TOREX GOLD RESOURCES INC.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual and special meeting of shareholders (the "**Meeting**") of Torex Gold Resources Inc. (the "**Company**") will be held at Vantage Venues, 150 King Street West, 27th Floor, Toronto, Ontario on June 21, 2018 at 10:00 a.m. (Toronto time), for the following purposes:

(a) to receive the audited financial statements of the Company for the year ended December 31, 2017 and the report of the auditors thereon;

(b) to elect directors of the Company for the ensuing year;

(c) to re-appoint KPMG LLP, Chartered Professional Accountants, as auditors of the Company for the ensuing year and to authorize the directors to fix their remuneration;

(d) to consider and, if deemed appropriate, pass, with or without variation, a non-binding advisory resolution on executive compensation; and

(e) to transact such other business as may properly come before the Meeting or any adjournment or adjournments thereof.

This notice is accompanied by a management information circular, a form of proxy, and a supplemental mailing list and consent for electronic delivery return card (collectively, the "**Meeting Materials**"). For those shareholders who did not request to receive a copy of the Company's audited financial statements, a copy is available upon request to the Company and can also be found on the Company's website at **www.torexgold.com** or on SEDAR at **www.sedar.com**.

This year, as described in the notice and access notification mailed to shareholders of the Company, the Company has decided to deliver the Meeting Materials to all registered and non-registered shareholders by posting it to the website found at **www.envisionreports.com/HGIQ2018**. The use of this alternative means of delivery is more environmentally friendly as it will reduce paper use and it will also reduce the Company's printing and mailing costs. The Meeting Materials will also be available on SEDAR at **www.sedar.com**. The Company pays the cost of delivery of proxy materials for all registered and non-registered shareholders.

Shareholders may request copies of the Meeting Materials at no cost by calling toll-free at 1-866-962-0498; or, if outside of North America, by calling 514-982-8716, up to the date of the Meeting or any adjournment thereof, or thereafter by contacting the Company at 647-260-1500.

If you would like more information about the "notice-and-access" rules, please contact Computershare Investor Services Inc., the Company's registrar and transfer agent, toll-free at 1-866-964-0492.

Shareholders who are unable to attend the Meeting are requested to complete, date, sign and return the form of proxy.

The board of directors of the Company has by resolution fixed the close of business on May 10, 2018 as the record date, being the date for the determination of the registered holders of common shares entitled to notice of and to vote at the Meeting and any adjournment or adjournments thereof.

The board of directors of the Company has by resolution fixed 5:00 p.m. (Toronto time) on June 19, 2018, or 48 hours (excluding Saturdays, Sundays and holidays) before any adjournments, as the time by which proxies to be used or acted upon at the Meeting or any adjournment or adjournments thereof shall be deposited with the Company's transfer agent, Computershare Investor Services Inc., in accordance with the instructions set forth in the accompanying management information circular and in the form of proxy.

Late proxies may be accepted or rejected by the Chairman of the Meeting in his discretion, and the Chairman is under no obligation to accept or reject any particular late proxy.

DATED at Toronto, Ontario this 10th day of May, 2018.

BY ORDER OF THE BOARD OF DIRECTORS

Fred Stanford
President and Chief Executive Officer

TOREX GOLD RESOURCES INC.

MANAGEMENT INFORMATION CIRCULAR

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TOREX GOLD RESOURCES INC.

MANAGEMENT INFORMATION CIRCULAR

Business of the Meeting

1. Receive Financial Statements

The audited consolidated financial statements ("**Financial Statements**") for the year ended December 31, 2017, as well as management's discussion and analysis for Torex Gold Resources Inc. ("**Torex**" or the "**Company**") for the year ended December 31, 2017, will be presented at the annual and special meeting of shareholders (the "**Meeting**") of the Company to be held at the time and place and for the purposes set forth in the accompanying Notice of Annual and Special Meeting.

A copy of the Financial Statements and the auditors' report can be downloaded from the Company's website (www.torexgold.com). You may also request a copy from the Company (see contact details on page 53).

2. Election of Directors

The Board presently consists of nine directors and it is intended that nine directors be elected for the ensuing year. All nine directors will stand for election at the Meeting.

Management does not contemplate that any of the nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, it is intended that discretionary authority shall be exercised by the persons named in the accompanying proxy to vote the proxy for the election of any other person or persons in place of any nominee or nominees unable to serve. Each director elected will hold office until the close of the next annual meeting of shareholders of the Company unless his or her office is earlier vacated.

The Company's by-laws require advance notice to the Company in circumstances where nominations of persons for election to the Board are made by shareholders of the Company, other than pursuant to a requisition of a meeting made pursuant to the provisions of the *Business Corporations Act* (Ontario) (the "**Act**") or a shareholder proposal made pursuant to the provisions of the Act. As at the date hereof, the Company has not received notice of any director nominations by shareholders in connection with the Meeting.

Director profiles begin on page 6 and provide information on each director's background, education, experience and committee membership.

A shareholder may vote *for* all the nominated directors, vote *for* some of them and *withhold* votes for others or *withhold* votes for all the director nominees (see also "Majority Voting for Directors" on page 16).

The Board and management recommend voting FOR all the nominated directors.

Unless authority to do so is withheld, the persons named in the accompanying proxy intend to vote FOR all the nominated directors.

3. Re-appointment of the Auditors

At the Meeting, shareholders will vote on the re-appointment of KPMG LLP, Chartered Professional Accountants, as auditors of the Company for the ensuing year and to authorize the directors to fix their remuneration. KPMG LLP was first appointed as auditors of the Company on March 2, 2010. Additional information on the Company's auditors is included in the Company's most recent Annual Information Form available on SEDAR at **www.sedar.com**.

A shareholder may vote *for* the re-appointment of KPMG LLP or *withhold* their vote.

The Board and management recommend voting FOR re-appointing KPMG as the auditors of the Company.

Unless authority to do so is withheld, the persons named in the accompanying proxy intend to vote FOR the appointment of KPMG LLP, Chartered Professional Accountants, as auditors of the Company until the close of the next annual meeting of shareholders.

4. "Say on Pay" Advisory Vote

The Board has adopted a policy that provides for an annual advisory shareholder vote on executive compensation known as "Say on Pay". The Say on Pay Policy is designed to enhance accountability for the Board's compensation decisions by giving shareholders a formal opportunity to provide their views on the Board's approach to executive compensation through an annual non-binding advisory vote. This is an advisory vote and the results will not be binding upon the Board. However, the Board will take the results of the vote into account, as appropriate, when considering future compensation policies, procedures and decisions and in determining whether there is a need to significantly increase their engagement with shareholders on compensation and related matters. The Company will disclose the results of the shareholder advisory vote as a part of its report on voting results for the Meeting.

The Corporation's approach to executive compensation was accepted at the previous shareholder meeting held on June 21, 2017; 36,825,621 (97.12%) of the votes were "for" and 1,093,526 (2.88%) of the votes were "against" the non-binding advisory resolution.

Shareholders are encouraged to review and consider the detailed information regarding the Company's approach to compensation in the "Statement of Executive and Director Compensation" starting on page 24.

Shareholders may vote *for* or *against* the Say on Pay advisory resolution.

The Board and management recommend voting FOR the Say on Pay advisory resolution.

Unless authority to do so is withheld, the persons named in the enclosed form of proxy intend to vote FOR the Say on Pay resolution.

At the Meeting, Shareholders will be asked to consider the following non-binding advisory resolution on the acceptance of the Company's approach to executive compensation:

"**BE IT RESOLVED THAT**, on an advisory basis and not to diminish the role and responsibilities of the Board, that the Shareholders accept the approach to executive compensation disclosed in the Company's information circular dated May 10, 2018 and delivered in advance of the Meeting."

<u>Solicitation of Proxies</u>

This management information circular is furnished in connection with the solicitation of proxies by management and the directors of Torex Gold Resources Inc. for use at the Meeting of the Company to be held at the time and place and for the purposes set forth in the accompanying Notice of Annual and Special Meeting. References in this management information circular to the Meeting include any adjournment(s) thereof. It is expected that the solicitation will be primarily by mail, using notice and access; however, proxies may also be solicited personally by the directors and by regular employees of the Company. The cost of solicitation will be borne by the Company.

The board of directors (the "**Board**") of the Company has fixed the close of business on May 10, 2018 as the record date, being the date for the determination of the registered holders of securities entitled to receive notice of and to vote at the Meeting. Duly completed and executed proxies must be received by the Company's transfer agent, Computershare Investor Services Inc., at the address indicated on the envelope accompanying the form of proxy no later than 5:00 p.m. (Toronto time) on June 19, 2018, or no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of any adjourned Meeting. Late proxies may be accepted or rejected by the Chairman of the Meeting in his discretion, and the Chairman is under no obligation to accept or reject any particular late proxy.

Unless otherwise stated, the information contained in this management information circular is as of May 10, 2018. **In this management information circular, all dollar amounts referenced, unless otherwise indicated, are expressed in Canadian dollars.**

Appointment and Revocation of Proxies

The persons named in the form of proxy are officers and/or directors of the Company. **A shareholder desiring to appoint some other person, who need not be a shareholder, to represent him or her at the Meeting, may do so by inserting such person's name in the blank space provided in the form of proxy or by completing another proper form of proxy and, in either case, depositing the completed and executed proxy at the office of the Company's transfer agent, Computershare Investor Services Inc., indicated on the envelope accompanying the form of proxy no later than 5:00 p.m. (Toronto time) on June 19, 2018, or no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of any adjourned Meeting.**

A shareholder forwarding the proxy may indicate the manner in which the appointee is to vote with respect to any specific item by checking the appropriate space. If the shareholder giving the proxy wishes to confer discretionary authority with respect to any item of business, then the space opposite the item is to be left blank. The common shares (the "**Common Shares**") of the Company represented by the proxy submitted by a shareholder will be voted in accordance with the directions, if any, given in the proxy.

A proxy given pursuant to this solicitation may be revoked by an instrument in writing executed by a shareholder or by a shareholder's attorney authorized in writing (or, if the shareholder is a corporation, by a duly authorized officer or attorney) and deposited either at the head office of the Company (Torex Gold Resources Inc., Exchange Tower, 130 King Street West, Suite 740, Toronto, Ontario M5X 2A2, Attention: Mary Batoff, General Counsel and Corporate Secretary) at any time up to and including the last business day preceding the day of the Meeting or with the Chairman of the Meeting on the day of the Meeting or in any other manner permitted by law.

Exercise of Discretion by Proxies

The persons named in the form of proxy will vote the Common Shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. **In the absence of such direction, such Common Shares will be voted in favour of the passing of all the resolutions described above. The form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Annual and Special Meeting and with respect to other matters which may properly come before the Meeting.** As at the date hereof, management knows of no such amendments, variations or other matters to come before the Meeting. However, if any other matters which are not now known to management should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.

Voting by Non-Registered Shareholders

Only registered shareholders of the Company or the persons they appoint as their proxies are permitted to vote at the Meeting. Most shareholders of the Company are "non-registered" shareholders ("**Non-Registered Shareholders**") because the Common Shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the Common Shares. Common Shares beneficially owned by a Non-Registered Shareholder are registered either: (i) in the name of an intermediary (an "**Intermediary**") that the Non-Registered Shareholder deals with in respect of the Common Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as CDS & Co.) of which the Intermediary is a participant.

In accordance with applicable securities law requirements, the Company will have distributed copies of the notice and access notification, a voting instruction form and the supplemental mailing list and consent for electronic delivery return card (collectively, the "**Mailed Materials**") to the clearing agencies and Intermediaries for distribution to Non-Registered Shareholders, and posted this management information circular and the accompanying Notice of Annual and Special Meeting on the website found at **www.envisionreports.com/HGIQ2018**. The Company is not sending the Mailed Materials directly to non-objecting beneficial owners. The Company intends to pay for Intermediaries to deliver the Mailed Materials to the objecting beneficial owners. See also "Notice and Access", below, for further information.

Intermediaries are required to forward the Mailed Materials to Non-Registered Shareholders unless a Non-Registered Shareholder has waived the right to receive them. Intermediaries often use service companies to forward the Mailed Materials to Non-Registered Shareholders. Generally, Non-Registered Shareholders who have not waived the right to receive Mailed Materials will either:

(i) be given a voting instruction form **which is not signed by the Intermediary** and which, when properly completed and signed by the Non-Registered Shareholder and **returned to the Intermediary or its service company**, will constitute voting instructions (often called a "**voting instruction form**") which the Intermediary must follow. Typically, the voting instruction form will consist of a one page pre-printed form. Sometimes, instead of the one page pre-printed form, the voting instruction form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label with a bar-code and other information. In order for the form of proxy to validly constitute a voting instruction form, the Non-Registered Shareholder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company; or

(ii) be given a form of proxy **which has already been signed by the Intermediary** (typically by a facsimile, stamped signature), which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Shareholder but which is otherwise not completed by the Intermediary. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Shareholder when submitting the proxy. In this case, the Non-Registered Shareholder who wishes to submit a proxy should properly complete the form of proxy and deposit it with the Company, at the appropriate address noted on the form of proxy.

In either case, the purpose of these procedures is to permit Non-Registered Shareholders to direct the voting of the Common Shares they beneficially own. Should a Non-Registered Shareholder who receives one of the above forms wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Shareholder), the Non-Registered Shareholder should strike out the persons named in the form of proxy and insert the Non-Registered Shareholder or such other person's name in the blank space provided. **In either case, Non-Registered Shareholders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or voting instruction form is to be delivered.**

A Non-Registered Shareholder may revoke a voting instruction form or a waiver of the right to receive Mailed Materials and to vote which has been given to an Intermediary at any time by written notice to the Intermediary provided that an Intermediary is not required to act on a revocation of a voting instruction form or of a waiver of the right to receive Mailed Materials and to vote which is not received by the Intermediary at least seven days prior to the Meeting.

Notice and Access

As a result of regulatory amendments to securities laws governing the delivery of proxy-related materials, public companies are now permitted to advise their shareholders of the availability of the management information circular on an easily-accessible website, rather than mailing physical copies. The use of this alternative means of delivery is more environmentally friendly as it will reduce paper use and the Company's carbon footprint, and it will also reduce the Company's printing and mailing costs. The Company has therefore decided to deliver this management information circular to shareholders by posting it on the website found at **www.envisionreports.com/HGIQ2018**. This management information circular and related meeting materials will also be available on SEDAR at **www.sedar.com**. All shareholders will also receive a notice and access notification which will contain information on how to obtain electronic and paper copies of this management information circular in advance of the Meeting.

Shareholders who wish to receive paper copies of this management information circular may request copies at no cost by calling toll-free at 1-866-962-0498; or, if outside of North America, by calling 514-982-8716, up to the date of the Meeting or any adjournment thereof, or thereafter by contacting the Company at 647-260-1500.

Requests for paper copies must be received by June 11, 2018, or at least ten days in advance of any date the Meeting is adjourned to, in order to receive this management information circular in advance of the proxy deposit deadline (being 5:00 p.m. (Toronto time) on June 19, 2018, or 48 hours prior to any adjourned Meeting date). This management information circular will be sent to such shareholders within three business days of their request, if such requests are made within the foregoing timeframe.

If you would like more information about the "notice-and-access" rules, please contact Computershare Investor Services Inc., the Company's registrar and transfer agent, toll-free at 1-866-964-0492.

Voting Securities and Principal Holders Thereof

As of May 10, 2018, 84,895,703 Common Shares were issued and outstanding. Each Common Share entitles the holder thereof to one vote on all matters to be acted upon at the Meeting. The record date for the determination of shareholders entitled to receive notice of and to vote at the Meeting has been fixed at May 10, 2018. All such holders of record of Common Shares are entitled either to attend and vote at the Meeting in person the Common Shares held by them or, provided a completed and executed proxy shall have been delivered to the Company's transfer agent within the time specified in the attached Notice of Annual and Special Meeting, to attend and vote at the Meeting by proxy the Common Shares held by them.

To the knowledge of the directors and executive officers of the Company, as of May 10, 2018, there were no persons, or companies who beneficially owned, directly or indirectly, or exercised control or direction over voting securities of the Company carrying more than 10% of the voting rights attached to any class of voting securities of the Company, other than:

Name	Number of Common Shares Held(1)	Percentage of Common Shares Issued and Outstanding
BlackRock, Inc.	14,280,315	16.8%

(1) The information as to Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, not being within the knowledge of the Company, is based on the filings made on SEDAR by the shareholder listed above pursuant to National Instrument 62-103.

Interest of Certain Persons in Matters to be Acted Upon

No (a) director or executive officer of the Company who has held such position at any time since January 1, 2017; (b) proposed nominee for election as a director of the Company; or (c) associate or affiliate of a person in (a) or (b) has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, other than the advisory shareholder vote on executive compensation.

Information About Director Nominees

Director Profiles

The following profiles set forth information about each director nominee. In addition to each director nominee's involvement with the Company, each nominee has also been involved in the mining or natural resources sector as part of management, a director or an advisor, and has skills and experience that are important in fulfilling a director's responsibilities as a member of the Board.

Andrew Adams(1)

Director (Independent)(2)

Chartered Accountant (United Kingdom), Bachelor of Social Sciences (Accounting and Statistics)

Director since: November 26, 2009

Age: 61

Ontario, Canada

Andrew Adams is a corporate director and has over 30 years of international financial experience in extractive industries. He served as Chief Financial Officer of Aber Diamond Corporation from 1999 to 2003 and Chief Financial Officer of Anglo Gold North America from 1995 to 1999. From 2004 onwards, he has served as an independent, non-executive director on several Canadian mineral resource companies. Currently he serves as an independent, non-executive director of First Quantum Minerals Ltd. ("**First Quantum**") and TMAC Resources Inc. ("**TMAC**"). He is the audit committee chair for both companies as well as a member of the corporate governance and nominating committee for First Quantum and the compensation and corporate governance and nominating committee for TMAC. Mr. Adams obtained his Bachelor of Social Sciences (Accounting and Statistics) from Southampton University and then qualified as a Chartered Accountant in the United Kingdom in 1981.

Key Areas of Expertise/Experience	
Financial Expert	Governance/Board
Corporate Finance	Industry Knowledge

2017 Board/Committee Membership	2017 Attendance		Public Board Membership
Board of Directors	20 of 20	100%	First Quantum Minerals Ltd. TMAC Resources Inc.
Audit Committee (Chair)	4 of 4	100%	
Corporate Governance and Nominating Committee	3 of 3	100%	

Securities held:(3)

Fiscal year	Common Shares held (#)	Value of Common Shares held(4) ($)	RSUs held (#)	Value of RSUs held(4) ($)	Share ownership guidelines(5)	
					Minimum required(5) ($)	Guidelines met?
2017	74,900	893,557	7,991	95,333	225,000	Yes
2016	74,900	1,557,171	6,154	127,942		
Change	**-**	**(663,614)**	**1,837**	**(32,609)**		

Date of grant	Exercise price ($)	Options held (#)	Options vested (#)	Expiration date	Value of unexercised in-the-money options(7) ($)	Value of options vested during the year(8) ($)
11-Jan-17	27.22	10,342	10,342	11-Jan-22	Nil	Nil
16-May-16	20.40	12,480	12,480	16-May-21	Nil	
14-Jan-16	13.50	18,953	18,953	14-Jan-21	Nil	
21-Apr-14	11.50	50,000	50,000	21-Apr-19	21,500	
20-Sep-12	21.70	50,000	50,000	14-Mar-18	Nil	
Total		**141,775**	**141,775**		**21,500**	

Date of grant RSUs	RSUs held (#)	RSUs vested (#)	Value of RSUs vested during the year(9) ($)
11-Jan-17	1,837	1,837	50,000
14-Jan-16	3,703	3,703	
16-May-16	2,451	2,451	
Total	**7,991**	**7,991**	

The grant of options and RSUs on January 14, 2016, was in respect of equity-based compensation for 2015.

