Torex Gold
RESOURCES INC.

TOREX GOLD RESOURCES INC.



MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2023

This Management's Discussion and Analysis of the financial condition and results of operations ("MD&A") for Torex Gold Resources Inc. ("Torex" or the "Company") was prepared as at February 21, 2024 and should be read in conjunction with the Company's audited consolidated financial statements and related notes for the year ended December 31, 2023. This MD&A contains forward-looking statements that are subject to risks and uncertainties as discussed under "Cautionary Notes". This MD&A also includes the disclosure of certain non-GAAP financial measures. Refer to "Non-GAAP Financial Performance Measures" which identifies the non-GAAP financial measures discussed in this MD&A for further information, including a reconciliation to the comparable measures in accordance with the IFRS Accounting Standards ("IFRS"). All dollar figures included herein are United States dollars ("U.S. dollar") unless otherwise stated.

FULL YEAR 2023 HIGHLIGHTS

- **Strong safety performance continues:** The Company exited the year with a lost-time injury frequency ("LTIF") of 0.31 per million hours worked on a rolling 12-month basis. On October 18, the Company reached 10 million hours worked without a lost-time injury ("LTI") at its El Limón Guajes ("ELG") Mine Complex for the third time since 2020.

- **Annual gold production:** Delivered annual gold production of 453,778 ounces ("oz") for the year, near the midpoint of the guided range of 440,000 to 470,000 oz, marking the fifth consecutive year that original production guidance has been achieved. During the year, the Company also achieved record annual mill throughput of 13,178 tonnes per day ("tpd") and a record annual mining rate from ELG Underground of 2,070 tpd, surpassing the previous annual record set in 2022.

- **Annual gold sold:** Annual gold sold of 444,750 oz at an annual average realized gold price[1] of $1,952 per oz, the highest annual realized price achieved by the Company, contributing to revenue of $882.6 million.

- **Achieved full year revised cost guidance:** Total cash costs[1] of $866 per oz sold, at the upper end of the revised guided range of $840 to $870 per oz sold. All-in sustaining costs[1] of $1,200 per oz sold, at the upper end of the revised guided range of $1,160 to $1,200 per oz sold. Full year cost guidance was impacted by the appreciation of the Mexican peso and the high strip, low grade phase of the open pit mine plan resulting in the lower average gold grade of ore processed. All-in sustaining costs margin[1] of $752 per oz sold, implying an all-in sustaining costs margin[1] of 38%. Cost of sales was $600.1 million or $1,349 per oz sold.

- **Strong profitability and EBITDA[1]:** Reported net income of $204.4 million, or earnings of $2.38 per share on a basic basis and $2.34 per share on a diluted basis. Adjusted net earnings[1] of $148.4 million, or $1.73 per share on a basic basis and $1.72 per share on a diluted basis. Net income includes a derivative loss of $25.3 million related to gold forward contracts and foreign exchange collar contracts entered into to reduce downside price risk and capital expenditure risk during the construction of the Media Luna Project. Generated EBITDA[1] of $422.6 million and adjusted EBITDA[1] of $442.2 million.

- **Cash flow generation:** Net cash generated from operating activities totalled $300.8 million and $340.8 million before changes in non-cash operating working capital, including income taxes paid of $116.2 million and negative free cash flow[1] of $185.4 million net of cash outlays for capital expenditures, lease payments and interest, including borrowing costs capitalized. Negative free cash flow in 2023 was a direct result of $366.3 million invested in the Media Luna Project.

- **Strong financial liquidity:** The Company extended and increased the available credit facilities with a syndicate of international banks in the third quarter of 2023, providing a total of $300.0 million in credit maturing in 2026. The year closed with net cash[1] of $140.8 million, including $172.8 million in cash and $32.0 million of lease-related obligations, $nil borrowings on the credit facilities of $300.0 million and letters of credit outstanding of $7.9 million, providing $464.9 million in available liquidity[1].

- **Media Luna Project:** During Q4 2023, $124.0 million was invested in the project, the highest quarterly spend to date. Total spend in 2023 was $366.3 million, in line with revised annual project guidance of $360 to $390 million. Expenditures during the year were primarily focused on continued development of the Guajes Tunnel and South Portals. The successful breakthrough of the Guajes Tunnel was completed on December 21, 2023, three months earlier than scheduled in the March 2022 Technical Report. Breakthrough of the Guajes Tunnel represents a key de-risking milestone in the development of the Media Luna Project as the tunnel unifies the Morelos Complex by connecting the existing operations on the north side of the Balsas River with the growing resource base of the Media Luna Cluster on the south side. The Company also received the amended permit for in-pit tailings deposition in November, which means the project is now fully permitted for both the development and operational phases. As of December 31, 2023, physical progress on the Project was approximately 60%, with detailed engineering, procurement activities, underground development, and surface construction advancing. With 84% of upfront expenditures committed as at December 31, 2023 (including 56% incurred), expenditures to date have tracked reasonably well to the initial budget of $874.5 million, noting the strength of the Mexican peso and general inflationary environment remain headwinds to contend with. Quarterly expenditures are expected to remain consistent through Q3 2024 before declining in Q4 2024 as the project nears completion.

- **Exploration and Drilling Activities:** In November, the Company announced results from the 2023 ELG Underground drilling program[2] and the 2023 exploration drilling program at Media Luna West[3]. The ELG Underground exploration strategy is focused on expanding resources as well as extending and optimizing the life of ELG Underground beyond 2026. Initial drilling results from Media Luna West, in addition to infill and step-out drilling at EPO, support the Company's strategy to further prove up the potential of the Media Luna Cluster and unlock additional near-mine opportunities in order to enhance the future production profile of the Morelos Complex and extend the reserve life beyond 2033.

Q4 2023 HIGHLIGHTS

- **Safety performance:** Exited the fourth quarter with no LTIs for the second quarter in a row.

- **Gold production:** Delivered gold production of 137,993 oz for the quarter, the second-highest production quarter on record, driven by strong gold grades to the mill and achieving a mining rate at ELG Underground of 2,300 tpd. In the ELG Open Pits, average ore production of 19,404 tpd set a new record for daily ore tonnes mined in a quarter, and as anticipated, gold grades improved in the quarter with the period of heavy waste stripping concluded. Throughput rates in the processing plant remained above 13,000 tpd for the fourth consecutive quarter as plant uptime averaged 92.7% during the fourth quarter.

- **Gold sold:** Sold 138,794 oz at an average realized gold price[1] of $1,995 per oz, contributing to revenue of $282.4 million.

- **Total cash costs[1] and all-in sustaining costs[1]:** Total cash costs of $885 per oz sold and all-in sustaining costs of $1,073 per oz sold. Cost of sales was $191.6 million or $1,380 per oz sold in the quarter.

- **Net income and adjusted net earnings[1]:** Reported net income of $50.4 million or earnings of $0.59 per share on a basic basis and $0.58 per share on a diluted basis. Adjusted net earnings of $49.1 million or $0.57 per share on a basic and diluted basis. Net income includes a net derivative loss of $31.5 million related to gold forward contracts and foreign exchange collar contracts. In the fourth quarter of 2023, the Company executed additional monthly gold forward contracts on future gold production to sell 17,000 oz of gold between July 2024 and September 2024 at $2,113 per oz. In the fourth quarter of 2023, the Company entered into an additional series of zero-cost collars whereby it sold a series of call option contracts and purchased put option contracts for $nil cash premium to hedge against changes in foreign exchange rates of the Mexican peso between October 2023 and December 2024 for a total notional value of $41.4 million.

- **EBITDA[1] and adjusted EBITDA[1]:** Generated EBITDA of $115.4 million and adjusted EBITDA of $142.6 million.

- **Cash flow generation:** Net cash generated from operating activities totalled $120.0 million and $133.5 million before changes in non-cash operating working capital, including income taxes paid of $12.0 million and negative free cash flow[1] of $24.3 million.

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

2 For more information on ELG Underground drilling results, see the Company's news release titled "Torex Gold Reports Impressive Results From the 2023 ELG Underground Drilling Program" issued on November 16, 2023, and filed on SEDAR+ at www.sedarplus.ca and on the Company's website at www.torexgold.com.

3 For more information on Media Luna West drilling results, see the Company's news release titled "Torex Gold Reports Results From 2023 Exploration Drilling Program at Media Luna West" issued on November 30, 2023, and filed on SEDAR+ at www.sedarplus.ca and on the Company's website at www.torexgold.com.

OPERATING AND FINANCIAL HIGHLIGHTS

Table 1.

In millions of U.S. dollars, unless otherwise noted		Three Months Ended			Year Ended	
		Dec 31, 2023	Sep 30, 2023	Dec 31, 2022	**Dec 31, 2023**	Dec 31, 2022
Operating Results						
Lost-time injury frequency[1]	/million hours	**0.31**	0.47	0.28	**0.31**	0.28
Total recordable injury frequency[1]	/million hours	**1.23**	1.24	1.58	**1.23**	1.58
Gold produced	oz	**137,993**	85,360	116,196	**453,778**	474,035
Gold sold	oz	**138,794**	81,752	121,913	**444,750**	473,122
Total cash costs[2]	$/oz	**885**	1,086	711	**866**	730
Total cash costs margin[2]	$/oz	**1,110**	858	1,073	**1,086**	1,079
All-in sustaining costs[2]	$/oz	**1,073**	1,450	1,034	**1,200**	1,008
All-in sustaining costs margin[2]	$/oz	**922**	494	750	**752**	801
Average realized gold price[2]	$/oz	**1,995**	1,944	1,784	**1,952**	1,809
Financial Results						
Revenue	$	**282.4**	160.1	216.5	**882.6**	868.5
Cost of sales	$	**191.6**	133.0	146.6	**600.1**	564.6
Earnings from mine operations	$	**90.8**	27.1	69.9	**282.5**	303.9
Net income	$	**50.4**	10.5	34.6	**204.4**	188.8
Per share - Basic	$/share	**0.59**	0.12	0.40	**2.38**	2.20
Per share - Diluted	$/share	**0.58**	0.09	0.40	**2.34**	2.19
Adjusted net earnings[2]	$	**49.1**	11.1	38.3	**148.4**	167.1
Per share - Basic[2]	$/share	**0.57**	0.13	0.45	**1.73**	1.95
Per share - Diluted[2]	$/share	**0.57**	0.13	0.44	**1.72**	1.94
EBITDA[2]	$	**115.4**	79.4	96.0	**422.6**	482.8
Adjusted EBITDA[2]	$	**142.6**	61.2	122.9	**442.2**	478.5
Cost of sales	$/oz	**1,380**	1,627	1,202	**1,349**	1,193
Net cash generated from operating activities	$	**120.0**	44.2	132.1	**300.8**	408.1
Net cash generated from operating activities before changes in non-cash operating working capital	$	**133.5**	52.6	110.8	**340.8**	382.3
Free cash flow[2]	$	**(24.3)**	(69.7)	40.5	**(185.4)**	125.9
Cash and cash equivalents	$	**172.8**	209.4	376.0	**172.8**	376.0
Lease-related obligations	$	**32.0**	21.1	3.9	**32.0**	3.9
Net cash[2]	$	**140.8**	188.3	372.1	**140.8**	372.1
Available liquidity[2]	$	**464.9**	501.5	622.6	**464.9**	622.6

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

2023 REPORT

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

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COMPANY OVERVIEW

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

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

Torex's key strategic objectives are to integrate and optimize its Morelos Property, deliver Media Luna to full production, grow reserves and resources, retain and attract best industry talent and build on ESG excellence.

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

2023 PERFORMANCE AND 2024 GUIDANCE

The Company delivered full-year gold production of 453,778 oz, near the midpoint of the guided range of 440,000 to 470,000 oz, representing the fifth consecutive year original production guidance has been achieved. Total cash costs[1] of $866 per oz sold were at the upper end of the revised guided range of $840 to $870 per oz, and all-in sustaining costs[1] of $1,200 per oz sold were at the upper end of the revised guided range of $1,160 to $1,200 per oz sold. Sustaining capital expenditures[1] of $116.9 million were near the lower end of the guided range of $115 to $135 million. Non-sustaining capital expenditures[1] of $384.5 million were near the lower end of the revised guided range of $382 to $412 million.

The Company released 2024 guidance on January 16, 2024, including production, total cash costs, all-in sustaining costs, as well as sustaining and non-sustaining capital expenditures.

The following table summarizes the Company's 2023 performance relative to 2023 and 2024 guidance:

Table 2.

In millions of U.S. dollars, unless otherwise noted		2023 Guidance[2]	2023 Performance	2024 Guidance
Production				
Gold Equivalent[3]	AuEq oz	Not Provided	Not Provided	410,000 to 460,000
Gold	oz	440,000 to 470,000	453,778	400,000 to 450,000
Total Cash Costs[4]				
Gold Equivalent basis	$/oz AuEq sold	Not Provided	Not Provided	900 to 950
By-Product basis[1]	$/oz Au sold	840 to 870	866	860 to 910
All-in Sustaining Costs[4]				
Gold Equivalent basis	$/oz AuEq sold	Not Provided	Not Provided	1,130 to 1,190
By-Product basis[1]	$/oz Au sold	1,160 to 1,200	1,200	1,100 to 1,160
Sustaining Capital Expenditures[1]				
Sustaining Capital Expenditures	$	60 to 70	67.9	50 to 60
Capitalized Stripping	$	55 to 65	49.0	5
Total Sustaining Capital Expenditures	$	115 to 135	116.9	55 to 65
Non-Sustaining Capital Expenditures[1]				
Media Luna Project	$	360 to 390	366.3	350 to 400
Media Luna Cluster Drilling/Other[5]	$	22	18.2	10 to 15
Total Non-Sustaining Capital Expenditures	$	382 to 412	384.5	360 to 415

1. These measures are non-GAAP financial measures. Refer to "Non-GAAP Financial Performance Measures" for further information and a detailed reconciliation to historical IFRS measures.
2. 2023 guidance was revised to reflect higher guided total cash costs and all-in sustaining costs, and lower guided non-sustaining capital expenditure for the Media Luna Project, as disclosed in the Company's MD&A dated November 13, 2023.
3. 2024 gold production is guided to be in the range of 410,000 to 460,000 oz on an AuEq basis. Gold equivalent (AuEq) production includes Au and AuEq values for silver (Ag) and copper (Cu) sold assuming metal prices of $1,900/oz gold, $23/oz silver, and $3.75/lb copper.
4. 2024 guidance assumes a realized gold price of $1,900/oz and MXN:USD of 18.0.
5. For the year ended December 31, 2023, this amount includes $16.0 million for Media Luna infill drilling and $2.2 million for ELG non-sustaining capital expenditures (2023 guidance of $20 million and $2 million, respectively).

