.4 million or $1,160 per oz sold

Cost of sales was 4% higher compared to the first quarter of 2022; however, 5% lower on a per oz basis due to the 10% increase in gold ounces sold. Production costs were higher than the comparative period primarily due to the increase in ounces of gold sold and the appreciation of the Mexican peso, partially offset by higher volumes of capitalized stripping and lower Mexican profit sharing expensed in the first quarter of 2023. Royalties represent 2.5% of proceeds from all metal sales and an additional 0.5% of proceeds from gold and silver sales and were higher than the comparative period due to an increase in ounces sold, coupled with a higher average realized gold price. Depreciation and amortization were higher than the first quarter of 2022 on a total basis primarily due to the higher ounces of gold sold. For 2023, depreciation and amortization is expected to range between $175 million to $200 million.

Total Cash Costs[1] were $709 per oz sold

TCC in the quarter decreased relative to the comparative period, primarily due to the higher ounces of gold sold described above and higher capitalized stripping related to the layback within the El Limón pit.

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

The increase in AISC relative to the first quarter of 2022 was primarily due to higher planned sustaining capital expenditures, including increased capitalized stripping described above, partially offset by the lower total cash costs per oz of gold sold.

General and administrative expenses of $10.2 million

General and administrative expenses are primarily comprised of corporate office employee costs, share-based compensation, and professional fee costs. General and administrative expenses were higher than the first quarter of 2022. Excluding the remeasurement of share-based payments (losses of $3.6 million during the first quarter of 2023 and $0.4 million for the comparative period), general and administrative expenses would have been lower compared to the first quarter of 2022, primarily due to lower employee costs and consulting fees.

Other expenses of $0.6 million

Other expenses are comprised of expenditures related to an upgrade and consolidation of the Company's enterprise resource planning system to support the integration of the Media Luna Project into the operations and broader optimization opportunities. For 2023, other expenses are expected to be approximately $10 million, which also includes training expenditures related to the Media Luna Project, which must be expensed for accounting purposes, and are expected to be incurred in the second half of 2023.

Derivative loss, net, of $26.6 million

The Company has taken initiatives to mitigate price uncertainty during the development of the Media Luna Project. As at March 31, 2023, the remaining gold forward contracts have a weighted average price of $1,952 per oz to sell a total of 255,000 ounces of gold between April 2023 and December 2024. These derivatives have not been designated as hedges; therefore, movements in the fair value of the derivatives are recognized in net income each period.

The Company realized a gain of $0.5 million on the 27,000 ounces of gold forwards that settled during the first quarter of 2023 at a weighted average price of $1,924 per oz, which was higher than the gold spot prices at the time of settlement. An unrealized derivative loss of $27.1 million was recognized in the first quarter of 2023 as a result of gold forward prices strengthening during the quarter, compared to the $8.2 million unrealized derivative loss in the comparative period.

---

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

Finance income, net of finance costs, of $3.0 million

The increase in finance income, net of finance costs, was primarily related to higher interest income due to higher interest rates and higher cash on hand.

Foreign exchange gain of $1.0 million

The foreign exchange gain is primarily related to a 6.5% appreciation of the Mexican peso since the beginning of the quarter, compared to a 2.9% appreciation in the comparative period.

Current income and mining tax expense of $16.8 million

The decrease in current income and mining tax expense over the comparative period was primarily due to the derecognition of a provision for an uncertain tax position of $15.2 million, partially offset by an increase in revenue and the currency translation of the tax liability.

Deferred income tax recovery of $28.6 million

The deferred income tax recovery was primarily driven by higher depreciation for accounting than for tax purposes, which reduced the difference between the book value and tax value of the assets in the deferred tax calculation and the tax effect of currency translation on the tax base. As at March 31, 2023, the closing value of property, plant and equipment for tax purposes was $20.8 billion pesos and the closing value of inventory for tax purposes was $2.1 billion pesos.

Net income of $68.2 million

Net income for the quarter was $68.2 million compared to net income of $40.0 million in the first quarter of 2022. The increase in net income was primarily due to the higher average realized gold price, a 10% increase in gold ounces sold and a net income tax recovery, partially offset by a higher net derivative loss on gold contracts.

RESULTS OF OPERATIONS

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

Table 4.

		Three Months Ended		
		Mar 31, 2023	Dec 31, 2022	Mar 31, 2022
Mining[1]				
Total ELG Open Pits				
Ore tonnes mined	kt	**916**	959	1,061
Waste tonnes mined	kt	**8,437**	8,546	8,958
Total tonnes mined	kt	**9,354**	9,505	10,019
Ore tonnes mined per day	tpd	**10,182**	10,420	11,789
Waste tonnes mined per day	tpd	**93,747**	92,892	99,532
Strip ratio	w:o	**9.2**	8.9	8.4
Average gold grade of ore mined	gpt	**4.31**	3.06	2.99
ELG Underground				
Ore tonnes mined	kt	**156**	155	114
Ore tonnes mined per day	tpd	**1,738**	1,685	1,263
Average gold grade of ore mined	gpt	**5.15**	6.19	5.67
ELG Open Pits and Underground				
Ore tonnes mined	kt	**1,073**	1,114	1,175
Ore tonnes mined per day	tpd	**11,919**	12,109	13,052
Average gold grade of ore mined	gpt	**4.43**	3.50	3.25
Processing[1]				
Total tonnes processed	kt	**1,177**	1,141	1,134
Average plant throughput	tpd	**13,073**	12,404	12,605
Average gold recovery	%	**87.8**	88.4	86.9
Average gold grade of ore processed	gpt	**3.50**	3.78	3.47
Gold produced	oz	**122,918**	116,196	112,446
Gold sold	oz	**118,455**	121,913	108,012
Financial Metrics				
Total cash costs[2]	$/oz	**709**	711	748
Total cash costs margin[2]	$/oz	**1,190**	1,073	1,128
All-in sustaining costs[2]	$/oz	**1,079**	1,034	1,034
All-in sustaining costs margin[2]	$/oz	**820**	750	841
Average realized gold price[2]	$/oz	**1,899**	1,784	1,876

1. Rounding may result in apparent summation differences.
2. These measures are non-GAAP financial measures. Refer to "Non-GAAP Financial Performance Measures" for further information and a detailed reconciliation.

Mining

A total of 1,073 kt of ore were mined in the first quarter of 2023, including 916 kt from the ELG open pits and 156 kt from ELG Underground. Average waste to ore strip ratio (“strip ratio”) in the open pits was 9.2:1. Excluding 85 kt of long-term, low-grade ore, the average gold grade of ore mined was 4.79 gpt primarily driven by higher grades within the Guajes open pit as it nears depletion, which are expected to reduce in the final stages.

In the first quarter of 2022, 1,175 kt of ore were mined, including 1,061 kt from the ELG open pits and 114 kt from ELG Underground, with an average strip ratio in the open pits of 8.4:1. Excluding 109 kt of long-term, low-grade ore, the average gold grade of ore mined was 3.48 gpt.

As at March 31, 2023, there were 4.6 mt of ore in stockpiles at an average grade of 1.40 gpt. Excluding 2.5 mt of long-term, low-grade stockpiles at an average grade of 0.96 gpt, the remaining 2.1 mt of ore in stockpiles are at an average grade of 1.91 gpt.

Plant Performance

Plant throughput achieved an average rate of 13,073 tpd, a record for plant operations, surpassing the previous record of 13,063 tpd established in Q2 2017. In the first quarter of 2023, the Company incurred $8.4 million in cyanide costs at a consumption rate of 2.57 kilograms per tonne milled, compared to $7.9 million in the fourth quarter of 2022 at a similar consumption rate of 2.57 kilograms per tonne milled, reflecting higher contracted prices in 2023 relative to 2022. The average gold recovery for the quarter was 87.8%, lower than the recovery of 88.4% in the previous quarter, predominantly impacted by the processing of lower recovery ores, mainly from the Guajes open pit. Recoveries are forecasted to improve through the second half of the year as the proportion of higher recovery ore is expected to increase, as mining of the Guajes open pit will be depleted.

Gold Production and Sales

In the first quarter of 2023, 122,918 ounces of gold were produced and 118,455 ounces of gold were sold. Production in the first quarter of 2023 was higher than the comparative period primarily due to the record processing plant throughput, as well as the higher average gold grade of ore mined from the ELG open pits and an increase in mining rates from ELG Underground.