James Crombie[1]

Director (Independent)[2]

Bachelor of Science Hons. (Mining Engineering)

Director since: March 28, 2011

Age: 59

Nassau, Bahamas

Jim Crombie is President and Chief Executive Officer and a director of Odyssey Resources Limited. Mr. Crombie is a mining engineer with over 30 years of broadly based experience in the mining industry. Mr. Crombie has held several senior executive positions with various mining companies, including Hope Bay Gold Corporation, Palmarejo Silver & Gold Corporation until its merger with Coeur d'Alene Mines, and was a mining analyst and investment banker with Shepards, Merrill Lynch, James Capel & Co. and Yorkton Securities. Mr. Crombie is also currently a director of Arian Silver Corp., of which he is a member of the nominating and compensation committee and a director of Sutter Gold Mining, of which he is a member of the nominating and compensation committee and the audit committee. He graduated from the Royal School of Mines, London, with a Bachelor of Science (Hons).

Key Areas of Expertise/Experience	
Financial Literacy	Investment Banking
Corporate Responsibility	Industry Knowledge

2017 Board/Committee Membership	**2017 Attendance**		**Public Board Membership**
Board of Directors	20 of 20	100%	Odyssey Resources Limited Arian Silver Corporation Sutter Gold Mining Inc.
Compensation Committee	6 of 6	100%	
Health and Safety Committee	4 of 4	100%	

Securities held:[3]

Fiscal year	**Common Shares held (#)**	**Value of Common Shares held[4] ($)**	**RSUs held (#)**	**Value of RSUs held[4] ($)**	**Share ownership guidelines[5]**	
					Minimum required[5] ($)	**Guidelines met?**
2017	28,890	344,654	9,216	109,952	225,000	Yes
2016	21,510	447,193	14,759	306,839		
Change	**7,380**	**(102,539)**	**(5,543)**	**(196,887)**		

Date of grant	**Exercise price ($)**	**Options held (#)**	**Options vested (#)**	**Expiration date**	**Value of unexercised in-the-money options[7] ($)**	**Value of options vested during the year[8] ($)**
11-Jan-17	27.22	10,342	10,342	11-Jan-22	Nil	Nil
21-Apr-14	11.50	50,000	50,000	21-Apr-19	21,500	
20-Sep-12	21.70	50,000	50,000	14-Mar-18	Nil	
Total		**110,342**	**110,342**		**21,500**	

Date of grant RSUs	**RSUs held (#)**	**RSUs vested (#)**	**Value of RSUs vested during the year[9] ($)**
11-Jan-17	1,837	1,837	50,000
14-Jan-16	3,703	3,703	
16-May-16	3,676	3,676	
Total	**9,216**	**9,216**	

The grant of RSUs on January 14, 2016, was in respect of equity-based compensation for 2015.

Frank Davis[(1)] *Director (Independent)*[(2)] Certified Director (ICD.D); Juris Doctor (J.D.), Master of Business Administration, Bachelor of Commerce Director since: November 26, 2009 Age: 63 Ontario, Canada	Frank Davis has been counsel to the law firm Bennett Jones LLP since March 2013. He was previously counsel to the law firm Fraser Milner Casgrain LLP ("**FMC**") from January 2011 to February 2013, and prior thereto was a partner of FMC, practicing principally in the areas of securities and capital markets, corporate finance, mergers and acquisitions, mining and corporate governance. Mr. Davis has represented various public companies and investment banking firms in public and private offerings of equity and debt securities. He has acted as counsel to offerors, target companies and financial advisors in both hostile and negotiated merger and acquisition transactions and has been active in a variety of takeover bids, mergers, acquisitions, amalgamations, arrangements and divestitures. Mr. Davis is currently a director of TMAC, of which he is chair of the compensation committee and corporate governance and nominating committee and a member of the audit committee, and Malbex Resources Inc., of which he is chair of the governance and nominating committee and a member of the audit committee. Mr. Davis holds a Bachelor of Commerce, Master of Business Administration and Juris Doctor from the University of Toronto. He is a certified director, Institute of Corporate Directors, and is included in The Best Lawyers in Canada, The Canadian Legal LEXPERT Directory, Who's Who Legal: Canada, The International Who's Who of Business Lawyers and Canadian Who's Who.

Key Areas of Expertise/Experience	
Corporate Finance	Governance/Board
Legal and Regulatory	Financial Literacy

2017 Board/Committee Membership	**2017 Attendance**		**Public Board Membership**
Board of Directors	19 of 20	95%	Malbex Resources Inc. TMAC Resources Inc.
Corporate Governance and Nominating Committee (Chair)	3 of 3	100%	
Audit Committee	4 of 4	100%	

Securities held:[(3)]

Fiscal year	**Common Shares held (#)**	**Value of Common Shares held**[(4)] **($)**	**RSUs held (#)**	**Value of RSUs held**[(4)] **($)**	**Share ownership guidelines**[(5)] **Minimum required**[(5)] **($)**	**Guidelines met?**
2017	27,902	332,871	5,511	65,746	225,000	Yes
2016	30,680	637,837	4,902	101,913		
Change	**(2,778)**	**(304,966)**	**609**	**(36,167)**		

Date of grant	**Exercise price ($)**	**Options held (#)**	**Options vested (#)**	**Expiration date**	**Value of unexercised in-the-money options**[(7)] **($)**	**Value of options vested during the year**[(8)] **($)**
16-May-16	20.40	6,240	6,240	16-May-21	Nil	Nil
14-Jan-16	13.50	9,476	9,476	14-Jan-21	Nil	
Total		**15,716**	**15,716**		**Nil**	

Date of grant RSUs	**RSUs held (#)**	**RSUs vested (#)**	**Value of RSUs vested during the year**[(9)] **($)**
11-Jan-17	5,511	5,511	150,000
Total	**5,511**	**5,511**	

The grant of stock options on January 14, 2016, was in respect of equity-based compensation for 2015.

David Fennell[(1)]

Director (Independent)[(2)]

Bachelor of Laws, Bachelor of Arts

Director since: November 26, 2009

Age: 65

Nassau, Bahamas

David Fennell is a corporate director with over 30 years of experience in the mining industry and has held directorships and senior executive positions in several TSX and TSXV listed mining companies, including Golden Star Resources Ltd ("Golden Star") which he founded in 1983 and during his term as President and CEO, Golden Star became a TSE 300 company. Prior to February 2017, Mr. Fennell served as the Executive Chairman and Interim President and CEO of each of Reunion Gold Corporation and Odyssey Resources Limited and the Executive Chairman of Highland Gold Company Inc. Mr. Fennell currently serves as the Chairman of Reunion Gold Corporation, of which he also serves as a member of the safety, health and environment committee, and the Chairman of Highland Copper Company Inc. He is also a director of Major Drilling Group International Inc., of which he is a member of the safety, health and environment committee and a member of the governance committee and a director of Sabina Gold and Silver, of which he is a member of the safety, health and environment committee and a member of the compensation committee. Mr. Fennell obtained a Bachelor of Arts from the University of North Dakota, then graduated from the University of Alberta with a Bachelor of Laws and practiced corporate and resource law for a number of years.

Key Areas of Expertise/Experience	
Governance/Board	Industry Knowledge
Law and Regulatory	Human Resources

2017 Board/Committee Membership	2017 Attendance		Public Board Membership
Board of Directors	18 of 20	90%	Reunion Gold Corporation Highland Copper Company Inc. Major Drilling Group International Inc. Sabina Gold and Silver Corp.
Corporate Governance and Nominating Committee	3 of 3	100%	
Environment and Corporate Social Responsibility Committee	4 of 4	100%	

Securities held:[(3)]

Fiscal year	Common Shares held (#)	Value of Common Shares held[(4)] ($)	RSUs held (#)	Value of RSUs held[(4)] ($)	Share ownership guidelines[(5)] Minimum required[(5)] ($)	Guidelines met?
2017	9,274	110,639	1,378	16,440	225,000	Yes
2016	7,897	164,179	Nil	Nil		
Change	**1,377**	**(53,540)**	**1,378**	**16,440**		

Date of grant	Exercise price ($)	Options held (#)	Options vested (#)	Expiration date	Value of unexercised in-the-money options[(7)] ($)	Value of options vested during the year[(8)] ($)
11-Jan-17	27.22	7,756	7,756	11-Jan-22	Nil	Nil
16-May-16	20.40	9,360	9,360	16-May-21	Nil	
21-Apr-14	11.50	50,000	50,000	21-Apr-19	21,500	
20-Sep-12	21.70	50,000	50,000	14-Mar-18	Nil	
Total		**117,116**	**117,116**		**21,500**	

Date of grant RSUs	RSUs held (#)	RSUs vested (#)	Value of RSUs vested during the year[(9)] ($)
11-Jan-17	1,378	1,378	75,000
Total	**1,378**	**1,378**	

A. Terrance MacGibbon[1]

Chairman of the Board (Independent)[2]

Professional Geologist; Certified Director (ICD.D); and Bachelor of Science (Geology)

Director since: November 16, 2009

Age: 71

Ontario, Canada

Terry MacGibbon is the Executive Chairman, TMAC Resources Inc. ("**TMAC**") and a registered professional geologist and a certified director, Institute of Corporate Directors, with over 45 years of experience in the mining business. Mr. MacGibbon graduated with a B.Sc. (Hons.) in Geology from St. Francis Xavier University. Prior to 1997, he was employed for 30 years with Inco, culminating in him being responsible for directing Inco's North American and worldwide exploration activities. Mr. MacGibbon is founder and was the Chairman and Chief Executive Officer of FNX from 1997 to 2010. Mr. MacGibbon and his team built FNX from a junior exploration company into a mid-tier, multi-billion-dollar, diversified Canadian mining company that produced nickel, copper, and precious metals from its mineral properties in Sudbury Basin mining camp, Ontario, Canada. In 2010, FNX merged with Quadra to form QUX and from May 2010 to March 2012, he was the Chairman of QUX, which was subsequently sold to KGHM in 2012. Mr. MacGibbon is a co-founder, and since 2006 the Chairman, of INV Metals Inc. a junior resources company exploring and developing the Loma Larga gold project in Ecuador. Mr. MacGibbon is a co-founder, and since 2010 a director and the Chairman, of the Company. He is the founder, and since December 2012 the Executive Chairman, of the TMAC. Mr. MacGibbon is also a director of Malbex Resources Inc. of which he is a member of the audit committee and the governance and nominating committee. In 2005, Mr. MacGibbon was awarded the prestigious PDAC's Developer of the Year award and in 2005 Ernst and Young honoured Mr. MacGibbon for FNX's successes with an Entrepreneur of the Year award. In 2018, Mr. MacGibbon was inducted into the Canadian Mining Hall of Fame. He has held directorships and senior executive positions in several TSX and TSX Venture Exchange listed mining companies.

Key Areas of Expertise/Experience	
Mining/Operational	Managing/Leading Growth
Corporate Responsibility	Executive Management

2017 Board/Committee Membership	**2017 Attendance**		**Public Board Membership**
Board of Directors	20 of 20	100%	INV Metals Inc. Malbex Resources Inc. TMAC Resources Inc.
Health and Safety Committee	4 of 4	100%	

Securities held:[3]

Fiscal year	**Common Shares held (#)**	**Value of Common Shares held[4] ($)**	**RSUs held (#)**	**Value of RSUs held[4] ($)**	**Share ownership guidelines[5]**	
					Minimum required[5] ($)	**Guidelines met?**
2017	200,000	2,386,000	5,511	65,746	225,000	Yes
2016	244,260	5,078,165	11,055	229,833		
Change	(44,260)	(2,692,165)	(5,544)	(164,087)		

Date of grant Options	**Exercise price ($)**	**Options held (#)**	**Options vested (#)**	**Expiration date**	**Value of unexercised in-the-money options[7] ($)**	**Value of options vested during the year[8] ($)**
14-Jan-16	13.50	18,953	18,953	14-Jan-21	Nil	Nil
21-Apr-14	11.50	50,000	50,000	21-Apr-19	21,500	
20-Sep-12	21.70	50,000	50,000	14-Mar-18	Nil	
Total		**118,953**	**118,953**		**21,500**	

Date of grant RSUs	**RSUs Held (#)**	**RSUs Vested (#)**	**Value of RSUs vested during the year[9] ($)**
11-Jan-17	5,511	5,511	150,000
Total	**5,511**	**5,511**	

The grant of options on January 14, 2016, was in respect of equity-based compensation for 2015.

Michael Murphy[1]

Director (Independent)[2]

Certified Director (ICD.D); Master of Business Administration; Master of Science (Finance); and Bachelor of Arts

Director since: April 23, 2008

Age: 53

British Columbia, Canada

Michael Murphy is the President and Chief Executive Officer of Redzone Resources Ltd., and President of Woodman Capital Ltd., a private consulting company. Mr. Murphy previously spent 15 years working in institutional equities in London, with Merrill Lynch, Donaldson, Lufkin & Jenrette and Credit Suisse, where he managed the hedge fund coverage team. Mr. Murphy graduated from the University of British Columbia with a Bachelor of Arts, from the London School of Economics and Political Science with a Master of Science in Finance, and from Saint Mary's University with a Master of Business Administration and a certified director, Institute of Corporate Directors.

Key Areas of Expertise/Experience	
Governance/Board	Industry Knowledge
Mergers & Acquisitions	Economics and Business

2017 Board/Committee Membership	**2017 Attendance**		**Public Board Membership**
Board of Directors	20 of 20	100%	Redzone Resources Ltd.
Compensation Committee	6 of 6	100%	
Environment and Corporate Social Responsibility Committee	4 of 4	100%	

Securities held:[3]

Fiscal year	**Common Shares held (#)**	**Value of Common Shares held[4] ($)**	**RSUs held (#)**	**Value of RSUs held[4] ($)**	**Share ownership guidelines[5]**	
					Minimum required[5] ($)	**Guidelines met?**
2017	Nil	Nil	16,137	192,514	225,000	Yes
2016	Nil	Nil	18,463	383,846		
Change	**Nil**	**Nil**	**(2,326)**	**(191,332)**		

Date of grant	**Exercise price ($)**	**Options held (#)**	**Options vested (#)**	**Expiration date**	**Value of unexercised in-the-money options[7] ($)**	**Value of options vested during the year[8] ($)**
11-Jan-17	27.22	7,756	7,756	11-Jan-22	Nil	Nil
21-Apr-14	11.50	50,000	50,000	21-Apr-19	21,500	
20-Sep-12	21.70	50,000	50,000	14-Mar-18	Nil	
Total		**107,756**	**107,756**		**21,500**	

Date of grant RSUs	**RSUs held (#)**	**RSUs vested (#)**	**Value of RSUs vested during the year[9] ($)**
11-Jan-17	1,378	1,378	75,000
14-Jan-16	7,407	7,407	
16-May-16	7,352	7,352	
Total	**16,137**	**16,137**	

The grant of RSUs on January 14, 2016, was in respect of equity-based compensation for 2015.

William M. Shaver[1] *Director (Independent)*[2] Professional Engineer; Bachelor of Science in Mining Engineering; and a graduate of the Haileybury School of Mines Director since: August 10, 2016 Age: 70 Ontario, Canada	Bill Shaver is the Chief Operating Officer, INV Metals Inc. Mr. Shaver is a seasoned senior mining executive with over 40 years of expertise in mine construction and operations. His early experience includes Teck, Eldorado Nuclear, New Quebec Raglan, Falconbridge and the Redpath Group working on many projects in roles of increasing responsibility. He was one of the founders of Dynatec Corporation which became one of the leading contracting and mine operating groups in North America. More recently, Mr. Shaver was the COO of FNX Mining from October 2008 to May 2010, Executive Vice President of Denison Mines Limited from August 2006 to September 2008, the President and CEO of DMC Mining Services from October 2008 to August 2016 and Principal, Shaver Engineering Limited from August 2016 to March 2017. Mr. Shaver served as the Chair of the Board Workplace Safety North since its inception in 2009 to 2015. He also sponsors scholarships for Masters and Doctorate students working in the safety area at Laurentian University. Mr. Shaver was recognized as the Ernst and Young Entrepreneur of the Year in 2013 for his devotion to bringing innovation to the mining industry.

Key Areas of Expertise/Experience	
Mining/Operational	Executive Management
Health & Safety	Industry Knowledge

2017 Board/Committee Membership	2017 Attendance		Public Board Membership
Board of Directors	19 of 20	95%	None
Compensation Committee (Chair)	6 of 6	100%	
Health and Safety Committee (Chair)	4 of 4	100%	

Securities held:[3]

Fiscal year	Common Shares held (#)	Value of Common Shares held[4] ($)	RSUs held (#)	Value of RSUs held[4] ($)	Share ownership guidelines[5]	
					Minimum required[5] ($)	Guidelines met?
2017	9,000	107,370	3,674	43,831	225,000	Yes
2016	9,000	187,110	Nil	Nil		
Change	**-**	**(79,740)**	**3,674**	**43,831**		

Date of grant	Exercise price ($)	Options held (#)	Options vested (#)	Expiration date	Value of unexercised in-the-money options[7] ($)	Value of options vested during the year[8] ($)
11-Jan-17	27.22	5,171	5,171	11-Jan-22	Nil	Nil
15-Aug-16	32.02	5,002	5,002	15-Aug-21	Nil	
Total		**10,173**	**10,173**		**Nil**	

Date of grant RSUs	RSUs held (#)	RSUs vested (#)	Value of RSUs vested during the year[9] ($)
11-Jan-17	3,674	3,674	100,000
Total	**3,674**	**3,674**	

Elizabeth A. Wademan[1]

Director (Independent)[2]

Certified Director (ICD.D); Bachelor of Commerce; Chartered Financial Analyst

Director since: August 10, 2016

Age: 42

Ontario, Canada

Elizabeth Wademan is a corporate director with over 20 years of financial services experience as a senior capital markets professional. Ms. Wademan spent 18 years in investment banking at BMO Capital Markets, where she was a Managing Director and responsible for the Global Metals & Mining Equity Capital Markets and Canadian Technology Equity Capital Markets businesses before retiring in 2016. Ms. Wademan has extensive experience in capital markets advisory and investment banking, in both domestic and international markets, as well as in commodities and securities. Ms. Wademan is currently a director of SSR Mining Inc., where she is a member of the compensation committee and the safety and sustainability committee, and a trustee of BSR Real Estate Investment Trust. She also sits on the board of St. Joseph's Health Centre Foundation. She obtained her Bachelor of Commerce (Finance and International Business) from McGill University, is a CFA charterholder and a certified director, Institute of Corporate Directors.

Key Areas of Expertise/Experience	
Financial Literacy	Investment Banking
Corporate Finance	Industry Knowledge

2017 Board/Committee Membership	**2017 Attendance**		**Public Board Membership**
Board of Directors	20 of 20	100%	BSR Real Estate Investment Trust SSR Mining Inc.
Audit Committee	4 of 4	100%	
Environment and Corporate Social Responsibility Committee (Chair)	4 of 4	100%	

Securities held:[3]

Fiscal year	**Common Shares held (#)**	**Value of Common Shares held[4] ($)**	**RSUs held (#)**	**Value of RSUs held[4] ($)**	**Share ownership guidelines[5]**	
					Minimum required[5] ($)	**Guidelines met?**
2017	Nil	Nil	4,592	54,783	225,000	No
2016	Nil	Nil	Nil	Nil		
Change	**Nil**	**Nil**	**4,592**	**54,783**		

Subsequent to year-end, Ms. Wademan met the minimum requirement under the share ownership guidelines. See "- *Compensation Related Governance – Share Ownership Guidelines*"

Date of grant	**Exercise price ($)**	**Options held (#)**	**Options vested (#)**	**Expiration date**	**Value of unexercised in-the-money options[7] ($)**	**Value of options vested during the year[8] ($)**
11-Jan-17	27.22	2,585	2,585	11-Jan-22	Nil	Nil
15-Aug-16	32.02	5,002	5,002	15-Aug-21	Nil	
Total		**7,587**	**7,587**		**Nil**	

Date of grant RSUs	**RSUs held (#)**	**RSUs vested (#)**	**Value of RSUs vested during the year[9] ($)**
11-Jan-17	4,592	4,592	125,000
Total	**4,592**	**4,592**	

Fred Stanford[(1)]

President and Chief Executive Officer of the Company (Non-Independent)[(2)]

Professional Engineer, Certified Director, Bachelor of Industrial Engineering, Bachelor of Science

Director since: November 16, 2009

Age: 59

Ontario, Canada

Fred Stanford is the President and Chief Executive Officer of the Company. He is a mining executive with over 35 years of experience in the mining industry. Mr. Stanford started his career at Vale Canada Limited ("**Vale**", formerly Vale Inco and Inco Limited) in 1981 as a software designer and then moved into operations management as an underground mine foreman. He progressed through senior roles in mines operations, processing plant operations, engineering, environmental, health and safety, human resources, and production services operations. In 2006, he was appointed to the role of President of Vale's Ontario operations, a position he held until June of 2009. Mr. Stanford graduated in Industrial Engineering from the Technical University of Nova Scotia. Mr. Stanford is also a certified director, Institute of Corporate Directors. He has served on the board of directors of Laurentian University, Cambrian College and the Northern Centre for Advanced Technology (NORCAT), a non-profit commercial incubator.