2023 PERFORMANCE AND 2024 OBJECTIVES

The following table summarizes the Company's performance relative to 2023 objectives and its 2024 objectives:

2023 Performance	2024 Objectives
Environment, Social & Governance (ESG)	
Safety – no fatalities, no lost-time injuries *Assessment: No fatalities and a LTIF of 0.31 per million hours worked; no lost-time injuries reported in the second half of 2023*	**Safety** – no fatalities, no lost time injuries
Climate – Complete Year 1 workplan on commitment to deliver 10% absolute reduction of GHG emissions by 2030 *Assessment: Met target; Solar plant construction is expected to be completed in Q1 2024*	**Climate** – Complete Year 2 workplan on commitment to deliver 10% absolute reduction of GHG emissions by 2030
ESG – Substantially complete outstanding requirements for compliance with World Gold Council's Responsible Gold Mining Principles, International Cyanide Management Code and Global Industry Standard for Tailings Management *Assessment: Met target*	**ESG** – Substantially complete outstanding requirements for compliance with World Gold Council's Responsible Gold Mining Principles, International Cyanide Management Code and Global Industry Standard for Tailings Management
Environmental protection – zero reportable spills of 1,000 litres or more that report to a natural water body *Assessment: Met target*	**Environmental protection** – zero reportable spills of 1,000 litres or more that report to a natural water body
Operations	
Production – 440,000 to 470,000 oz of gold produced *Assessment: Met target with 453,778 oz*	**Production** – 400,000 to 450,000 oz of gold produced and 410,000 to 460,000 oz produced on an AuEq basis
Cost Control: Total cash costs of $740 to $780 per oz *Assessment: Above target with TCC of $866/oz as a result of the appreciation of the Mexican peso and the high strip, low grade phase of the open pit mine plan resulting in the lower average gold grade of ore processed; met revised guidance*	**Cost Control**: Total cash costs of $860 to $910 per oz and $900 to $950 per oz on an AuEq basis
All-in sustaining costs of $1,080 to $1,130 per *oz* *Assessment: Above target with AISC of $1,200/oz as a result of the higher TCC described above; met revised guidance*	All-in sustaining costs of $1,100 to $1,160 per oz and $1,130 to $1,190 per oz on an AuEq basis
ELG mine and plant sustaining capital expenditure of $60 million to $70 million, including $10 million for power related projects and $15 million in underground development that in prior years was classified as non-sustaining *Assessment: Met target with $67.9 million*	ELG mine and plant sustaining capital expenditure of $50 million to $60 million
ELG capitalized stripping of $55 million to $65 million *Assessment: Below target with $49.0 million due to a greater proportion of waste stripping expensed versus capitalized related to the layback to extend the life of the El Limón open pit*	ELG capitalized waste stripping of $5 million
ELG non-sustaining capital expenditure of $2 million *Assessment: Met target with $2.2 million*	
Set up for growth	
Media Luna non-sustaining capital expenditure of $390 million to $440 million, excluding $20 million of drilling costs *Assessment: Below target with $366.3 million; met revised guidance due to the redistribution of spend from 2023 to later periods*	Media Luna non-sustaining capital expenditure of $350 million to $400 million, excluding $10 million to $15 million of Media Luna Cluster drilling and other costs
Strip 38 million tonnes of waste in the open pits; 13,000 metres of development in ELG underground *Assessment: 38 million tonnes of stripped waste, within 1% of target and 13,612 metres of development in ELG underground*	Complete internal EPO Preliminary Economic Assessment
Complete Media Luna exploration drilling program – $20 million of capital expenditures to execute 55,000 metres of drilling *Assessment: Below target, 44,650 metres drilled and expenditures of $16.0 million as 85% of the total targets were completed*	Complete Media Luna Cluster drilling program – $15 million of expenditures to execute 39,000 metres of drilling; includes $10 million of capital expenditures for infill and expansionary drilling at EPO (24,000 metres) and $5 million of expenditures to be expensed for follow up drilling at Media Luna West (12,000 metres) and an inaugural drilling program at Todos Santos (3,000 metres)
Completion of power related projects to increase draw to 45 megawatts (MW); submit application for further increase to 65 MW. *Assessment: Met target*	
Execute over 2,000 metres of development in Guajes Tunnel *Assessment: Surpassed target with approximately 3,300 metres completed; the successful breakthrough of the Guajes Tunnel was completed on December 21, 2023, three months earlier than scheduled in the March 2022 Technical Report*	
Execute plan to increase ELG Underground mining rates *Assessment: Met target; achieved a record annual mining rate from ELG Underground of 2,070 tpd, surpassing the previous annual record set in 2022*	
Complete ELG Brownfield Exploration Program – 57,000 metres of drilling and $12 million in expenditures *Assessment: Met target, 60,699 metres drilled and expenditures of $10.5 million*	Complete ELG Underground infill and step-out drilling – $12 million in expenditures to execute 54,500 metres of drilling
Continue Morelos Exploration Program – $2 million for mapping and sampling of select greenfield targets *Assessment: Met target with expenditures of $2.3 million*	Continue Morelos Exploration Program – $3 million for near-mine and regional exploration and drilling (3,000 metres) across the Morelos Property

FINANCIAL RESULTS

Table 3.

In millions of U.S. dollars, unless otherwise noted		Three Months Ended		Year Ended	
		Dec 31, 2023	Dec 31, 2022	**Dec 31, 2023**	Dec 31, 2022
Revenue	$	**282.4**	216.5	**882.6**	868.5
Gold	$	**280.3**	212.2	**869.9**	850.5
Silver	$	**0.9**	1.4	**4.7**	3.4
Copper	$	**1.2**	2.9	**8.0**	14.6
Cost of sales	$	**191.6**	146.6	**600.1**	564.6
Production costs	$	**116.5**	84.3	**371.5**	337.1
Royalties	$	**8.4**	6.7	**26.5**	26.2
Depreciation and amortization	$	**66.7**	55.6	**202.1**	201.3
Earnings from mine operations	$	**90.8**	69.9	**282.5**	303.9
General and administrative expenses	$	**6.9**	8.2	**24.4**	24.1
Exploration and evaluation expenses	$	**2.0**	2.1	**7.1**	8.6
Other expenses	$	**2.1**	–	**6.7**	–
Derivative loss (gain), net	$	**31.5**	20.0	**25.3**	(8.8)
Finance income, net	$	**(2.0)**	(4.5)	**(10.2)**	(5.2)
Foreign exchange gain	$	**(0.3)**	(0.8)	**(1.2)**	(1.3)
Current income tax expense	$	**50.5**	50.7	**98.0**	144.6
Deferred income tax recovery	$	**(50.3)**	(40.4)	**(72.0)**	(46.9)
Net income	$	**50.4**	34.6	**204.4**	188.8
Per share - Basic	$/share	**0.59**	0.40	**2.38**	2.20
Per share - Diluted	$/share	**0.58**	0.40	**2.34**	2.19
Adjusted net earnings[1]	$	**49.1**	38.3	**148.4**	167.1
Per share - Basic[1]	$/share	**0.57**	0.45	**1.73**	1.95
Per share - Diluted[1]	$/share	**0.57**	0.44	**1.72**	1.94
Cost of sales	$/oz	**1,380**	1,202	**1,349**	1,193
Total cash costs[1]	$/oz	**885**	711	**866**	730
Total cash costs margin[1]	$/oz	**1,110**	1,073	**1,086**	1,079
All-in sustaining costs[1]	$/oz	**1,073**	1,034	**1,200**	1,008
All-in sustaining costs margin[1]	$/oz	**922**	750	**752**	801
Average realized gold price[1]	$/oz	**1,995**	1,784	**1,952**	1,809

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

2023 FINANCIAL RESULTS

Revenue totalled $882.6 million

Revenue increased 2% year-over-year primarily due to an 8% higher average realized gold price, partially offset by a 6% decrease in gold ounces sold. The Company sold 444,750 oz of gold at an average realized gold price[1] of $1,952 per oz in the year ended December 31, 2023, compared to 473,122 oz at an average realized gold price of $1,809 per oz in the year ended December 31, 2022. The average realized gold price in the year ended December 31, 2023 includes a realized loss of $1.9 million ($4 per oz) on gold forwards compared to a gain of $5.3 million ($11 per oz) in the comparative period. The 6% decrease in ounces sold primarily resulted from a 4% decrease in gold produced. The decrease in gold production was largely due to the lower average gold grade of ore mined and processed, partially offset by the higher processing plant throughput, higher ore tonnes mined at the ELG open pits and an increase in the mining rates from ELG Underground. The lower average gold grade of ore processed was primarily due to an increase in the processing of lower grade run-of-mine ore and stockpile ore as a result of elevated waste stripping during the second and third quarters (related to the layback of the El Limón open pit) as well as depletion of the Guajes open pit during the second quarter.

Cost of sales was $600.1 million or $1,349 per oz sold

Cost of sales was 6% higher compared to the prior year and was 13% higher on a per oz basis primarily due to the 6% decrease in gold ounces sold and the impact of a stronger Mexican peso which averaged 17.7 during 2023 compared to 20.1 in 2022. Production costs were higher than the comparative period primarily due to the appreciation of the Mexican peso, higher cyanide costs as a result of increased prices, and lower capitalized stripping, partially offset by lower ELG Underground mining costs per tonne mined as a result of the record annual mining rate of 2,070 tpd and lower Mexican profit sharing expense in 2023 due to lower taxable income in Mexico. Royalties, representing 2.5% of proceeds from all metal sales and an additional 0.5% of proceeds from gold and silver sales, were higher than the comparative period due to a higher average realized gold price, partially offset by the decrease in ounces sold. Depreciation and amortization expense was marginally higher than the prior year on a total basis, despite the decrease in gold ounces sold. For 2024, depreciation and amortization expense is expected to range between $200 million to $225 million.

Total Cash Costs[1] were $866 per oz sold

TCC for the year ended December 31, 2023 increased relative to the comparative period, primarily due to the higher production costs described above, the decrease in ounces of gold sold described above, and the higher stripping expensed.

All-in Sustaining Costs[1] were $1,200 per oz sold

The increase in AISC relative to the prior year was primarily due to the higher total cash costs per oz of gold sold including the higher stripping expensed described above, and the higher planned sustaining capital expenditures.

General and administrative expenses of $24.4 million

General and administrative expenses primarily comprise corporate office employee costs, share-based compensation, and professional fee costs. General and administrative expenses were marginally higher than the prior year. Excluding the remeasurement of share-based payments (gain of $1.8 million in the year ended December 31, 2023 and loss of $0.4 million for the comparative period), general and administrative expenses would have been higher compared to the prior year, primarily due to higher employee costs, travel expenses and consulting and other professional fees.

Other expenses of $6.7 million

Other expenses comprise expenditures related to an upgrade and consolidation of the Company's enterprise resource planning system to support the integration of the Media Luna Project into the operations and broader

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

optimization opportunities and training expenditures related to the Media Luna Project, which must be expensed for accounting purposes. Other expenses in the year ended December 31, 2023 were $6.7 million, compared to $nil in the comparative period. For 2024, other expenses are expected to be up to $10 million.

Derivative loss, net, of $25.3 million

The Company has taken initiatives to mitigate price uncertainty during the development of the Media Luna Project. As at December 31, 2023, the remaining gold forward contracts to sell a total of 158,000 oz of gold between January 2024 and December 2024 have a weighted average price of $1,972 per oz. As at December 31, 2023, the remaining MXN/USD foreign exchange collar contracts to settle a notional value of $73.0 million between January 2024 and December 2024 have a weighted average put strike (floor) rate of 17.38:1 and a weighted average call strike (ceiling) rate of 20.00:1. These derivatives have not been designated as hedges; therefore, movements in the fair value of the derivatives are recognized in net income each period.

The Company realized a loss of $1.9 million on the 141,000 oz of gold forwards that settled in the year ended December 31, 2023 at a weighted average price of $1,944 per oz, which on average was lower than the gold spot prices at the time of settlement, compared to the $5.3 million realized derivative gain in the comparative period. An unrealized derivative loss of $25.6 million was recognized in the year ended December 31, 2023 as a result of gold forward prices strengthening during the year, compared to the $3.5 million unrealized derivative gain in the comparative period.

The Company realized a gain of $0.3 million on the $16.6 million of foreign exchange collars that settled in the year ended December 31, 2023 at a weighted average MXN/USD foreign exchange rate of 17.54:1, which on average was favourable to the spot rate at the time of settlement, compared to the $nil realized derivative (gain) loss in the comparative period. The remaining $17.7 million of foreign exchange collars expired in the year ended December 31, 2023 unexercised as the spot rate was favourable at the time of expiry.

Finance income, net, of $10.2 million

The increase in finance income, net, was primarily related to interest income of $13.8 million earned in 2023 which was higher than the $9.8 million earned in the comparative period due to higher interest rates.

Foreign exchange gain of $1.2 million

The foreign exchange gain in 2023 and the comparative period were comparable.

Current income and mining tax expense of $98.0 million

The decrease in current income and mining tax expense over the comparative period was primarily due to the derecognition of a provision for an uncertain tax position of $15.2 million in the first quarter of 2023 and the tax deduction for the payment of the site-based employee profit sharing program for 2022 in the second quarter of 2023, partially offset by the currency translation of the tax liability due to the 12.7% appreciation of the Mexican peso since the beginning of 2023 and an increase in revenue.

Deferred income tax recovery of $72.0 million

The deferred income tax recovery was primarily driven by the tax effect of currency translation on the tax base and higher depreciation for accounting than for tax purposes, which reduced the difference between the book value and tax value of the assets in the deferred tax calculation. As at December 31, 2023, the closing value of property, plant and equipment for tax purposes was $25.6 billion Mexican pesos and the closing value of inventory for tax purposes was $2.0 billion Mexican pesos.

Net income of $204.4 million

Net income in the year ended December 31, 2023 was $204.4 million compared to net income of $188.8 million in the year ended December 31, 2022. The increase in net income was primarily due to a lower net income tax expense, the higher average realized gold price and the increase in interest income, partially offset by a higher net derivative loss on gold forward and foreign exchange collar contracts, a 6% decrease in gold ounces sold and an increase in other expenses.

FOURTH QUARTER 2023 FINANCIAL RESULTS

Revenue totalled $282.4 million

Revenue increased 30% primarily due to a 14% increase in gold ounces sold and a higher average realized gold price. The Company sold 138,794 oz of gold at an average realized gold price[1] of $1,995 per oz in the fourth quarter of 2023, compared to 121,913 oz at an average realized gold price of $1,784 per oz in the fourth quarter of 2022. The average realized gold price in the fourth quarter of 2023 includes a realized loss of $3.4 million on gold forwards compared to a gain of $5.3 million in the comparative period. The 14% increase in ounces sold resulted from a 19% increase in gold produced, primarily due to the higher ore tonnes mined, a higher average gold grade of ore processed, higher tonnes processed and benefiting from an increase in the average gold recovery. The higher ore tonnes mined is in part due to the contribution from the ELG Open Pits as a result of the completion of the stripping of ore in the layback to extend the life of the El Limón open pit, resulting in a significantly lower strip ratio than the comparative period.

Cost of sales was $191.6 million or $1,380 per oz sold

Cost of sales was $45.0 million or 31% higher than the fourth quarter of 2022; however, it was only 15% higher on a per oz basis due to a 14% increase in gold ounces sold. Production costs in the fourth quarter of 2023 were higher than the comparative period primarily due to the higher ounces sold, the appreciation of the Mexican peso, the higher Mexican profit sharing expense in the fourth quarter of 2023, and the lower capitalized stripping as the El Limón open pit layback was completed in the third quarter of 2023 resulting in no capitalized stripping in the fourth quarter of 2023. Royalties were higher than the comparative period in line with the higher revenue described above. Depreciation and amortization expense was higher than the fourth quarter of 2022 on a total basis, largely due to the increase in ounces of gold sold.

Total Cash Costs[1] were $885 per oz sold

TCC in the quarter increased relative to the comparative period, primarily due to the higher production costs on a total basis as described above, and the higher stripping expensed.