ENVIRONMENT, SOCIAL & GOVERNANCE

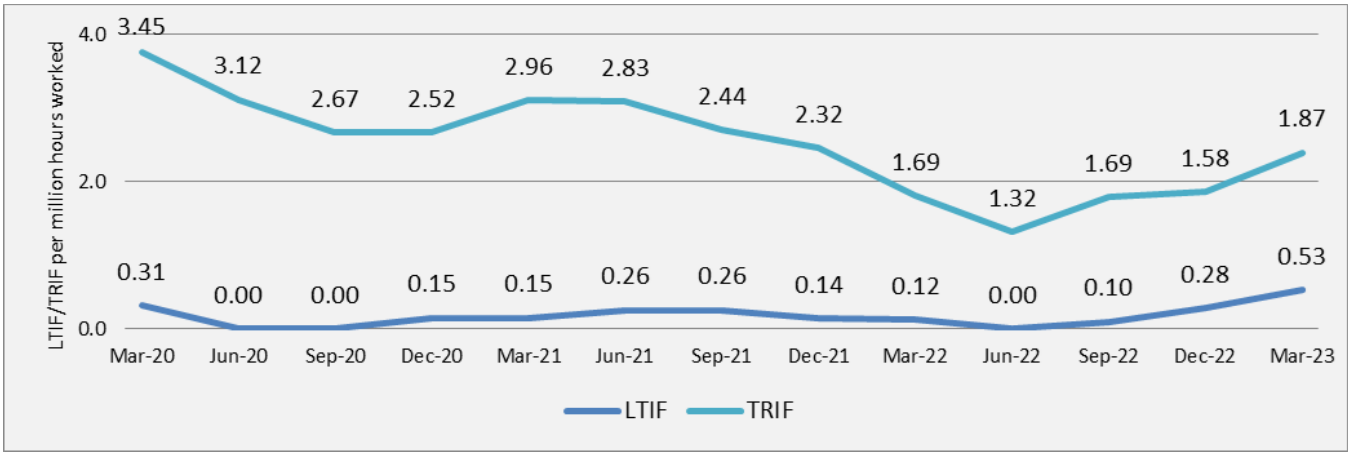
Safety

With the significant increase of activity at site with the construction of the Media Luna Project, safety and reporting of all incidents, including near misses, continues to be a key focus. As at March 31, 2023, the Company’s lost-time injury frequency (LTIF) was 0.53 and its total recordable injury frequency (TRIF) was 1.87. Both rates include employees and contractors and are calculated per million hours worked on a rolling 12-month basis.

The Company recorded three lost-time injuries during the first quarter of 2023, all of which were hand-related and incurred at the Media Luna Project. In January, a contractor sustained a finger pinch; in February, a contractor suffered a finger injury; and in March, a contractor fractured a wrist while dismounting equipment. In response to these injuries, leaders have increased the frequency of safety talks in the field focused on consistent personal safety awareness, including during routine tasks. The Company also continues to implement corrective actions that focus on injury prevention.

The Company has commenced the implementation of the next stage of its fatigue risk management program (SmartCap) following implementation of the system on open pit mobile equipment. The data collected on the open pit mobile equipment throughout 2023 will enable the team to prepare for implementation across the underground mobile fleet in 2024. In addition, a pilot project to implement a fatigue management program tailored to drivers who transport people will begin in the second quarter of 2023.

Lost-Time Injury Frequency and Total Recordable Injury Frequency Per Million Hours Worked on a Rolling 12-Month Basis: March 2020 – March 2023



Environment & Climate Change

There were no reportable spills or environmental incidents during the quarter and there are currently no material claims, demands, or legal proceedings against the Company related to environmental matters. As such, the Company is on track to achieve its 2023 objective of zero reportable spills of 1,000 litres or more that report to a natural water body.

The Company continued to advance permitting activities for the Morelos Complex during the quarter. In March 2023, an application was submitted to SEMARNAT for the modification of the Company's MIA-Integral permit, to include updates to the footprint arrangement at Media Luna and ELG from the arrangement contemplated in the original submission. The Company is currently preparing the application for a second MIA modification focused on the new in-pit tailings facility planned as part of the Media Luna Project, which is scheduled for submission by the end of Q2 2023.

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 and state government officials and community members. 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.

The Company made progress in the quarter on its climate change strategy released in November 2022, and associated actions associated with an established pathway to achieve 2030 GHG emissions reduction targets. In March, an agreement with Sandvik Mining and Rock Solutions was finalized to procure a hybrid 35-unit fleet for Media Luna, including 15 battery-electric vehicles (BEVs) for production mining and 20 pieces of conventional equipment primarily for development. In addition, the Company submitted a power generation permit to the Mexican energy regulator (CRE) for the operation of the Company's new 8.7 megawatt ("MW") solar plant, which is expected to be commissioned by the end of 2023. The preparation for the solar plant is progressing on schedule, with land preparation nearing completion, and civil earthworks to commence in the second quarter of 2023.

Community

Relationships with local communities continue to be positive and productive.

In February 2023, annual local community development agreements ("CODECOPs") were negotiated and signed with nine communities surrounding the ELG Mine Complex (Valerio Trujano, Atzcala, Real del Limón, La Fundición, Nuevo Balsas, San Nicolás, Acalmantlila, Tlanipatlán and Atlixtac) 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.

In 2022, the community of San Miguel voted in favour of resettlement due to its close proximity to Media Luna, which will involve the resettlement of 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 in the quarter. Detailed engineering and technical studies required by the Government of Guerrero were competed, and a Change Use of Land (CUS) Environmental Impact Assessment was submitted to SEMARNAT during the quarter.

ESG Performance, Disclosure and Reporting Standards

Work continued to progress in the quarter to achieve performance with recognized global sustainability performance and disclosure standards, including the International Cyanide Management Code (ICMC), World Gold Council Responsible Gold Mining Principles (RGMPs) and the Global Industry Standard on Tailings Management (GISTM).

In the first quarter of 2023, the Company received the following recognition in the areas of corporate social responsibility and gender diversity practices:

- 2022 Indigenous and Community Relations Award from *Mining Magazine*, a major industry publication, for the Company's approach and commitment to local community development;
- The ESR® 2023 Distinction from the Mexican Centre for Philanthropy (CEMEFI) and the Alliance for Corporate Social Responsibility in Mexico (AliaRSE) for the fifth year in a row, for the Company's public and voluntary commitment to implement socially responsible management at its operations; and
- Inclusion as an Honouree in The Globe and Mail's 2023 *Report on Business* 'Women Lead Here' list for the fourth year in a row, in recognition of the high percentage of women on the Company's executive team as compared to other Canadian publicly traded companies.

Mining Law Reforms

On April 29, 2023, the Mexican government approved reforms to the Mining Law and related laws regarding mining and water concessions (collectively the "Mining Law Reforms"). The Mining Law Reforms came into force on May 9, 2023 and modify the process for granting mining concessions, and the terms upon which they can be granted and renewed, including a reduction in the number of years that concessions can be held (50 years to 30 years, extendable in 25-year increments), and introduced new technical, environmental and social requirements associated with the granting and renewal of these concessions, including specific provisions relating to indigenous consultation, community investment, water consumption and waste management. The Mining Law Reforms are not anticipated to be retroactive and consequently, Torex's existing mining concessions and other permits are not expected to be materially impacted. Torex has a grouping of mining concessions that range in conclusion from 2040 to 2055, with the Company's operating and development assets being situated on the Reduccion Morelos Norte concession with a term through to May 2055. Refer also to the "Risks and Uncertainties" section of this MD&A.

DEVELOPMENT ACTIVITIES

Media Luna Project Update

Following the completion of the Media Luna Feasibility Study and receipt of project approval by the Board of Directors, the Company commenced the execution phase of the Media Luna Project on April 1, 2022. During the first quarter of 2023, detailed engineering and procurement activities increased significantly, with several key purchase orders awarded, the most significant being the order for the primary mine production fleet. The fleet consists of 35 pieces of equipment including 15 battery-electric and 20 diesel powered machines. First deliveries under the purchase order are expected later this year, in line with the project schedule. Post quarter end, the contract for the mobile production support equipment, was signed. Contracts for the personnel transportation vehicles, underground construction, and underground vertical development are expected to be finalized in the second quarter of 2023. Surface and underground development continue on pace. The schedule critical Guajes Tunnel exceeded the 4-kilometre mark in April, with 18 active headings opened up within the deposit, and civil works for future infrastructure on both sides of the Balsas River in various stages of progress.

Total budgeted spend post March 31, 2022 related to the development of the Media Luna Project is unchanged at $874.5 million. As of March 31, 2023, the Company had commitments in place for $298.9 million of project expenditures (approximately 34% to date), including $191.1 million of expenditures incurred (approximately 22% to date). Based on purchase orders and contracts awarded to date, project costs in general are tracking well to the costs outlined in the Technical Report.