Key Areas of Expertise/Experience	
Mining/Operational	Executive Management
Corporate Responsibility	Managing/Leading Growth

2017 Board/Committee Membership	**2017 Attendance**		**Public Board Membership**
Board of Directors	20 of 20	100%	None

Securities held:[(3)]

Fiscal year	**Common Shares held (#)**	**Value of Common Shares held**[(4)] **($)**	**RSUs held (#)**	**Value of RSUs held**[(4)] **($)**	**Share ownership guidelines**[(5)]	
					Minimum required[(5)] **($)**	**Guidelines met?**
2017	160,453	1,914,204	58,109	693,240	1,957,500	Yes
2016	125,163	2,602,139	36,413	757,026		
Change	**35,290**	**(687,935)**	**21,696**	**(63,786)**		

As at year-end 2017, in addition to the RSUs set out in the table above, Mr. Stanford held 85,479 PSUs issued pursuant to the Employee Share Unit Plan ("**ESU Plan**"). Assuming an adjustment factor of 1.0, the value of these PSUs as at December 31, 2017, is $1,019,764. See "Statement of Executive Compensation – Compensation Discussion and Analysis – Long Term Incentive Plan".

Date of grant	**Exercise price ($)**	**Options held (#)**	**Options vested (#)**	**Expiration date**	**Value of unexercised in-the-money options**[(7)] **($)**	**Value of options vested during the year**[(8)] **($)**
21-Apr-14	11.50	50,000	50,000	21-Apr-19	21,500	Nil
20-Sep-12	21.70	50,000	50,000	14-Mar-18	Nil	
Total		**100,000**	**100,000**		**21,500**	

Date of grant	**RSUs held (#)**	**RSUs vested (#)**	**PSUs held (#)**	**PSUs vested (#)**	**Value of RSUs and PSUs vested during the year**[(9)] **($)**
11-Jan-17	20,783	Nil	31,174	Nil	715,000
16-Aug-16[(1)]	36,203	Nil	54,305	Nil	
21-Apr-14	1,123	Nil	NA	NA	
Total	**58,109**	**Nil**	**85,479**	**Nil**	

(1) The grant of RSUs and PSUs on August 16, 2016 was in respect of long term compensation for 2016. These RSUs and PSUs were issued under the new ESU Plan. See "Statement of Executive and Director Compensation – Compensation Discussion and Analysis – Long Term Incentive Plan".

Notes:

(1) For additional compensation information, see “Statement of Executive and Director Compensation”, starting on page 24.

(2) “Independent” refers to the standards of independence under National Instrument 52-110 – *Audit Committees*.

(3) “Securities held” refers to the number of Common Shares and RSUs beneficially owned, controlled or directed (directly or indirectly) by the director as at December 31, 2017 and December 31, 2016, as applicable, and options beneficially owned by the director as at December 31, 2017. The number of Common Shares held by each director nominee is in each case based on information provided by such nominee. For current holding of Common Shares and vested RSUs see also “Statement of Executive and Director Compensation - Compensation Related Governance – Share Ownership Guidelines”.

(4) “Value of Common Shares held” and “Value of RSUs held” is calculated by multiplying the total number of Common Shares or RSUs held, as applicable, by the closing price of the Common Shares on the TSX on the last trading day of the fiscal year (December 31, 2017 – $11.93, December 31, 2016 – $20.70).

(5) For a discussion of “Minimum required” see “Statement of Executive and Director Compensation - Compensation Related Governance – Share Ownership Guidelines”.

(6) For additional compensation information for Mr. Stanford with respect to options and RSUs, see “Statement of Executive Compensation – Summary Compensation Table” and “Statement of Executive Compensation – Incentive Plan Awards”.

(7) “Value of unexercised in-the-money options” is calculated by multiplying the total number of in-the-money options by the difference between the closing price of the Common Shares on the TSX on December 31, 2017, of $11.93 per Common Share and the exercise price of such options.

(8) “Value of options vested during the year” is calculated by multiplying the total number of options vested during the year by the difference between the market price of the Common Shares on the TSX on the date of vesting and the exercise price of such options. As the stock options vest on the date of grant, and the exercise price is the closing price of the Common Shares on the TSX on December 31, 2017, the value of the stock options is ‘nil’. Using a Black Scholes model, the fair value per option granted on January 11, 2017, is $9.67. Assumptions included a capped volatility of 50% and a simplified expected life of 4 years. May differ from accounting valuation for financial statement purposes. The closing price of the Common Shares on the TSX on the business day immediately preceding January 11, 2017, the grant date, was $27.22 per Common Share.

(9) “Value of RSUs vested during the year” is calculated by multiplying the total number of RSUs vested during the year by the market price of the Common Shares on the TSX on the date of vesting.

(10) In respect of 2017 and 2016, each director, was awarded $150,000 in equity-based compensation which was allocated by the director to RSUs or options, subject to a maximum value of stock option compensation of $100,000, with the exception of the prorated equity-based compensation for 2016 for Mr. Shaver and Ms. Wademan, who joined the Board on August 10, 2016. See also “Director Compensation”.

Corporate Cease Trade Orders

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

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

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

Bankruptcies and Other Proceedings

No proposed director of the Company is, as of the date hereof, or has been within ten years before the date hereof, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets.

No proposed director of the Company has within the ten years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Penalties and Sanctions

No proposed director of the Company is, as at the date hereof, or has been subject to:

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

(ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important in deciding whether to vote for a proposed director.

Majority Voting for Directors

The Board has adopted a majority voting policy stipulating that shareholders are entitled to vote annually in favour of each individual director nominee at a shareholders' meeting. If the votes in favour of the election of a director nominee at a shareholders' meeting represent less than the number of votes withheld, the nominee will submit his or her resignation promptly after the meeting for the Corporate Governance and Nominating Committee's consideration (which resignation will be effective upon acceptance by the Board). In such circumstances, the Corporate Governance and Nominating Committee will make a recommendation to the Board as to the director's suitability to continue to serve as a director after reviewing, among other things, the stated reasons, if any, why shareholders withheld votes, the length of service and the qualifications of the director, the director's contribution to the Company, the Company's governance guidelines and TSX listing standards. The Board will consider such recommendation and, within 90 days of the shareholders' meeting, make a decision whether or not to accept the resignation. The Board will accept the resignation absent exceptional circumstances. Following the Board's decision regarding the resignation, the Company will publicly disclose whether the Board has accepted or rejected the resignation, including the reasons for rejecting the resignation, if applicable, and will provide a copy of the news release to the Toronto Stock Exchange. A director who tenders his or her resignation pursuant to the majority voting policy is not permitted to participate in any portion of any meetings of the Board at which his or her resignation is being considered. The policy does not apply in circumstances involving contested director elections.

At the annual and special meeting of shareholders of the Company held on June 21, 2017, each director nominee was elected within a range of approximately 79.57% - 99.98% of the votes represented in person or by proxy at the meeting cast in favour of the election of such nominee (with a range of approximately 0.02% - 20.43% of the votes withheld).

Following the Meeting, the Company will file on SEDAR at **www.sedar.com** a report of voting results pursuant to Section 11.3 of National Instrument 51-102 – *Continuous Disclosure Obligations* disclosing the outcome of each matter voted upon at the Meeting and issue a press release regarding all items of business conducted at the Meeting, including the detailed results of the vote for the election of directors. A copy of the majority voting policy is available on the Company's website at **www.torexgold.com**.

Corporate Governance Practices

National Policy 58-201 *Corporate Governance Guidelines* (the "**Governance Guidelines**") sets out best practice guidelines for effective corporate governance. The Governance Guidelines deal with matters such as the constitution and independence of corporate boards, their functions, the effectiveness and education of board members and other items dealing with sound corporate governance. National Instrument 58-101 *Disclosure of Corporate Governance Practices* (the "**Governance Disclosure Rule**") requires that if management of an issuer solicits proxies from its securityholders for the purpose of electing directors, specified disclosure of the corporate governance practices must be included in the management information circular.

The Company and the Board recognize the importance of corporate governance to the effective management of the Company and to the protection of its employees, shareholders and other stakeholders. The Company's approach to significant issues of corporate governance is designed with a view to ensuring that the business and affairs of the Company are effectively managed so as to enhance shareholder value. The Board fulfills its mandate directly and through its committees at regularly scheduled meetings or at meetings held as required. Frequency of meetings may be increased and the nature of the agenda items may be changed depending upon the state of the Company's affairs and in light of opportunities or risks which the Company faces. The directors are kept informed of the Company's business and affairs at these meetings as well as through reports and discussions with management on matters within their particular areas of expertise.

The Board has considered the Governance Guidelines and believes that its approach to corporate governance is appropriate and works effectively given the Company's current status. The Company continues to monitor developments in Canada with a view to keeping its governance policies and practices current.

The Governance Disclosure Rule mandates the disclosure of the corporate governance practices of the Company, which disclosure is set out below.

The Board

The Board currently consists of nine directors, eight of whom are independent based upon the test for director independence set forth in National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"). Messrs. MacGibbon, Adams, Crombie, Davis, Fennell, Murphy and Shaver and Ms. Wademan are independent directors. Mr. Stanford is the President and Chief Executive Officer of the Company and is not an independent director as a result. See "Election of Directors" above.

The Board also assessed the transactional, professional, financial, charitable and other relationships (as such terms are defined in the voting guidelines of ISS). The Board determined that there were no such relationships which impacted the independence of the non-executive directors. The assessment included the consideration of Messrs. MacGibbon and Murphy roles as co-founders of the Company. As Mr. MacGibbon has not served in an executive capacity, and it has been over eight years since Mr. Murphy served as an executive, the Board determined that their roles as co-founders does not impact their independence.

Mr. MacGibbon is the independent Chairman of the Board. Mr. MacGibbon is primarily responsible for the management and effective performance of the Board and provides leadership to the Board by: leading, managing and organizing the Board consistent with the approach to corporate governance established by the Board; promoting cohesiveness among the directors; being satisfied that the responsibilities of the Board and the committees of the Board are well understood by the Board; assisting the Board in ensuring the integrity of the senior officers and that such senior officers create a culture of integrity throughout the Company; together with the Chairman of the Corporate Governance and Nominating Committee, reviewing the committees of the Board, the Chairs of such committees and the mandates of such committees; and together with the Chairman of the Corporate Governance and Nominating Committee, ensuring that the Board, the committees of the Board, individual directors and the senior officers understand and discharge their respective obligations consistent with the approach to corporate governance established by the Board.

The Board will appoint a Lead Director in circumstances where the Chairman of the Board is not considered independent under applicable laws or the Board considers such appointment appropriate in order to provide independent leadership to the Board. The Board has determined that the Chairman of the Board is independent and accordingly, it is not necessary to appoint a Lead Director.

Inter-locking Directorships

Some of the directors of the Company serve on the same boards of directors of other reporting issuers. The Board has determined that these inter-locking directorships do not adversely impact the effectiveness of these directors on the Company's Board. There are no inter-locking relationships between the Compensation Committee members and the President and Chief Executive Officer of the Company.

Board Meetings

In connection with meetings of the Board, the Chairman of the Board is responsible for (in consultation with the Chairman of the Corporate Governance and Nominating Committee, as appropriate): scheduling meetings of the Board; coordinating with the Chairs of the committees of the Board the scheduling of meetings of the committees; reviewing matters for consideration by the Board; ensuring that all matters required to be considered by the Board are presented to the Board, such that the Board is able to supervise the management of the business and affairs of the Company; setting the agenda for meetings of the Board; monitoring the adequacy of materials provided to the Board; ensuring that the Board has sufficient time to review the materials provided and to fully discuss the business that is presented to the Board; presiding over meetings of the Board; and encouraging free and open discussion at meetings of the Board.

See "Director Profiles" for a summary of the attendance record of each director for all Board and committee meetings held during the year ended December 31, 2017.

Meetings of Independent Directors

After each meeting, as a regular item on each Board and committee agenda, the independent directors hold an *in camera* session at which non-independent directors and members of management are not in attendance unless such a session is not considered necessary by the independent directors present. In fiscal 2017, the Board held 20 meetings and an *in camera* session of the independent directors was held at the end of each meeting.

Board Mandate

The duties and responsibilities of the Board are to manage or supervise the management of the business and affairs of the Company and to act in the best interests of the Company. In discharging its mandate, the Board is primarily responsible for the oversight and review of the development of, among other things, the following matters:

- reviewing the financial and operational performance of the Company;
- the strategic planning process of the Company;
- the principal risks of the Company's business and ensuring the implementation of appropriate systems to manage these risks;
- succession planning, including appointing, training and monitoring senior management;
- a communications policy for the Company to facilitate communications with investors and other interested parties; and
- the integrity of the Company's internal control and management information systems.

The Board may at any time retain outside financial, legal or other advisors at the expense of the Company and any director may, subject to the approval of the Corporate Governance and Nominating Committee, retain an outside financial, legal or other advisor at the expense of the Company.

The Board also has the mandate to assess the effectiveness of the Board as a whole, its committees and the contribution of individual directors. In 2015, the Board adopted a Board, Committee and Director Review Process (see "Assessments" below). The Board discharges its responsibilities directly and through its committees, currently consisting of the Audit Committee, the Compensation Committee, the Corporate Governance and Nominating Committee, the Health and Safety Committee and the Environment and Corporate Social Responsibility Committee.

A copy of the Mandate of the Board setting out the Board's mandate and responsibilities and the duties of its members is attached as Schedule "A" to this management information circular. A copy of the Mandate of the Board and the Mandates of the Audit Committee, the Compensation Committee, the Corporate Governance and Nominating Committee, the Health and Safety Committee and the Environment and Corporate Social Responsibility Committee are available on the Company's website at **www.torexgold.com**.

Position Descriptions

The Board has developed written position descriptions for each of the Chairman of the Board, the Lead Director, the President and Chief Executive Officer, and the Chief Financial Officer and the mandate of each committee of the Board contains the responsibilities of the Chairman of each such committee. The position descriptions of the Chairman of the Board and the Lead Director are available on the Company's website at **www.torexgold.com**.

Orientation and Continuing Education

New members of the Board are provided with:

1. information respecting the functioning of the Board and its committees and a copy of the Company's corporate governance policies, codes and mandates;

2. access to recent, publicly filed documents of the Company; and

3. access to management.

Board members are encouraged to communicate with management and auditors; to keep themselves current with industry trends and developments and changes in legislation with management's assistance; and to attend related industry seminars and visit the Company's operations. The Company will pay for any director who wishes to become accredited by the ICD as a certified director. Messrs. Stanford, MacGibbon, Murphy and Davis and Ms. Wademan are each accredited by the ICD as a certified director. The directors receive information and updates on developments in International Financial Reporting Standards ("**IFRS**"), current market trends in compensation and corporate governance best practices, and relevant changes in the law. During site visits, Board members attend corporate presentations. See "Corporate Governance Practices – Site Visits". Board members also have full access to the Company's records.

Site Visits

During the year ended December 31, 2017, Mr. Stanford visited the Morelos gold property regularly (the "**Morelos Gold Property**"). In October 2017, all of the directors visited the Morelos Gold Property other than Messrs. MacGibbon and Davis due to circumstances beyond their control. During the site visit, the Board members attended corporate presentations outlining the Company's local corporate activities, progress of operations, development and exploration projects and corporate responsibility projects. Mr. MacGibbon participated in the corporate presentations by telephone.

A site visit for the full Board is planned for the fourth quarter of 2018.

Ethical Business Conduct

The Company has adopted a Code of Business Conduct and Ethics (the "**Code**") for its directors, senior officers and other employees. A copy of the Code is available for review under the Company's profile on SEDAR at **www.sedar.com**, on the Company's website at **www.torexgold.com** or may be obtained by request to the Chief Financial Officer of the Company at the Exchange Tower, 130 King Street West, Suite 740, Toronto, Ontario M5X 2A2.

The Audit Committee is responsible for monitoring compliance with the Code. In accordance with the Code, directors, senior officers and other employees should raise questions regarding the application of any requirement under the Code, and report a possible violation of a law, or the Code, promptly to their supervisor. If reporting a concern or complaint to a supervisor is not possible or advisable, or if reporting it to a supervisor does not resolve the matter, the matter should be addressed with the Chief Financial Officer. The Audit Committee monitors compliance of the Code by obtaining reports from the Chief Financial Officer as to any matters reported under the Code.

The Board takes steps to ensure that directors, senior officers and other employees exercise independent judgment in considering transactions and agreements in respect of which a director, senior officer or other employee of the Company has a material interest, which include ensuring that directors, senior officers and other employees are thoroughly familiar with the Code and, in particular, the rules concerning reporting conflicts of interest and obtaining direction from their supervisor or the Chief Financial Officer regarding any potential conflicts of interest. All senior officers, senior management and finance employees of the Company have acknowledged that they have read the Code and are responsible for reviewing its highlights with other employees.

The Board encourages and promotes an overall culture of ethical business conduct by promoting compliance with applicable laws, rules and regulations and professional rules; providing guidance to directors, senior officers and employees to help them recognize and deal with ethical issues; promoting a culture of open communication, honesty and accountability; and ensuring awareness of disciplinary action for violations of ethical business conduct.

Corporate Governance and Nominating Committee

The Corporate Governance and Nominating Committee is responsible for identifying potential candidates for the Board. The Corporate Governance and Nominating Committee has been delegated the responsibility of assessing potential candidates for the Board to fill perceived needs on the Board for required skills, expertise, independence and other factors. Members of the Board are also consulted for possible candidates.

The Corporate Governance and Nominating Committee is comprised entirely of independent directors.

The Corporate Governance and Nominating Committee considers from time to time the desirable number of directors of the Company, identifies and recommends to the Company and the Board proposed nominees to be directors of the Company, and prepares or updates, as applicable, a skills matrix for the Board which includes the competencies and skills which each individual director possesses. In identifying suitable candidates for appointment to the Board, the Corporate Governance and Nominating Committee considers candidates on merit against objective criteria regarding experience, education, expertise and general and sector specific knowledge and with due regard for the benefit of diversity. See "- Diversity Policy".

In addition, the Corporate Governance and Nominating Committee assists the Company and the Board in fulfilling their respective corporate governance responsibilities under applicable securities laws, and to promote a culture of integrity throughout the Company. The Corporate Governance and Nominating Committee is also responsible for, among other things, (i) considering and making a recommendation to the Board as to whether or not to accept a resignation submitted by a director pursuant to the majority voting policy of the Company (see "Information about Director Nominees - Majority Voting for Directors"); (ii) reviewing and making a recommendation to the Board from time to time on the majority voting policy, the disclosure policy, and such other policies of the Company as considered advisable or as requested by the Board; (iii) considering, or presenting to the Board for consideration, any transaction involving the Company and any related party; (iv) monitoring any related party transaction and reporting to the Board on a regular basis regarding the status of any related party transaction; (v) monitoring the appropriateness of implementing structures to ensure that the Board can function independently of the senior officers of the Company; (vi) providing an orientation and education program for new directors and existing directors; and (vii) assessing the effectiveness of the Board as a whole, its committees and individual directors (see also "Assessments" below).

The Corporate Governance and Nominating Committee is comprised on Messrs. Davis (Chair), Adams and Fennell, each of whom is an independent director of the Board.