All-in Sustaining Costs[1] were $1,073 per oz sold

The increase in AISC relative to the fourth quarter of 2022 was primarily due to the higher total cash costs per oz of gold sold described above, partially offset by lower sustaining capital expenditures due to the lower portion of stripping costs that were capitalized as a result of no capitalized stripping in the fourth quarter of 2023.

General and administrative expenses of $6.9 million

General and administrative expenses were lower than the fourth quarter of 2022 primarily due to remeasurement of share-based payments as a result of the decrease in the fair value of the Company's share-based compensation awards during the quarter relative to the comparative period (gain of $0.5 million in the fourth quarter of 2023 and loss of $2.5 million for the comparative period), partially offset by higher share-based compensation expense and consulting and other professional fees.

Other expenses of $2.1 million

Other expenses in the fourth quarter of 2023 were $2.1 million and relate to an enterprise resource planning system project and training expenditures related to the Media Luna Project, compared to $nil in the comparative period.

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

Derivative loss, net, of $31.5 million

The Company realized a loss of $3.4 million on the 43,500 oz of gold forwards that settled in the fourth quarter of 2023 at a weighted average price of $1,957 per oz, which on average was lower than the gold spot prices at the time of settlement, compared to a gain of $5.3 million in the comparative period. An unrealized derivative loss of $30.3 million was recognized in the fourth quarter of 2023 due to gold forward prices strengthening during the quarter, compared to a $25.3 million unrealized derivative loss in the comparative period.

Finance income, net, of $2.0 million

The decrease in finance income, net, was primarily related to lower interest income in the fourth quarter of 2023 as a result of higher interest received on the collection of VAT receivables in the comparative period.

Foreign exchange gain of $0.3 million

The foreign exchange gain in the fourth quarter of 2023 and the foreign exchange gain in the comparative period were insignificant.

Current income and mining tax expense of $50.5 million

The current income and mining tax expense was comparable to the fourth quarter of 2022. The higher income before taxes resulting from an increase in revenue and tax effect of the currency translation of the tax liability due to the appreciation of the Mexican peso at year-end, was partially offset by the impact from the settlement of the derivative contracts and the recognition of the withholding tax on intercompany interest from the deferred tax to current tax in the comparative period.

Deferred income tax recovery of $50.3 million

The deferred income tax recovery was primarily driven by the tax effect of currency translation on the tax base and higher depreciation for accounting than for tax purposes, which reduced the difference between the book value and tax value of the assets in the deferred tax calculation.

Net income of $50.4 million

Net income for the quarter was $50.4 million compared to net income of $34.6 million in the fourth quarter of 2022. The increase in net income was primarily due to the 14% increase in gold ounces sold, the higher average realized gold price, the lower net income tax expense, partially offset by a higher net derivative loss on gold forward and foreign exchange collar contracts and lower interest income.

RESULTS OF OPERATIONS

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

Table 4.

		Three Months Ended			Year Ended	
		Dec 31, 2023	Sep 30, 2023	Dec 31, 2022	**Dec 31, 2023**	Dec 31, 2022
Mining[1]						
Total ELG Open Pits						
Ore tonnes mined	kt	**1,785**	1,026	959	**4,371**	3,891
Waste tonnes mined	kt	**7,841**	10,131	8,546	**37,533**	34,560
Total tonnes mined	kt	**9,626**	11,157	9,505	**41,904**	38,451
Ore tonnes mined per day	tpd	**19,404**	11,153	10,420	**11,976**	10,660
Waste tonnes mined per day	tpd	**85,224**	110,122	92,892	**102,830**	94,685
Strip ratio	w:o	**4.4**	9.9	8.9	**8.6**	8.9
Average gold grade of ore mined	gpt	**2.66**	1.84	3.06	**2.82**	3.16
ELG Underground						
Ore tonnes mined	kt	**212**	214	155	**756**	556
Ore tonnes mined per day	tpd	**2,300**	2,321	1,685	**2,070**	1,523
Average gold grade of ore mined	gpt	**5.32**	5.19	6.19	**5.13**	6.06
ELG Open Pits and Underground						
Ore tonnes mined	kt	**1,997**	1,240	1,114	**5,127**	4,447
Ore tonnes mined per day	tpd	**21,704**	13,474	12,109	**14,046**	12,184
Average gold grade of ore mined	gpt	**2.94**	2.42	3.50	**3.16**	3.53
Processing[1]						
Total tonnes processed	kt	**1,218**	1,206	1,141	**4,810**	4,599
Average plant throughput	tpd	**13,236**	13,107	12,404	**13,178**	12,600
Average gold recovery	%	**89.5**	88.7	88.4	**88.6**	88.3
Average gold grade of ore processed	gpt	**4.03**	2.47	3.78	**3.29**	3.64
Gold produced	oz	**137,993**	85,360	116,196	**453,778**	474,035
Gold sold	oz	**138,794**	81,752	121,913	**444,750**	473,122
Financial Metrics						
Total cash costs[2]	$/oz	**885**	1,086	711	**866**	730
Total cash costs margin[2]	$/oz	**1,110**	858	1,073	**1,086**	1,079
All-in sustaining costs[2]	$/oz	**1,073**	1,450	1,034	**1,200**	1,008
All-in sustaining costs margin[2]	$/oz	**922**	494	750	**752**	801
Average realized gold price[2]	$/oz	**1,995**	1,944	1,784	**1,952**	1,809

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

Mining

A total of 1,997 kt of ore were mined in the fourth quarter of 2023, including 1,785 kt from the ELG open pits and 212 kt from ELG Underground. Average waste to ore strip ratio ("strip ratio") in the open pits was 4.4:1. Excluding 280 kt of long-term, low-grade ore, the average gold grade of ore mined was 3.25 gpt.

In the fourth quarter of 2022, 1,114 kt of ore were mined, including 959 kt from the ELG open pits and 155 kt from ELG Underground, with an average strip ratio in the open pits of 8.9:1. Excluding 117 kt of long-term, low-grade ore, the average gold grade of ore mined was 3.79 gpt.

A total of 5,127 kt of ore were mined in 2023, including 4,371 kt from the ELG open pits and 756 kt from ELG Underground. Average strip ratio in the open pits was 8.6:1. Excluding 792 kt of long-term, low-grade ore, the average gold grade of ore mined was 3.56 gpt.

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

Mining rates from ELG Underground averaged 2,070 tpd during 2023, outpacing the prior annual record of 1,523 tpd set in 2022 and reaching the Company's target of 2,000 tpd about a year earlier than originally anticipated. Mining rates from ELG Underground are expected to average 2,000 tpd during 2024.

As at December 31, 2023, there were 5.0 mt of ore in stockpiles at an average grade of 1.17 gpt. Excluding 3.1 mt of long-term, low-grade stockpiles at an average grade of 0.97 gpt, the remaining 1.9 mt of ore in stockpiles are at an average grade of 1.51 gpt.

Plant Performance

Plant throughput in the fourth quarter of 2023 achieved an average rate of 13,236 tpd, marginally higher than the preceding quarter of 13,107 tpd, resulting in an average for 2023 of 13,178 tpd, higher than the previous year rate of 12,600 tpd, achieving a new yearly record. The average gold recovery for the quarter was 89.5%, higher than the recovery of 88.7% in the previous quarter, predominantly impacted by a high proportion of higher recovery ore in mill feed, resulting in an average gold recovery for 2023 of 88.6%, slightly higher than the previous year of 88.3%. In the fourth quarter of 2023, the Company incurred $10.6 million in cyanide costs at a consumption rate of 3.06 kilograms per tonne milled, compared to $7.1 million in the third quarter of 2023 at a consumption rate of 2.03 kilograms per tonne milled, reflecting higher consumption due to the increase of copper and iron sulfides in mill ore feed, resulting in a year-to-date cyanide consumption of 2.58 kilogram per tonne milled, marginally higher than the previous year consumption rate of 2.53 kilograms per tonne milled.

Gold Production and Sales

In the fourth quarter of 2023, 137,993 oz of gold were produced and 138,794 oz of gold were sold. Production in the fourth quarter of 2023 increased relative to the comparative period in the prior year primarily due to the higher average plant throughput and higher average gold grade of ore processed.

In 2023, 453,778 oz of gold were produced and 444,750 oz were sold compared to 474,035 oz produced and 473,122 oz sold in 2022. The difference between gold sold versus produced was due to the timing of pours at year-end.

ENVIRONMENT, SOCIAL & GOVERNANCE

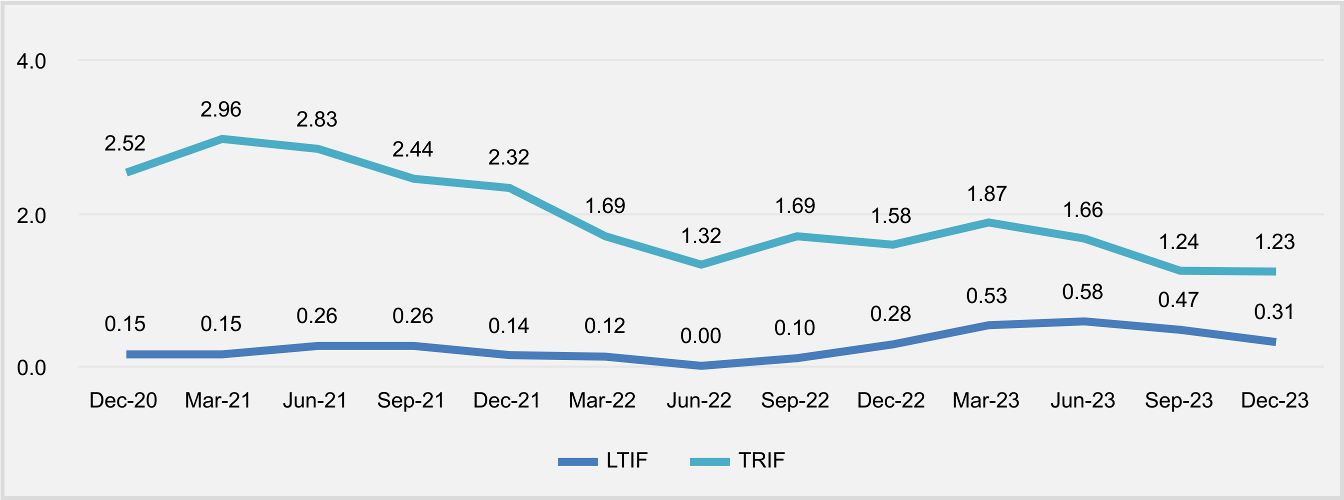
Safety

The Company completed the fourth quarter of 2023 with no lost-time injuries. With the continued increase of activity at site with the construction of the Media Luna Project, safety and reporting of all incidents, including near misses, continues to be a key focus. As at December 31, 2023, the Company's lost-time injury frequency (LTIF) was 0.31 and its total recordable injury frequency (TRIF) was 1.23. Both rates include employees and contractors and are calculated per million hours worked on a rolling 12-month basis. In October, the Company achieved 10 million hours worked lost-time injury free at the ELG Complex for the third time since 2020. Overall, the Company finished the year with more than 6.8 million hours worked without a lost-time injury at the Morelos Complex.

Subsequent to year-end, the Company recorded a lost-time injury in January 2024 when a contractor suffered a leg injury working on the Media Luna Project.

The Company continued the SmartCap fatigue risk management pilot program with the drivers of the personnel transportation vehicles. The data collected on the open pit mobile equipment throughout 2023 will enable implementation of the system across the underground mobile fleet in 2024.

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



Environment & Climate Change

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

With respect to permitting, in November 2023 the Company received approval from Mexico's Secretariat of Environment and Natural Resources ("SEMARNAT") regarding an amendment to the key environmental permit ("MIA") for the Media Luna Project, which will allow for the deposition of tailings into the mined-out Guajes open pit. Receipt of the MIA amendment marks another significant project de-risking milestone and further demonstrates the ongoing support of the project from local communities and government regulators.

Progress continued on the construction of the Company's new solar facility, which is a key component of the Company's climate change strategy and target to achieve a 10% absolute reduction in greenhouse gas (GHG) emissions by 2030 against the 2021 baseline. Land preparation work continued during the quarter, and the solar photovoltaic (PV) equipment was delivered to the site. Plant construction commenced in January 2024, with completion anticipated by the end of Q1 2024 and commissioning thereafter pending receipt of an operating permit from the energy regulator in Mexico.

Social

Relationships with local communities continue to be positive and productive. The Company continued to implement unique community development agreements (known locally as CODECOPs) with eleven local communities during the quarter. The CODECOPs define community investment projects to be delivered in partnership with local communities. A key project completed during the quarter was the construction of a new

Community Health Centre in Puente Sur Balsas located in close proximity to the Media Luna Project, representing an investment of $1.5 million Mexican pesos.

In late October 2023, the category 5 Hurricane Otis made landfall near Acapulco, Mexico, and brought devastation to the City. In response, the Company donated truckloads of basic supplies including food, bottled water, baby formula and sanitary supplies and also supplied equipment to aid in the clean-up in the wake of the storm. The Company has committed to continue to support Acapulco in its rebuilding efforts.

Governance

In December 2023, the Canadian Coalition for Good Governance ("CCGG") recognized the Company in its 2023 edition of 'Best Practices for Proxy Circular Disclosure' for the Chair's letter to shareholders. The Best Practices publication presents examples of high-quality public disclosure associated with corporate governance policies and executive compensation practices.

ESG Performance, Disclosure and Reporting Standards

Progress continued on the workplan that has been developed to support the implementation of global ESG standards adopted by the Company, including the World Gold Council's Responsible Gold Mining Principles (RGMPs), the Global Industry Standard on Tailings Management (GISTM), the Voluntary Principles on Security and Human Rights (VPSHR) and the International Cyanide Management Code (ICMC). In the quarter, the Company continued work to substantially complete outstanding work items within full compliance deadlines, as follows:

- RGMPs: Third-party limited assurance of full compliance by September 2024;
- ICMC: Compliance audit by May 2024;
- GISTM: Compliance audit by August 2025.

Mexico Economic Impact Study

In late October, in conjunction with the 35th annual International Mining Convention in Acapulco, the Company released the results of an Economic Impact Study completed by Deloitte LLP to assess the economic impact of the Company's mining operations and capital investments during the 2022 representative year in Mexico and within the State of Guerrero. The Study traces how the Company's expenditures and investments benefited the federal and state economies in 2022, considering direct impact (including the employment and income of workers directly employed and contracted); indirect impact (associated with businesses that provide goods and services); and induced impact (associated with the spending of wages and salaries earned by employees and suppliers). Highlights of the Economic Impact Study include:

- Annual contribution of $960 million to Mexico's gross domestic product (GDP), including $600 million to Guerrero, representing 3% of the State's total annual GDP;
- 12,912 jobs created or sustained annually in Mexico, which translates to 25.8 jobs generated for every $1 million that the Company spends in Mexico;
- 3,539 jobs created or sustained annually in Guerrero, which represents 7.1 jobs generated for every $1 million that the Company spends in Guerrero;
- $168.4 million annually to labour income in Mexico and $54.5 million to labour income in Guerrero;
- Annual contributions of $278.2 million to government revenues in Mexico;
- Combined annual capital and operating expenditures of $506 million.

The full Economic Impact Study can be found on the Company's website at www.torexgold.com.