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

Table 5.

In millions of U.S. dollars, unless otherwise noted		Media Luna Project Capital
Per 2022 Technical Report	$	848.4
Adjustment for Q1 2022 underspend	$	26.1
Total budgeted spend post March 31, 2022	$	874.5
Expenditures incurred post March 31, 2022[1,2]	$	191.1
Remaining spend[2]	$	683.4
Percentage complete - relative to budgeted spend	%	22
Percentage complete - construction progress	%	24

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

The Company expects to incur $390 to $440 million of non-sustaining capital expenditures related to the development of the Media Luna Project in 2023, which is forecasted to be the peak year of investment. Quarterly expenditures are expected to increase into the second half of 2023, and 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.

Additional detail on the Media Luna Project, including the feasibility study results, can be found in the Company's most recent Technical Report dated effective March 16, 2022, filed on March 31, 2022 ("Technical Report").

With project completion at 24% as of March 31, 2023, the Media Luna Project remains on track for first concentrate production in late 2024.

During the quarter, the Company executed several key purchase orders, including those for the filter presses and positive displacement pump for the paste plant, filter presses for the copper concentrate circuit, the gravity concentrator, the reverse osmosis unit for the water treatment plant, and fixed equipment for the underground operation (conveyors, belt magnets, and vibratory feeders).

The major procurement achievement in the quarter was awarding the purchase order for the primary production fleet to Sandvik, an order worth approximately $63 million with deliveries scheduled to begin in Q3 2023. The order includes 35 vehicles in total, including 15 battery electric vehicles which, according to Sandvik, is the company's third-largest battery electric vehicle fleet order to date.

The process for technical and commercial evaluation of bids for the underground construction vertical development contracts is nearing completion, with contract awards anticipated shortly. Mobilization of the successful underground construction contractor is anticipated during the second quarter of 2023.

The pace of detailed engineering increased during the first quarter of 2023 and continues to track well with procurement activities. Key engineering packages that advanced during the quarter included equipment specifications for soliciting pricing from vendors, finalization of deliverables ahead of surface construction activities, final orientation of ore and waste handling infrastructure, and initial simulations with charging of batteries for the electric vehicle fleet.

Steady progress was made in advancing the Guajes Tunnel and South Portal Lower. Breakthrough of the Guajes Tunnel on the south side of the Balsas River remains on track for Q1 2024, if not earlier. The thousand plus conveyor tables to be installed in the tunnel have now been ordered from a Mexican supplier and delivery is expected to commence mid-year.

As at the end of April, the Guajes Tunnel had advanced 4,080 metres, with daily advance rates averaging 7.0 metres over the last three months, including a record average daily rate of 7.4 metres in February. At South Portal Lower, development rates have increased throughout 2023 with a 3-month average daily advance rate of 4.3 metres through April (including 5.1 metres per day in April), compared with an average rate of 3.8 metres over the last twelve months. The increased rates reflect improved ground conditions now that tunnelling has moved into the competent granodiorite lithology from the less competent shale and limestone lithologies encountered last year. With the lower access tunnel completed on the south side, development of the main lower spiral ramp is underway and is on track for completion by the end of June.

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

Steady progress was also made on ventilation and in-mine development during the quarter. The Guajes Tunnel ventilation raise was completed and the pilot hole for the first ventilation raise within the Media Luna underground commenced. As at the end of March, there were 18 active headings, including 6 in Media Luna Lower and 12 in Media Luna Upper. Development across all headings continues to advance well, with high monthly development rates achieved as ground conditions have improved and intermittent water inflows are less frequent and well managed. Vertical development was initiated with the start of raise-boring in Media Luna Upper.

New work fronts were started on the north side of the Balsas River during the quarter, including civil development for the water treatment plant as well as rough grading for the 230-kilovolt substation. Expansion of the additional laydown area in Atzcala also commenced, which included mobilization of additional camp modules to house project staff. Installation of new buried power conduits around the flotation plant began in anticipation of starting civil works later this year.

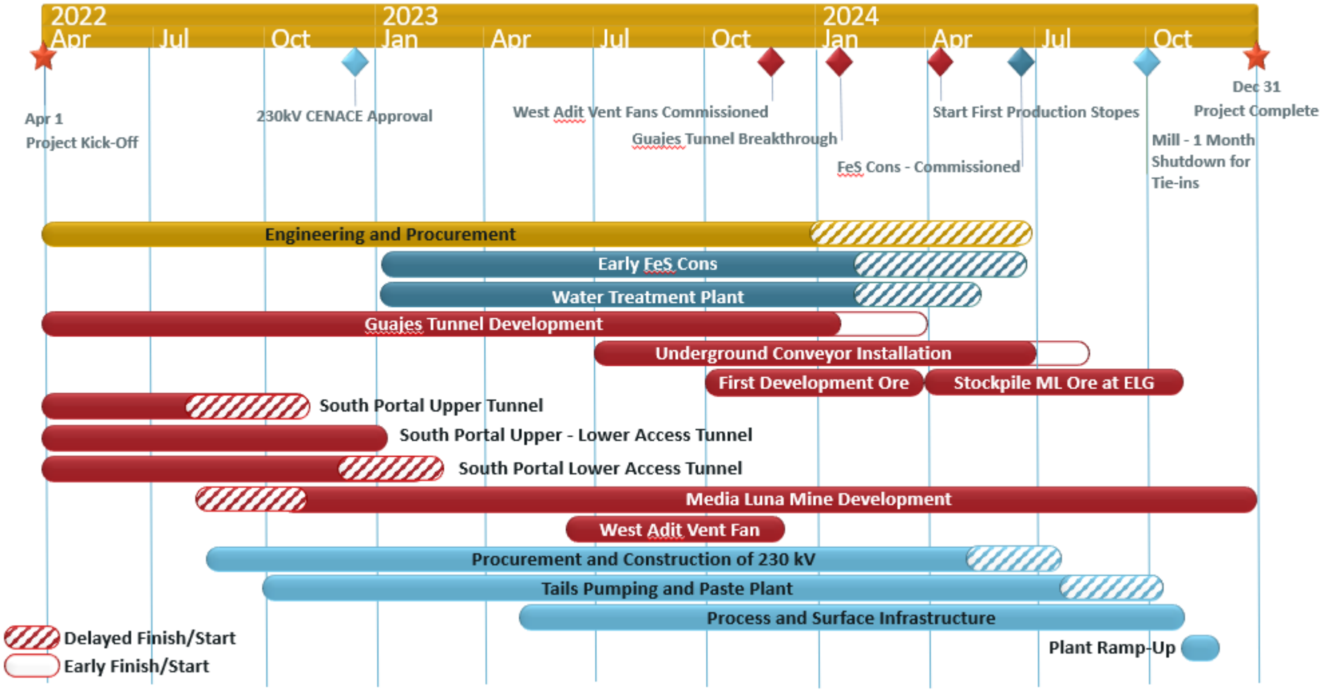
On the south side of the Balsas River, expansion of the construction camp pad continued ahead of the receipt of additional camp modules by the end of June. Slope remediation of the South Portal access road neared completion which, once complete, will allow for civil works to continue at a more rapid pace on the sediment and decant ponds.

During the quarter, final blasts related to the paste plant excavation were completed, with pouring of the concrete generator pad to commence shortly.

In parallel with development and construction activities, the surface and underground operational readiness planning is progressing to plan. 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 (hiring for roles has commenced with initial job-specific training expected to start shortly), developing the operating strategy (including all standard operating procedures), 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 made during the first quarter of 2023, the project execution plan is unchanged compared to the prior plan as reported in the previous quarter.

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



The current project plan relative to the Technical Report reflects the Company's estimates for the completion of key project deliverables. These updated deliverables have not impacted the overall project schedule given the original plan had assumed the potential for schedule adjustments and the possibility for supply chain disruptions.

EXPLORATION AND DRILLING ACTIVITIES

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

Table 6.

In millions of U.S. dollars		**Total 2023 Expenditure**	Guided 2023 Expenditure	Total 2022 Expenditure
Media Luna drilling - capitalized[1]	$	**3.1**	20.0	19.2
ELG:				
ELG infill and step-out drilling - capitalized[2]	$	**2.1**	6.0	4.0
ELG near mine program - expensed[3]	$	**1.3**	6.0	5.3
Regional exploration and drilling - expensed[3]	$	**0.3**	2.0	3.2
Definition and grade control drilling - expensed[4]	$	**1.7**	5.0	4.8
Total	$	**8.5**	39.0	36.5

1. Included in non-sustaining capital.
2. Includes $1.8 million in sustaining capital and $0.3 million in non-sustaining capital.
3. Included in exploration and evaluation expenses as reported on the Condensed Consolidated Interim Statements of Operations and Comprehensive Income.
4. Included in production costs as reported on the Condensed Consolidated Interim Statements of Operations and Comprehensive Income.