Compensation Committee

The Compensation Committee is responsible for assisting the Board in setting director compensation and the compensation of certain senior officers and to consider and submit to the Board recommendations with respect to other employee benefits considered advisable. In particular, the Compensation Committee is responsible for, among other things, (i) reviewing and making recommendations to the Board with respect to the compensation policies and practices of the Company; (ii) annually reviewing and recommending to the Board for approval the compensation and other benefits of certain of the senior officers of the Company; (iii) reviewing and making a recommendation to the Board on the hiring or termination of certain of the senior officers of the Company or on special employment contracts; (iv) annually recommending to the Board any incentive award to be made to the senior officers under any incentive plan or under any employment agreement; (v) annually comparing the total remuneration of the senior officers with the remuneration of peers in the same industry with such comparison being carried out on an informal or formal basis, at the discretion of the Compensation Committee; (vi) reviewing and making a recommendation to the Board regarding the remuneration of directors; and (vii) reviewing and making a recommendation to the Board with respect to any share ownership guidelines of the senior officers and directors and regularly review the shareholdings of the senior officers and directors based on such guidelines.

The process by which appropriate compensation is determined is through periodic and annual reports from the Compensation Committee on the Company's overall compensation and benefits philosophies with such compensation realistically reflecting the responsibilities and risks of such positions. See "Statement of Executive Compensation – Compensation Discussion and Analysis".

The Compensation Committee has the authority to engage, at the expense of the Company, independent counsel and other experts or advisors as is considered advisable, including compensation consultants to assist in determining appropriate compensation policies and levels, provided that any services to be provided by any such compensation consultants must be pre-approved by the Compensation Committee and, any services to be provided by any such compensation consultants at the request of the senior officers, must be pre-approved by the Chair. See "Statement of Executive Compensation".

The Compensation Committee is comprised of Messrs. Shaver (Chair), Crombie and Murphy, each of whom is an independent director of the Board.

Relevant Education and Experience

Each member of the Compensation Committee has experience relevant to his responsibilities as a Compensation Committee member.

	Education	**Experience**
William Shaver (Chair)	Bachelor of Science in Mining Engineering from Queen's University; and a graduate of the Haileybury School of Mines	See Mr. Shaver's Director Profile. Mr. Shaver has been a member and Chair of the Compensation Committee since November 2016.
James Crombie	Bachelor of Science Hons. (Mining Engineering) from the Royal School of Mines, London	See Mr. Crombie's Director Profile. Mr. Crombie has been a member of the Compensation Committee since November 2016.
Michael Murphy	Bachelor of Arts from the University of British Columbia, Master of Science in Finance, London School of Economics and Political Science and a Master of Business Administration from Saint Mary's University Certified director, ICD.D	See Mr. Murphy's Director Profile. Mr. Murphy has been a member of the Compensation Committee since June 2015.

Audit Committee

The Audit Committee provides assistance to the Board in fulfilling its financial reporting and control responsibilities to the shareholders of the Company. The external auditors of the Company report directly to the Audit Committee. The Audit Committee's primary duties and responsibilities are to: oversee the accounting and financial reporting processes of the Company, and the audit of its financial statements, including: (i) the integrity of the Company's financial statements; (ii) the Company's compliance with legal and regulatory requirements; (iii) the independent auditors' qualifications and independence; (iv) serve as an independent and objective party to monitor the Company's financial reporting processes and internal control systems; (v) review and appraise the audit activities of the Company's independent auditors; and (vi) provide open lines of communication among the independent auditors, financial and senior management, and the Board for financial reporting and control matters, and meet periodically with financial and senior management and with the independent auditors. The Audit Committee is also responsible for monitoring compliance with the Code and reviewing and assessing from time to time the Company's whistleblower policy, monetary authority policy and anti-bribery and anti-corruption policy.

The Audit Committee is comprised of Messrs. Adams (Chair) and Davis and Ms. Wademan, each of whom is an independent director of the Board and "financially literate" within the meaning of NI 52-110. Mr. Adams is an audit committee financial expert (see Director Profiles for summary of education, qualifications and experience).

Further information regarding the Company's Audit Committee is contained in the Company's current annual information form, under the heading "Audit Committee". A copy of the Audit Committee charter is attached to the annual information form as Schedule "A". The Company's annual information form is available under the Company's profile on SEDAR at **www.sedar.com**.

Health and Safety Committee

The Health and Safety Committee assists the Company and the Board in furthering the Company's commitments to safety and providing a healthy work environment (combined, "**Health and Safety**"). The Health and Safety Committee is responsible for, among other things, (i) reviewing with management the Company's Health and Safety goals, policies, and programs related to exploration, development and operations; (ii) reviewing with management the establishment of appropriate systems, standards, and procedures for Health and Safety, and compliance with applicable laws and standards of corporate conduct, as the committee determines appropriate; (iii) reviewing with management as they relate to Health and Safety programs with respect to risk assessment and risk management, activities taken to monitor and mitigate risks, the effect of relevant regulatory initiatives and trends, and all material claims, demands, and legal proceedings against the Company; (iv) reviewing with management the potential effect that any new major exploration, development, operating, or new business activity may have relating to Health and Safety; (v) reviewing with management the Company's record of performance on Health and Safety; and (vi) apprising the Board regularly of important developments in the course of performing the above duties, including reviewing with the full Board any issues that arise with respect to Company's Health and Safety compliance with legal or regulatory requirements.

The Health and Safety Committee is comprised of Messrs. Shaver (Chair), Crombie and MacGibbon, each of whom is an independent director of the Board.

Environment and Corporate Social Responsibility Committee

The Environmental and Corporate Social Responsibility Committee assists the Company and the Board in furthering the Company's commitments to environmentally sound and responsible resource development, good community relations and the protection of human rights (collectively, "**Environment and Social Responsibility**"). The Environmental and Corporate Social Responsibility Committee is responsible for, among other things, (i) reviewing with management the Company's Environment and Social Responsibility goals, policies, and programs related to exploration, development and operations; (ii) reviewing with management the establishment of appropriate systems, standards, and procedures for Environment and Social Responsibility, and compliance with applicable laws and standards of corporate conduct, as the committee determines appropriate; (iii) reviewing with management as they relate to Environment and Social Responsibility programs with respect to risk assessment and risk management, activities taken to monitor and mitigate risks, the effect of relevant regulatory initiatives and trends, and all material claims, demands, and legal proceedings against the Company; (iv) reviewing with management the potential effect that any new major exploration, development, operating, or new business activity may have relating to Environment and Social Responsibility; (v) reviewing with management the Company's record of performance on Environment and Social Responsibility; and (vi) apprising the Board regularly of important developments in the course of performing the above duties, including reviewing with the full Board any issues that arise with respect to Company's Environment and Social Responsibility compliance with legal or regulatory requirements.

The Environmental and Corporate Social Responsibility Committee is comprised of Ms. Wademan (Chair) and Messrs. Fennell and Murphy, each of whom is an independent director of the Board.

Assessments

The Board is responsible for monitoring and assessing its function and effectiveness, composition, operation, and the performance of individual directors. Each committee of the Board and the Board regularly monitors compliance with its respective mandate. The Corporate Governance and Nominating Committee, in accordance with its mandate, reviewed the compliance record for 2017 maintained by each committee and the Board to confirm each committee and the Board were fulfilling their respective mandates.

In 2015 the Board adopted a Board, Committee and Director Review Process. The review provides each director with an opportunity to evaluate the performance of the Board and the committees, and to make suggestions for improvements, if applicable. The review also provides each director an opportunity to comment on the effectiveness and contribution of individual directors and the leadership of the Chairman and Lead Director, if any. Each director completes a questionnaire, on a confidential basis, which is submitted to the Chairman of the Board who tabulates the results, and reports such results to the Corporate Governance and Nominating Committee and the Board. This assessment will be conducted on an annual basis.

Director Term Limits and Retirement

The Company has not instituted director term limits. The Company believes that in taking into account the nature and size of the Board and the Company, it is more important to have relevant experience than to impose set time limits on a director’s tenure, which may create vacancies at a time when a suitable candidate cannot be identified and as such would not be in the best interests of the Company. In lieu of imposing term limits, the Company regularly monitors director performance through annual assessments and regularly encourages sharing and new perspectives through regularly scheduled Board meetings, meetings with only independent directors in attendance, as well as through continuing education initiatives.

On a regular basis, the Company analyzes the skills and experience necessary for the Board and evaluates the need for director changes to ensure that the Company has highly knowledgeable and motivated Board members, while ensuring that new perspectives are available to the Board. As the Corporation transitioned from development to gold producer in 2016, a search was concluded which identified two individuals, Ms. Wademan and Mr. Shaver, with qualifications, skills and experience, suitable for the stage of development of the Company, to supplement the those of the Directors. See “Director Profiles” for details of the qualifications, skills and experience of Ms. Wademan and Mr. Shaver.

The Board has a retirement policy whereby non-executive directors may not stand for re-election to the Board at the next annual meeting of shareholders after they turn 75 years of age and executive directors must resign upon the earlier of the end of their employment with the Company and once they turn 66 years of age. The Board may, however, extend a director’s term upon the recommendation of the Corporate Governance and Nominating Committee if the Corporate Governance and Nominating Committee believes that it is appropriate and in the Company’s interest to do so.

Diversity Policy

The Company believes that decision-making is enhanced through diversity in the broadest sense and in 2015 it adopted a diversity policy to reflect this principle. In the context of an effective Board, diversity includes expression of thought, business experience, skill sets and capabilities. Diversity also includes valuing an individual’s race, colour, gender, age, religious belief, ethnicity, cultural background, economic circumstance, human capacity, as well as other factors. Taken together, these diverse skills and backgrounds help to create a business environment that encourages a range of perspectives and fosters excellence in corporate governance, including the creation of shareholder value. The Board has determined that merit is the key requirement for Board appointment and employee advancement. In identifying suitable candidates for appointment to the Board or in selecting and assessing candidates for executive positions, candidates will be considered on merit against objective criteria regarding experience, education, expertise and general and sector specific knowledge and with due regard for the benefit of diversity. As a result, the diversity policy does not mandate quotas based on any specific area of diversity and specifically does not set targets for women on the Board or in executive officer positions.

Currently, the Board consists of nine members, one of whom is a woman, and the Company has nine executive officers, three of whom are women.

Loans to Directors

The Company does not make personal loans or extend credit to its directors or senior officers. There are no loans outstanding from the Company to any of its directors or senior officers.

Statement of Executive and Director Compensation

Executive Summary

The Company confronted and addressed several challenges in 2017. Some of these were anticipated. For example, Company leaders knew that meeting near-term performance objectives for the ramp-up of the Company's processing facilities at the El Limón Guajes (**"ELG"**) mine complex would be challenging given the inherent variability with some of the timeframes for these objectives. The magnitude of another obstacle was not anticipated – notably the duration and severity of the illegal blockades that restricted access to the ELG mine complex which were led by local labour activists seeking to unlawfully change the union representation. Taken together, these events had material impacts on the Company's operations for the year.

Notable operational and financial results for the year include:

- More than 240,000 ounces of gold were produced and sold, at an average cash cost of $709 per ounce of gold sold and an average all-in sustaining cost (AISC) of $989 per ounce of gold sold.

- Progress with the processing plant ramp-up, including debottlenecking the tailings filtration system through machine design changes, procedural optimizations, and the installation of additional filtering capacity. With this bottleneck addressed, throughput has increased from 60% of capacity to 90%. In 2018 the focus will shift to the final processing plant bottleneck to achieve design capacity, the grinding circuit. Simultaneously, the mining team will focus on ramping up mining production to match the increasing plant capability.

- Early challenges with soluble copper contamination were managed with greater-than design-level reagent consumption. A new SART plant project was initiated, which is expected to be fully functional by mid-year 2018 and should reduce AISC by $100 per ounce of gold sold.

- The Company's lost time injury frequency rate ("**LTIFR**") was 1.72 per million hours worked, which met the objective of a rate less than "2". However, this result included the loss of a contractor's employee, who died in May 2017 when his haul truck rolled over a bank during pond construction. Safety - expressed as the principle of "zero harm" - remains at all times a core value for the Company.

- Full-year revenues of USD $314.9 million, IFRS net loss of USD $12.6 million, and cash flow from operations of USD $73.6 million.

- In the second quarter of 2017, the Company renegotiated its project loan facilities in order to enhance operational and financial flexibility, and provide for potential spending to facilitate the development of the Media Luna Project and the ELG Underground from ELG cash flow, subject to satisfaction of the terms of the loan facility (the "**Debt Facility**"), including compliance with financial covenants.

- The duration of the November blockade had implications for the Debt Facility, but the Company was successful in obtaining a waiver of certain loan covenants, and an adjustment to certain others (i.e., minimum liquidity covenants), in order to avoid any events of default. Details are described in the Company's annual information form for the year ended December 31, 2017 ("**AIF**"), and filed on SEDAR on April 2, 2018.

- Subsequently, the Company further enhanced its financial flexibility with the completion in February 2018 of a bought deal offering of common shares, designed to fund and provide liquidity to its working capital obligations at the ELG mine complex, as well as for general corporate purposes. Further details can be found in the AIF.

- The development of the underground Sub-Sill mine progressed ahead of schedule, with first ore produced in less than a year from the initial exploration results. Infill drilling also started up for the Media Luna project, and the technical study advanced as per schedule.

The Blockade of the ELG Complex

On November 3, 2017, approximately 20 unionized employees (out of a union-eligible population of 540) started a blockade of the ELG mine complex, demanding a change in labour union. This blockade resulted in the complete shutdown of operations until January 15, 2018, when an alternative access to the plant was established with community and employee support. Subsequently, state government employees intervened and removed the blockade from the main access gate to the ELG mine complex on January 26, 2018.

While systems are in place to receive feedback from and address matters raised by the local communities, the Company does experience blockades from time to time which are common in Guerrero State and intended to slow down or hold up the normal functioning of the ELG facilities. Measures were taken to mitigate the impact of such access restrictions, however, the November 2017 – April 2018 blockades were more complicated to resolve due to the organized efforts of the external parties associated with the Miners Union (the union wanting to replace the incumbent union).

There is a government-sanctioned legal process to change union representation involving a secret ballot of union-eligible employees. The Miners Union commenced this legal process in October 2017. The Company stated then, and continues to maintain, that it would support the legally sanctioned, democratic union selection process and work with the eligible employees' choice of union representation. However, a small number of people supported by the Miners Union continued with illegal blockades of the ELG mine complex and related sites.

Despite these challenges, processing operations have continued uninterrupted since the restart in mid-January 2018. On April 6, 2018, negotiations between community leaders resulted in an end to the illegal blockades. On April 10, 2018, the Company received a notification from the Mexican Federal Labour Board advising the Company that the Miners Union had withdrawn its challenge to be the legally constituted union for the union-eligible employees. This withdrawal by the Miners Union meant that there is no longer a choice between unions to be made by employees, and it resulted in the termination of the government sanctioned union selection process.

The blockade is described in further detail in the AIF.

Impacts on Short- and Long-Term Executive Compensation Payouts

As described further under "Compensation Policy and Pay Positioning" below, Torex's executive compensation philosophy expressly creates a role for Compensation Committee judgment, particularly in the assessment of performance against **short-term** (annual) goals and related short-term incentive compensation. In a year with few unanticipated challenges, meeting all stated performance objectives for the year at "on plan" levels of performance would not necessarily lead to a full short-term payout at 100% of target, because the Compensation Committee would adjust its annual performance expectations upward given the more stable business environment.

By contrast, following a difficult year with many unexpected challenges, the Compensation Committee might choose to pay a full target bonus to acknowledge Company management's ability to adapt to those challenges, even if the original stated performance goals for the year were not met.

2017 was clearly such a year for the Company. The section on "2017 NEO Compensation Actions" that follows on page 40 provides more detail about the Compensation Committee's decision-making in this area. In summary:

- In early 2018, the Compensation Committee considered the Company's performance against its original 2017 performance goals, considering the high degree of estimation built into the processing plant ramp-up objectives.
- The Committee considered the extraordinary efforts undertaken by the senior management team to resolve the blockade. These involved on-the-spot decision-making, in extremely difficult circumstances, in an environment where some actors were hostile to the Company's good faith efforts and/or had an inconsistent respect for local laws. Separately, the Committee noted that by renegotiating certain operational and financial covenants under the Debt Facility, Company leadership created sufficient flexibility to address the blockade and related operational issues without also having to contend with an event of financial distress.
- The Compensation Committee also considered the potential retention risks that might be created if management's efforts were not acknowledged, as well as the total cost of annual incentive

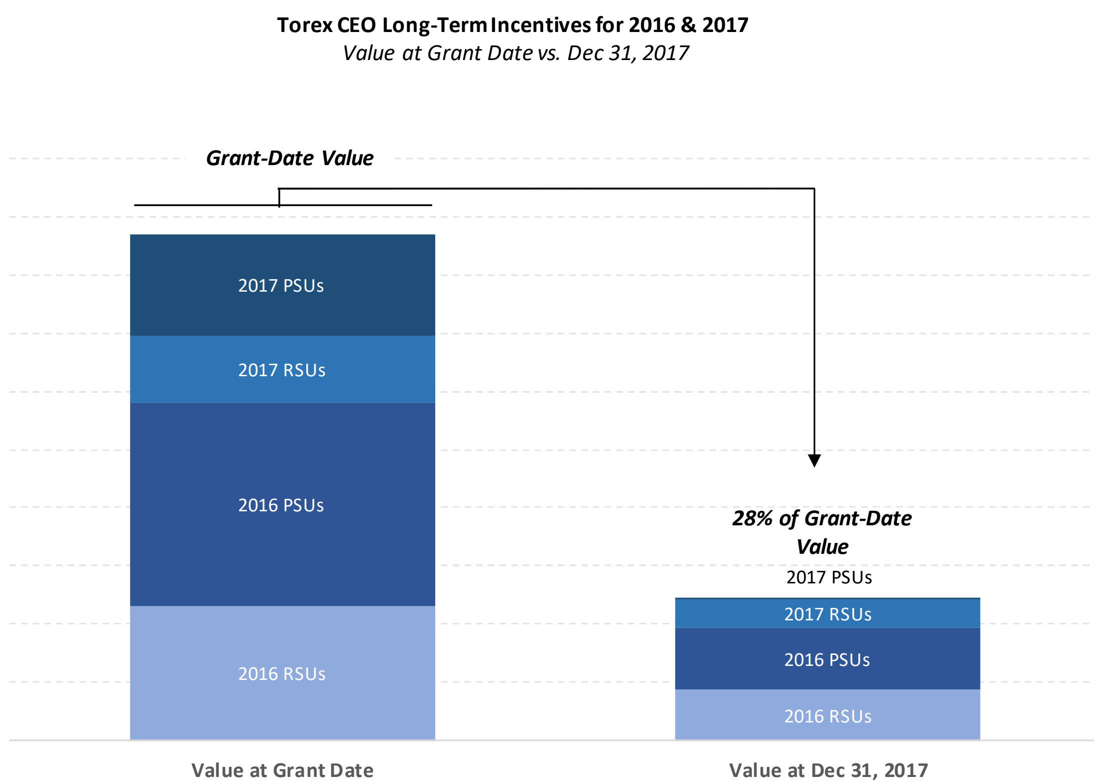
compensation weighed against the total costs of running the operation at the ELG complex and the costs to the Company associated with every day of shutdown there.

- Finally, the Compensation Committee noted that the local communities were mostly very supportive of the Company's efforts to resolve the blockade. Community members assisted with the by-pass of the blockade, with keeping the alternative access route open, and with confronting the blockaders who tried to halt the restart of operations. The Compensation Committee found these actions as indicative of the sustained work done by management to build strong ties between Torex and its neighbours in the area.

After reviewing these factors and considering all the ways that senior management adapted to changing circumstances over the course of the year, the Compensation Committee approved annual short-term incentive plan ("**STIP**") payouts at 100% of target, for all Named Executive Officers ("**NEOs**") (except for Mr. Swinoga, who ceased to be an employee of the Company on January 12, 2018).

However, the **long-term incentive** ("**LTI**") compensation program is 100% linked to Torex's share price and performance is measured based on total shareholder return ("**TSR**") using a *relative* achievement scale (subject to approval and certification by the Compensation Committee). Therefore, investor reactions to events like a blockade will be felt in the pay realized from equity-based awards – both via a lower share price, and via lower payout factors on the performance share unit ("**PSU**") component of the long-term program.