DEVELOPMENT ACTIVITIES

Media Luna Project Update

Following the completion of the Media Luna Feasibility Study and receipt of project approval by the Board of Directors, the Company commenced the execution phase of the Media Luna Project on April 1, 2022. During the fourth quarter of 2023, the Company achieved several key de-risking milestones. Breakthrough of the schedule critical Guajes Tunnel was achieved in late December, three months ahead of plan. The Company also received the amended permit for in-pit tailings deposition in November, which means the project is now fully permitted for both the development and operational phases. With 84% of upfront expenditures committed (including 56% incurred), expenditures to date have tracked reasonably well to the initial budget of $874.5 million, noting the strength of the Mexican peso and general inflationary environment remain headwinds to contend with. Quarterly expenditures are expected to remain consistent through Q3 2024 before declining in Q4 2024 as the project nears completion.

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

Table 5.

In millions of U.S. dollars, unless otherwise noted		**Media Luna Project Capital**
Per 2022 Technical Report	$	848.4
Adjustment for Q1 2022 underspend	$	26.1
Total budgeted spend post March 31, 2022	$	874.5
Expenditures incurred post March 31, 2022[1,2]	$	491.0
Remaining spend[2]	$	383.5
Percentage complete - relative to budgeted spend	%	56
Percentage complete - construction progress	%	60

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

During Q4 2023, $124.0 million was invested in the project, the highest quarterly spend to date. Total spend in 2023 was $366.3 million, in line with revised annual project guidance of $360 to $390 million. $350 to $400 million has been guided for project capital expenditures in 2024, with quarterly expenditures through Q3 2024 expected to be similar to the level experienced in Q4 2023, before declining as the project nears completion.

To date, upfront expenditures have tracked reasonably well to the initial budget of $874.5 million, noting the strength of the Mexican peso and general inflationary environment remain headwinds to contend with. As at year-end, $731.1 million of expenditures had been committed (84%), including $491.0 million incurred (56%).

As reported previously, the Company has entered into a series of zero-cost collars to hedge against changes in foreign exchange rates of the Mexican peso. The average floor price of the collars is 17.38 Mexican pesos per U.S. dollar and the average ceiling price is 20.00, with the collars covering the remaining project period (through December 2024). Approximately 45% of the remaining expenditures are expected to be denominated in pesos and the level hedged represents approximately 50% of the peso-denominated expenditures. The initial upfront capital cost of developing Media Luna assumed a Mexican peso of 20.0, which, weighted by quarterly expenditures, has averaged 18.6 since the project commenced on April 1, 2022 through year-end 2023. During 2023, the Mexican peso averaged 17.7 and is currently trading around 17.0.

Project Completion

As at quarter end, development of Media Luna was tracking to plan, with the project 60% complete, up from 49% at the start of the quarter. Detailed engineering is at the 84% completion mark, while procurement is 63% complete. The pace of underground development/construction and surface construction picked up as anticipated, with completion levels at 60% and 41% respectively. Based on the current schedule, the tie-in of upgrades to the processing plant are still on track to occur over a four-week period during the fourth quarter of 2024, which will allow for commissioning and first concentrate production in late 2024 and commercial production in early 2025.

Engineering

The pace of detailed engineering continued to increase during the fourth quarter. Underground engineering activities included issuing steel and concrete drawings for construction of the battery swap and charging stations. On surface, drawings were issued for construction in key areas including paste plant steel and flotation area piping. Engineering teams are completing detailed drawings for the electrical e-houses and gear, focusing on design that supports the advancement of priority construction activities and purchase orders, and expediting vendor reviews to shorten delivery timelines.

Procurement

During the quarter, the Company awarded several key purchase orders covering flotation, water treatment, underground fire suppression systems, and contracts for structural, mechanical, piping, and electrical instrumentation (SMPEI). The balance of orders for surface electrical rooms and large electrical gear have been placed. Deliveries of the pipe for the slurry line through the Guajes Tunnel are underway, with more than 900 m delivered in December. Ventilation louvers and door regulators for underground were also delivered to site.

Mobile equipment deliveries began during the quarter, including the delivery of a Sandvik Rhino raise borer and the first Sandvik electric jumbo. A Sandvik equipment training simulator arrived the first week of December and initial training for jumbo crews has been conducted. Deliveries have been moved forward for ore and waste grizzly screens, press frames and chutes to account for earlier delivery of first ore with the completion of the Guajes Tunnel ahead of schedule.

Underground Development and Construction

Breakthrough of the Guajes Tunnel on the south side of the Balsas River was achieved in late December, well ahead of the March 2024 breakthrough date assumed in the Technical Report. Following the breakthrough, the tunnel crews were re-deployed to progress development work on Media Luna Lower. Anchor bolting for the Guajes Tunnel conveyor commenced in January as the majority of the conveyor components, including all of the conveyor tables and belt segments, have been received.

Steady progress was also made on in-mine development during the quarter. Of the 23,289 m of lateral and vertical development targeted for the project to date, underground development teams had achieved an impressive 22,297 m by year-end. Approximately 7,400 m of capital development (lateral and vertical) and approximately 7,400 m of operating development remain for 2024. Important electrical infrastructure was installed and commissioned, including ground fault panels and electrical panels to feed Media Luna Lower equipment from the Guajes Tunnel. On the ventilation front, the temporary west adit vent fans were installed and commissioned during the quarter, which greatly improved the circulation of fresh air supply through Media Luna. As of the end of December, there were twenty active headings, including eleven in Media Luna Lower and nine in Media Luna Upper. Development in areas of key underground infrastructure advanced, including completion of four out of the five rock-breaker station excavations and pilot Alimak raises for both ore bins in Media Luna Lower.

Surface Construction

On the north side of the Balsas River, concrete has been poured for the screen tower at the grinding building and steel erection has started with the plan to tie-in the new screen during a planned April plant shutdown. Concrete foundation work for the Guajes conveyor drive station, flotation plant, water treatment plant, and 230kV substation continues to make progress with planned completion in Q1 2024.

On the south side of the Balsas River, significant headway was made on foundation preparation for the paste plant, with concrete work starting in the paste plant thickener area. Civil works for the construction of ponds and dams in the South Portal area are nearing completion. Planned improvements to the Mazapa – San Miguel bypass road were completed, pending a few culvert installations. The Mazapa bridge concrete deck was poured and asphalt work finalized subsequent to year-end. Construction of the bridge was completed in January.

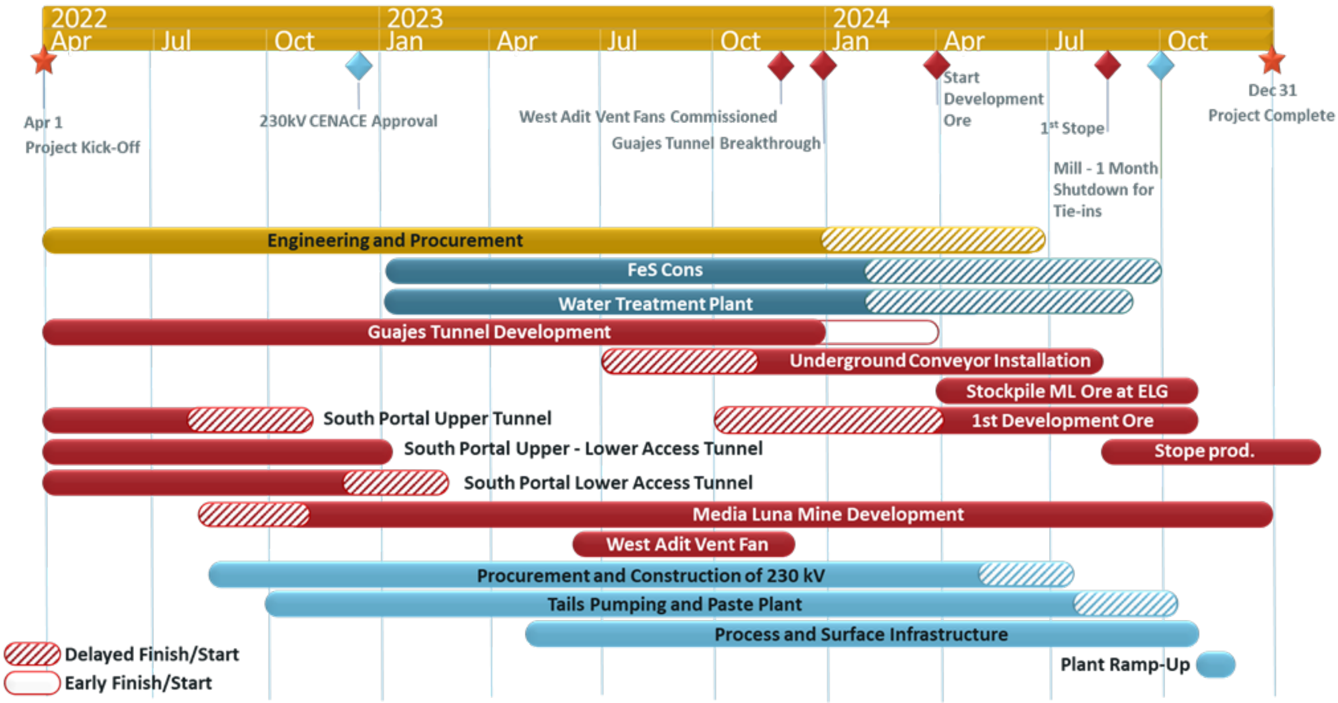
Operational Readiness

In parallel with development and construction activities, the surface and underground operational readiness strategy continues to advance. Operational readiness teams are accountable for ensuring that processes and systems for all new work areas are established and ready in advance of the handover from the project team to operations. This includes workforce transition planning and training, developing the operating strategy (including all standard operating procedures) and maintenance plans for all fixed and mobile equipment, blend and feed strategies, detailed commissioning plans, first fills, concentrate shipment logistics, and all other requirements to ensure a smooth ramp-up. Simulators for onsite training have been received and operator training began utilizing the new production equipment delivered.

Project Execution Plan

Based on progress made during Q4 2023 and a detailed review of both the surface and underground schedules completed late in the quarter, the overall project end dates are unchanged compared to the prior plan outlined within the last Media Luna update press release published on October 30, 2023, with only modest adjustments to interim activities in the overall schedule, including earlier stope production relative to the last update, given the benefit of completing the Guajes Tunnel three months ahead of schedule.

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



The Company also continues to focus on expediting the surface and underground equipment to ensure vendors meet their delivery obligations. Electrical equipment specifically remains a focus to manage schedule risk given the long-lead times for delivery of this equipment.

In terms of underground development, schedule gains were realized since the last update as the Guajes Tunnel breakthrough was completed in late December. Consequently, first development ore and first stope have been rescheduled to facilitate haulage directly through the Guajes Tunnel to avoid stockpiling and rehandling from the south side. Given this advancement in schedule, installation of the conveyor table anchors was rescheduled to post-breakthrough to avoid any coordination issues with the development crews as they worked towards early breakthrough. The revised execution plan will improve the installation and commissioning of the Guajes Tunnel conveyor, which remains on track for completion in August 2024.

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

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

EXPLORATION AND DRILLING ACTIVITIES

During the fourth quarter of 2023, the annual drilling programs at ELG Underground and the Media Luna Cluster were completed. Both programs are key facets of the Company's strategy to grow reserves and resources and to optimize and extend the current mine life at ELG with a view to filling the mill with higher-grade feed beyond 2027.

The exploration program at ELG Underground continued to deliver outstanding results, upgrading Inferred Resources to the Indicated Resource category, as reported in the press release issued on November 16, 2023[1]. Advanced exploration drilling focused on following up on high-grade intercepts in the previously defined structural corridor of ELG Underground, including trends referred to as a El Limón Sur, Sub-Sill, El Limón Deep, and El Limón West.

The results of the exploration drilling program at Media Luna West, as reported in the press release issued on November 30, 2023[2], continued to enhance confidence in the mineralized potential of the ever-expanding Media Luna Cluster. While exploration at Media Luna West is still at an early-stage relative to the nearby Media Luna and EPO deposits, the latest results, when combined with historical results and a new structural model, highlight the potential for Media Luna West to become a future source of feed for the Morelos Complex.

The Company invested $28.8 million in exploration and drilling in 2023 with a total of 105,349 m drilled, with the purpose of increasing the overall resource and reserve base of the Morelos Property. An additional $30.0 million of investment in exploration and drilling is planned in 2024.

Table 6.

In millions of U.S. dollars		Guided 2024 Expenditure	**Total 2023 Expenditure**	Guided 2023 Expenditure	Total 2022 Expenditure
Media Luna Cluster drilling - capitalized[1]	$	10.0	**16.0**	20.0	19.2
Media Luna Cluster drilling - expensed[2]	$	5.0	**–**	–	–
ELG Underground:					
ELG infill and step-out drilling - capitalized[3]	$	6.0	**5.7**	6.0	4.0
ELG near mine program - expensed[2]	$	6.0	**4.8**	6.0	5.3
Near-mine and regional exploration and drilling - expensed[2]	$	3.0	**2.3**	2.0	3.2
Total[4]	$	30.0	**28.8**	34.0	31.7

1. Included in non-sustaining capital.
2. Included in exploration and evaluation expenses as reported on the Consolidated Statements of Operations and Comprehensive Income.
3. Includes sustaining and non-sustaining capital ($4.4 million and $1.3 million, respectively, for the year ended December 31, 2023).
4. Excludes definition and grade control drilling costs.

ELG Infill and Step-Out Drilling

A resource delineation and advanced exploration drilling program is carried out annually at ELG to increase the confidence in the Mineral Resource models used in the mine plans and to expand the existing resources along extensions to current operations. The resource delineation drilling is targeting to upgrade Inferred Resources to the Measured and Indicated Resource categories at the underground deposit. Advanced exploration drilling is targeting to expand known mineralization and/or upgrade mineralized material to new Mineral Resources in lateral and vertical extensions, as well as expanding underground resource in other zones.

At ELG Underground, a total of 60,699 m were drilled, and the overall program continued to deliver outstanding results that support upgrading Inferred Resources to the Indicated Resource category. Additionally, advanced exploration drilling following up on previously identified high grade intercepts yielded impressive results, and highlighted the potential to expand resources. The results reported in the press release issued on November 16, 2023[1] confirmed the associated structural corridors of ELG Underground, including north-northwest ("NNW") trends referred to as Sub-Sill, El Limón Sur, and El Limón West as well as a northeast ("NE") trend referred to as El Limón Deep.

A total of 33,978 m distributed in 174 holes were drilled in 2023, representing 100% of the resource delineation and advanced exploration drilling program planned. Results from holes drilled and not yet reported exhibit geological consistency with previously disclosed findings. It is anticipated that these forthcoming results will support in upgrading Inferred Resources to the Indicated Resource category and identifying new resources in these areas. The available results up to November 1, 2023 have been incorporated in the year-end Mineral Reserves and Resources update which is planned for release prior to March 31, 2024.

The most notable results were in El Limón Sur Trend, where the hole LS-293, drilled in the southern portion of the trend returned 20.74 grams per tonne gold equivalent (gpt AuEq)[3] over 4.6 m, allowing to extend high-grade mineralization 100 m below LS-220, a previously reported drillhole that returned 88.92 gpt AuEq[3] over 14.5 m. This area is a key focus given the potential to extend higher-grade gold and copper mineralization at depth.