Media Luna Drilling

During the first quarter of 2023, a total of 8,940 metres were drilled in the Media Luna cluster, which included the EPO infill program and EPO expansion program (targeting mineralization to the north of EPO). Expansion drilling targeting mineralization between EPO and Media Luna West is expected to commence later this year.

The EPO program is divided into two phases. The objective of the first phase is to upgrade Inferred Resources to Indicated Resources, referred to as the infill drill program. At the end of the first quarter, the Company had completed 6,119 metres of drilling, approximately 33% of the infill drilling program. Results from these holes are pending.

The second phase is to add additional Inferred Resources, referred to as the expansion drill program, to the north and south of EPO. The expansion drill program started with holes to the north of EPO. These holes confirm the continuity of the skarn to the north and provide valuable geological information to improve the geological model of the area (skarn and dikes geometry). Results from these holes are pending. At the end of the first quarter, the Company had completed 2,821 metres, approximately 16% of the expansion drill program.

The Media Luna Cluster drilling program in 2023 will targeting mineralizaton between the EPO deposit and the Media Luna West target. The objective of the program is to define the size and continuity of the skarn following the geophysics anomalies and the structural patterns recognized in both Media Luna and EPO during the recent years.

The original Media Luna Cluster drill program planned the use of five rigs, however, due to pending environmental permits, the program will be conducted with three rigs. Despite these constraints, the Company is advancing the program as planned.

ELG Infill and Step-Out Drilling

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

Infill drilling is targeting to upgrade Inferred Resources to the Measured and Indicated Resource categories within the open pits and the Sub-Sill and ELD underground deposits. Step-out drilling is targeting to expand known mineralization and/or upgrade mineralized material to new Mineral Resources in lateral and vertical extensions to current underground workings in both deposits, as well as expanding underground resource in other zones such as Sub-Sill South and El Limón Sur Deep.

The 2023 underground program started in January with three drill rigs in full operation and will continue to focus on southern and deep extensions of the ELD and Sub Sill Extension deposits, including the new Sub-Sill South area, from existing and new drilling infrastructure in the Portal 3 area.

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

In 2023, the Company plans to drill 30,000 metres within ELG Underground through a mix of infill and step-out drilling, compared to 21,922 metres drilled in 2022. As at the end of the first quarter of 2023, 12,458 metres of drilling, representing 42% of the planned ELG Underground program, have been completed. Infill drilling has been prioritized at ELD and Sub-Sill South given the potential to optimize the underground mine plans.

With respect to the progress of infill drilling at the El Limón and El Limón Sur open pits, 1,585 metres of infill drilling has been completed.

ELG Near Mine Program

The objective of the near mine drilling program is to explore additional geological potential within the ELG Mine Complex and identify new mineralized material. Over the last year, the ELG operations and exploration geology teams have conducted an extensive evaluation of the potential for additional discoveries around ELG mining areas. Nine well-supported target areas in the near-mine environment have been identified. In 2022, a total of 28,763 metres were drilled in areas around current operations at ELG, with a view to identifying and prioritizing the best targets to follow up in 2023. The 2023 program allocated a total of 27,000 metres for definition of new underground resources along El Limón Sur Trend and delineation of underground resources at El Limón East and at Polvorin in the Guajes area.

During the first quarter of 2023, 6,790 metres in 21 holes were drilled at the El Limón Sur Trend and El Limón East areas in order to test the underground potential south and east of the current underground operations.

The geological information obtained from the drilling is considered positive as it confirms the presence of skarn in deep levels of Sub-Sill South and El Limón Sur. Two holes drilled to test the magnetic anomaly at El Limón East area provided good geological information on the position of the contact between the intrusive and the marbles and confirming the presence of skarn approximately 500 metres below the surface in this part of the ELG Mine Complex. Sample analysis is in progress.

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 $1.2 million in the 2023 budget to fund the expansion of a regional greenfield exploration program within the Morelos Property. This budget includes consultants for new studies, land access and environmental permits.

The program will be focused on continuing to evaluate the potential of the targets explored in recent years such as Querenque, in which the surface sampling results shows a new extension of the known breccia. At the end of the first quarter of 2023, the Company obtained the surface access permits to start the mapping of the Tecate area, which is located near Querenque.

From the results of the exploration holes drilled in 2022 (~800 metres west of EPO), a complete review of the southwest area is planned. This area was explored in the past (2012-2014) with some holes that intersected skarn alteration; however, deemed uneconomic at the time. From the learnings and prospective results during the recent infill and exploration programs at Media Luna and EPO, these areas are being revisited with a different approach. This will include re-logging, review of the mapping, and sampling, among other techniques and studies.

Another key aspect of the 2023 exploration at the Morelos Property is to refine and further improve the ranking methodologies to focus future effort in the most prospective areas, both north and south of the Balsas River.

FINANCIAL CONDITION REVIEW

Summary of the Condensed Consolidated Interim Statements of Financial Position

The following table summarizes key financial position items as at March 31, 2023:

Table 7.

In millions of U.S. dollars		**Mar 31, 2023**		Dec 31, 2022
Cash and cash equivalents	**$**	**321.9**	$	376.0
Value-added tax receivables		**49.5**		48.2
Inventory		**107.3**		120.2
Deferred income tax assets		**115.9**		90.4
Property, plant and equipment		**993.9**		931.9
Other assets		**30.2**		26.6
Total assets	**$**	**1,618.7**	$	1,593.3
Accounts payable and accrued liabilities	**$**	**132.6**	$	132.8
Income taxes payable		**50.4**		107.9
Deferred income tax liabilities		**8.2**		11.4
Decommissioning liabilities		**37.3**		40.5
Other liabilities		**31.4**		10.6
Total liabilities	**$**	**259.9**	$	303.2
Total shareholders' equity	**$**	**1,358.8**	$	1,290.1

Cash and cash equivalents

The Company ended the first quarter of 2023 with cash and cash equivalents on hand of $321.9 million. The Company primarily holds cash balances in U.S dollars but also holds accounts in Canadian dollars and Mexican pesos for operating and administrative purposes.

Value-added tax (“VAT”) receivables

VAT increased by $1.3 million compared to December 31, 2022, primarily as a result of the currency translation as the VAT receivables are primarily denominated in Mexican pesos. The VAT receivables balance fluctuates as additional VAT is paid and refunds are received, as well as with the movement of the Mexican peso exchange rate relative to the U.S. dollar and any provisions. As at March 31, 2023, the VAT receivables of $49.5 million is comprised of $44.5 million in current assets and $5.0 million in non-current assets.

Inventory

The decrease in inventory is largely due to lower stockpile and gold in-circuit ending balances, partially offset by an increase in finished goods.

Deferred income tax assets

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

Property, plant and equipment

Property, plant and equipment increased due to additions of $112.1 million, partially offset by depreciation of $46.5 million and a decrease in the estimated discounted closure and rehabilitation costs on decommissioning liabilities of $3.6 million. Refer to Table 11 for a breakdown of capital expenditures during the first three months of 2023.

Other assets

The other assets balance includes accounts receivable, prepaid expenses, advances and deposits and derivative contract assets. The increase in other assets is primarily due an increase in trade receivables of $8.0 million as a result of the timing of sales and receipts, partially offset by a decrease of $5.5 million in the current asset portion of the derivative contracts based on an increase in gold forward prices during the first quarter of 2023.

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are largely consistent with December 31, 2022.

Decommissioning liabilities

Decommissioning liabilities decreased by $3.2 million primarily due to the effect of discounting, partially offset by increases due to additional disturbances as a result of ongoing mining operations and the development of Media Luna and the effect of foreign exchange rate changes.

Income taxes payable

The decrease in the balance is primarily due to corporate income tax payments of $46.1 million and the 7.5% Mexican mining royalty of $29.4 million paid in the first quarter of 2023 in respect of 2022, partially offset by income tax expense of $16.8 million.

Other liabilities

Other liabilities include lease obligations, of which $2.7 million is in current liabilities and $0.8 million in non-current liabilities, as well as a current liability of $11.0 million and a non-current liability of $12.7 million relating to the derivative contracts based on gold forward prices as at March 31, 2023.