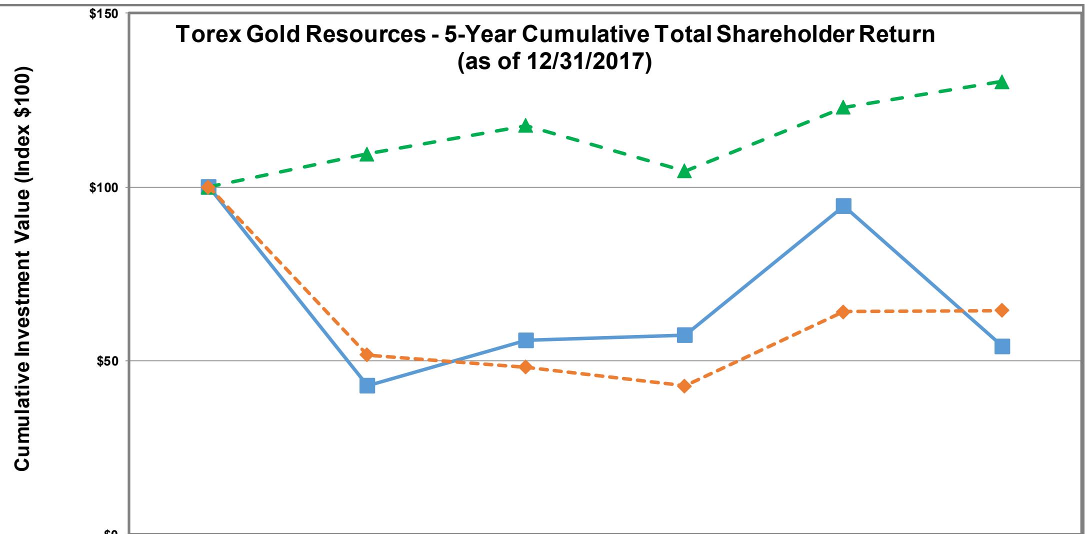
The chart below shows the status (as of December 31, 2017) of the equity awards (PSUs and restricted share units – **"RSUs"**) granted to Torex's CEO in 2016 (when the first PSU awards under Torex's current long-term program were made) and 2017, relative to the grant-date values of these awards:



Note: grant-date values are based on the share price on the day the share units were granted (using a "target" performance assumption for PSUs). 2016 awards were sized in February 2016, but granted in August 2016 (once Torex's Employee Share Unit Plan was approved by shareholders); the chart above reflects this actual grant-date share price. Values as of December 31, 2017 include the impact of share price movement, as well as interim payout factors for open-cycle PSUs as of that date.

Performance Graph

Torex's 5-year cumulative indexed TSR compared to that of the S&P/TSX Composite and the S&P/TSX Global Golds Index, based on the value of $CAD 100 invested as of December 31, 2012, is included in the chart below. The amounts assume the reinvestment of all dividends.



	1/1/2013	12/31/2013	12/31/2014	12/31/2015	12/31/2016	12/31/2017
Torex Gold Resources Inc	$100.00	$42.73	$55.91	$57.27	$94.50	$54.23
S&P/TSX Composite Index	$100.00	$109.55	$117.69	$104.64	$122.95	$130.37
S&P/TSX Global Gold Index	$100.00	$51.63	$48.11	$42.74	$64.10	$64.50

The Compensation Committee remains committed to ensuring that the executive compensation program supports the creation and maintenance of long-term shareholder value. Equity-based compensation represents more than 50% of the CEO's target total direct compensation and nearly 35% for the other NEOs on average, meaning a significant fraction of the value realized by the NEOs depends on Torex's share price performance, as noted above.

The majority of any NEO pay increases will be delivered as performance-based, at-risk compensation. As discussed above, the Compensation Committee believes that the Company's short- and long-term programs continue to align senior executive pay with the operational and financial performance objectives required to create and maintain shareholder value.

Say on Pay and Summary

Starting in 2017, Torex began holding an annual advisory vote on the Company's executive compensation program ("**Say on Pay**" vote). The results of this ballot were favourable in 2017, with more than 97% support for the Company's program.

Further detail on the Company's program and on decisions taken in 2017 are included in the following sections.

Compensation-Related Governance

Risk Management Principles and Policies

In establishing the Company's compensation policies, the Compensation Committee seeks to address compensation-related risks. Torex's compensation programs:

- Are designed to work as part of a single compensation system. Each element of the program has its own purpose and is intended to work in conjunction with the other elements to encourage the responsible management of all aspects of the Company's operations.
- Measure performance based on a portfolio of operational, financial, and stock price-related indicators.
- Expressly incorporate judgment into the evaluation of performance against STIP goals rather than basing evaluations on a formulaic assessment against each individual objective that could give executives an incentive to maximize their short-term benefits to the detriment of the long-term value of the Company.
- Provide a balance between performance measured relative to peers/industry, and performance measured against pre-set internal objectives.
- Provide for equity awards to be made annually to ensure that executives remain exposed to the consequences of their decision making through their unvested equity-based incentives.
- Avoid excessive payouts to senior executives and other employees.
- Are reviewed regularly by the Compensation Committee for ongoing alignment with the Company's business and compensation strategy and objectives, and with market and best practices for senior executive compensation design.

The Compensation Committee believes that the programs are balanced and do not motivate unnecessary or excessive risks. The Compensation Committee has not identified any risks from the Company's compensation practices or policies that are likely to have a material adverse effect on the Company.

Good Governance Practices	No Problematic Pay Practices
• A broad array of indicators to measure short- and long-term incentive plan performance	• No supplemental benefit arrangements
• More than 50% of senior executive equity-based compensation is performance-based	• No excessive perquisites
• More than 75% of CEO compensation and 60% of other NEO compensation (on average) is at risk	• No excessive severance payments
• Caps on short- and long-term incentive award payouts	• No guaranteed STIP or other annual bonus payments
• Directors and senior executives are subject to share ownership guidelines	• No loans to directors or executives
• Clawback and anti-hedging policies	• No repricing of stock options
• Independent Compensation Committee and compensation consultant	• No automatic single-trigger vesting acceleration on equity awards upon change in control

Clawback Policy

The Board has adopted a clawback policy that allows it to require reimbursement of excess incentive compensation paid or granted to any officer, director, or employee, if:

1. The Company is required to restate its financial statements to correct a material error,
2. The officer, director, or employee engaged in intentional misconduct which directly or partially caused the need for the restatement or correction, and
3. The compensation paid to the officer, director, or employee would have been lower had it been based on the properly reported financial results (the difference being the "excess incentive compensation").

If these three events occur, the Board and the Compensation Committee will determine how to apply the policy to the situation. If the Board and Committee determine that the policy should be triggered, the Company will seek to claw back the excess incentive compensation paid or granted during or for the years subject to the restatement. The clawback policy may be applicable to cash and/or equity-based incentive compensation.

Share Ownership Guidelines

To align the interests of the Company's directors and senior executives with those of shareholders, the Compensation Committee has adopted share ownership guidelines (the "**Guidelines**") applicable to directors and senior executive officers, as follows:

Participant	Guideline Ownership Requirement
Chief Executive Officer	3X base salary
Chief Operating Officer and Chief Financial Officer	1X base salary
Non-executive Directors	3X base annual cash retainer

Common shares owned outright and common shares issuable under vested restricted share units are included in assessing whether the guideline has been met. Stock options are not included in assessing guideline compliance. Covered participants have five years following their date of hire, appointment, or election to achieve the ownership levels.

For purposes of measuring guideline attainment, the value of eligible equity is measured as follows:

- For unredeemed RSUs, or common shares obtained through redemption of RSUs, the highest trading price subsequent to the grant date of a given RSU award
- For common shares obtained through the exercise of stock options, the higher of the market closing price on the date of exercise, and the subsequent trading price
- For other common shares, the greater of the price paid by the participant, and the highest trading price subsequent to the participant becoming an executive officer or director

Once the applicable relevant threshold is deemed to have been satisfied, the participant is deemed to have met their guideline requirement on an ongoing basis, provided that they do not dispose of shares which causes them to fail to meet the relevant threshold immediately following such disposition.

The Compensation Committee reviews the share ownership guidelines from time to time and recommends any changes to the Board for approval.

The CEO, COO, and each of the non-executive directors have met their ownership guideline requirements. Torex's new Chief Financial Officer (discussed further under "Named Executive Officers" below) will have until 2023 to satisfy his guideline requirements:

Participant	Guideline Value[(1)]	Common Shares Held[(2)]	Vested RSUs Held[(2)]	Total Ownership Position	Value of Ownership Position, Per Guidelines	Value of Ownership Position, at Market Price[(2)]
Executives[(3)]						
Fred Stanford (CEO)	1,957,500	161,576	-	161,576	5,108,734	2,102,104
Jason Simpson (COO)	468,900	23,215	-	23,215	816,472	302,027
Directors						
A. Terrance MacGibbon	225,000	200,000	9,524	209,524	7,277,171	2,725,907
Andrew Adams	225,000	74,900	12,004	86,904	2,969,475	1,130,621
James Crombie	225,000	29,808	12,311	42,119	1,394,390	547,969
Frank Davis	225,000	39,941	5,511	45,452	1,727,564	591,331
David Fennell	225,000	9,274	5,391	14,665	427,618	190,792
Michael Murphy	225,000	1,377	20,150	21,527	641,772	280,066
William M. Shaver	225,000	9,000	11,700	20,700	554,142	269,307
Elizabeth A. Wademan	225,000	-	10,611	10,611	240,367	138,049

1 Based on 2017 base salary rates and annual retainers, as the case may be.

2 Common shares and vested RSUs held on May 10, 2018. Value based on the closing price of the Common Shares on the TSX on May 9, 2018 of $13.01/share.

3 Torex has a new Chief Financial Officer effective April 2, 2018; the value of this person's equity holdings will be included in the Company's 2019 circular filing.

Anti-Hedging Policy

The Company's insider trading policy further aligns the interests of shareholders, directors, and employees, by prohibiting directors and employees from purchasing financial instruments (including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds) that are designed to hedge or offset a decrease in the market value of their holdings of Company stock.

Independent Advice/Executive Compensation-Related Fees

The Compensation Committee retains independent advisors as it deems appropriate to assist it with its decision-making related to senior executive compensation. The Compensation Committee considers the information and recommendations provided by its advisor (and by management), but is ultimately responsible for its own decision-making.

In 2017, the Compensation Committee retained Meridian Compensation Partners ("Meridian") to provide independent advice to the Compensation Committee. In 2016, the Compensation Committee also received services from Mercer (Canada) Ltd. A summary of fees paid to these advisors in 2016 and 2017 is as follows:

2017	Mercer Canada Ltd.	Meridian Compensation Partners
Executive Compensation Related Fees ($)	Nil	47,759
All Other Fees ($)	Nil	Nil
2016		
Executive Compensation Related Fees ($)	63,965	77,121
All Other Fees ($)	Nil	Nil

Director Compensation

Approach to Director Compensation

The purpose of the Company's compensation program for non-employee directors is to recruit and retain qualified individuals to oversee the Company's business on behalf of shareholders and make meaningful contributions to its success.

Elements of the Director Pay Program

Compensation for non-executive directors is paid in Canadian dollars and has the following components:

- An annual cash retainer for Board service (the Board Chair receives a higher retainer)
- An additional retainer for chairing a Board committee
- An annual equity retainer, delivered as a combination of stock options and RSUs
- A meeting fee for each Board and committee meeting attended
- Other compensation as noted in the table below

The table below summarizes the current dollar value of these pay elements:

Compensation Element	Value
Annual Cash Retainer	$75,000
Board Chair Additional Annual Cash Retainer	$100,000
Committee Chair Retainers	
▪ Audit Committee[1]	$15,000
▪ Compensation Committee	$15,000
▪ Corporate Governance and Nominating Committee	$15,000
▪ Health and Safety Committee	$15,000
▪ Corporate Social Responsibility Committee	$15,000
Meeting Fees	$1,000/meeting
Equity-Linked Compensation (stock options and RSUs)	$150,000
Other Compensation[2]	$2,000 (approx.)

[1] In 2017, the retainer paid for chairing the Audit Committee was increased to $20,000 effective in 2018

[2] "Other Compensation" refers to a health assessment that each director is entitled to receive

Each director may elect to allocate equity-linked compensation across stock options and RSUs, to a maximum $100,000 by grant-date value that may be allocated to stock options. Equity awards to directors are made under the Company's Stock Option Plan and RSU plan. Please see "Stock Option Plan" on page 51 and "Restricted Share Unit Plan" on page 52 for more details on the respective plans.

Equity awards made to non-executive directors vest on the day they are granted.

Torex also reimburses directors for their travel and other expenses incurred for their attendance at Board and committee meetings.

Directors who are also employees of the Company are not compensated for their service as directors.

The following table provides information regarding compensation earned by each non-executive director for the year ended December 31, 2017.

Name (Non-Executive Directors) (1)	Fees earned ($)	Share-based awards ($)	Option-based awards ($)(2)	Non-equity incentive plan compensation ($)	Pension value ($)	All other compensation ($)(3)	Total ($)
A. Terrance MacGibbon	185,250	150,000	Nil	Nil	NA	Nil	335,250
Andrew Adams	129,500	50,000	100,000	Nil	NA	2,095	281,595
James Crombie	75,250	50,000	100,000	Nil	NA	Nil	225,250
Frank Davis	124,500	150,000	Nil	Nil	NA	Nil	274,500
David Fennell	74,750	75,000	75,000	Nil	NA	Nil	224,750
Michael Murphy	79,250	75,000	75,000	Nil	NA	1,785	231,035
William M. Shaver	96,750	100,000	50,000	Nil	NA	Nil	246,750
Elizabeth A. Wademan	88,500	125,000	25,000	Nil	NA	Nil	238,500

Notes:

(1) No compensation was paid to Mr. Stanford in his capacity as a director of the Company. For a summary of the compensation paid to Mr. Stanford in his capacity as an executive officer of the Company, see "Summary Compensation Table", below on page 41.

(2) The fair value of the options was calculated using a Black Scholes valuation model and the RSUs are valued based on the market price at the time of the grant. The closing price of the Common Shares on the TSX on the business day immediately preceding January 11, 2017 was $27.22 per Common Share.

(3) Directors are also entitled to health assessments.

Name (Non-Executive Directors)	Total Equity Value ($)	RSU Allocation ($)(1)	RSUs (#)	Option Allocation ($)(2)	# of Options
A. Terrance MacGibbon	150,000	150,000	5,511	Nil	Nil
Andrew Adams	150,000	50,000	1,837	100,000	10,342
James Crombie	150,000	50,000	1,837	100,000	10,342
Frank Davis	150,000	150,000	5,511	Nil	Nil
David Fennell	150,000	75,000	2,755	75,000	7,756
Michael Murphy	150,000	75,000	2,755	75,000	7,756
William M. Shaver	150,000	100,000	3,674	50,000	5,171
Elizabeth A. Wademan	150,000	125,000	4,592	25,000	2,585

Notes:

(1) Based on the fair value of $27.22 per RSU on the date of grant for awards to directors. The closing price of the Common Shares on the TSX on the business day immediately preceding January 11, 2017, the grant date, was $27.22 per Common Share.

(2) Based on the fair value of $9.67 per option which is calculated using a Black Scholes model. Assumptions included a capped volatility of 50% and a simplified expected life of 4 years. May differ from accounting valuation for financial statement purposes. The closing price of the Common Shares on the TSX on the business day immediately preceding January 11, 2017, the grant date, was $27.22 per Common Share.

See also "Director Profiles" for additional information on stock option and RSU holdings.

Compensation Discussion and Analysis

Named Executive Officers

In 2017, the Company's NEOs were:

- Fred Stanford - President and Chief Executive Officer
- Jeff Swinoga - Chief Financial Officer
- Jason Simpson - Chief Operating Officer
- Mark Thorpe - Vice President, Corporate Responsibility
- Bernie Loyer - Vice President, Operations, Latin America

Mr. Swinoga’s employment with Torex concluded effective January 12, 2018. Mr. Swinoga was succeeded by Mr. Steven Thomas, effective April 2, 2018.

Compensation Policy and Pay Positioning

The Company's NEO compensation policy includes the following key principles:

- The overall purpose of the policy is to align NEO decision making with the interests of the Company's shareholders.
- Incentive compensation should recognize the quality of management's judgment in dealing with the obstacles that create variability in the Company's business environment.
- Rigid incentive systems in a highly variable business environment run a high risk of doing more harm than good by incenting management to take decisions that are not consistent with changing business realities. Accordingly, assessments of performance, particularly for short-term incentive compensation purposes, should not be based on pre-determined formulas that do not accommodate such changes.

- The policy should support an objective of attracting and retaining executives who are capable of successfully interpreting the complexity of the business environment in order to be able to make the quality decisions that advance shareholder interests.
- Compensation should be differentiated between roles of differing accountability and complexity.

The Company seeks to position NEO total compensation at approximately the 60th percentile of its peer group, with a goal of reaching this positioning by 2018.

Oversight of the Executive Compensation Program

The Compensation Committee oversees the compensation of the NEOs. The Compensation Committee's responsibilities include, but are not limited to:

- Reviewing and recommending to the Board for approval the compensation and other benefits of the NEOs.
- Reviewing the goals and objectives of the NEOs for the next financial year of the Company.
- Evaluating the performance of the NEOs following the end of the financial year with input from the CEO on goals, objectives and performance of the NEOs other than the CEO.

In determining its recommendation for CEO compensation, the Compensation Committee considers the CEO's performance, the Company's performance, the compensation of other chief executive officers at comparable companies, other relevant factors including the CEO's self-assessment, and input from the Compensation Committee's independent advisor.

In determining its recommendation for other NEO compensation, the Compensation Committee considers the CEO's evaluation of each NEO's individual performance and pay recommendations, the Company's performance, the compensation of executives at comparable companies, input from the Compensation Committee's independent advisor, and other relevant factors. The Compensation Committee, as members of the Board and other Board committees, also receive presentations from and interact directly with the NEOs over the course of the year.

Use of Market Data and Peer Group

The Compensation Committee reviews compensation elements for each NEO annually, taking into account each NEO's scope of responsibilities, experience, and individual performance. The Compensation Committee also compares NEO compensation levels, by component of pay and in total, to benchmark market data.

In 2016, with advice from Meridian, the Compensation Committee made minor revisions to the peer group that it used as an input to NEO compensation decision-making for 2017. The revised group was determined based on the following criteria:

- North American mining companies with an emphasis on Canadian gold mining companies;
- Within a reasonable size range of Torex (with assets being the primary size criterion);
- In broadly comparable stages of development; and
- Ideally operating in broadly similar geographic locales to Torex's.