Holes drilled at the intersection of the El Limón Sur Trend and La Flaca fault zone returned multiple economic intercepts including 11.75 gpt AuE[3] over 22.9 m in LDUG-239, 11.55 gpt AuEq[3] over 14.9 m in LDUG-290, 10.03 gpt AuEq[3] over 14.4 m in LDUG-296, 11.71 gpt AuEq[3] over 8.9 m in LDUG-277, 11.36 gpt AuEq[3] over 8.7 m in LDUG-308, and 8.13 gpt AuEq[3] over 12.4 m in LDUG-280. Given the results to date, this area represents a potential new mining front within ELG Underground.

Drilling carried out in the central portion of the trend was successful in confirming and extending near surface high-grade mineralization outside of the current resource block model. Several holes returned high-grade intercepts, including 44.93 gpt AuEq[3] over 8.2 m in LS-152, 28.50 gpt AuEq[3] over 4.5 m in LS-149, 14.45 gpt AuEq[3] over 14.0 m in LS-234, 11.38 gpt AuEq[3] over 12.4 m in LS-272, and 11.37 gpt AuEq[3] over 10.5 m in LS-276.

At El Limón Deep, drilling continues to extend mineralization at depth, with notable high-grade intercepts including 33.91 gpt AuEq[3] over 9.1 m in LDUG-256 and 35.81 gpt AuEq[3] over 4.8 m in LDUG-268. High grade mineralization appears to be related to the intersection of the La Flaca fault with a second NNW trend that includes the Sub-Sill deposit. Restricted drilling performed at Sub-Sill during the third quarter of 2023 returned high grade intercepts within the northern extension of the Sub-Sill zone, including 19.45 gpt AuEq[3] over 12.1 m and 21.32 gpt AuEq[3] over 4.0 m in SST-312, and 23.32 gpt AuEq[3] over 4.7 m in SST-313.

Finally, encouraging results returned from El Limón West, with the most notable intercepts being 17.74 gpt AuEq[3] over 5.4 m and 10.04 gpt AuEq[3] over 13.4 m in LS-287, and 6.90 gpt AuEq[3] over 3.4 m in LS-229. These drill holes have extended the continuity of mineralization 100 m to the south as well as approximately 220 m below the El Limón Sur Lower final pit, indicating the potential for another new underground mining front within the El Limón Sur area.

ELG Near Mine Drilling Program

The objective of the near mine drilling program is to identify additional satellite orebodies within the ELG Mine Complex. Over the last year, the ELG operations and exploration geology teams have conducted an extensive evaluation of the potential for additional discoveries around ELG mining areas, with nine well-supported target areas in the near-mine setting identified. The 2023 program allocated a total of 27,000 m to test the best ranked targets for new underground resources along the El Limón Trend and move the three targets with economic intercepts to advanced exploration stage.

During the fourth quarter of 2023, a total of 5,723 m in 11 holes were drilled on El Limón Sur Trend. Considering the outstanding results and the underground mineral potential of the El Limón Sur Trend, the program was focused on identifying the best sections along the trend to define high-grade resources to follow up on starting in 2024. The Near Mine drilling program was finalized in the fourth quarter of 2023, totaling 26,721 m in 74 holes, representing 99% of the annual program.

The geological drilling results confirmed the presence and continuity of skarn laterally and at depth along El Limón Sur Trend with analytical assays pending. Results from holes drilled to test the potential extension of mineralization in the Guajes area to the northwest and the magnetic anomaly at El Limón East are also pending.

Media Luna Cluster Drilling

The drilling objectives for the current year in the Media Luna Cluster were to categorize a significant portion of the Inferred Resources as Indicated Resources, expand the Inferred Resources by defining the north and south extension of EPO, and complete an initial drill testing phase in Media Luna West.

As previously reported in the third quarter of 2023, the categorization program was completed while results were pending. Results received during the fourth quarter of 2023 have been incorporated into the year-end Mineral Resource update currently in progress, and will form the basis of an internal study evaluating the feasibility of developing an economic mining front at EPO.

The results indicate the potential to upgrade additional Inferred Resources while expanding mineralization to the northeast and southwest. The Company is optimistic about the potential to further increase the size of EPO as the deposit remains highly prospective with mineralization open to the north.

During the fourth quarter of 2023, a total of 6,240 m were drilled in the Media Luna Cluster focused on extending the mineralization to the north and south of EPO. The mineralized footprint is still consistent to the north following the northeast dykes orientation, while to the south the mineralization appears interrupted by a northwest fault. The intercepts returned similar grades and widths as previous drilling. The consistency of the results supports the Company's strategy to grow reserves and resources.

At Media Luna West, the Company has completed the initial drill testing with seven holes totaling 5,000 m drilled, the results of which were reported in the press release issued on November 30, 2023[2]. Media Luna West is an earlier stage exploration target located near the Media Luna and EPO deposits as well as existing and planned infrastructure associated with the Media Luna Project, including the Guajes Tunnel.

The program aimed at validating mineralization controls under the new structural model at Media Luna Cluster returned multiple intercepts including ML23-986A, which returned an impressive 29.76 gpt AuEq[4] over an interval of 14.10 m opening towards the north of the recognized historical mineralization.

This hole was drilled approximately 200 m north of historic drill hole MLW-02, which returned intercepts of 4.11 gpt AuEq[4] over 37.30 m and 10.41 gpt AuEq[4] over 9.05 m, and 50 m west of historic drill hole MLW-04 which returned an intercept of 7.26 gpt AuE[4] over 20.32 m. The results of this program enhance the expectations of another orebody discovery and confirm the potential of a multi-million ounce cluster that can leverage the mine infrastructure currently under construction.

The identification of the San Miguel fault as the limit of mineralization of the cluster to the south was tested with two drillholes 400 m south of the known resources of the Media Luna Project. The drilling confirms the geological continuity of mineralization but with more restricted thicknesses of up to 2.5 m and with approximate gold equivalent grades of the same tenor as those previously reported.

Finally, a total of 44,650 m distributed in 85 holes were completed within the Media Luna Cluster during the year with a total expenditure of $16.0 million against a budget of $20.0 million.

Regional Exploration and Drilling

The Morelos Property covers 29,000 hectares of highly prospective terrain in the endowed Guerrero Gold Belt in Mexico. Multiple targets have been identified based on our new structural and geological approach incorporating these at the correct stage of the Company’s pipeline. The exploration programs have been planned based on the least developed geological criteria to have a ranking that allows the Company to allocate the funds on those with the greatest expectations of making a discovery.

During the fourth quarter of 2023, the Company completed the structural studies and advanced in the validation of phreatomagmatic facies in each of the targets, which correspond to the event that would trigger the subsequent precipitation of gold in the district.

Extensive field work was completed across the property reviewing multiple projects with the goal of defining the final ranking and prioritizing delineation activities in the highest-ranked areas. Based on this same ranking, the 2024 budget was prepared, and then applying the strategic criteria, the projects will be executed based on the approved 2024 budget.

El Naranjo and Todos Santos were both advanced to the “drill testing stage”, while the Atzcala area advanced to the “target selection stage”. These three areas will be the subject of delineation to select the best three projects for delineation during 2024.

Finally, the Company allocated $2.0 million in the 2023 budget to fund the expansion of the district exploration program within the Morelos Property and the total expenditure incurred was $2.3 million.

[1] For more information on ELG Underground drilling results, see the Company’s news release titled “Torex Gold Reports Impressive Results From the 2023 ELG Underground Drilling Program” issued on November 16, 2023, and filed on SEDAR+ at www.sedarplus.ca and on the Company’s website at www.torexgold.com.

[2] For more information on Media Luna West drilling results, see the Company’s news release titled “Torex Gold Reports Results From 2023 Exploration Drilling Program at Media Luna West” issued on November 30, 2023, and filed on SEDAR+ at www.sedarplus.ca and on the Company’s website at www.torexgold.com.

[3] The gold equivalent grade calculation used is as follows: AuEq (gpt) = Au (gpt) + Ag (gpt) * 0.0123 + Cu (%) * 1.6000 and use the same metal prices ($1,550/oz Au, $20/oz Ag, and $3.50/lb Cu) and metallurgical recoveries (90% Au, 86% Ag, and 93% Cu) used in the Mineral Resource estimate for ELG Underground.

[4] The gold equivalent grade calculation used is as follows: AuEq (gpt) = Au (gpt) + Ag (gpt) * 0.0114 + Cu (%) * 1.6212 and use the same metal prices ($1,550/oz Au, $20/oz Ag, and $3.50/lb Cu) and metallurgical recoveries (85% Au, 75% Ag, and 89% Cu) used in the Mineral Resource estimate for EPO.

FINANCIAL CONDITION REVIEW

Summary of the Consolidated Statements of Financial Position

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

Table 7.

In millions of U.S. dollars		**Dec 31, 2023**		Dec 31, 2022
Cash and cash equivalents	**$**	**172.8**	$	376.0
Value-added tax receivables		**79.0**		48.2
Inventory		**126.6**		120.2
Deferred income tax assets		**156.5**		90.4
Property, plant and equipment		**1,249.0**		931.9
Other assets		**51.9**		26.6
Total assets	**$**	**1,835.8**	$	1,593.3
Accounts payable and accrued liabilities	**$**	**148.3**	$	132.8
Income taxes payable		**86.9**		107.9
Deferred income tax liabilities		**5.5**		11.4
Decommissioning liabilities		**41.0**		40.5
Lease-related obligations		**32.0**		3.9
Other liabilities		**27.0**		6.7
Total liabilities	**$**	**340.7**	$	303.2
Total shareholders' equity	**$**	**1,495.1**	$	1,290.1

Cash and cash equivalents

The Company ended 2023 with cash and cash equivalents on hand of $172.8 million. The Company primarily holds cash balances in U.S dollars but also holds accounts in Canadian dollars and Mexican pesos for operating and administrative purposes.

Value-added tax (“VAT”) receivables

VAT receivables increased by $30.8 million compared to December 31, 2022, primarily as a result of delays in receipt of refunds in the fourth quarter of 2023, coupled with the currency translation as the VAT receivables are primarily denominated in Mexican pesos, partially offset by receipts of refunds related to 2022 and prior years. The VAT receivables balance fluctuates as additional VAT is paid and refunds are received, as well as with the movement of the Mexican peso exchange rate relative to the U.S. dollar and any provisions. As at December 31, 2023, the VAT receivables of $79.0 million comprises $77.6 million in current assets and $1.4 million in non-current assets.

Inventory

The increase in inventory is due to an increase in finished goods primarily due to the timing of pours and higher materials and supplies ending balances, partially offset by lower stockpile and gold in-circuit ending balances.

Deferred income tax assets

The deferred tax asset primarily relates to tax pools and temporary differences in Mexico. The increase in the deferred tax asset is primarily driven by the tax effect of currency translation on the tax base and higher depreciation for accounting than for tax purposes, which reduces the difference between the book value and tax value of the assets in the determination of deferred tax.

Property, plant and equipment

Property, plant and equipment increased primarily due to additions of $527.0 million, of which $366.3 million relates to Media Luna construction, partially offset by depreciation of $208.8 million and a decrease in the estimated discounted closure and rehabilitation costs on decommissioning liabilities of $1.1 million. Refer to Table 11 for a breakdown of capital expenditures in the year ended December 31, 2023.

Other assets

The other assets balance includes accounts receivable, prepaid expenses, advances and deposits, derivative contract assets and lease-related assets. The increase in other assets is primarily due to the recognition of assets of $19.7 million relating to advances and promissory notes in connection with equipment purchase agreements with suppliers that were assigned to financiers for which the underlying assets are not yet available for use by the Company. The increase in other assets is also due to an increase in trade receivables of $7.5 million as a result of the timing of sales and receipts.

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities have increased since December 31, 2022, primarily due to the timing and payments of trade payables. Accounts payable and accrued liabilities is generally highest at year-end due to the full year accrual of the site-based profit sharing program and the timing of payments over the holiday season.

Decommissioning liabilities

Decommissioning liabilities increased by $0.5 million primarily due to the effect of foreign exchange rate changes, accretion, and increases due to additional disturbances as a result of ongoing mining operations and the development of Media Luna, largely offset by the effect of discounting.

Income taxes payable

The decrease in the balance is primarily due to corporate income tax payments of $85.9 million and the 7.5% Mexican mining royalty of $29.4 million paid in the first quarter of 2023 in respect of 2022, partially offset by income tax expense of $98.0 million.

Lease-related obligations

The increase in lease-related obligations is primarily due to $19.7 million of promissory notes in connection with leasing arrangements, entered into during 2023, for which the underlying assets are not yet available for use by the Company. In addition, lease-related obligations increased in the fourth quarter of 2023 due to the recognition of $8.0 million of leases for the Media Luna primary production equipment that commenced during the period. The promissory notes and Media Luna equipment leases are accounted for as financial liabilities in accordance with IFRS 9, *Financial Instruments* ("IFRS 9"). As at December 31, 2023, the lease-related obligations of $32.0 million comprises $23.9 million in current liabilities and $8.1 million in non-current liabilities.

Other liabilities

Other liabilities primarily relate to a current liability of $22.6 million and a non-current liability of $nil relating to the derivative contracts based on gold forward sales and foreign exchange collar prices as at December 31, 2023.

DEBT FINANCING

Revolving Facility and Term Facility

On August 3, 2023, the Company (as borrower) executed an amendment to the Fourth Amended and Restated Credit Agreement (the “FARCA”) with the Bank of Montreal, Bank of Nova Scotia, Canadian Imperial Bank of Commerce, ING Capital LLC and National Bank of Canada, increasing the capacity of the secured debt facility (the "Debt Facility") to $300.0 million. The capacity on the Revolving Facility increased from $150.0 million to $200.0 million and the Term Facility remained unchanged at $100.0 million. As at December 31, 2023, the Company had $nil borrowings on the Debt Facility and had utilized $7.9 million for letters of credit, reducing the available credit of the Debt Facility to $292.1 million (December 31, 2022 - $nil, $3.4 million and $246.6 million, respectively).

The Debt Facility incorporated Sustainability-Linked Loan (“SLL”) targets, which integrate ESG performance measures. The SLL includes incentive pricing terms related to achieving various Sustainability Performance Targets (“SPTs”) including those in safety, climate change, and alignment with the World Gold Council’s RGMPs. The SPTs are aligned with the Company’s sustainability targets described in the "2023 Performance and 2024 Objectives” section of this MD&A.

The Debt Facility bears an interest rate of Term SOFR (subject to a zero floor), a forward-looking term rate based on SOFR, plus a credit spread adjustment and an applicable margin based on the Company’s leverage ratio. The applicable margin applied is 2.50% based on a leverage ratio less than 1.0 times, 2.75% at a ratio less than 2.0 times, 3.00% at a ratio less than 2.5 times, and 3.50% at a ratio equal to or greater than 2.5 times. The credit spread adjustment is 0.10%. Prior to the August 3, 2023 amendment, the credit spread adjustment ranged from 0.10% to 0.25%.

The $200.0 million Revolving Facility matures on December 31, 2026 and is subject to quarterly commitment reductions of $12.5 million commencing on March 31, 2025 and increasing to $25.0 million commencing on March 31, 2026. Prior to the August 3, 2023 amendment, the $150.0 million Revolving Facility matured on December 31, 2025 and was subject to quarterly commitment reductions of $12.5 million commencing on March 31, 2024. The $100.0 million Term Facility can be drawn until December 31, 2024, matures on June 30, 2026 and is subject to four equal quarterly repayment instalments commencing on September 30, 2025. Prior to the August 3, 2023 amendment, the $100.0 million Term Facility could be drawn until December 31, 2023, matured on June 30, 2025 and was subject to four equal quarterly repayment instalments commencing on September 30, 2024. Both the Revolving Facility and Term Facility can be repaid in full anytime without penalty.