DEBT FINANCING

2022 Revolving Facility and Term Loan

On August 17, 2022, the Company (as borrower) signed a Fourth Amended and Restated Credit Agreement (the “FARCA”) with the Bank of Montreal, Bank of Nova Scotia, Canadian Imperial Bank of Commerce, ING Capital LLC, National Bank of Canada, and Société Générale in connection with a secured $250.0 million debt facility (the “Debt Facility”), replacing the Third Amended and Restated Credit Agreement (under which the Company’s subsidiary Minera Media Luna, S.A. de C.V (“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 March 31, 2023, the Company had nil borrowings on the Debt Facility and had utilized $7.9 million for letters of credit, reducing the available liquidity of the Debt Facility to $242.1 million (December 31, 2022 - nil, $3.4 million and $246.6 million, respectively). 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.

In May 2023, the Company amended the existing Debt Facility to a Sustainability-Linked Loan ("SLL"), which integrates ESG performance measures. The SLL includes incentive pricing terms related to achieving various Sustainability Performance Targets ("SPTs") including those in safety, climate change, and alignment with the World Gold Council's Responsible Gold Mining Principles ("RGMPs"). The SPTs linked to the revised financing terms have been set for fiscal years 2023 and 2024, considering the current loan maturity of June 30, 2025 for the Term Facility and December 31, 2025 for the Revolving Facility. The SPTs are aligned with the Company's sustainability targets described in the "2023 Objectives" section of this MD&A.

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 March 31, 2023, the Company was in compliance with the financial and other covenants under the FARCA. The FARCA is available under the Company's profile on SEDAR at www.sedar.com.

LIQUIDITY AND CAPITAL RESOURCES

The total assets of the Company as at March 31, 2023 were $1,618.7 million (December 31, 2022 - $1,593.3 million), which includes $321.9 million in cash and cash equivalents (December 31, 2022 - $376.0 million).

Net cash generated from operating activities before changes in non-cash operating working capital was $61.9 million during the first three months of 2023, compared to $60.8 million during the three months ended March 31, 2022. The increase in net cash generated from operating activities before changes in non-cash operating working capital of $1.1 million is largely due to the higher ounces of gold sold and the higher average realized gold price, partially offset by higher income taxes paid and higher production costs.

Net cash used in investing activities during the first three months of 2023 was $101.2 million compared to $64.8 million during the three months ended March 31, 2022. Net cash used in investing activities was higher primarily due to an increase in additions to property, plant and equipment related to the Media Luna Project.

Net cash used in financing activities during the first three months of 2023 related to lease principal payments of $0.8 million, and interest paid of $0.5 million. The net cash used in financing activities for the comparative period related to lease principal payments of $0.6 million and interest paid of $0.5 million.

The Company does not currently have any debt outstanding and has $142.1 million available under the Revolving Facility with $7.9 million utilized for letters of credit, and $100.0 million available under the Term Facility. The Revolving Facility matures on December 31, 2025 and is subject to quarterly commitment reductions of $12.5 million commencing on March 31, 2024. The Term Facility can be drawn until December 31, 2023, matures on June 30, 2025 and is subject to four equal quarterly repayment instalments commencing on September 30, 2024. The Company expects to fund the development of the Media Luna Project and its exploration plans using available liquidity, including the Debt Facility, and forecasted future cash flow. The Company continues to assess alternatives including the high yield market, assuming favourable market conditions and pricing.

As at March 31, 2023, the Company's contractual obligations included office lease agreements; office equipment leases; long-term land lease agreements with Rio Balsas, Real del Limón, Atzcala, Puente Sur Balsas and Valerio

Trujano Ejidos and the individual owners of land parcels within certain of those Ejido boundaries; and contractual commitments related to the purchases of goods and services used in the operation of the ELG Mine Complex and the Media Luna Project. All long-term land lease agreements can be terminated within one year at the Company's discretion at any time without penalty.

In addition, production revenue from certain concessions is subject to a 2.5% royalty payable to the Mexican Geological Survey agency. The royalty is accrued based on revenue and is payable on a quarterly basis. In January 2023, the Company paid $5.6 million for the 2.5% royalty relating to the fourth quarter of 2022. As at March 31, 2023, the Company has accrued $5.8 million for the 2.5% royalty relating to the first quarter of 2023 (December 31, 2022 - $5.6 million relating to the fourth quarter of 2022). In April 2023, the Company paid $5.9 million for the 2.5% royalty relating to the first quarter of 2023.

The Company is subject to a mining tax of 7.5% on taxable earnings before the deduction of taxes, interest, depreciation and amortization, and a royalty of 0.5% on sales of gold, silver and platinum. Both the mining tax and royalty are payable to the Servicio de Administración Tributaria on an annual basis in the following year. In March 2023, the Company paid $34.2 million in respect of the 7.5% and 0.5% royalties for 2022. As at March 31, 2023, the Company has accrued $7.9 million and $1.1 million for the 7.5% and 0.5% royalties to be paid in March 2024, respectively (December 31, 2022 - $28.0 million and $4.3 million accrued for the 7.5% and 0.5% royalties to be paid in March 2023, respectively).

Gold production during the second and third quarters are expected to be closer to the bottom end of the quarterly run-rate implied by full year guidance. The Company's mine plan for the next two quarters reflects the conclusion of mining in the Guajes open pit, a heavy focus on waste stripping in the El Limón open pit and a drawdown of stockpiles. Given the mine plan, total cash costs and all-in sustaining costs during second and third quarters are expected to be above the upper end of the annual guided range for those quarters only. Production and costs are expected to return to usual levels in the fourth quarter, with higher processed grades and the increased level of ore production. Notwithstanding these planned quarter on quarter movements, the Company is well on track to achieve annual guidance. However, given timing of tax and employee profit sharing payments, the Company's net cash generated from operating activities is generally weighted towards the second half of the year as was the case in 2022 and 2021. Production in the first quarter of 2023 was higher than production during the fourth quarter of 2022, primarily due to a record processing plant throughput, partially offset by a lower average gold recovery and lower average grade of ore processed.

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

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

Contractual Commitments

Table 8.

In millions of U.S. dollars		Payments Due by Period Total	Less than 1 year	1-3 years	4-5 years	Greater than 5 years
Operating commitments[1]	$	321.2	205.4	115.8	-	-
Capital commitments[1]	$	358.6	154.7	203.9	-	-
Accounts payable and accrued liabilities	$	132.6	132.6	-	-	-
Lease obligations	$	5.2	3.0	1.7	0.5	-
Total	$	817.6	495.7	321.4	0.5	-

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

Included in capital commitments as at March 31, 2023 is $66.6 million relating to the purchase of mobile equipment for the Media Luna Project, which is expected to be delivered between the third quarter of 2023 and the fourth quarter of 2025.

In May 2023, MML executed a master leasing arrangement in connection with the aforementioned mobile equipment, in which the ownership of the assets was assigned to a financer as lessor and then will be leased to MML. MML expects to recognize the lease obligations and the corresponding right-of-use assets when the underlying assets are available for use by MML. In connection with the assignment of the mobile equipment purchases, MML executed promissory notes totaling $6.2 million relating to advance payments paid by the lessor for the aforementioned mobile equipment purchases, with maturities from January 2024 to August 2024.

OUTSTANDING SHARE DATA

Table 9.

Outstanding Share Data as at May 9, 2023	Number
Common shares	85,885,453
Common share options[1]	24,707
Restricted share units[2, 3]	571,287
Performance share units[4]	607,680

1. Each common share option is exercisable into one common share of the Company. No new common share options may be granted and the plan will be terminated once all outstanding common share options are exercised or have expired.
2. Each restricted share unit is redeemable for one common share of the Company.
3. The balance includes both Restricted Share Units ("RSUs") and Employee Restricted Share Units ("ERSUs") issued under the Restricted Share Unit Plan ("RSU Plan") and the Employee Share Unit ("ESU Plan"), respectively.
4. The number of performance share units that vest is determined by multiplying the number of units granted to the participant by an adjustment factor, which ranges from 0 to 2.0. Therefore, the number of units that will vest and be settled may be higher or lower than the number of units originally granted to a participant. The adjustment factor is based on the Company's total shareholder return relative to a group of comparable companies over the applicable period. Under the terms of the plan, the Board of Directors is authorized to determine the adjustment factor.

NON-GAAP FINANCIAL PERFORMANCE MEASURES

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

Total Cash Costs

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

All-In Sustaining Costs ("AISC")

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

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

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

Table 10.