The 2017 peer group companies were:

Alacer Gold Corp	**First Majestic Silver Corp**	**Pan American Silver Corp**
Alamos Gold Inc	**Fortuna Silver Mines Inc**	**Pretium Resource Inc**
Argonaut Gold Inc	**Guyana Goldfields Inc**	**Primero Mining Corp**
B2Gold Corp	**Hecla Mining Co**	**SEMAFO Inc**
Centerra Gold Inc	**Kirkland Lake Gold Inc**	**Silver Standard Resources Inc (now SSR Mining Inc)**
Detour Gold Corp	**McEwen Mining Inc**	**Stillwater Mining Co**
Dundee Precious Metals, Inc	**Novagold Resources Ltd**	**Tahoe Resources Inc**

Elements of Torex's Compensation Program

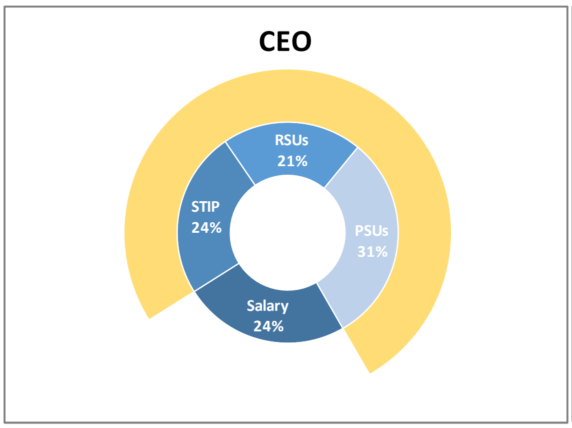
The components of the Company's compensation program are base salary, short-term incentive, long-term incentive, and benefits set out in the table below:

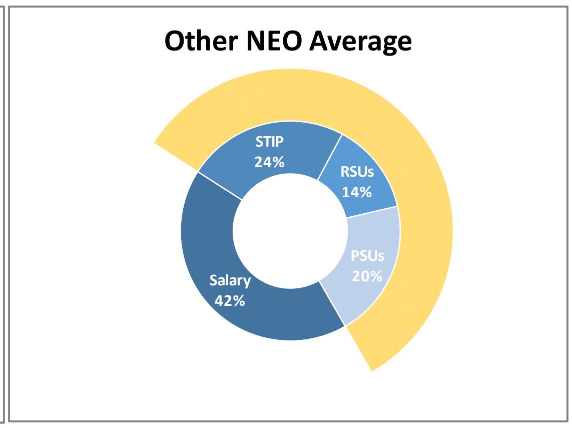
Compensation Element	Form	Performance Period	Purpose
Annual Compensation			
Base Salary	Cash	N/A	Fixed pay paid throughout the year that provides a baseline market competitive level of compensation to NEOs for the level of accountability and complexity inherent in their roles
Short-Term Incentives (STIP)	Cash	1 Year	At-risk pay intended to provide a meaningful incentive to achieve the Company's annual operational objectives. Executives are rewarded based on the achievement of specific mine-wide and individual goals.
Long-Term Incentive (LTI) Compensation			
Performance Share Units	Shares	3 years	At-risk equity-linked pay that aligns NEO interests over the longer term with those of investors, by requiring superior relative TSR performance over each three-year performance period
Restricted Share Units	Shares	3 years	Equity-linked pay that vests after three years, providing retention, supporting a longer-term focus for decision-making and aligning executive interests with shareholders

Other Compensation			
Benefits and Perquisites	N/A	N/A	Baseline employee benefits necessary to maintain market competitiveness and maintain executive health and well-being. NEOs generally are eligible for group benefit programs (medical, pharmacy, vision, life and AD&D insurance), on the same basis as other employees. Mr. Loyer and Dr. Thorpe participate in Torex's U.S. group benefit plans for international rotator employees. The CEO receives a monthly car allowance of $1,000 and the NEOs are entitled to annual health assessments. The Company does not have any pension or group retirement savings plans for its employees.

Mix of Pay

2017 target compensation mix and at-risk pay for the CEO and other NEOs is shown in the charts below (based on 2017 base salaries, target STIP opportunities, and intended long-term award values in percentage of salary terms). More than 75% of CEO pay and nearly 60% of other NEO pay, at target, is "at risk" and subject to performance:





Short-Term Incentive Plan

STIP bonuses are paid based on performance against a series of performance objectives. Each of the NEOs has a target STIP opportunity expressed as a percentage of base salary and allocated between "Mine Wide" and “Individual” objectives. The 2017 STIP opportunities, in percentage of salary terms, were unchanged from 2016.

Executive	2017 Target STIP Opportunity (% of Salary)	Mine-Wide Weighting	Individual Weighting
Mr. Stanford	100%	85%	15%
Mr. Swinoga	60%	75%	25%
Mr. Simpson	70%	75%	25%
Dr. Thorpe	50%	75%	25%
Mr. Loyer	50%	75%	25%

STIP payouts may range from 0% to 200% of target, depending on performance for the year. However, a payout in excess of 100% of target would typically require extraordinary Company or individual performance, and would only be made based on an exercise of positive discretion by the Compensation Committee in its judgment.

The STIP metrics and weightings for 2017 were as follows:

	Performance Measure	Weighting	Goal Assessment
Mine-Wide Objectives	*Safety*	15%	No fatalities Lost time injury rate (LTIR) <2/million hours worked
	Environment	10%	No reportable spills
	Production (2017)	35%	Sell 350,000 to 380,000 ounces of gold
	Production (Prepare for 2018)	15%	▪ Strip 32 million tonnes of waste in 2017 ▪ Commission the SART plant ▪ Steady state run rate of 14,000 tonnes/day through the mine filters, by Q3 2017 ▪ Complete the ramp into ELG Deep and the Sub-Sill
	Cost Control	15%	▪ Gold cash cost of USD $525 - $575/ounce ▪ All-in sustaining cost of USD $775 - $825/ounce
	Milestones	10%	▪ Start the access ramp into Media Luna ▪ Extend the exploration program in the Sub-Sill and other regional targets.
Individual Objectives	Specific performance objectives set at the start of the year for each NEO based on their scope of responsibilities		

NEO STIP payouts are determined by the Compensation Committee, with input from the CEO. As noted above under “Executive Summary”, the Compensation Committee does not follow a strictly formulaic approach to determining bonus attainment. Instead, the Compensation Committee examines degree of attainment against the performance goals listed above, the overall operational performance of the Company, and any mitigating or offsetting factors, prior to making its determinations as to actual bonus payouts. The Compensation Committee's decisions with respect to 2017 STIP payouts are discussed under "2017 NEO Compensation Actions" below on page 39.

Long-Term Incentive Plan

The purpose of the Company's long-term program is to provide a meaningful incentive to achieve the Company's annual operational objectives through decisions that are consistent with creating long-term value to support the Company's share price.

In support of this objective, the Company delivers long-term incentive awards to the NEOs and other senior executives via two vehicles:

- **Performance Share Units** (PSUs) linked to the Company's relative total shareholder return over a three-year performance period (60% weighting by value). PSUs must be earned in order to vest, and have no "floor" level of payout (i.e., they can pay out at 0% of the number of share units granted).
- **Restricted Share Units** (RSUs) that vest based on the passage of time (40% weighting by value). RSU awards vest at the end of a three-year period.

Executive PSU and RSU awards are made under Torex's Employee Share Unit Plan (**"ESU Plan"**) and are intended to be settled with shares from treasury shortly after vesting. The Compensation Committee intends to make equity-based awards to the NEOs annually, to help maintain ongoing alignment between NEO compensation and the shareholder experience. Please see "Employee Share Unit Plan" on page 47 for more details on this plan.

The Long-Term Incentive plan has two key features:

- The 60% weighting to PSUs, which must be earned in order to vest (i.e., they do not vest based solely on the passage of time), is aligned with market trends and best practice.
- The relative TSR performance metric is well-aligned with shareholder interests. The number of PSUs that vest is determined based on whether Torex outperforms other gold mining companies in its performance peer group. This moderates the effect of gold price on PSU payouts, provides a significant reward for executives only if the company outperforms its performance peer group, and ensures that a change in the price of gold alone cannot create high payout values.

RSUs were selected as the other vehicle for the program, because they provide a suitable balance against the higher-risk/reward properties of the PSU vehicle, and support ongoing retention of key executives while preserving alignment with shareholders.

Under the current program, PSUs will cliff-vest at the end of a three-year performance period, based on performance relative to the performance peer group, as follows:

3-Year Relative TSR Percentile Rank	# of PSUs Earned (% of Target Award)
90th Percentile or Greater	200%
60th Percentile	100%
30th Percentile	50%
Below 30th Percentile	0%

Payouts will be interpolated for any performance ranking that falls between the stated goals above. The 60th percentile performance requirement to earn a full "target" payout of shares is a higher hurdle than typical market practice, but the Compensation Committee concluded that setting the "target" performance requirement at that level represented an appropriate level of outperformance relative to peers.

For the 2017 PSU awards, performance will be measured against a gold mining subset of the Company's executive compensation peer group companies noted above, as follows:

Alacer Gold Corp	**Detour Gold Corp**	**Pretium Resource Inc**
Alamos Gold Inc	**Guyana Goldfields Inc**	**Primero Mining Corp**
Argonaut Gold Inc	**Kirkland Lake Gold Inc**	**SEMAFO Inc**
B2Gold Corp	**McEwen Mining Inc**	
Centerra Gold Inc	**NovaGold Resources Ltd**	

Award opportunities under the long-term incentive program are set as a percentage of each NEO's base salary, allocated to RSUs and PSUs (assuming target performance for the PSUs). Under the Compensation Committee's current policy the intended award values are:

Executive	LTI Opportunity (% of Salary)
Mr. Stanford	210%
Mr. Swinoga	100%
Mr. Simpson	150%
Dr. Thorpe	50%
Mr. Loyer	50%

The 2017 long-term award opportunities, in percentage of salary terms, were unchanged from 2016.

2017 NEO Compensation Actions

The Compensation Committee took the following actions with respect to NEO compensation for 2017:

<u>Base Salaries</u>

2017 NEO base salaries were as follows:

Executive	2017 Salary
Mr. Stanford	$652,500 (CDN)
Mr. Swinoga	$361,998 (CDN)
Mr. Simpson	$468,900 (CDN)
Dr. Thorpe	$258,570 (USD)
Mr. Loyer	$320,000 (USD)

As noted in the 2017 Management Information Circular and stated again this year, the Compensation Committee is following a multi-year progression to bring NEO compensation opportunities in line with market benchmarks, which are generally updated annually. Mr. Stanford and Mr. Simpson received salary increases for 2017, following the Compensation Committee's review of updated peer-based benchmark market data in 2016, which indicated that compensation – particularly base salary compensation - for both executives was low compared to comparable peer positions, and to the Committee's desired pay positioning. For example, Mr. Stanford's salary was in the bottom quartile relative to peer CEO salaries, prior to the adjustment made for 2017.

Mr. Swinoga, Dr. Thorpe, and Mr. Loyer also received salary increases for 2017, which averaged 3.1% over 2016 salary rates.

2017 Short-Term Incentive Plan Payouts

In early 2018, the Compensation Committee considered the Company's performance against the 2017 STIP goals in light of the following factors:

- The inherent uncertainty and imprecision in the original goals that were set for a year of significant ramp-up in the processing capabilities at the ELG complex. In some cases, performance objectives were substantially achieved in 2017 but not finally achieved until 2018.
- The fact that the ramp-up progress in processing capacity has been fast relative to industry baselines that generally contemplate a multi-year timeframe for reaching steady-state processing.
- As noted in the Executive Summary above, the blockade that began in November, which required extraordinary efforts from Torex's senior management to resolve. In evaluating the impact of the blockade on results, the Compensation Committee considered the Company's performance against a series of performance scenarios (for example, performance both including and excluding the blockade period from November 5, 2017 through the end of the calendar year).

After examining all of these factors, the Committee determined to award STIP participants, including the NEOs, annual bonuses at 100% of target opportunities (except for Mr. Swinoga, who ceased to be an employee of the Company in January 2018). The dollar values of the STIP payouts are included in the Summary Compensation Table that follows on page 41.

Long Term Incentive Plan Awards

In January 2017, the Compensation Committee recommended, and the Board approved, LTI awards to the NEOs, in the following amounts:

Executive	PSUs (60% Weight)	RSUs (40% Weight)
Mr. Stanford	31,174	20,783
Mr. Swinoga	9,795	6,530
Mr. Simpson	15,112	10,075
Dr. Thorpe	4,701	3,134
Mr. Loyer	5,641	3,760

The PSUs will be earned based on relative TSR performance for the three-year period ending December 31, 2019, and will cliff-vest, to the extent earned, shortly after the end of the performance period. TSR will be measured based on the 60-day volume-weighted average share price (**"VWAP"**) immediately preceding the first and last days of the performance period (i.e., January 1, 2017 and December 31, 2019), and will incorporate reinvestment of any dividends. The RSUs will cliff-vest three years after grant, on January 15, 2020.

The dollar values of these grants are summarized in the Summary Compensation Table that follows.

Summary Compensation Table

The following table provides information regarding compensation earned by the NEOs for the years ended December 31, 2015, 2016 and 2017.

Name and principal position	Year	Salary ($)	Share-based awards ($)[1]	Option-based awards ($)[2]	Non-equity incentive plan compensation ($)		Pension value ($)	All other compensation ($)	Total compensation ($)
					Annual incentive plans[3]	Long-term incentive plans			
Fred Stanford[4] President and Chief Executive Officer	**2017** **2016** **2015**	652,500 537,876 530,450	1,452,198[5] 2,898,066[(6)] 1,649,626[7]	Nil Nil Nil	652,500 492,157 636,000	Nil Nil Nil	N/A N/A N/A	14,095[8] 16,273[8] 12,000[8]	**2,771,293** **3,944,372** **2,828,076**
Jeff Swinoga Chief Financial Officer	**2017** **2016** **2015**	361,998 354,900 350,000	456,283[5] 910,585[6] 80,294 [7]	Nil Nil 219,120	98,485 196,970 210,000	Nil Nil Nil	N/A N/A N/A	2,195[8] 2,045[8] 2,045[8]	**918,962** **1,464,500** **861,459**
Jason Simpson Chief Operating Officer	**2017** **2016** **2015**	468,900 365,040 360,000	703,976[5] 1,404,878[6] 536,826[7]	Nil Nil Nil	328,230 236,363 252,000	Nil Nil Nil	N/A N/A N/A	2,095[8] 2,045[8] 2,045[8]	**1,503,201** **2,008,326** **1,150,871**
Mark Thorpe[9][10] Vice President, Corporate Responsibility	**2017** **2016** **2015**	325,773 340,374 331,583	218,988[5] 454,268[6] Nil	Nil Nil 89,582	162,886 157,424 173,000	Nil Nil Nil	N/A N/A N/A	Nil Nil 96,880[11]	**707,649** **952,066** **691,045**
Bernie Loyer[9][12] Vice President, Projects	**2017** **2016** **2015**	403,169 408,449 346,000	262,757[5] 504,251[6] Nil	Nil Nil 55,625	201,584 188,908 146,196	Nil Nil Nil	N/A N/A N/A	30,238 [13] 40,462 [13] N/A	**897,748** **1,142,071** **547,821**

Notes:

(1) Figures in this column represent the value of RSUs issued under the RSU Plan and RSUs and PSUs issued under the ESU Plan.

(2) Based on grant date fair value of the options which is calculated using the Black-Scholes model. Assumptions included capped volatility at 50% and a simplified term to expiry of 4 years. May differ from accounting valuation for financial statement purposes.

(3) Annual cash bonuses for 2017, 2016 and 2015 were paid in February 2018, February 2017 and April 2016, respectively, with the exception of Mr. Swinoga's cash bonus for 2017 which was paid in January 2018 (see Termination and Change of Control Benefits).

(4) No compensation was paid to Mr. Stanford in his capacity as a director.

(5) Long-term incentive compensation awards for 2017 of RSUs and PSUs under the ESU Plan for a three-year performance period commencing January 1, 2017 to December 31, 2019. The effective date of the grant was January 11, 2017. Please see "Long Term Incentive Plan Awards" above on page 40. Based on the fair value of $ 27.95 per RSU or PSU on January 11, 2017, the date the awards were granted. The closing price of the Common Shares on the TSX on the grant date was $27.95 per Common Share. For financial reporting purposes, the fair value of each RSU is $27.95, and the fair value for each PSU is $41.65 which is calculated using a Monte Carlo simulated option pricing model which requires the use of assumptions including expected share price volatility, risk free interest rate and estimated forfeiture rate.

(6) Long-term incentive compensation awards for 2016 of RSUs and PSUs under the ESU Plan for a three-year performance period commencing January 1, 2016 to December 31, 2018. In February 2016, the Compensation Committee approved, in principle, LTI awards to the NEOs. However, these grants were deferred until the first quarterly meeting of the Board after the ESU Plan was approved by shareholders, and so were actually made in August 2016. The effective date of the grant was August 15, 2016. Based on the fair value of $32.02 per RSU or PSU on August 15, 2016, the date the awards were granted. The closing price of the Common Shares on the TSX on the business day immediately preceding the grant date was $32.02 per Common Share. For financial reporting purposes, the fair value of each RSU is $32.02, and the fair value for each PSU is $45.62 which is calculated using a Monte Carlo simulated option pricing model which requires the use of assumptions including expected share price volatility, risk free interest rate and estimated forfeiture rate.

(7) Long-term incentive compensation awards for 2015 and awarded on February 8, 2016: Mr. Stanford 80,864 RSUs; Mr. Simpson 26,315 RSUs; and Mr. Swinoga 3,936 RSUs. Based on the fair value of $20.40 per RSU on May 15, 2016, the grant date for awards following the lifting of a blackout period. The closing price of the Common Shares on the TSX on the business day immediately preceding the grant date was $20.40 per Common Share. The fair value at the time the awards were approved by the Board was $13.50 per RSU; Mr. Stanford, $1,083,577; Mr. Simpson, $355,253; and Mr. Swinoga,

$53,136. The closing price of the Common Shares on the TSX on the business day immediately preceding the approval date was $13.50 per Common Share.

(8) All other compensation includes a car allowance of $12,000 per year for Mr. Stanford. Each NEO is entitled to an annual health assessment; Messrs. Swinoga and Simpson had a health assessment in 2015, 2016 and 2017 and Mr. Stanford had a health assessment in 2016 and 2017. Also in 2016, Mr. Stanford received a commemorative coin marking the inauguration of the ELG Mine.

(9) Salary and annual incentive plan awards are paid in United States dollars and have been converted to Canadian dollars based on the noon exchange rate, as reported by the Bank of Canada, on December 31, 2017 of US$1.00 = $1.2599, December 31, 2016 of US$1.00 = $1.3427, and December 31, 2015 of US$1.00 = $1.3840, as applicable.

(10) Dr. Thorpe joined the Company as Vice President, Corporate Responsibility on January 19, 2015.

(11) Dr. Thorpe and received a signing bonus of US$70,000.

(12) Mr. Loyer joined the Company on March 1, 2015.

(13) Mr. Loyer is entitled to a housing allowance. Mr. Loyer's housing allowance for 2016 was paid in January 2017 and amounted to US$30,135. His housing allowance for 2017 was US$24,000.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

The following table provides information regarding all incentive plan awards for each NEO outstanding as of December 31, 2017.

Name	Option-based Awards[1]				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price ($)	Option expiration date	Value of unexercised in-the-money options ($)[2]	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested ($)[3]	Market or payout value of vested share-based awards not paid out or distributed ($)[4]
Fred Stanford President and Chief Executive Officer	50,000[5]	21.70	March 14, 2018	Nil	143,588	1,713,005	Nil
	50,000[6]	11.50	April 21, 2019	21,500			
Jeff Swinoga Chief Financial Officer	38,920	11.40	August 5, 2020	20,628	44,763	534,023	Nil
Jason Simpson Chief Operating Officer	Nil	N/A	N/A	N/A	69,062	823,910	Nil
Mark Thorpe Vice-President Corporate Responsibility	20,000	11.40	August 5, 2020	10,600	22,022	262,722	Nil
Bernie Loyer, Vice President, Projects	12,500	11.40	August 5, 2020	6,625	25,149	300,028	Nil

Notes:

(1) Subject to note (5) below, grants of options vest in tranches of 1/3, with 1/3 of the options vesting on the date of grant, 1/3 of the options vesting on the first anniversary of the date of grant and 1/3 of the options vesting on the second anniversary of the date of grant.

(2) Based on the difference in value between the exercise price of the options and the closing price of the Common Shares on the TSX on December 31, 2017 of $ 11.93.

(3) Assuming an adjustment factor of 1.0 for the PSUs.

(4) The value of all undistributed share based awards reflected in this column has been calculated using the market value of the Common Shares on the TSX of $ 11.93 per share at December 31, 2017.

(5) One-half of stock options, with an exercise price of $21.70, vested upon the Company making a positive construction decision in respect of the El Limón and Guajes project. These options expired unexercised on March 14, 2018.

(6) Mr. Stanford was granted 50,000 RSUs on April 21, 2014, with a market value of $630,000, under the RSU Plan. 10,000 vested immediately. The remaining RSUs vest in monthly installments. The number which vested each month is the lesser of (i) the RSUs having a market value of $14,000, based on the five-day volume weighted average trading price of the Common Shares on the TSX ending of the business day immediately prior to the last day of the month and (ii) the number of RSUs remaining from the RSUs granted on April 21, 2014. An additional aggregate 38,876 RSUs vested from June 2014 to December 2017, and Mr. Stanford redeemed such RSUs and received 38,876 Common Shares. The remaining 1,123 RSUs that were outstanding as of December 31, 2017, vested and Mr. Stanford redeemed the RSUs for 1,123 Common Shares on March 1, 2018. 142,465 of the RSUs outstanding as of December 31, 2017, are RSUs and PSUs issued under the ESU Plan.