The Debt Facility permits spending for general corporate and working capital purposes and to facilitate the development of the Media Luna Project and other existing and future projects of the Company. The Debt Facility is subject to conditions, including compliance with financial covenants related to maintaining a net leverage ratio of less than or equal to 3.0, an interest coverage ratio of greater than or equal to 3.0 and minimum liquidity of $50.0 million on and before June 30, 2025 and decreasing to the greater of $30.0 million and 20% of the Debt Facility commitment thereafter. Prior to the August 3, 2023 amendment, the Company was required to maintain a minimum liquidity of the greater of $30.0 million and 20% of the Debt Facility commitment. The Debt Facility is secured by all of the assets of the Company and its material subsidiaries, which currently are its subsidiaries with a direct or indirect interest in the ELG Mine Complex and/or the Media Luna Project.

As at December 31, 2023, the Company was in compliance with the financial and other covenants under the FARCA. The FARCA is filed on SEDAR+ at www.sedarplus.ca.

LIQUIDITY AND CAPITAL RESOURCES

The total assets of the Company as at December 31, 2023 were $1,835.8 million (December 31, 2022 - $1,593.3 million), which includes $172.8 million in cash and cash equivalents (December 31, 2022 - $376.0 million).

Net cash generated from operating activities before changes in non-cash operating working capital was $340.8 million in the year ended December 31, 2023, compared to $382.3 million in the year ended December 31, 2022. The decrease in net cash generated from operating activities before changes in non-cash operating working capital of $41.5 million is largely due to the decrease in ounces of gold sold, higher income taxes paid and higher production costs, partially offset by a higher average realized gold price and higher interest income due to higher interest rates.

Net cash used in investing activities in the year ended December 31, 2023 was $498.3 million compared to $280.5 million in the year ended December 31, 2022. Net cash used in investing activities was higher primarily due to an increase in additions to property, plant and equipment related to the Media Luna Project.

Net cash used in financing activities in the year ended December 31, 2023 related to lease principal payments of $4.8 million, interest paid of $1.9 million and transaction costs related to the FARCA amendment of $1.2 million. The net cash used in financing activities for the comparative period related to lease principal payments of $3.9 million, interest paid of $1.1 million and transaction costs related to the FARCA of $2.7 million.

The Company does not currently have any debt outstanding and has $192.1 million available under the Revolving Facility with $7.9 million utilized for letters of credit, and $100.0 million available under the Term Facility. The Revolving Facility matures on December 31, 2026 and is subject to quarterly commitment reductions of $12.5 million commencing on March 31, 2025. The Term Facility can be drawn until December 31, 2024, matures on June 30, 2026 and is subject to four equal quarterly repayment instalments commencing on September 30, 2025. The Company expects to fund the development of the Media Luna Project and its exploration plans using available liquidity, forecasted future cash flow, and available credit facilities.

During the second and third quarters of 2023, Minera Media Luna, S.A. de C.V. ("MML") executed purchase agreements with suppliers for the primary production equipment, underground support equipment and personnel transport equipment for operations at Media Luna totalling $99.3 million. Subsequently, the purchases were assigned to financiers who will own the equipment once delivered by the suppliers. In connection with the arrangement, MML and the financiers executed master leasing agreements, which required the financiers to provide advance payments to the suppliers ahead of equipment being delivered. In the event of non-compliance of the purchase agreements by the suppliers, MML is obligated to provide payment to the financiers for the advance payments paid to date. In connection with advanced payments made by the financiers ahead of equipment being delivered by the suppliers, MML executed interest-bearing promissory notes totalling $19.7 million. The promissory notes act as surety for the financiers. The promissory notes are accounted for as financial liabilities in accordance with IFRS 9. The Company recognized a corresponding $19.7 million asset in other non-current assets in the Consolidated Statements of Financial Position.

As at December 31, 2023, lease obligations included $8.0 million of leases for certain pieces of the primary production equipment for the Media Luna operations that were delivered and for which the leases commenced in the year ended December 31, 2023. As MML is deemed to have control of the equipment prior to delivery and subsequently, upon entering into the lease agreement, control of the equipment is retained by MML, the assignment of the purchases to the financiers did not qualify as a sale in accordance with IFRS 15, *Revenue from Contracts with Customers*, and therefore IFRS 16 sale-leaseback accounting was not applied. Rather, the lease obligations are accounted for as financial liabilities in accordance with IFRS 9. The Company recognized a corresponding $8.0 million asset in property, plant and equipment in the Consolidated Statements of Financial Position.

As at December 31, 2023, the Company's contractual obligations included long-term land lease agreements with Rio Balsas, Real del Limón, Atzcala, Puente Sur Balsas and Valerio Trujano Ejidos and the individual owners of land parcels within certain of those Ejido boundaries; and contractual commitments related to the purchases of goods and services used in the operation of the ELG Mine Complex and the Media Luna Project. All long-term land lease agreements can be terminated within one year at the Company's discretion at any time without penalty.

In addition, production revenue from certain concessions is subject to a 2.5% royalty payable to the Mexican Geological Survey agency. The royalty is accrued based on revenue and is payable on a quarterly basis. In the year ended December 31, 2023, the Company paid $20.7 million for the 2.5% royalty relating to the fourth quarter of 2022, and the first, second and third quarters of 2023. As at December 31, 2023, the Company had accrued $7.0 million for the 2.5% royalty relating to the fourth quarter of 2023, which was paid in January 2024 (December 31, 2022 - $5.6 million relating to the fourth quarter of 2022, which was paid in January 2023).

The Company is subject to a mining tax of 7.5% on taxable earnings before the deduction of taxes, interest, depreciation and amortization, and a royalty of 0.5% on sales of gold, silver and platinum. Both the mining tax and royalty are payable to the Servicio de Administración Tributaria on an annual basis in March of the following year. In March 2023, the Company paid $34.2 million in respect of the 7.5% and 0.5% royalties for 2022. As at December 31, 2023, the Company has accrued $25.4 million and $4.4 million for the 7.5% and 0.5% royalties to be paid in March 2024, respectively (December 31, 2022 - $28.0 million and $4.3 million accrued for the 7.5% and 0.5% royalties to be paid in March 2023, respectively).

Gold equivalent production is expected to be relatively consistent through the first three quarters of the 2024, with the lowest quarter of production in Q4 given the planned one-month shutdown of the processing plant. During the shutdown, upgrades to the processing plant will be carried out as part of the Media Luna Project, including the tie-in of the copper and iron sulphide flotation circuits, regrind mills and water treatment plant, as well as the installation of a variable speed drive on the ball mill. Given the timing of tax and employee profit sharing payments, the Company's net cash generated from operating activities is generally weighted towards the second half of the year as was the case in 2023 and 2022. Production in the fourth quarter of 2023 was higher than production during the third quarter of 2023, primarily due to a higher average grade of ore mined and processed, higher processing plant throughput, higher ore tonnes mined and a higher average gold recovery.

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

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

Contractual Commitments

Table 8.

		Payments Due by Period				
In millions of U.S. dollars		Total	Less than 1 year	1-3 years	4-5 years	Greater than 5 years
Operating commitments[1]	$	304.8	238.8	66.0	–	–
Capital commitments[1]	$	300.1	267.4	11.2	16.8	4.7
Accounts payable and accrued liabilities	$	148.3	148.3	–	–	–
Derivative contracts	$	22.6	22.6	–	–	–
Lease-related obligations	$	35.0	24.8	5.0	3.8	1.4
Total	$	810.8	701.9	82.2	20.6	6.1

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

OUTSTANDING SHARE DATA

Table 9.

Outstanding Share Data as at February 21, 2024	Number
Common shares	85,967,910
Common share options[1]	24,707
Restricted share units[2, 3]	710,751
Performance share units[4]	795,519

1. Each common share option is exercisable into one common share of the Company. As of January 1, 2022, the Company ceased the issuance of new common share options and the plan will be terminated once all outstanding common share options are exercised or have expired.
2. Each restricted share unit is redeemable for one common share of the Company.
3. The balance includes both Restricted Share Units ("RSUs") and Employee Restricted Share Units ("ERSUs") issued under the Restricted Share Unit Plan ("RSU Plan") and the Employee Share Unit ("ESU Plan"), respectively.
4. The number of performance share units that vest is determined by multiplying the number of units granted to the participant by an adjustment factor, which ranges from 0 to 2.0. Therefore, the number of units that will vest and be settled may be higher or lower than the number of units originally granted to a participant. The adjustment factor is based on the Company's total shareholder return relative to a group of comparable companies over the applicable period. Under the terms of the plan, the Board of Directors is authorized to determine the adjustment factor.

NON-GAAP FINANCIAL PERFORMANCE MEASURES

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

Total Cash Costs

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

All-In Sustaining Costs ("AISC")

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

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

Reconciliation of Total Cash Costs and All-in Sustaining Costs to Production Costs and Royalties

The following table provides a reconciliation of total cash costs and all-in sustaining costs to production costs and royalties as per the Consolidated Statements of Operations and Comprehensive Income:

Table 10.

		Three Months Ended			Year Ended	
In millions of U.S. dollars, unless otherwise noted		**Dec 31, 2023**	Sep 30, 2023	Dec 31, 2022	**Dec 31, 2023**	Dec 31, 2022
Gold sold	oz	**138,794**	81,752	121,913	**444,750**	473,122
Total cash costs per oz sold						
Production costs	$	**116.5**	86.8	84.3	**371.5**	337.1
Royalties	$	**8.4**	4.8	6.7	**26.5**	26.2
Less: Silver sales	$	**(0.9)**	(1.0)	(1.4)	**(4.7)**	(3.4)
Less: Copper sales	$	**(1.2)**	(1.8)	(2.9)	**(8.0)**	(14.6)
Total cash costs	$	**122.8**	88.8	86.7	**385.3**	345.3
Total cash costs per oz sold	$/oz	**885**	1,086	711	**866**	730
All-in sustaining costs per oz sold						
Total cash costs	$	**122.8**	88.8	86.7	**385.3**	345.3
General and administrative costs[1]	$	**7.3**	6.2	5.7	**26.0**	23.5
Reclamation and remediation costs	$	**1.5**	1.1	1.4	**5.3**	5.4
Sustaining capital expenditure	$	**17.3**	22.4	32.3	**116.9**	102.9
Total all-in sustaining costs	$	**148.9**	118.5	126.1	**533.5**	477.1
Total all-in sustaining costs per oz sold	$/oz	**1,073**	1,450	1,034	**1,200**	1,008

1. This amount excludes a gain of $0.5 million, gain of $3.1 million and loss of $2.5 million for the three months ended December 31, 2023, September 30, 2023, and December 31, 2022, respectively, and a gain of $1.8 million and loss of $0.4 million for the years ended December 31, 2023 and December 31, 2022, respectively, in relation to the remeasurement of share-based payments. This amount also excludes corporate depreciation and amortization expenses totalling $nil, $0.1 million and $nil for the three months ended December 31, 2023, September 30, 2023, and December 31, 2022, respectively, $0.2 million and $0.2 million for the years ended December 31, 2023 and December 31, 2022, respectively, within general and administrative costs. Included in general and administrative costs is share-based compensation expense in the amount of $1.1 million or $8/oz for the three months ended December 31, 2023, $1.2 million or $15/oz for the three months ended September 30, 2023, $0.8 million or $7/oz for the three months ended December 31, 2022, $5.4 million or $12/oz for the year ended December 31, 2023 and $4.2 million or $9/oz for the year ended December 31, 2022. This amount excludes other expenses totalling $2.1 million, $2.4 million and $nil for the three months ended December 31, 2023, September 30, 2023, and December 31, 2022, respectively, and $6.7 million and $nil for the years ended December 31, 2023 and December 31, 2022, respectively.

Reconciliation of Sustaining and Non-Sustaining Costs to Capital Expenditures

The following table provides a reconciliation of capital expenditures to additions to property, plant and equipment as reported in the Consolidated Statements of Cash Flows:

Table 11.

		Three Months Ended			Year Ended	
In millions of U.S. dollars		**Dec 31, 2023**	Sep 30, 2023	Dec 31, 2022	**Dec 31, 2023**	Dec 31, 2022
Sustaining	$	**17.3**	16.5	14.8	**67.9**	44.8
Capitalized Stripping (Sustaining)	$	**–**	5.9	17.5	**49.0**	58.1
Non-sustaining	$	**0.3**	0.8	6.6	**2.2**	21.6
Total ELG	$	**17.6**	23.2	38.9	**119.1**	124.5
Media Luna Project[1]	$	**124.0**	98.7	62.6	**366.3**	143.2
Media Luna Infill Drilling/Other	$	**3.8**	4.2	4.1	**16.0**	21.3
Working Capital Changes & Other	$	**(4.0)**	(13.7)	(14.8)	**(23.4)**	(11.8)
Capital expenditures[2]	$	**141.4**	112.4	90.8	**478.0**	277.2

1. This amount includes a realized gain (or a reduction in the capitalized expenditures) of $0.3 million, $nil and $nil for the three months ended December 31, 2023, September 30, 2023, and December 31, 2022, respectively, and a realized gain of $0.3 million and $nil for the years ended December 31, 2023 and December 31, 2022, respectively, in relation to the settlement of foreign exchange zero cost collars that were entered into to manage the capital expenditure risk related to a further strengthening of the Mexican peso.
2. The amount of cash expended on additions to property, plant and equipment in the period as reported in the Consolidated Statements of Cash Flows.

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

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

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

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

The following table provides a reconciliation of average realized gold price and total cash costs margin per oz of gold sold to revenue as per the Consolidated Statements of Operations and Comprehensive Income:

Table 12.

		Three Months Ended			Year Ended	
In millions of U.S. dollars, unless otherwise noted		**Dec 31, 2023**	Sep 30, 2023	Dec 31, 2022	**Dec 31, 2023**	Dec 31, 2022
Gold sold	oz	**138,794**	81,752	121,913	**444,750**	473,122
Revenue	$	**282.4**	160.1	216.5	**882.6**	868.5
Less: Silver sales	$	**(0.9)**	(1.0)	(1.4)	**(4.7)**	(3.4)
Less: Copper sales	$	**(1.2)**	(1.8)	(2.9)	**(8.0)**	(14.6)
Less: Realized (loss) gain on gold contracts	$	**(3.4)**	1.6	5.3	**(1.9)**	5.3
Total proceeds	$	**276.9**	158.9	217.5	**868.0**	855.8
Total average realized gold price	$/oz	**1,995**	1,944	1,784	**1,952**	1,809
Less: Total cash costs	$/oz	**885**	1,086	711	**866**	730
Total cash costs margin	$/oz	**1,110**	858	1,073	**1,086**	1,079
Total cash costs margin	%	**56**	44	60	**56**	60

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

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

Reconciliation of All-in Sustaining Costs Margin to Revenue

The following table provides a reconciliation of all-in sustaining costs margin to revenue as per the Consolidated Statements of Operations and Comprehensive Income:

Table 13.