In millions of U.S. dollars, unless otherwise noted		Three Months Ended **Mar 31, 2023**	Dec 31, 2022	Mar 31, 2022
Gold sold	oz	**118,455**	121,913	108,012
Total cash costs per oz sold				
Production costs and royalties	$	**88.4**	91.0	85.8
Less: Silver sales	$	**(1.5)**	(1.4)	(0.7)
Less: Copper sales	$	**(2.9)**	(2.9)	(4.3)
Total cash costs	$	**84.0**	86.7	80.8
Total cash costs per oz sold	$/oz	**709**	711	748
All-in sustaining costs per oz sold				
Total cash costs	$	**84.0**	86.7	80.8
General and administrative costs[1]	$	**6.6**	5.7	7.8
Reclamation and remediation costs	$	**1.4**	1.4	1.4
Sustaining capital expenditure	$	**35.8**	32.3	21.7
Total all-in sustaining costs	$	**127.8**	126.1	111.7
Total all-in sustaining costs per oz sold	$/oz	**1,079**	1,034	1,034

1. This amount excludes a loss of $3.6 million, loss of $2.5 million and loss of $0.4 million for the three months ended March 31, 2023, December 31, 2022, and March 31, 2022, respectively, in relation to the remeasurement of share-based payments. This amount also excludes corporate depreciation and amortization expenses totalling $0.1 million, nil and $0.1 million for the three months ended March 31, 2023, December 31, 2022, and March 31, 2022, respectively, recorded within general and administrative costs. Included in general and administrative costs is share-based compensation expense in the amount of $1.9 million or $16/oz for the three months ended March 31, 2023, $0.8 million or $7/oz for the three months ended December 31, 2022 and $1.8 million or $16/oz for the three months ended March 31, 2022. This amount excludes other expenses totalling $0.6 million, nil and nil for the three months ended March 31, 2023, December 31, 2022, and March 31, 2022, respectively.

Reconciliation of Sustaining and Non-Sustaining Costs to Capital Expenditures

Table 11.

In millions of U.S. dollars		Three Months Ended **Mar 31, 2023**	Dec 31, 2022	Mar 31, 2022
Sustaining	$	**14.6**	14.8	5.6
Capitalized Stripping	$	**21.2**	17.5	16.1
Non-sustaining	$	**0.7**	6.6	5.3
Total ELG	$	**36.5**	38.9	27.0
Media Luna Project	$	**66.4**	62.6	20.8
Media Luna Infill Drilling/Other	$	**3.1**	4.1	3.9
Working Capital Changes & Other	$	**(6.3)**	(14.8)	13.5
Capital expenditures[1]	$	**99.7**	90.8	65.3

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

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

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

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

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

Table 12.

In millions of U.S. dollars, unless otherwise noted		Three Months Ended		
		Mar 31, 2023	Dec 31, 2022	Mar 31, 2022
Gold sold	oz	**118,455**	121,913	108,012
Revenue	$	**228.8**	216.5	207.7
Less: Silver sales	$	**(1.5)**	(1.4)	(0.7)
Less: Copper sales	$	**(2.9)**	(2.9)	(4.3)
Add: Realized gain on gold contracts	$	**0.5**	5.3	-
Total proceeds	$	**224.9**	217.5	202.7
Total average realized gold price	$/oz	**1,899**	1,784	1,876
Less: Total cash costs	$/oz	**709**	711	748
Total cash costs margin	$/oz	**1,190**	1,073	1,128
Total cash costs margin	%	**63**	60	60

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

AISC margin and AISC margin per oz of gold sold are non-GAAP financial measures that do not have a standardized meaning under IFRS and as such, they may not be comparable to similar financial measures disclosed by other issuers. Management and certain investors use these measures to evaluate the Company's performance and ability to generate operating income to fund its capital investment and service its debt. AISC margin is calculated as revenue per the Condensed Consolidated Interim Statements of Operations and Comprehensive Income, less silver sales, copper sales, realized gains (losses) on gold contracts where applicable, and AISC. All-in sustaining costs margin per oz of gold sold reflects the average realized gold price per oz of gold sold less all-in sustaining costs per oz of gold sold.

Reconciliation of All-in Sustaining Costs Margin to Revenue

Table 13.

In millions of U.S. dollars, unless otherwise noted		Three Months Ended **Mar 31, 2023**	Dec 31, 2022	Mar 31, 2022
Gold sold	oz	**118,455**	121,913	108,012
Revenue	$	**228.8**	216.5	207.7
Less: Silver sales	$	**(1.5)**	(1.4)	(0.7)
Less: Copper sales	$	**(2.9)**	(2.9)	(4.3)
Add: Realized gain on gold contracts	$	**0.5**	5.3	-
Less: All-in sustaining costs	$	**(127.8)**	(126.1)	(111.7)
All-in sustaining costs margin	$	**97.1**	91.4	91.0
Total all-in sustaining costs margin	$/oz	**820**	750	841
Total all-in sustaining costs margin	%	**42**	42	44

Adjusted Net Earnings and Adjusted Net Earnings Per Share

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

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

Reconciliation of Adjusted Net Earnings to Net Income

Table 14.

In millions of U.S. dollars, unless otherwise noted		**Three Months Ended** **Mar 31, 2023**	Dec 31, 2022	Mar 31, 2022
Basic weighted average shares outstanding	shares	**85,869,276**	85,843,808	85,797,699
Diluted weighted average shares outstanding	shares	**86,398,732**	86,166,019	86,091,564
Net income	$	**68.2**	34.6	40.0
Adjustments:				
Unrealized foreign exchange gain	$	**(0.5)**	(0.9)	(1.0)
Change in unrealized gains and losses on derivative contracts	$	**27.1**	25.3	8.2
Remeasurement of share-based payments	$	**3.6**	2.5	0.4
Derecognition of provisions for uncertain tax provisions	$	**(15.2)**	-	-
Tax effect of above adjustments	$	**(9.0)**	(8.1)	(2.3)
Tax effect of currency translation on tax base	$	**(23.9)**	(15.1)	(8.1)
Adjusted net earnings	$	**50.3**	38.3	37.2
Per share - Basic	$/share	**0.59**	0.45	0.43
Per share - Diluted	$/share	**0.58**	0.44	0.43

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

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

Reconciliation of EBITDA and Adjusted EBITDA to Net Income

Table 15.

In millions of U.S. dollars		Three Months Ended **Mar 31, 2023**	Dec 31, 2022	Mar 31, 2022
Net income	$	**68.2**	34.6	40.0
Finance (income) costs, net	$	**(3.0)**	(4.5)	0.4
Depreciation and amortization[1]	$	**49.1**	55.6	46.4
Current income tax expense	$	**16.8**	50.7	24.6
Deferred income tax recovery	$	**(28.6)**	(40.4)	(8.3)
EBITDA	$	**102.5**	96.0	103.1
Adjustments:				
Change in unrealized gains and losses on derivative contracts	$	**27.1**	25.3	8.2
Unrealized foreign exchange gain	$	**(0.5)**	(0.9)	(1.0)
Remeasurement of share-based payments	$	**3.6**	2.5	0.4
Adjusted EBITDA	$	**132.7**	122.9	110.7

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

Free Cash Flow

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

In the first quarter of 2023, the Company revised the calculation of free cash flow to include lease payments, which were previously excluded. The prior periods have been recast to conform with this change. The Company believes that this disclosure more consistently treats all capital expenditure, irrespective of whether it was financed, leased or paid for in cash. As a result, free cash flow reflects total cash outflows related to both capital expenditures and leases.

Table 16.

In millions of U.S. dollars		Three Months Ended **Mar 31, 2023**	Dec 31, 2022	Mar 31, 2022
Net cash generated from operating activities	$	**47.0**	132.1	46.7
Less:				
Additions to property, plant and equipment[1]	$	**(99.7)**	(90.8)	(65.3)
Lease payments	$	**(0.8)**	(0.9)	(0.6)
Interest paid	$	**(0.5)**	0.1	(0.5)
Free cash flow	$	**(54.0)**	40.5	(19.7)

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

Net Cash

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

Table 17.

In millions of U.S. dollars		**Mar 31, 2023**	Dec 31, 2022	Mar 31, 2022
Cash and cash equivalents	$	**321.9**	376.0	237.0
Less: Lease obligations	$	**(3.5)**	(3.9)	(3.6)
Net cash	$	**318.4**	372.1	233.4

Unit Cost Measures

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

Table 18.