Value Vested or Earned During the Year

The following table provides information regarding the value on pay-out or vesting of incentive plan awards for each NEO for the year ended December 31, 2017.

Name	Option-based Awards – Value vested during the year ($)	Share-based Awards – Value vested during the year ($)(1)	Non-Equity Incentive Plan Compensation – Value earned during the year ($)
Fred Stanford President and Chief Executive Officer	Nil	714,843	652,500
Jeff Swinoga Chief Financial Officer	Nil	26,909	98,485
Jason Simpson Chief Operating Officer	Nil	384,281	328,230
Mark Thorpe Vice-President Corporate Responsibility	Nil	Nil	162,887
Bernie Loyer, Vice President, Projects	Nil	Nil	201,585

Notes:

(1) Based on the number of RSUs vested during the year, multiplied by the closing price of the Common Shares on the TSX on the date prior to vesting.

Termination and Change of Control Benefits

The Company has entered into employment agreements (the "**Employment Agreements**") with each of the NEOs, which agreements include provisions relating to: voluntary termination; death, retirement or permanent disability; termination of employment for cause; and a Triggering Event (as defined below) following a Change of Control (as defined below) (commonly referred to as a double trigger). The terms are as follows:

Voluntary Termination

A NEO may terminate his employment with the Company with thirty days written notice and shall receive payment of any outstanding base salary.

If the NEO terminates his employment after: (a) being relieved of his duties (for reasons other than termination for cause or termination for disability/death/retirement) or a material change in his duties; (b) any reduction in his salary or any material reduction in benefits or any other form of remuneration; or (c) any material breach by the Company of any material provisions of his Employment Agreement, the Company shall provide:

- any unpaid base salary owing up to the date of termination;
- pro-rated unused vacation entitlements up to the date of termination;

- an amount equal to one times the NEO's annual base salary in effect at the date such notice of termination is given (other than in the case of Mr. Stanford, which amount is two times annual base salary);

- an amount equal to one times the average of the cash bonuses paid to the NEO for the two most recently completed years (other than in the case of Mr. Stanford, which is two times the average of the cash bonuses paid); and

- that any unvested options previously granted shall continue to vest for a period of six months subsequent to any notice of resignation given by the NEO or notice of termination (other than in the case of Mr. Swinoga, in which case unvested options shall continue to vest for a period of one year and Mr. Stanford, for whom all unvested options and RSUs that would vest for one year following the date of notice of such termination shall be deemed to have vested immediately upon provision of such notice).

Termination by the Company for Disability/Death/Retirement

The employment of the NEO will automatically terminate, without notice or pay in lieu of notice, upon the death or retirement of the NEO.

The Company may terminate the employment of the NEO by giving written notice, if the NEO becomes permanently disabled.

In the event of permanent disability, death or retirement the Company shall provide to the NEO:

- any unpaid base salary owing up to the date of termination;

- pro-rated unused vacation entitlements up to the date of termination;

- in lieu of his annual bonus for the year in which termination of employment occurs, a lump sum payment in an amount equal to the average of the cash bonuses paid to the NEO for the two most recently completed years; and

- that any unvested options previously granted shall continue to vest and be exercisable as provided for in the Stock Option Plan (other than in the case of Mr. Stanford, where any unvested options or RSUs previously granted shall be deemed to have vested immediately and all options previously granted shall continue to be exercisable as provided for in the Stock Option Plan).

Termination for Cause

The Company may terminate a NEO's employment for cause without notice or payment in lieu of notice.

In the event of termination for cause, a NEO receives payment of:

- any unpaid base salary owing up to the date of termination; and

- pro-rated unused vacation entitlements up to the date of termination.

All unexercised options that have been granted to the NEO prior to receipt by the NEO of notice of termination, shall not be exercisable and shall immediately be deemed to be null and void.

Termination without Cause or Triggering Event following Change of Control

The summary below outlines the compensation payable to NEOs in the event of termination of employment by the Company without cause, or the resignation by the NEO following (i) a material reduction of the NEO's duties, level of responsibility or reporting level, (ii) any reduction of base salary, (iii) any material reduction of benefits or other remuneration (other than discretionary benefits or remuneration such as bonuses, option grants or RSU grants) or (iv) relocation of the principal office of the NEO that increases the NEO's commute above a specified threshold or outside of a specified geographic area (each, including termination of employment without cause, a “**Triggering Event**”) within 24 months of the change of control of the Company (a “**Change of Control**”).

A Change of Control is deemed to occur upon:

- a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Company and another corporation or by any person and its joint actors and affiliates (collectively, a “**Group**”), as such terms are used or defined in the *Securities Act* (Ontario), and whether directly or indirectly, resulting in the acquisition of the Common Shares which, when added to all other Common Shares at the time held by such corporation or person and its joint actors and affiliates, totals for the first time 40% of the outstanding Common Shares; or

- any person or Group acting jointly or in concert succeeding in having a sufficient number of its nominees elected to the Board such that such nominees, when added to any existing director remaining on the Board after such election who can be considered to be a nominee of such person or Group, will constitute the majority of the Board; or

- the Board adopts a resolution to the effect that a Change of Control has occurred or is imminent.

The provisions in place for the NEOs upon a Triggering Event provide that a NEO receives:

- any unpaid base salary owing up to the date of termination;

- pro-rated unused vacation entitlements up to the date of termination;

- an amount equal to one times the NEO’s annual base salary in effect at the date the notice of termination is given (other than in the case of Mr. Stanford, which is two times annual base salary);

- an amount equal to one times the average of the cash bonuses paid to the NEO for the two most recently completed years (other than in the case of Mr. Stanford, which is two times the average of the cash bonuses paid);

- other than Mr. Loyer, at the request of the NEO, the Company shall provide outplacement services to a maximum cost of $10,000 (other than in the case of Mr. Stanford where the Company shall pay him a lump sum of $25,000 in lieu of outplacement services); and

- upon a Triggering Event that occurs within a 24-month period following a Change of Control (being a double trigger, Change of Control **and** a Triggering Event):

  (i) all options that have been granted to the NEO and all RSUs granted under the RSU Plan, prior to the Change of Control shall automatically vest and if not yet exercised, shall continue to be exercisable by the NEO in the same manner and on the same terms that existed prior to the actual notice of termination;

  (ii) Under the ESU Plan, any surviving, successor or acquiring company (“**AcquireCo**”) shall assume any outstanding RSUs and PSUs (the “**Share Units**”) or substitute similar share units for the outstanding Share Units. If the ESU Plan remains or is assumed by AcquireCo:

    a. All of the RSUs and PSUs and related dividend share units will vest immediately prior to the NEO’s termination date.

    b. The PSUs will vest using an adjustment factor determined by the Board, which will be based on performance to the end of the year prior to the holder’s termination date, however, if the performance period for the vested PSUs commenced less than one year prior to the NEO’s termination date, the PSUs will be redeemed using an adjustment factor of 1.0.

If AcquireCo does not assume the outstanding Share Units under the ESU Plan or substitute similar share units for the outstanding Share Units, or if the Board otherwise determines in its sole discretion: (a) the ESU Plan will be terminated effective immediately prior to the Change of Control (the Company shall give written notice to all participants of the ESU Plan advising of such termination); (b) all RSUs will vest and shall be redeemed as of the termination date of the ESU Plan; and (c) the Board will determine the number of PSUs that will vest using an adjustment factor determined in the discretion of the Board and all vested PSUs will be redeemed as of the termination date of the ESU Plan.

The Employment Agreements provide that following termination, the NEO may not disclose any confidential information about the Company unless: (i) the NEO has the consent of the Company; (ii) it is required by law; or (iii) it is or becomes a matter of public knowledge.

The Employment Agreements provide that the NEOs will not for one year after he ceases to be an employee, directly or indirectly, whether alone or jointly with others, offer employment to or endeavor to entice away from the Company any person employed by the Company at the time of termination or interfere with such employees' employment relationships with the Company.

The following are the estimated incremental payments, payables and benefits, assuming a Triggering Event took place on December 31, 2017, which was within 24 months of a Change of Control**:**

Name	Aggregate base salary ($)	Aggregate bonus ($)	Options/RSUs/PSUs ($)(1)(2)	Other benefits ($)	Total ($)
Fred Stanford	1,305,000	1,144,657	2,906,005	25,000	5,380,662
Jeff Swinoga(3)	NA	NA	NA	NA	NA
Jason Simpson	468,900	282,297	823,910	10,000	1,585,106
Mark Thorpe(4)	325,774	160,155	501,322	10,000	999,850
Bernie Loyer(4)	403,170	195,246	449,153	Nil	1,047,568

Notes:
(1) Based on the closing price of the Common Shares on the TSX on December 31, 2017 of $11.93.
(2) Assuming an adjustment factor of 1.0 for the PSUs.
(3) Mr. Swinoga ceased employment with the Company on January 12, 2018 (the "Termination Date"). In accordance with a separation agreement, Mr. Swinoga received unpaid base salary owing and pro-rated unused vacation entitlements up to the Termination Date, an amount equal to one times his annual base salary in effect on the Termination Date, a cash bonus for 2017 of $98,485 and $20,000 for outplacement services.
(4) Salary and annual incentive plan awards are paid in United States dollars. Figures have been converted to Canadian dollars based on the noon exchange rate on December 31, 2017, as reported by the Bank of Canada, of US$1.00 = $1.2599.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table provides details of compensation plans under which equity securities of the Company are authorized for issuance as of December 31, 2017. A description of the significant terms of each of the equity compensation plans of the Company follows the table below:

Plan Category	Number of securities to be issued upon exercise of outstanding options and rights[(1)]	Weighted-average price of outstanding options and rights ($)[(2)]	Number of securities remaining available for future issuance under equity compensation plans[(3)(4)]
Equity compensation plans approved by securityholders	1,576,632	16.02 for options NA for RSUs and PSUs	4,252,764
Equity compensation plans not approved by securityholders	Nil	N/A	N/A
Total	1,576,632		4,252,764

Notes:

(1) Represents the number of Common Shares reserved for issuance upon redemption of 274,394 outstanding PSUs and 182,927 outstanding RSUs under the ESU Plan, 56,510 outstanding RSUs under the RSU Plan and exercise of 1,062,801 outstanding options under the Stock Option Plan. Assumes an adjustment factor of 1.0 for PSUs issued under the ESU Plan.

(2) The weighted average exercise price for all outstanding options and rights is the weighted average trading price of the Options outstanding under the Stock Option Plan. There is no exercise price associated with the PSUs and RSUs under the ESU Plan or the RSUs under the RSU Plan.

(3) Based on the maximum aggregate number of Common Shares that were available for issuance under the ESU Plan, Stock Option Plan and the RSU Plan, collectively, as at December 31, 2017 of 5,829,396 (which maximum reserve is based on 7.3% of the number of issued and outstanding Common Shares as at December 31, 2017 of 79,854,746).

(4) Represents approximately 5.3% of the issued and outstanding Common Shares as at December 31, 2017, on a non-diluted basis.

Burn Rate

Plan Category	2015	2016	2017
Stock Option Plan Grants	353,040	112,837[(1)]	43,952
RSU Plan Grants	-	216,101[(1)]	28,472
ESU Plan Grants [(2)]			
• RSUs	-	113,648	71,482
• PSUs [(2)]	-	170,473	107,225
Total Securities Granted	353,040	613,059	251,131
Basic Weighted Average Shares Outstanding	78,538,465	79,096,487	79,796,545
Burn Rate – Stock Option Plan Grants	0.45%	0.14%	0.06%
Burn Rate – RSU Plan Grants	Nil	0.27%	0.04%
Burn Rate – ESU Plan Grants	Nil	0.36%	0.22%

Notes:

(1) Includes 47,382 stock options and 183,016 RSUs in respect of 2015 equity based compensation which was granted in 2016.

(2) The Employee Share Unit Plan was implemented in 2016. The adjustment factor is up to 2.0 on the PSUs. The burn rate is based on an adjustment factor of 1.0.

Employee Share Unit Plan

At a meeting held on June 9, 2016, shareholder approved the ESU Plan pursuant to which the Board may, from time to time, determine those eligible employees and officers of the Company (an "**Eligible Person**") who will receive a grant of restricted share units ("**Restricted Units**") and/or performance share units ("**PSUs**", together with Restricted Units, are collectively referred to as "**Share Units**").

The purpose of the ESU Plan is to provide a meaningful incentive to achieving the Company's annual operational objectives, and other short term needs, through decisions that are consistent with creating long term value to support the Company's share price.

The ESU Plan is administered by the Compensation Committee (provided the Board has delegated the administration to such committee), which has the sole and absolute discretion to: recommend to the Board the employees of the Company to whom grants of Share Units should be made and the number of Share Units to be granted; interpret and administer the ESU Plan; recommend to the Board conditions to the vesting of Share Units; set, waive, and amend performance targets; recommend to the Board amending the list of performance peers as may be appropriate; and make any other determinations that the Compensation Committee deems necessary or desirable for the administration of the ESU Plan. Any decision of the Compensation Committee with respect to the administration and interpretation of the ESU Plan will be conclusive and binding on the ESU Participants (as defined below).

The Board may award Share Units to any Eligible Person (an "**ESU Participant**") in its sole discretion. Non-executive directors of the Company are not eligible to participate in the ESU Plan. Each Share Unit granted to an ESU Participant under the ESU Plan will be credited to the ESU Participant's share unit account. From time to time, an ESU Participant's share unit account will be credited with dividend share units in the form of additional PSUs ("**Dividend PSUs**") or additional Restricted Units ("**Dividend Restricted Units**", and together with Dividend PSUs are collectively referred to as "**Dividend Share Units**"), as applicable, in respect of outstanding PSUs or Restricted Units, as applicable, on each dividend payment date in respect of which normal cash dividends are paid on Common Shares. Such Dividend PSUs and Dividend Restricted Units will be computed as the amount of the dividend declared and paid per Common Share multiplied by the number of PSUs and Restricted Units, as applicable, recorded in the ESU Participant's share unit account on the date for the payment of such dividend, divided by the Market Value as at the dividend payment date. Dividend Share Units are not paid out until the underlying vested Restricted Unit is redeemed.

"**Market Value**" for these purposes means the volume weighted average trading price of a Common Share on the TSX, or such other stock exchange on which the Common Shares are then listed, for the five trading days ending on the last trading date as at which Market Value is determined. Canadian ESU Participants may elect at any time to redeem vested Share Units on any date or dates after the date the Share Units become vested and on or before the expiry date, subject to extension in the case of a blackout period. An ESU Participant who does not elect an early redemption date as specified under the ESU Plan will have vested Share Units redeemed on their expiry date. The expiry date for Share Units will be determined by the Board for each applicable grant.

The Company will redeem each Share Unit elected to be redeemed by an ESU Participant on the applicable redemption date by:

(i) issuing to the ESU Participant the number of Common Shares equal to one Common Share for each whole vested Share Unit elected to be redeemed and delivering (A) such number of Common Shares; less (B) the number of Common Shares with a Market Value equal to the amount of all income taxes and statutory amounts required to be withheld ("**Applicable Withholdings**"); or

(ii) at the election of the ESU Participant and subject to the consent of the Company, paying the ESU Participant an amount in cash equal to: (A) the number of vested Share Units elected to be redeemed multiplied by (B) the Market Value minus (C) Applicable Withholdings; or

(iii) at the election of the ESU Participant, a combination of Common Shares and cash, subject to the consent of the Company.

Rights respecting Share Units and Dividend Share Units are not transferable or assignable other than by will or the laws of descent and distribution. No financial assistance will be provided by the Company to any ESU Participant in connection with any award of Share Units.

Each Restricted Share Unit will vest on the date or dates designated in the applicable grant agreement or such earlier date as is provided for in the ESU Plan or is determined by the Board, conditional on the satisfaction of any additional vesting conditions established by the Board. Each PSU will vest on the date or dates designated in the applicable grant agreement or such earlier date as is provided in the ESU Plan or is determined by the Board, conditional on the satisfaction of any additional vesting conditions established by the Board. The number of PSUs that will vest on a vesting date will be the number of PSUs and Dividend PSUs scheduled to vest on such vesting date multiplied by the applicable adjustment factor set out and defined in the relevant grant agreement. The adjustment factor will be determined based on the Company's market performance, as described in the applicable grant agreement.

The aggregate number of Common Shares that may be reserved for issuance under the ESU Plan and all other Share Compensation Arrangements is 7.3%. "**Share Compensation Arrangements**" for these purposes means the ESU Plan and any other security based compensation arrangements implemented by the Company including stock option plans, employee stock purchase plans, share distribution plans, stock appreciation right plans, restricted share unit plans or any other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares, pre-existing or otherwise.

Based on the 84,895,703 Common Shares outstanding as at May 10, 2018, the Company may reserve up to 6,197,386 Common Shares for issuance pursuant to its ESU Plan and all other Share Compensation Arrangements. As at May 10, 2018: (i) 1,820,000 Common Shares have been reserved for issuance pursuant to options granted under the Option Plan (representing approximately 2.1% of the outstanding Common Shares), (ii) 380,000 Common Shares have been reserved for issuance pursuant to RSUs granted under the RSU Plan (representing approximately 0.44% of the outstanding Common Shares), and (iii) 1,288,990 have been reserved for issuance pursuant to Share Units granted under the ESU Plan (representing approximately 1.5% of the Company's outstanding Common Shares). Accordingly, an additional 2,708,396 Common Shares, or approximately 3.2% of the Company's total outstanding Common Shares are available to be reserved for issuance pursuant to the ESU Plan and all other Share Compensation Arrangements. The Company may, in its discretion, re-allocate the Common Shares reserved for issuance among any of its Share Compensation Arrangements.

Under the ESU Plan, Common Shares reserved for issuance pursuant to Share Units that are surrendered, terminated or cancelled without having been redeemed will again be available for issuance under the ESU Plan (and other Share Compensation Arrangements) and Common Shares underlying Share Units that are redeemed for cash will not again be available for issuance under the ESU Plan.

Pursuant to the terms of the ESU Plan: (i) the number of Common Shares reserved for issuance pursuant to Share Units and all other Share Compensation Arrangements, at any time, may not exceed 7.3% of the total number of Common Shares then outstanding; (ii) the aggregate number of Common Shares issuable to insiders pursuant to Share Units and all other Share Compensation Arrangements, at any time, may not exceed 7.3% of the total number of Common Shares then outstanding; and (iii) the aggregate number of Common Shares issued to insiders pursuant to Share Units and all other Share Compensation Arrangements, in respect of a one year period, may not exceed 7.3% of the total number of Common Shares then outstanding.

If an ESU Participant's employment is terminated by the Company for cause, the ESU Participant will forfeit all rights, title and interest with respect to Share Units and the related Dividend Share Units, including Vested Share Units.

If an ESU Participant's employment is terminated by the Company without cause or the ESU Participant resigns, a *pro rata* portion of the ESU Participant's unvested PSUs and Dividend PSUs will vest immediately prior to the ESU Participant's termination date, based on the number of complete months from the first day of the performance period to the applicable termination date divided by the number of months in the performance period. The vested PSUs will be redeemed at the end of the performance period based on the adjustment factor applicable to the performance period. Similarly, if the ESU Participant's employment is terminated by the Company without cause, a *pro rata* portion of the ESU Participant's unvested RSUs and Dividend RSUs will vest immediately prior to the ESU Participant's termination date, based on the number of months from the first day of the grant term to the termination date divided by the number of months in the grant term. The ESU Participant's vested Restricted Units will be redeemed at the end of the grant term.