		Three Months Ended			Year Ended	
In millions of U.S. dollars, unless otherwise noted		**Dec 31, 2023**	Sep 30, 2023	Dec 31, 2022	**Dec 31, 2023**	Dec 31, 2022
Gold sold	oz	**138,794**	81,752	121,913	**444,750**	473,122
Revenue	$	**282.4**	160.1	216.5	**882.6**	868.5
Less: Silver sales	$	**(0.9)**	(1.0)	(1.4)	**(4.7)**	(3.4)
Less: Copper sales	$	**(1.2)**	(1.8)	(2.9)	**(8.0)**	(14.6)
Less: Realized (loss) gain on gold contracts	$	**(3.4)**	1.6	5.3	**(1.9)**	5.3
Less: All-in sustaining costs	$	**(148.9)**	(118.5)	(126.1)	**(533.5)**	(477.1)
All-in sustaining costs margin	$	**128.0**	40.4	91.4	**334.5**	378.7
Total all-in sustaining costs margin	$/oz	**922**	494	750	**752**	801
Total all-in sustaining costs margin	%	**45**	25	42	**38**	44

Adjusted Net Earnings and Adjusted Net Earnings Per Share

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

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

Reconciliation of Adjusted Net Earnings to Net Income

The following table provides a reconciliation of adjusted net earnings to net income as per the Consolidated Statements of Operations and Comprehensive Income:

Table 14.

		Three Months Ended			Year Ended	
In millions of U.S. dollars, unless otherwise noted		**Dec 31, 2023**	Sep 30, 2023	Dec 31, 2022	**Dec 31, 2023**	Dec 31, 2022
Basic weighted average shares outstanding	shares	**85,885,453**	85,885,453	85,843,808	**85,881,325**	85,831,727
Diluted weighted average shares outstanding	shares	**86,410,111**	86,401,220	86,166,019	**86,397,399**	86,079,481
Net income	$	**50.4**	10.5	34.6	**204.4**	188.8
Adjustments:						
Unrealized foreign exchange (gain) loss	$	**(0.7)**	1.4	(0.9)	**(2.3)**	(1.2)
Unrealized loss (gain) on derivative contracts	$	**28.4**	(16.5)	25.3	**23.7**	(3.5)
Remeasurement of share-based payments	$	**(0.5)**	(3.1)	2.5	**(1.8)**	0.4
Derecognition of provisions for uncertain tax positions	$	**–**	–	–	**(15.2)**	–
Tax effect of above adjustments	$	**(8.3)**	5.2	(8.1)	**(6.2)**	1.3
Tax effect of currency translation on tax base	$	**(20.2)**	13.6	(15.1)	**(54.2)**	(18.7)
Adjusted net earnings	$	**49.1**	11.1	38.3	**148.4**	167.1
Per share - Basic	$/share	**0.57**	0.13	0.45	**1.73**	1.95
Per share - Diluted	$/share	**0.57**	0.13	0.44	**1.72**	1.94

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

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

Reconciliation of EBITDA and Adjusted EBITDA to Net Income

The following table provides a reconciliation of EBITDA and Adjusted EBITDA to net income as per the Consolidated Statements of Operations and Comprehensive Income:

Table 15.

		Three Months Ended			Year Ended	
In millions of U.S. dollars		**Dec 31, 2023**	Sep 30, 2023	Dec 31, 2022	**Dec 31, 2023**	Dec 31, 2022
Net income	$	**50.4**	10.5	34.6	**204.4**	188.8
Finance income, net	$	**(2.0)**	(2.0)	(4.5)	**(10.2)**	(5.2)
Depreciation and amortization[1]	$	**66.8**	41.5	55.6	**202.4**	201.5
Current income tax expense	$	**50.5**	12.1	50.7	**98.0**	144.6
Deferred income tax (recovery) expense	$	**(50.3)**	17.3	(40.4)	**(72.0)**	(46.9)
EBITDA	$	**115.4**	79.4	96.0	**422.6**	482.8
Adjustments:						
Unrealized loss (gain) on derivative contracts	$	**28.4**	(16.5)	25.3	**23.7**	(3.5)
Unrealized foreign exchange (gain) loss	$	**(0.7)**	1.4	(0.9)	**(2.3)**	(1.2)
Remeasurement of share-based payments	$	**(0.5)**	(3.1)	2.5	**(1.8)**	0.4
Adjusted EBITDA	$	**142.6**	61.2	122.9	**442.2**	478.5

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

Free Cash Flow

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

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

Reconciliation of Free Cash Flow to Net Cash Generated from Operating Activities

The following table provides a reconciliation of free cash flow to net cash generated from operating activities as reported in the Consolidated Statements of Cash Flows:

Table 16.

		Three Months Ended			Year Ended	
In millions of U.S. dollars		**Dec 31, 2023**	Sep 30, 2023	Dec 31, 2022	**Dec 31, 2023**	Dec 31, 2022
Net cash generated from operating activities	$	**120.0**	44.2	132.1	**300.8**	408.1
Less:						
Additions to property, plant and equipment[1]	$	**(141.4)**	(112.4)	(90.8)	**(478.0)**	(277.2)
Lease payments	$	**(1.6)**	(1.0)	(0.9)	**(4.8)**	(3.9)
Interest paid[2]	$	**(1.3)**	(0.5)	0.1	**(3.4)**	(1.1)
Free cash flow	$	**(24.3)**	(69.7)	40.5	**(185.4)**	125.9

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

Net Cash

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

Reconciliation of Net Cash to Cash and Cash Equivalents

The following table provides a reconciliation of net cash to cash and cash equivalents as reported in the Consolidated Statements of Financial Position:

Table 17.

In millions of U.S. dollars		**Dec 31, 2023**	Sep 30, 2023	Dec 31, 2022
Cash and cash equivalents	$	**172.8**	209.4	376.0
Less: Lease-related obligations	$	**(32.0)**	(21.1)	(3.9)
Net cash	$	**140.8**	188.3	372.1

Available Liquidity

Available liquidity is a non-GAAP financial measure with no standardized meaning under IFRS and as such, it may not be comparable to similar financial measures disclosed by other issuers. Available liquidity is defined as total cash and cash equivalents and short-term investments and the available credit on the Debt Facility (undrawn capacity less letters of credits utilized). This measure is used by management, and may be used by certain investors, to measure the Company's liquidity position.

Reconciliation of Available Liquidity to Cash and Cash Equivalents

The following table provides a reconciliation of available liquidity to cash and cash equivalents as reported in the Consolidated Statements of Financial Position:

Table 18.

In millions of U.S. dollars		**Dec 31, 2023**	Sep 30, 2023	Dec 31, 2022
Cash and cash equivalents	$	**172.8**	209.4	376.0
Add: Available credit of the Debt Facility	$	**292.1**	292.1	246.6
Available liquidity	$	**464.9**	501.5	622.6

Unit Cost Measures

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

Reconciliation of Unit Cost Measures to Production Costs

The following table provides a reconciliation of unit cost measures to production costs as per the Consolidated Statements of Operations and Comprehensive Income:

Table 19.

	Three Months Ended						Year Ended			
In millions of U.S. dollars, unless otherwise noted	**Dec 31, 2023**		Sep 30, 2023		Dec 31, 2022		**Dec 31, 2023**		Dec 31, 2022	
Gold sold (oz)	**138,794**		81,752		121,913		**444,750**		473,122	
Tonnes mined - open pit (kt)	**9,626**		11,157		9,505		**41,904**		38,451	
Tonnes mined - underground (kt)	**212**		214		155		**756**		556	
Tonnes processed (kt)	**1,218**		1,206		1,141		**4,810**		4,599	
Total cash costs:										
Total cash costs ($)	**122.8**		88.8		86.7		**385.3**		345.3	
Total cash costs per oz sold ($)	**885**		1,086		711		**866**		730	
Breakdown of production costs	**$**	**$/t**	**$**	**$/t**	**$**	**$/t**	**$**	**$/t**	**$**	**$/t**
Mining - open pit	**33.8**	**3.51**	33.4	2.99	28.6	3.01	**127.7**	**3.05**	110.4	2.87
Mining - underground	**16.3**	**77.02**	17.0	79.61	10.9	70.19	**60.2**	**79.67**	45.9	82.53
Processing	**45.5**	**37.36**	39.8	32.96	38.2	33.43	**168.0**	**34.93**	151.6	32.97
Site support	**14.1**	**11.58**	13.9	11.51	13.2	11.54	**54.4**	**11.30**	49.3	10.72
Mexican profit sharing (PTU)	**6.4**	**5.26**	0.8	0.66	3.9	3.43	**18.0**	**3.74**	23.7	5.15
Capitalized stripping	**–**		(5.9)		(17.5)		**(49.0)**		(58.1)	
Inventory movement	**–**		(12.1)		6.2		**(9.5)**		9.5	
Other	**0.4**		(0.1)		0.8		**1.7**		4.8	
Production costs	**116.5**		86.8		84.3		**371.5**		337.1	

ADDITIONAL IFRS FINANCIAL MEASURES

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

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

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

ECONOMIC TRENDS

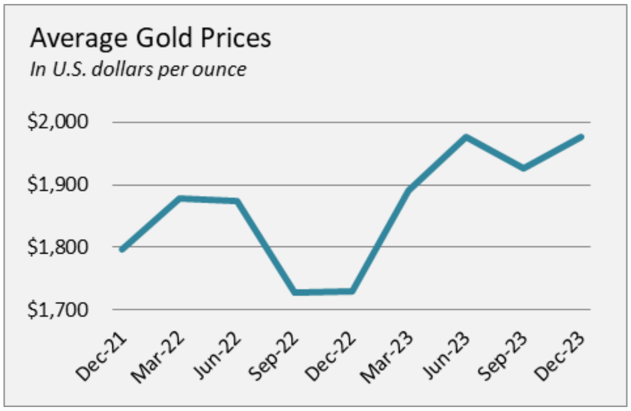
The market price for gold and foreign currency exchange rates are the most significant external factors that affect the Company's financial performance.

Table 20.

		Three Months Ended		Year Ended	
		Dec 31, 2023	Dec 31, 2022	**Dec 31, 2023**	Dec 31, 2022
Average market spot prices[1]					
Gold	$/oz	**1,977**	1,732	**1,943**	1,807
Closing market exchange rates[2]					
Mexican peso : U.S. dollar	Peso : $	**16.9**	19.5	**16.9**	19.5
Canadian dollar : U.S. dollar	C$: $	**1.32**	1.35	**1.32**	1.35
Average market exchange rates[2]					
Mexican peso : U.S. dollar	Peso : $	**17.6**	19.7	**17.7**	20.1
Canadian dollar : U.S. dollar	C$: $	**1.36**	1.36	**1.35**	1.30

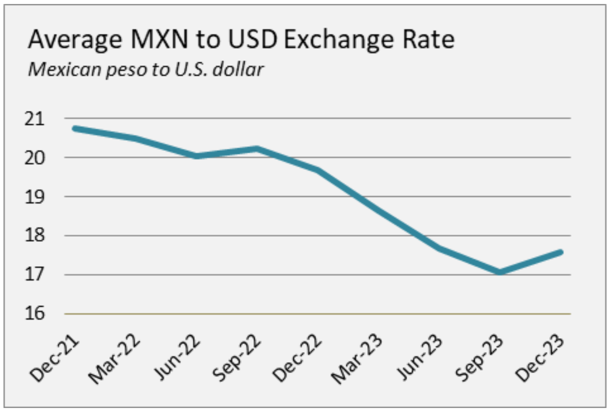
1. Source: Bloomberg
2. Sources: Bank of Mexico, Bank of Canada

Metal prices



The Company's profitability and operating cash flows are significantly impacted by the price of gold. From December 31, 2022 to December 31, 2023 based on closing prices, gold prices increased 13%. From December 31, 2021 to December 31, 2022 based on closing prices, gold prices were comparable. The Company has taken initiatives to mitigate price uncertainty during the development of the Media Luna Project. As at December 31, 2023, the remaining gold forward contracts to sell a total of 158,000 oz of gold between January 2024 and December 2024 have a weighted average price of $1,972 per oz. For details of the remaining gold forward contracts, refer to Table 24.

Foreign exchange rates



The functional currency of the Company and its subsidiaries is the U.S. dollar, and it is, therefore, exposed to financial risk related to foreign exchange rates. Changes in exchange rates are expected to have an impact on the Company's results. In particular, approximately 55% of the Company's payments in the year ended December 31, 2023 were incurred in Mexican pesos. In addition, the Company is exposed to foreign exchange risk on its non-U.S. dollar denominated monetary assets and liabilities. The average exchange rates of the Mexican peso relative to the U.S. dollar were 17.7 and 20.1 pesos to $1 in the years ended December 31, 2023 and 2022, respectively, representing a 11.9% appreciation in the Mexican peso. The Company has taken initiatives to mitigate price uncertainty during the development of the Media Luna Project.

As at December 31, 2023, the remaining MXN/USD foreign exchange collar contracts to settle a notional value of $73.0 million between January 2024 and December 2024 have a weighted average put strike (floor) rate of 17.38:1 and a weighted average call strike (ceiling) rate of 20.00:1. For details of the remaining foreign exchange collar contracts, refer to Table 23. The annual impact on operating costs of a change by 1 Mexican peso relative to the U.S. dollar is expected to be approximately $10 million. In addition, approximately 45% of the remaining Media Luna Project capital expenditures are expected to be denominated in Mexican pesos.

Summary of Annual Information

Table 21.

In millions of U.S. dollars, unless otherwise noted		Dec 31, 2023	Dec 31, 2022	Dec 31, 2021
Revenue	$	**882.6**	868.5	855.8
Net income	$	**204.4**	188.8	151.7
Per share - Basic	$/share	**2.38**	2.20	1.77
Per share - Diluted	$/share	**2.34**	2.19	1.71
Total assets	$	**1,835.8**	1,593.3	1,358.9
Non-current liabilities	$	**59.0**	59.9	64.1
Dividends	$	**–**	–	–

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

Revenue for the year ended December 31, 2023 was higher compared to prior years due to higher average realized gold prices, partially offset by lower ounces of gold sold.

Net income and net income per share have increased primarily due to higher revenues in each year and an increase in the deferred income tax assets primarily driven by the tax effect of currency translation on the tax base and higher depreciation for accounting than for tax purposes.

Total assets increased in 2023 primarily due to additions to property, plant and equipment, largely related to the Media Luna Project.

Non-current liabilities decreased marginally in 2023 primarily due to the decrease in the deferred income tax liabilities primarily driven by the tax effect of currency translation on the tax base and higher depreciation for accounting than for tax purposes, largely offset by the increase in the lease-related obligations in connection with leases for the Media Luna primary production equipment entered into during the period.

SUMMARY OF QUARTERLY RESULTS

Quarterly Results for the Eight Most Recently Completed Quarters

Table 22.

		2023				2022			
In millions of U.S. dollars, unless otherwise noted		**Dec 31**	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31
Financial Results									
Revenue	$	**282.4**	160.1	211.3	228.8	216.5	209.3	235.0	207.7
Net income	$	**50.4**	10.5	75.3	68.2	34.6	43.9	70.3	40.0
Per share - Basic	$/share	**0.59**	0.12	0.88	0.79	0.40	0.51	0.82	0.47
Per share - Diluted	$/share	**0.58**	0.09	0.85	0.79	0.40	0.51	0.80	0.46

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

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

OFF-BALANCE SHEET ARRANGEMENTS

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

ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

Refer to Notes 3 and 4 in the Company's audited consolidated financial statements for the years ended December 31, 2023 and 2022.

RECENT ACCOUNTING PRONOUNCEMENTS

Refer to Note 3 in the Company's audited consolidated financial statements for the years ended December 31, 2023 and 2022.