	Three Months Ended					
In millions of U.S. dollars, unless otherwise noted	**Mar 31, 2023**		Dec 31, 2022		Mar 31, 2022	
Gold sold (oz)	**118,455**		121,913		108,012	
Tonnes mined - open pit (kt)	**9,354**		9,505		10,019	
Tonnes mined - underground (kt)	**156**		155		114	
Tonnes processed (kt)	**1,177**		1,141		1,134	
Total cash costs:						
Total cash costs ($)	**84.0**		86.7		80.8	
Total cash costs per oz sold ($)	**709**		711		748	
Breakdown of production costs	**$**	**$/t**	**$**	**$/t**	**$**	**$/t**
Mining - open pit	**28.4**	**3.03**	28.6	3.01	25.7	2.57
Mining - underground	**12.6**	**80.42**	10.9	70.19	9.8	86.14
Processing	**39.7**	**33.72**	38.2	33.43	37.2	32.77
Site support	**12.1**	**10.25**	13.2	11.54	11.0	9.66
Mexican profit sharing (PTU)	**5.5**	**4.64**	3.9	3.43	8.1	7.16
Capitalized stripping	**(21.2)**		(17.5)		(16.1)	
Inventory movement	**3.5**		6.2		2.7	
Other	**0.9**		0.8		1.2	
Production costs	**81.5**		84.3		79.6	

ADDITIONAL IFRS FINANCIAL MEASURES

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

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

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

ECONOMIC TRENDS

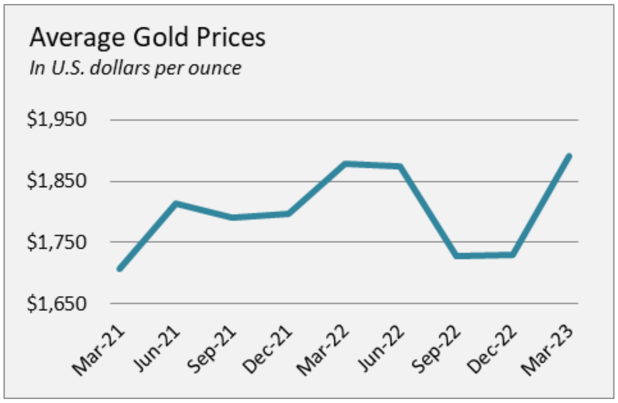
The market price for gold and foreign currency exchange rates are the most significant external factors that affect the Company's financial performance.

Table 19.

		Three Months Ended	
		Mar 31, 2023	Mar 31, 2022
Average market spot prices[1]			
Gold	$/oz	**1,891**	1,878
Closing market exchange rates[2]			
Mexican peso : U.S. dollar	Peso : $	**18.0**	19.9
Canadian dollar : U.S. dollar	C$: $	**1.35**	1.25
Average market exchange rates[2]			
Mexican peso : U.S. dollar	Peso : $	**18.7**	20.5
Canadian dollar : U.S. dollar	C$: $	**1.35**	1.27

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

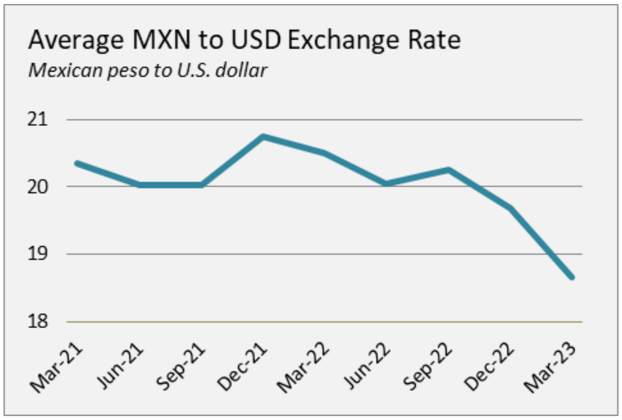
Metal prices



The Company's profitability and operating cash flows are significantly impacted by the price of gold. From December 31, 2022 to March 31, 2023 based on closing prices, gold prices increased 8%. From December 31, 2021 to March 31, 2022 based on closing prices, gold prices increased 6%. The Company has taken initiatives to mitigate price uncertainty during the development of the Media Luna Project. As at March 31, 2023, the remaining gold forward contracts have a weighted average price of $1,952 per ounce to sell 255,000 ounces of gold between April 2023 and December 2024. For details of the remaining gold forward contracts, refer to Table 21.

The functional currency of the Company and its subsidiaries is the U.S. dollar, and it is, therefore, exposed to financial risk related to foreign exchange rates. Changes in exchange rates are expected to have

Foreign exchange rates



an impact on the Company's results. In particular, approximately 60% of the Company's payments for the first three months of 2023 were incurred in Mexican pesos. In addition, the Company is exposed to foreign exchange risk on its non-U.S. dollar denominated monetary assets and liabilities. The average exchange rates of the Mexican peso relative to the U.S. dollar were 18.7 and 20.5 pesos to $1 during the three months ended March 31, 2023 and 2022, respectively, representing an appreciation of 9.0% in the Mexican peso.

SUMMARY OF QUARTERLY RESULTS

Quarterly Results for the Eight Most Recently Completed Quarters

Table 20.

		2023	2022				2021		
In millions of U.S. dollars, unless otherwise noted		**Mar 31**	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30
Financial Results									
Revenue	$	**228.8**	216.5	209.3	235.0	207.7	202.0	216.7	205.9
Net income (loss)	$	**68.2**	34.6	43.9	70.3	40.0	(0.5)	36.5	60.7
Per share - Basic	$/share	**0.79**	0.40	0.51	0.82	0.47	(0.01)	0.43	0.71
Per share - Diluted	$/share	**0.79**	0.40	0.51	0.80	0.46	(0.01)	0.41	0.69

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

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

OFF-BALANCE SHEET ARRANGEMENTS

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

ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

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

RECENT ACCOUNTING PRONOUNCEMENTS

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

FINANCIAL RISK MANAGEMENT

The Company examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include liquidity risk, foreign currency risk, commodity price risk and interest rate risk, and are detailed in Note 15 of the Company's unaudited condensed consolidated interim financial statements for the three months ended March 31, 2023.

Commodity Price Risk

The Company has taken initiatives to mitigate price uncertainty during the development of the Media Luna Project.

In the first quarter of 2022, the Company executed monthly forward price contracts on future gold production to sell 138,000 ounces of gold (approximately 25% of production) between October 2022 and December 2023 at a weighted average price of $1,921 per oz.

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

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

In March 2023, the Company executed additional monthly forward price contracts on future gold production. Under the contracts, the Company will sell 66,000 ounces of gold between July 2023 and June 2024 at prices ranging from $2,009 per oz to $2,012 per oz (or at a weighted average price of $2,010 per oz).

Table 21.

Settlement Date (Quarter)	Weighted Average Price ($/oz)	Quantity (Oz)
Q2 2023	1,924	27,000
Q3 2023	1,957	43,500
Q4 2023	1,957	43,500
Q1 2024	1,966	43,500
Q2 2024	1,966	43,500
Q3 2024	1,939	27,000
Q4 2024	1,939	27,000
Total	1,952	255,000

RISKS AND UNCERTAINTIES

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

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

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

Mining Law Reforms

While we expect that the Company's existing mining concessions and other permits will not be materially impacted by the Mining Law Reforms based on our initial analysis, the legislation is substantial and further analysis is being undertaken. In addition, the Mexican government will draft regulations to give effect to the more general provisions of the legislation for the purpose of interpretation, clarification and to provide operating parameters. Accordingly, until such time as a full analysis of the legislation and the pending regulations is complete there can be no assurance that the Mining Law Reforms will not have a material impact on the Company's operations and plans.

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

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

There was no change in the Company's internal control over financial reporting that occurred during the first quarter of 2023 that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

Disclosure Controls and Procedures

Disclosure controls and procedures have been designed to provide reasonable assurance that all relevant information required to be disclosed by the Company is accumulated and communicated to senior management as appropriate to allow timely decisions regarding required disclosure. The Company's President and Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation of the design of the disclosure controls and procedures, that as at March 31, 2023, the Company's disclosure controls and procedures have been designed effectively to provide reasonable assurance that material information is made known to them by others within the Company.

Limitations of Controls and Procedures

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

QUALIFIED PERSONS

The scientific and technical information contained in this MD&A pertaining to Mineral Reserves has been reviewed and approved by Johannes (Gertjan) Bekkers, P.Eng., Vice President, Mine Technical Services of Torex Gold Resources Inc. and a Qualified Person under NI 43-101.

The scientific and technical information contained in this MD&A pertaining to Mineral Resources has been reviewed and approved by Carolina Milla, P.Eng., Principal, Mineral Resources of Torex Gold Resources Inc. and a Qualified Person under NI 43-101.

ADDITIONAL INFORMATION

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

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

Table 22.