If an ESU Participant's employment is terminated by the disability of the ESU Participant, a *pro rata* portion of the ESU Participant's PSUs and Restricted Units and related Dividend PSUs and Dividend Restricted Units, as applicable, will vest immediately prior to the date of such event. For PSUs, the *pro rata* portion will be based on the number of complete months from the first day of the performance period to the date of the ESU Participant's disability divided by the number of months in the performance period. The ESU Participant's vested PSUs will be redeemed at the end of the performance period based on the adjustment factor applicable to the performance period. For Restricted Units, the *pro rata* portion will be based on the number of complete months from the first day of the grant term to the date of the ESU Participant's disability divided by the number of months in the grant term. The ESU Participant's vested Restricted Units will be redeemed at the end of the grant term.

If an ESU Participant's employment is terminated by the death of the ESU Participant, a *pro rata* portion of the ESU Participant's PSUs and Restricted Units and related Dividend PSUs and Dividend Restricted Units, as applicable, will vest immediately prior to the date of death. For PSUs, the *pro rata* portion will be based on the number of complete months from the first day of the performance period to the date of the ESU Participant's death divided by the number of months in the performance period. The ESU Participant's vested PSUs will be redeemed as soon as practical following the date of the ESU Participant's death using the adjustment factor determined by the Board, which will be based on performance to the end of the year prior to the ESU Participant's date of death, provided that if the performance period for the vested PSUs commenced less than one year prior to the ESU Participant's date of death, the PSUs will be redeemed using an adjustment factor of 1.0. For Restricted Units, the *pro rata* portion will be based on the number of complete months from the first day of the grant term to the date of the ESU Participant's death divided by the number of months in the grant term. The ESU Participant's vested Restricted Units will be redeemed as soon as practical following the date of the ESU Participant's death.

If the employment of an ESU Participant is terminated by the Company without cause or if the ESU Participant resigns in circumstances constituting constructive termination, in each case, within 24 months following a Change of Control (as such term is defined under the ESU Plan) which includes, among other things the acquisition of 40% or more of the Common Shares, or the election of a number of nominees to the Board that constitute a majority of the Board, all of the ESU Participant's Share Units and related Dividend Share Units as applicable will vest immediately prior to the ESU Participant's termination date. The PSUs will vest using an adjustment factor determined by the Board, which will be based on performance to the end of the year prior to the ESU Participant's termination date, provided that if the performance period for the vested PSUs commenced less than one year prior to the ESU Participant's termination date, the PSUs will be redeemed using an adjustment factor of 1.0.

The Board may amend, suspend or terminate the ESU Plan, or any portion thereof, at any time, subject to those provisions of applicable law (including, without limitation, the rules, regulations and policies of the TSX), if any, that require the approval of shareholders or any governmental or regulatory body. The Board may make a number of amendments to the ESU Plan without seeking shareholder approval, including: (i) any amendment to the vesting provisions of the ESU Plan or any grant agreement (provided that any amendment to the vesting provisions that would extend the term to the benefit of an insider would not be permitted without shareholder approval); (ii) amendments to comply with applicable law or the requirements of the TSX or any other regulatory body having authority over the Company, the ESU Plan or the shareholders; (iii) any amendment to permit conditional redemption; (iv) amendments of a "housekeeping" nature; (v) amendments respecting administration of the ESU Plan; and (vi) any other amendments not requiring shareholder approval, including amendments in connection with a Change of Control to assist ESU Participants to participate in such event. However, shareholder approval (by a majority of votes cast) will be required for:

(i) increases to the number or percentage of Common Shares issuable under the ESU Plan;

(ii) any amendment expanding the categories of Eligible Person which would have the potential of broadening or increasing insider participation, including without limitation the participation of non-employee directors;

(iii) the addition of any other provision which results in ESU Participants receiving Common Shares while no cash consideration is received by the Company;

(iv) amendments which would permit awards to be transferred or assigned other than for normal estate planning purposes;

(v) amendments to the amending provision within the ESU Plan; and

(vi) amendments required to be approved by shareholders under applicable law.

The Board may amend or modify any outstanding Share Unit in any manner to the extent that the Board would have had the authority to initially grant the award as so modified or amended. No new awards of Share Units may be made under the ESU Plan after April 29, 2026, being the tenth anniversary of the ESU Plan's effective date.

As at May 10, 2018, there were 372,658 RSUs and 533,405 PSUs outstanding under the ESU Plan.

Stock Option Plan

The purpose of the Stock Option Plan is to secure for the Company and the Company's shareholders the benefits of incentives inherent in share ownership by directors, key employees and consultants of the Company who, in the judgment of the Board, will be largely responsible for its future growth and success.

The Stock Option Plan provides that options to purchase Common Shares may be granted to directors, key employees or consultants of the Company or a subsidiary of the Company, as determined by the Board or a committee thereof, at a price to be fixed by the Board, but, in any event, shall not be less than the closing price of the Common Shares on the Toronto Stock Exchange on the trading day immediately preceding the day of the grant of the option. The Common Shares subject to each option shall become purchasable at such time or times as may be determined by the Board and each option shall expire at a date determined by the Board, but in no case will such date be more than five years from the date of grant of the option. Any Common Shares not purchased by exercise of an option prior to the expiry date of the option may thereafter be reallocated in accordance with the provisions of the Stock Option Plan.

The Stock Option Plan further provides that if an optionee ceases to be employed or ceases to be a director while holding an option which has not been fully exercised, such optionee may exercise the option, to the extent that the optionee is entitled to exercise the option, for up to 90 days thereafter (or such longer period as may be required by law or may be determined by the Board) or prior to the expiry date of the option, whichever is sooner. In the case of an optionee being dismissed from employment or service for cause, the option will terminate on the date of such dismissal. All options granted under the Stock Option Plan will be non-transferable and non-assignable.

Under the Stock Option Plan, the maximum number of Common Shares that may be reserved for issuance pursuant to the Stock Option Plan and all other Share Compensation Arrangements may not exceed 7.3% of the issued and outstanding Common Shares from time to time. The aggregate number of Common Shares that may be reserved for issuance to insiders under the Stock Option Plan, and any other employee-related plan of the Company, may not exceed 7.3% of the issued and outstanding Common Shares from time to time. Finally, the aggregate number of options that may be granted to insiders within a one-year period under the Stock Option Plan, and any other employee-related plan of the Company, may not exceed 7.3% of the issued and outstanding Common Shares from time to time.

The Board and/or any committee of the Board to which such tasks are delegated, may modify or terminate the Stock Option Plan at any time. Subject to receipt of requisite shareholder and regulatory approval, the Board may make amendments to the Stock Option Plan to: (i) amend the number of securities issuable under the plan; (ii) increase the limits imposed on non-employee directors; (iii) change the definition of "Participants" which would have the potential of narrowing or broadening or increasing insider participation; (iv) add any form of financial assistance under the plan; (v) amend a financial assistance provision which is more favourable to participants; (vi) reduce the exercise price of outstanding options or reissue any options; (vii) extend the term of an outstanding option; (viii) permit options to be transferable or assignable, other than for estate settlement; (ix) add a cashless exercise feature, payable in cash or securities which does not provide for a full deduction in the number of underlying securities from the plan; (x) add deferred or RSUs or any other provision which results in participants receiving securities while no cash consideration is received by the Company; (xi) make amendments that may lead to significant or unreasonable dilution in the Company's outstanding securities or may provide additional benefits to participants, especially to insiders of the Company, at the expense of the Company and its existing shareholders; and (xii) amend the amendment provisions. The Board may, subject to receipt of requisite regulatory approval, where required, in its sole discretion make all other amendments to the Stock Option Plan that are not of the type contemplated above, including, without limitation: (i) amendments of a housekeeping nature; (ii) the addition of or a change to vesting provisions of a security or the plan; (iii) a change to the termination provisions of a security or the plan which does not entail an extension beyond the original expiry date; and (iv) the addition of a cashless exercise feature, payable in cash or securities, which provides for a full deduction of the number of underlying securities from the plan reserve.

As at May 10, 2018, there were options outstanding to purchase 840,534 Common Shares.

Restricted Share Unit Plan

In connection with the acquisition of the Morelos Gold Property, and the Board's discussions with prospective new members for the Board and management, the Board decided that it was desirable to have a broader range of incentive plans (including the RSU Plan) in place to attract, retain and motivate directors, key employees and consultants of the Company.

The following is a summary of some of the key terms of the RSU Plan. The RSU Plan provides that RSUs may be granted by the Board or a committee of the Board, which administers the RSU Plan (the "**Committee**"), to directors, key employees and consultants of the Company as a discretionary payment in consideration of past or future services to the Company.

The number of RSUs awarded will be credited to the participant's account effective on the grant date of the RSUs. An RSU represents a right to receive one Common Share issued from treasury on the later of: (i) the date which is the first day after a restricted period as determined by the Compensation Committee ("**Restricted Period**"); and (ii) a date determined by an eligible participant that is after the Restricted Period but is no later than the participant's retirement date or termination date (a "**Deferred Payment Date**"). Vesting for RSUs occurs on the date which is the first day after a Restricted Period. The Compensation Committee may also make the vesting of RSUs subject to performance conditions to be achieved by the Company, the participant or a class of participants. Participants seeking to set a Deferred Payment Date may do so by giving the Company at least 30 days' notice prior to the expiration of the Restricted Period.

Under the RSU Plan, the maximum number of Common Shares that may be reserved for issuance pursuant to the RSU Plan and all other Share Compensation Arrangements may not exceed 7.3% of the issued and outstanding Common Shares from time to time. The maximum number of Common Shares issuable to insiders, at any time, pursuant to the RSU Plan and all other Share Compensation Arrangements is 7.3% of the total number of Common Shares then outstanding. The maximum number of Common Shares issuable to insiders, within any one year period, pursuant to the RSU Plan and any other Share Compensation Arrangements is 7.3% of the total number of Common Shares then outstanding.

RSUs are not assignable. In the event of a participant's retirement or termination during a Restricted Period, any RSUs automatically terminate, unless otherwise determined by the Compensation Committee. If a participant's retirement or termination occurs after the Restricted Period and prior to any Deferred Payment Date, any RSUs shall be settled by the Company issuing the applicable Common Shares. In the event of death or disability, such RSUs shall be immediately settled and Common Shares issued. In the event that any cash dividend or other cash distribution is paid by the Company on the Common Shares, a participant's RSU account will be credited with additional RSUs that are subject to the same terms and conditions, including the Restricted Period and the Deferred Payment Date, as the RSUs in respect of which the additional RSUs were credited.

In the event of a change of control of the Company as defined in the RSU Plan, all RSUs shall be immediately settled with Common Shares notwithstanding the Restricted Period and any applicable Deferred Payment Date.

The Compensation Committee may from time to time in the absolute discretion of the Compensation Committee (without Shareholder approval) amend, modify and change the provisions of the RSU Plan, including, without limitation:

(i) amendments of a house keeping nature;

(ii) the change to the Restricted Period of any RSU; and

(iii) any amendments required by the TSX or any other stock exchange on which the Common Shares are then listed in order to allow the RSU Plan to become effective.

However, other than as set out above, any amendment, modification or change to the provisions of the RSU Plan which would:

(i) materially increase the benefits of the holder under the RSU Plan to the detriment of the Company and its shareholders;

(ii) increase the number of Common Shares, other than by virtue of the adjustment provisions and of the RSU Plan, which may be issued pursuant to the RSU Plan;

(iii) increase the limits on non-employee directors; or

(iii) materially modify the requirements as to eligibility for participation in the RSU Plan,

which shall only be effective upon such amendment, modification or change being approved by the Shareholders of the Company. Any amendment, modification or change of any provision of the RSU Plan, shall be subject to approval, if required, by any regulatory authority having jurisdiction over the securities of the Company.

As at May 10, 2018, there were 87,202 RSUs outstanding.

Indebtedness of Directors and Executive Officers

None of the Company's directors or executive officers, nor any associate of such director or executive officer is as at the date hereof, or has been, during the year ended December 31, 2016, indebted to the Company or any of its subsidiaries in connection with a purchase of securities or otherwise. In addition, no indebtedness of these individuals to another entity has been the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding of the Company or any of its subsidiaries.

Interest of Informed Persons in Material Transactions

Other than as disclosed elsewhere herein, no informed person of the Company, nominee for election as a director of the Company, or any associate or affiliate of an informed person or nominee, has or had any material interest, direct or indirect, in any transaction or any proposed transaction which has materially affected or will materially affect the Company or any of its subsidiaries.

Additional Information

Additional information relating to the Company may be found on **www.sedar.com**. Additional financial information is provided in the Company's comparative financial statements and management's discussion and analysis for the year ended December 31, 2017, which can be found on SEDAR at **www.sedar.com** or on the Company's website at **www.torexgold.com**. Shareholders may also request these documents from the General Counsel and Corporate Secretary of the Company by phone at (416) 203-7431 or by e-mail at **Mary.Batoff@torexgold.com**.

<u>Directors' Approval</u>

The contents of this management information circular and the sending thereof to the shareholders of the Company have been approved by the Board.

BY ORDER OF THE BOARD OF DIRECTORS

Fred Stanford
President and Chief Executive Officer

Toronto, Ontario
May 10, 2018

SCHEDULE "A"

TOREX GOLD RESOURCES INC.

Mandate of the Board of Directors

Purpose

The Board of Directors (the "**Board**") of Torex Gold Resources Inc. (the "**Corporation**") is responsible for the supervision of the management of the business and affairs of the Corporation. The Board should manage the responsibilities and obligations set out below, either directly or through committees of the Board, currently consisting of the Audit Committee, the Compensation Committee, the Corporate Governance and Nominating Committee, the Health and Safety Committee and the Environment and Corporate Social Responsibility Committee. The Board will, however, retain the oversight function and ultimate responsibility for the supervision of the management of the business and affairs of the Corporation.

Composition

1. The Board should consist of individuals who possess skills and competencies in areas that are relevant to the business and affairs of the Corporation. At least two-thirds of the directors will be "independent" directors within the meaning of applicable securities laws, instruments, rules and policies and regulatory requirements (collectively "**Applicable Laws**").

2. The directors of the Corporation will be elected at the annual meeting of the shareholders of the Corporation and shall serve until no longer than the close of the next annual meeting of shareholders, subject to re-election thereat.

Meetings

3. The Board shall have at least four regularly scheduled meetings in each financial year of the Corporation.

4. The Chairman of the Board (the "**Chairman**"), the President and Chief Executive Officer (the "**CEO**") and the Lead Director of the Board (the "**Lead Director**"), if any, are responsible for the agenda for each meeting of the Board. Prior to each Board meeting, the Chairman and the CEO should discuss agenda items for the meeting with the Lead Director, if any. Materials for each meeting should be distributed to the Board in advance of the meeting.

5. Directors are expected to attend at least three quarters of all meetings of the Board held in each financial year of the Corporation and to adequately review meeting materials in advance of each meeting.

6. The independent directors (in this context, meaning directors who are not also senior officers or are not independent within the meaning of Applicable Laws) should hold an *in camera* session without the non-independent directors and any senior officers present at each meeting of the Board, unless such a session is not considered necessary by the independent directors present. The Chairman, if independent, and if not independent, the Lead Director if any, should chair the *in camera* sessions.

Board Committees

7. The Board may appoint such committees from time to time as it considers appropriate. Each permanent committee shall have a mandate that is approved by the Board, setting out the responsibilities of, and the extent of the powers delegated to, such committee by the Board.

Responsibilities

Oversight of Management and the Board

8. The Board is responsible for the appointment, and replacement, of senior officers of the Corporation. The Board should ensure that appropriate succession planning, including the appointment, training and monitoring of the senior officers and members of the Board, is in place.

9. The Board is responsible for satisfying itself as to the integrity of the CEO and the other senior officers and that the CEO and the other senior officers create a culture of integrity throughout the Corporation.

10. The Board should annually consider what additional skills and competencies would be helpful to the Board, with the Corporate Governance and Nominating Committee being responsible for identifying specific candidates for consideration for appointment to the Board.

11. If the Chairman is not independent within the meaning of Applicable Laws and a Lead Director is required, or is considered desirable by the Board, the Corporate Governance and Nominating Committee will recommend a candidate for the position of Lead Director from among the independent members of the Board. The Board will be responsible for appointing the Lead Director.

12. Through the Compensation Committee, the Board should review the compensation of directors to ensure that the compensation realistically reflects the responsibilities and risks involved in being an effective director and should review the compensation of the senior officers to ensure that it is competitive within the industry and that the form of compensation aligns the interests of each senior officer with those of the Corporation.

13. The Board should act in an advisory capacity to the senior officers of the Corporation in all matters concerning the interests and management of the Corporation.

Financial Matters

14. The Board is responsible for reviewing the financial and underlying operational performance of the Corporation.

15. The Board should review and approve the annual audited financial statements, management's discussion and analysis, press release and other financial information related to such annual audited financial statements, budgets and forecasts, annual information form and management information circular of the Corporation.

16. The Board delegates to the Audit Committee the review and approval of the quarterly unaudited financial statements, the management's discussion and analysis and press release and other financial disclosure related thereto. If requested by the Audit Committee, the Board should review and approve the quarterly unaudited financial statements and the management's discussion and analysis, press release and other financial disclosure related thereto.

17. The Board should annually review, together with the Audit Committee, the directors' and officers' third-party liability insurance, and other insurance, of the Corporation.

18. The Board, primarily through the Audit Committee, should monitor and ensure the integrity of the internal controls and procedures (including adequate management information systems) within the Corporation and the financial reporting procedures of the Corporation.

19. The Board is responsible for considering, and if established, reviewing from time to time, a dividend policy for the Corporation.

Business Strategy

20. The Board has primary responsibility for the strategic direction of the Corporation, including the long-range and short-range goals, plans and policies of the Corporation. The Board will provide advice, counsel and mentorship to the CEO with respect to matters of strategic significance and will contribute to the development of the strategic direction of the Corporation by approving, at least annually, a strategic plan and budget developed and proposed by the senior officers, subject to any changes required by the Board. The strategic plan and budget should take into account the business opportunities and business risks of the Corporation. The Board will review with the senior officers from time to time the strategic planning environment, the emergence of new opportunities, trends and risks and the implications of these factors on the strategic direction of the Corporation. The Board will review and approve the financial objectives, plans and actions of the Corporation, including significant capital allocations and expenditures.

21. The Board is responsible for ensuring that procedures are in place to appropriately manage the principal business risks of the Corporation.

22. The Board should monitor corporate performance against the approved strategic plan and budget, including assessing operating results, to evaluate whether the business of the Corporation is being appropriately managed.

23. The Board is responsible for reviewing and approving all material transactions affecting the Corporation not contemplated in the strategic plan and budget approved by the Board.

Communications and Reporting to Shareholders

24. The Board is responsible for overseeing the continuous disclosure program of the Corporation, with a view to satisfying itself that adequate procedures are in place to ensure that material information is disclosed in accordance with Applicable Laws.

25. The Board will ensure that the Corporation has a disclosure policy which includes a framework for investor relations and public disclosure.

Corporate Governance

26. The Corporate Governance and Nominating Committee will recommend, and the Board will establish, the Board’s approach to corporate governance.

27. The Board is responsible for assessing from time to time and at least annually its own effectiveness in fulfilling this mandate and shall assess from time to time this mandate, as well as the mandate of each committee (considering, among other things, the recommendations of the applicable committee).

28. The Board is responsible for evaluating the relevant relationships of each independent director and is required to make an affirmative decision that any such relationship does not preclude a determination that the director is independent within the meaning of Applicable Laws.

29. The Board is responsible for ensuring the establishment of appropriate standards of corporate conduct and should ensure that adequate procedures are in place to monitor compliance with the Code of Business Conduct and Ethics of the Corporation. Only the Board may grant waivers of the Code of Business Conduct and Ethics which would be to the benefit of any director or senior officer.

General

30. The Board is responsible for performing such other functions as are prescribed by law, including all Applicable Laws.

31. The Board may at any time retain outside financial, legal or other advisors at the expense of the Corporation. Any director may, subject to the approval of the Corporate Governance and Nominating Committee, retain an outside financial, legal or other advisor at the expense of the Corporation.

32. Except in exceptional circumstances, draft minutes of each meeting of the Board shall be circulated to the Board for review within 14 days of the date of such meeting.

Feedback

33. The Board welcomes input and comments from shareholders of the Corporation relating to this mandate. Such input and comments may be sent to the Board at the head office address of the Corporation.