FINANCIAL RISK MANAGEMENT

The Company examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include liquidity risk, interest rate risk, foreign currency risk and commodity price risk, and are detailed in Note 24 of the Company's audited consolidated financial statements for the years ended December 31, 2023 and 2022.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company is exposed to liquidity risk in meeting its operating expenditures in instances where cash positions are unable to be maintained or appropriate financing is unavailable. The primary sources of funds available to the Company are cash flows generated by the ELG Mine Complex, its cash reserves and any available funds under the Debt Facility.

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2023, the Company had available liquidity[1] of $464.9 million, comprised of cash of $172.8 million and undrawn capacity on the Debt Facility of $292.1 million as a result of $nil borrowings and $7.9 million in letters of credit utilized (December 31, 2022 - $622.6 million, $376.0 million, $246.6 million, $nil and $3.4 million, respectively). The Company maintains its cash in fully liquid business accounts. As at December 31, 2023, the cash balance held by MML was $70.0 million (December 31, 2022 - $286.8 million).

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

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument or its fair value will fluctuate because of changes in market interest rates. The Debt Facility bears interest at a rate of Term SOFR plus a credit spread adjustment and an applicable margin based on the Company's leverage ratio.

The Company does not consider its interest rate risk exposure to be significant as at December 31, 2023 with respect to its cash and cash equivalents.

Foreign Currency Risk

The Company is exposed to financial risk related to foreign exchange rates. The Company operates in Canada and Mexico and has exposure to financial risk arising from fluctuations in foreign exchange rates.

The Company expects the majority of its exploration, project development, operating and decommissioning expenditures associated with the Morelos Property to be paid in Mexican pesos and U.S. dollars.

As at December 31, 2023, the Company had cash and cash equivalents and accounts payable and accrued liabilities that are denominated in Mexican pesos and in Canadian dollars. A 10% appreciation or depreciation of the Mexican peso relative to the U.S. dollar would have resulted in a decrease or increase of $5.3 million in the Company's net income from the translation of these balances for the year ended December 31, 2023, assuming other variables remain unchanged.

As at December 31, 2023, based on ending spot rates compared to the year ended December 31, 2022, the Mexican peso appreciated by 12.7%. This led to an increase in the U.S. dollar equivalent tax value of the Company's property, plant and equipment, which for tax purposes is denominated in Mexican pesos. This increase in value for tax purposes, without a change in the value of the property, plant and equipment for IFRS purposes (as it is denominated in U.S. dollars) decreased the temporary difference between the values. The difference in these values as at December 31, 2023, multiplied by the applicable Mexican tax rate, derives an associated deferred tax asset. This value was higher than the equivalent deferred tax asset value calculated for the prior year. The difference in these amounts contributed to a deferred tax recovery for the year.

In September 2023, the Company entered into a series of zero-cost collars whereby it sold a series of call option contracts and purchased a series of put option contracts for $nil cash premium to hedge against changes in foreign exchange rates of the Mexican peso between September 2023 and December 2024 for a total notional value of $65.9 million, with a weighted average put strike (floor) rate of 17.07:1 and a weighted average call strike (ceiling) rate of 20.00:1.

In October 2023, the Company entered into an additional series of zero-cost collars whereby it sold a series of call option contracts and purchased a series of put option contracts for $nil cash premium to hedge against changes

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

in foreign exchange rates of the Mexican peso between October 2023 and December 2024 for a total notional value of $41.4 million, with a weighted average put strike (floor) rate of 17.84:1 and a weighted average call strike (ceiling) rate of 20.00:1.

Table 23.

Settlement Date (Quarter)	Weighted Average Put Strike (Floor) rate (MXN/USD)	Weighted Average Call Strike (Ceiling) rate (MXN/USD)	Weighted Average Collar Amount (USD)
Q1 2024	17.38	20.00	29,500,000
Q2 2024	17.38	20.00	24,500,000
Q3 2024	17.38	20.00	11,500,000
Q4 2024	17.38	20.00	7,500,000
Total	17.38	20.00	73,000,000

As at December 31, 2023, the remaining MXN/USD foreign exchange collar contracts to settle a notional value of $73.0 million between January 2024 and December 2024 have a weighted average put strike (floor) rate of 17.38:1 and a weighted average call strike (ceiling) rate of 20.00:1.

As at December 31, 2023, a 10% change in the weighted average put strike (floor) rate and weighted average call strike (ceiling) rate would result in a $0.2 million decrease or increase in the Company's net income for the year ended December 31, 2023 related to the foreign exchange zero-cost collars.

Commodity Price Risk

Gold prices have fluctuated widely in recent years, and there is no assurance that a profitable market will exist for gold produced by the Company. The Company has taken initiatives to mitigate price uncertainty during the development of the Media Luna Project.

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

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

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

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

In December 2023, the Company executed additional monthly forward price contracts on future gold production. Under the contracts, the Company will sell 17,000 oz of gold between July 2024 and September 2024 at $2,113 per oz.

Table 24.

Settlement Date (Quarter)	Weighted Average Price ($/oz)	Quantity (Oz)
Q1 2024	1,966	43,500
Q2 2024	1,966	43,500
Q3 2024	2,006	44,000
Q4 2024	1,939	27,000
Total	1,972	158,000

As at December 31, 2023, the remaining gold forward contracts to sell a total of 158,000 oz of gold between January 2024 and December 2024 have a weighted average price of $1,972 per oz.

As at December 31, 2023, a 10% change in the weighted average forward gold price of $2,117 per oz would result in a $22.8 million decrease or increase in the Company's net income for the year ended December 31, 2023 relating to the gold forward contracts.

RISKS AND UNCERTAINTIES

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

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

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

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

Mining Law Reforms

On April 29, 2023, the Mexican government approved reforms to the Mining Law and related laws regarding mining and water concessions (collectively the "Mining Law Reforms"). The Mining Law Reforms came into force on May 9, 2023 and modify the process for granting mining concessions, and the terms upon which they can be granted and renewed, including a reduction in the number of years that concessions can be held and introduced new technical, environmental and social requirements associated with the granting and renewal of these concessions, including specific provisions relating to indigenous consultation, community investment, water consumption and waste management.

On June 7, 2023, minority members of the Chamber of Deputies (one of the two Chambers of the Mexican Congress) filed an unconstitutionality action against the Mining Law Reforms; however, it is uncertain when the outcome of such action will be known or if it will be successful.

In June 2023, Torex also filed an amparo lawsuit with a view to taking all possible precautions to protect the interests of our shareholders by maintaining our ability to operate uninterrupted while providing significant employment in the region and making meaningful community investments. While this precautionary measure was taken, the Company continued to work cooperatively with the Mexican government towards the constructive advancement of the Mining Law Reforms.

While it is expected that the Company's existing mining concessions and other permits will not be materially impacted by the Mining Law Reforms, the process to the enactment of the legislation came very quickly, the legislation contains substantial reforms, and associated regulations have not yet been enacted to give effect to the more general provisions of the legislation for the purpose of interpretation and clarification on operating parameters. Consequently, it is not yet possible to fully analyze the Mining Law Reforms and assess all potential business impacts. Until such time as a full analysis of the legislation and the pending regulations is complete or the outcome of the unconstitutionality action or the amparo lawsuit is known, there can be no assurance that the Mining Law Reforms will not have a material impact on the Company's operations and plans.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

The President and Chief Executive Officer and Chief Financial Officer evaluated or caused to be evaluated under their supervision the design and operating effectiveness of internal controls over financial reporting as defined by NI 52-109 as at December 31, 2023. Based on this evaluation, the President and Chief Executive Officer and Chief Financial Officer concluded that the Company's internal controls over financial reporting were designed and operating effectively as at December 31, 2023.

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

Disclosure Controls and Procedures

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

Limitations of Controls and Procedures

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

QUALIFIED PERSONS

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

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

All other scientific and technical information contained in this MD&A has been reviewed and approved by Dave Stefanuto, P. Eng., Executive Vice President, Technical Services and Capital Projects of Torex Gold Resources Inc. and a Qualified Person under NI 43-101.

ADDITIONAL INFORMATION

Additional information relating to the Company, including the Company's most recent annual information form, is filed on SEDAR+ at www.sedarplus.ca, and is available upon request from the Company.

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

Table 25.

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

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

Notes to accompany the Media Luna Underground Mineral Reserves:
6. Mineral Reserves are based on Media Luna Indicated Mineral Resources with an effective date of October 31, 2021.
7. Media Luna Underground Mineral Reserves are reported above a diluted ore cut-off grade of 2.2 g/t AuEq.
8. Media Luna Underground cut-off grades and mining shapes are considered appropriate for a metal price of $1,400/oz gold ("Au"), $17/oz silver ("Ag") and $3.25/lb copper ("Cu") and metal recoveries of 85% Au, 79% Ag, and 91% Cu.
9. Mineral Reserves within designed mine shapes assume long-hole open stoping, supplemented with mechanized cut-and-fill mining and includes estimates for dilution and mining losses.
10. Media Luna Underground AuEq = Au (g/t) + Ag (g/t) * (0.0112) + Cu (%) * (1.6946), accounting for metal prices and metallurgical recoveries.

Notes to accompany the ELG Open Pit Mineral Reserves:
11. Mineral Reserves are founded on Measured and Indicated Mineral Resources, with an effective date of December 31, 2022, for ELG Open Pits (including El Limón, El Limón Sur and Guajes deposits).
12. ELG Open Pit Mineral Reserves are reported above an in-situ cut-off grade of 1.2 g/t Au.
13. ELG Low Grade Mineral Reserves are reported above an in-situ cut-off grade of 0.88 g/t Au.

14. It is planned that ELG Low Grade Mineral Reserves within the designed pits will be stockpiled during pit operation and processed during pit closure.
15. Mineral Reserves within the designed pits include assumed estimates for dilution and ore losses.
16. Cut-off grades and designed pits are considered appropriate for a metal price of $1,400/oz Au and metal recovery of 89% Au.
17. Mineral Reserves are reported using a Au price of US$1,400/oz, Ag price of US$17/oz, and Cu price of US$3.25/lb.
18. Average metallurgical recoveries of 89% for Au, 30% for Ag, and 23% for Cu.
19. ELG Open Pit (including surface stockpiles) AuEq = Au (g/t) + Ag (g/t) * (0.0041) + Cu (%) * (0.4114), accounting for metal prices and metallurgical recoveries.

Notes to accompany ELG Underground Mineral Reserves:

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

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

Table 26.

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

Notes to accompany the Mineral Resource Table:

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

Notes to accompany Media Luna Underground Mineral Resources:

9. The effective date of the estimate is December 31, 2022.
10. Mineral Resources are reported above a 2.0 g/t AuEq cut-off grade.

11. Metallurgical recoveries at Media Luna average 85% for Au, 79% for Ag, and 91% for Cu.
12. Media Luna Underground AuEq = Au (g/t) + (Ag (g/t) * 0.0119) + (Cu (%) * 1.6483). AuEq calculations consider both metal prices and metallurgical recoveries.
13. The assumed mining method is from underground methods, using a combination of long hole stoping and cut and fill.

Notes to accompany the ELG Open Pit Mineral Resources:

14. The effective date of the estimate is December 31, 2022.
15. Average metallurgical recoveries are 89% for Au, 30% for Ag and 23% for Cu.
16. ELG Open Pit AuEq = Au (g/t) + (Ag (g/t) * 0.0043) + (Cu (%) * 0.4001). AuEq calculations consider both metal prices and metallurgical recoveries.
17. Mineral Resources are reported above an in-situ cut-off grade of 0.78 g/t Au.
18. Mineral Resources are reported inside an optimized pit shell. Underground Mineral Reserves at El Limón Deep within the El Limón shell have been excluded from the open pit Mineral Resources.

Notes to accompany ELG Underground Mineral Resources:

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

Notes to accompany EPO Underground Mineral Resources:

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

CAUTIONARY NOTES

Forward-Looking Statements

This MD&A contains “forward-looking statements” and “forward-looking information” within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, information with respect to the future mining, development and exploration plans concerning the Morelos Property; the adequacy of the Company’s financial resources; the Company’s key strategic objectives to integrate and optimize its Morelos Property, deliver Media Luna to full production, grow reserves and resources, retain and attract best industry talent and build on ESG excellence; plans to realize the full potential of the Morelos Property and opportunities to acquire assets that enable diversification and deliver value to shareholders; the Company’s 2024 guidance and objectives as described in the MD&A; and the summary of the Media Luna Project schedule. Forward-looking information also includes, but is not limited to, the following forward-looking statements: quarterly expenditures are expected to remain consistent through Q3 2024 before declining in Q4 2024 as the project nears completion; the strength of the Mexican peso and general inflationary environment remain headwinds to contend with; the ELG Underground exploration strategy is focused on expanding resources as well as extending and optimizing the life of ELG Underground beyond 2026; the Company's strategy to further prove up the potential of the Media Luna Cluster and unlock additional near-mine opportunities in order to enhance the future production profile of the Morelos Complex and extend the reserve life beyond 2033; target to achieve a 10% absolute reduction in greenhouse gas (GHG) emissions by 2030 against the 2021 baseline; $350 to $400 million has been guided for project capital expenditures in 2024, with quarterly expenditures through Q3 2024 expected to be similar to the level experienced in Q4 2023, before declining as the project nears completion; approximately 45% of the remaining expenditures are expected to be denominated in pesos and the level hedged represents approximately 50% of the peso-denominated expenditures; based on the current schedule, the tie-in of upgrades to the processing plant are still on track to occur over a four-week period during the fourth quarter of 2024, which will allow for commissioning and first concentrate production in late 2024 and commercial production in early 2025; approximately 7,400 m of capital development (lateral and vertical) and approximately 7,400 m of operating development remain for 2024; concrete foundation work for the Guajes conveyor drive station, flotation plant, water treatment plant, and 230kV substation continues to make progress with planned completion in Q1 2024; the Company's strategy to grow reserves and resources and to optimize and extend the current mine life at ELG with a view to filling the mill with higher-grade feed beyond 2027; the results of the exploration drilling program at Media Luna West, as reported in the press release issued on November 30, 2023, continued to enhance confidence in the mineralized potential of the ever-expanding Media Luna Cluster; the potential for Media Luna West to become a future source of feed for the Morelos Complex; an additional $30.0 million of investment in exploration and drilling is planned in 2024; advanced exploration drilling following up on previously identified high grade intercepts yielded impressive results, and highlighted the potential to expand resources; it is anticipated that these forthcoming results will support in upgrading Inferred Resources to the Indicated Resource category and identifying new resources in these areas; the available results up to November 1, 2023, have been incorporated in the year-end Mineral Reserves and Resources update which is planned for release prior to March 31, 2024; [the southern portion of the El Limón Sur Trend] is a key focus given the potential to extend higher-grade gold and copper mineralization at depth; the potential for another new underground mining front within El Limón Sur area; the objective of the near mine drilling program is to identify additional satellite orebodies within the ELG Mine Complex; the [Media Luna Cluster drilling] results indicate the potential to upgrade additional Inferred Resources while expanding mineralization to the northeast and southwest; the Company is optimistic about the potential to further increase the size of EPO as the deposit remains highly prospective with mineralization open to the north; the results of this program enhance the expectations of another orebody discovery and confirm the potential of a multi-million ounce cluster that can leverage the mine infrastructure currently under construction; and plant construction commenced in January 2024, with completion anticipated by the end of Q1 2024 and commissioning thereafter pending receipt of an operating permit from the energy regulator in Mexico.

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

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

February 21, 2024