	Tonnes (kt)	Au (gpt)	Ag (gpt)	Cu (%)	Au (koz)	Ag (koz)	Cu (Mlb)	AuEq (gpt)	AuEq (koz)
Media Luna Underground									
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**
ELG Open Pit									
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
Proven & Probable	**8,403**	**3.20**	**4.4**	**0.15**	**863**	**1,195**	**27**	**3.27**	**885**
ELG Underground									
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
Proven & Probable	**2,563**	**5.83**	**7.3**	**0.25**	**480**	**598**	**14**	**6.17**	**508**
Surface Stockpiles									
Proven	4,655	1.26	3.1	0.07	188	470	7	1.30	195
Probable	-	-	-	-	-	-	-	-	-
Proven & Probable	**4,655**	**1.26**	**3.1**	**0.07**	**188**	**470**	**7**	**1.30**	**195**
Total Morelos Complex									
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
Proven & Probable	**38,638**	**2.91**	**17.1**	**0.58**	**3,609**	**21,206**	**493**	**3.98**	**4,947**

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.

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

Table 23.

	Tonnes (kt)	Au (gpt)	Ag (gpt)	Cu (%)	Au (koz)	Ag (koz)	Cu (Mlb)	AuEq (gpt)	AuEq (koz)
Media Luna Underground									
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
Measured & Indicated	**27,390**	**3.17**	**30.9**	**1.07**	**2,796**	**27,168**	**645**	**5.30**	**4,669**
Inferred	7,322	2.54	23.0	0.88	598	5,422	143	4.27	1,006
ELG Open Pit									
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
Measured & Indicated	**11,304**	**3.00**	**4.5**	**0.15**	**1,090**	**1,650**	**37**	**3.08**	**1,119**
Inferred	1,385	1.92	2.2	0.06	85	100	2	1.95	87
ELG Underground									
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
Measured & Indicated	**5,016**	**5.68**	**8.1**	**0.30**	**916**	**1,304**	**33**	**6.26**	**1,009**
Inferred	1,480	5.45	10.2	0.30	259	485	10	6.05	288
EPO Underground									
Measured	-	-	-	-	-	-	-	-	-
Indicated	4,050	2.37	34.8	1.48	308	4,528	132	5.16	671
Measured & Indicated	**4,050**	**2.37**	**34.8**	**1.48**	**308**	**4,528**	**132**	**5.16**	**671**
Inferred	5,634	1.79	31.3	1.17	324	5,668	145	4.04	732
Total Morelos Complex									
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
Measured & Indicated	**47,760**	**3.33**	**22.6**	**0.80**	**5,110**	**34,650**	**847**	**4.86**	**7,468**
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:

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, 2022.
3. 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.
4. Gold equivalent ("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 Ms. Carolina Milla, P.Eng. (Alberta), Principal, Mineral Resources

Notes to accompany Media Luna Underground Mineral Resources:

9. The effective date of the estimate is December 31, 2022.
10. Mineral Resources are reported above a 2.0 g/t AuEq cut-off grade.
11. Metallurgical recoveries at Media Luna average 85% for Au, 79% for Ag, and 91% for Cu.
12. Media Luna Underground AuEq = Au (g/t) + (Ag (g/t) * 0.0119) + (Cu (%) * 1.6483). AuEq calculations consider both metal prices and metallurgical recoveries.
13. 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:

14. The effective date of the estimate is December 31, 2022.
15. Average metallurgical recoveries are 89% for Au, 30% for Ag and 23% for Cu.
16. ELG Open Pit AuEq = Au (g/t) + (Ag (g/t) * 0.0043) + (Cu (%) * 0.4001). AuEq calculations consider both metal prices and metallurgical recoveries.
17. Mineral Resources are reported above an in-situ cut-off grade of 0.78 g/t Au.
18. 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:

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

Notes to accompany EPO Underground Mineral Resources:

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

CAUTIONARY NOTES

Forward-Looking Statements

This MD&A contains “forward-looking statements” and “forward-looking information” within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, information with respect to the future mining, development and exploration plans concerning the Morelos Property; the adequacy of the Company’s financial resources; the Company’s key strategic objectives to optimize and extend production from the ELG Mine Complex, de-risk and advance Media Luna to commercial production, build on ESG excellence, and to grow through ongoing exploration across the entire Morelos Property; plans to realize the full potential of the Morelos Property and opportunities to acquire assets that enable diversification and deliver value to shareholders; the Company’s 2023 objectives as described in the MD&A; the Company’s 2023 objectives as described in the MD&A; the summary of the Media Luna Project schedule. Forward-looking information also includes, but is not limited to, the following forward-looking statements: the Company is on track to meet annual production guidance of 440,000 to 470,000 ounces, achieve full year total cash costs guidance of $740 to $780 per oz and all-in sustaining costs guidance of $1,080 to $1,130 per ounce; the pace of investment is expected to increase into the second half of 2023 and 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; the project continues to track to overall schedule and budget; the Company’s annual production, cost and capital expenditure guidance for 2023 remains unchanged and there has been no change to the operational outlook for 2023; gold production during the second and third quarters are expected to be closer to the bottom end of the quarterly run-rate implied by full year guidance; the Company’s mine plan for the next two quarters reflects the conclusion of mining in the Guajes open pit, a heavy focus on waste stripping in the El Limón open pit and a drawdown of stockpiles; total cash costs and all-in sustaining costs during second and third quarters are expected to be above the upper end of the annual guided range for those quarters only and production and costs are expected to return to usual levels in the fourth quarter, with higher processed grades and the increased level of ore production; the Mining Law Reforms are not anticipated to be retroactive and consequently, Torex’s existing mining concessions and other permits are not expected to be materially impacted; total budgeted spend post March 31, 2022 related to the development of the Media Luna Project is unchanged at $874.5 million; the Company expects to incur $390 to $440 million of non-sustaining capital expenditures related to the development of the Media Luna Project in 2023, which is forecasted to be the peak year of investment; quarterly expenditures are expected to increase into the second half of 2023, and 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; the Media Luna Project remains on track for first concentrate production in late 2024; the award of the underground construction vertical development contracts is anticipated shortly; mobilization of the successful underground construction contractor is anticipated during the second quarter of 2023; breakthrough of the Guajes Tunnel on the south side of the Balsas River remains on track for Q1 2024, if not earlier; delivery of the conveyor tables to be installed in the tunnel is expected to commence mid-year; the surface and underground operational readiness planning is progressing to plan to ensure a smooth ramp up to commercial production in the first quarter of 2025; the significant potential to expand Mineral Reserves in ELG Underground, within the broader Media Luna area, and across the entire Morelos land package; the expansion drilling targeting mineralization between EPO and Media Luna West is expected to commence later this year; the objective of the first phase of the EPO program is to upgrade Inferred Resources to Indicated Resources, referred to as the infill drill program; the second phase of the EPO program is to add additional Inferred Resources, referred to as the expansion drill program, to the north and south of EPO; the Media Luna Cluster drilling program in 2023 will targeting mineralizaton between the EPO deposit and the Media Luna West target; the objective of the program is to define the size and continuity of the skarn following the geophysics anomalies and the structural patterns recognized in both Media Luna and EPO during the recent years; infill and step-out drilling is carried out annually at ELG to increase the confidence in the Mineral Resource models used in the mine plans and to expand the existing resources along extensions to current operations, respectively; infill drilling is targeting to upgrade Inferred Resources to the Measured and Indicated Resource categories within the open pits and the Sub-Sill and ELD underground deposits; step-out drilling is targeting to expand known mineralization and/or upgrade mineralized material to new Mineral Resources in lateral and vertical extensions to current underground workings in both deposits, as well as expanding underground resource in other zones such as Sub-Sill South and El Limón Sur Deep; the objective of the near mine drilling program is to explore additional geological potential within the ELG Mine Complex and identify new mineralized material. the 2023 program allocated a total of 27,000 metres for definition of new underground resources along El Limón Sur Trend and delineation of underground resources at El Limón East and at Polvorin in the Guajes area; 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.

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

Forward-looking information and statements are based on the assumptions discussed in the Technical Report, AIF and this MD&A, the annual MD&A, the Climate Change Report, and such other reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect. Although the Company believes that the assumptions and expectations reflected in such forward-looking information are reasonable, undue reliance should not be placed on forward-looking information because the Company can give no assurance that such expectations will prove to be correct. The forward-looking information contained herein is presented for the purposes of assisting investors in understanding the Company's expected financial and operating performance and the Company's plans and objectives and may not be appropriate for other purposes. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

May 9, 2023