



# CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024

(Unaudited)

(Expressed in millions of U.S. dollars)

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Condensed Consolidated Interim Statements of Financial Position  
(unaudited)

<i>Millions of U.S. dollars</i>	Note	September 30, 2024	December 31, 2023
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents		\$ 114.5	\$ 172.8
Derivative contracts	11	0.1	2.3
Value-added tax receivables		70.4	77.6
Inventory	4	133.2	126.6
Prepaid expenses and other current assets	5	26.1	26.2
		<b>344.3</b>	<b>405.5</b>
<b>Non-current assets:</b>			
Value-added tax receivables		1.2	1.4
Other non-current assets	8	18.5	23.4
Deferred income tax assets		96.6	156.5
Property, plant and equipment	6	1,595.3	1,249.0
<b>Total assets</b>		<b>\$ 2,055.9</b>	<b>\$ 1,835.8</b>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued liabilities		\$ 177.2	\$ 148.3
Income taxes payable		118.5	86.9
Lease-related obligations	8	27.7	23.9
Derivative contracts	11	19.6	22.6
		<b>343.0</b>	<b>281.7</b>
<b>Non-current liabilities:</b>			
Other non-current liabilities	9, 11	9.6	4.4
Debt	7	57.7	–
Lease-related obligations	8	41.7	8.1
Decommissioning liabilities		33.5	41.0
Deferred income tax liabilities		–	5.5
<b>Total liabilities</b>		<b>\$ 485.5</b>	<b>\$ 340.7</b>
<b>Shareholders' equity:</b>			
Share capital		1,033.2	1,032.1
Contributed surplus		24.2	24.2
Other reserves		(56.6)	(56.6)
Retained earnings		569.6	495.4
		<b>1,570.4</b>	<b>1,495.1</b>
<b>Total liabilities and shareholders' equity</b>		<b>\$ 2,055.9</b>	<b>\$ 1,835.8</b>

Subsequent event (Note 11)

Commitments (Note 14)

*The accompanying notes are an integral part of these condensed consolidated interim financial statements.*

Condensed Consolidated Interim Statements of Operations and Comprehensive Income  
(unaudited)

Millions of U.S. dollars, except per share amounts	Note	Three Months Ended		Nine Months Ended	
		September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
<b>Revenue</b>					
Metal sales		\$ 313.7	\$ 160.1	\$ 820.5	\$ 600.2
<b>Cost of sales</b>					
Production costs		112.9	86.8	326.7	255.0
Royalties		8.6	4.8	23.0	18.1
Depreciation and amortization		48.6	41.4	144.1	135.4
<b>Earnings from mine operations</b>		\$ 143.6	\$ 27.1	\$ 326.7	\$ 191.7
General and administrative expenses	9	12.7	3.1	33.1	17.5
Exploration and evaluation expenses		2.1	1.9	6.2	5.1
Other expenses	10	2.4	2.4	5.7	4.6
		\$ 17.2	\$ 7.4	\$ 45.0	\$ 27.2
Derivative loss (gain), net	11	16.2	(18.1)	42.5	(6.2)
Finance income, net		(0.3)	(2.0)	(3.0)	(8.2)
Foreign exchange loss (gain)		3.5	(0.1)	6.9	(0.9)
		\$ 19.4	\$ (20.2)	\$ 46.4	\$ (15.3)
<b>Income before income taxes</b>		\$ 107.0	\$ 39.9	\$ 235.3	\$ 179.8
Current income tax expense		55.4	12.1	106.7	47.5
Deferred income tax expense (recovery)		22.4	17.3	54.4	(21.7)
<b>Net income and comprehensive income</b>		\$ 29.2	\$ 10.5	\$ 74.2	\$ 154.0
<b>Earnings per share</b>					
Basic	12	\$ 0.34	\$ 0.12	\$ 0.86	\$ 1.79
Diluted	12	\$ 0.34	\$ 0.09	\$ 0.86	\$ 1.77
<b>Weighted average number of common shares outstanding</b>					
Basic	12	85,986,516	85,885,453	85,973,657	85,879,934
Diluted	12	87,071,146	86,401,220	86,725,279	86,409,988

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity  
(unaudited)

<i>Millions of U.S. dollars, except number of common shares</i>	<b>Number of Common Shares</b>	<b>Share Capital</b>	<b>Contributed Surplus</b>	<b>Other Reserves</b>	<b>Retained Earnings</b>	<b>Total Shareholders' Equity</b>
Balance, January 1, 2023	85,843,808	\$ 1,031.5	\$ 24.2	\$ (56.6)	\$ 291.0	\$ 1,290.1
Redemption of restricted share units	12,679	0.2	–	–	–	0.2
Redemption of ERSUs	28,966	0.4	–	–	–	0.4
Net income	–	–	–	–	154.0	154.0
<b>Balance, September 30, 2023</b>	<b>85,885,453</b>	<b>\$ 1,032.1</b>	<b>\$ 24.2</b>	<b>\$ (56.6)</b>	<b>\$ 445.0</b>	<b>\$ 1,444.7</b>

<i>Millions of U.S. dollars, except number of common shares</i>	<b>Number of Common Shares</b>	<b>Share Capital</b>	<b>Contributed Surplus</b>	<b>Other Reserves</b>	<b>Retained Earnings</b>	<b>Total Shareholders' Equity</b>
<b>Balance, January 1, 2024</b>	<b>85,885,453</b>	<b>\$ 1,032.1</b>	<b>\$ 24.2</b>	<b>\$ (56.6)</b>	<b>\$ 495.4</b>	<b>\$ 1,495.1</b>
Redemption of restricted share units	16,885	0.2	–	–	–	0.2
Redemption of EPSUs and ERSUs	84,268	0.9	–	–	–	0.9
Net income	–	–	–	–	74.2	74.2
<b>Balance, September 30, 2024</b>	<b>85,986,606</b>	<b>\$ 1,033.2</b>	<b>\$ 24.2</b>	<b>\$ (56.6)</b>	<b>\$ 569.6</b>	<b>\$ 1,570.4</b>

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Cash Flows  
(unaudited)

<i>Millions of U.S. dollars</i>	Three Months Ended		Nine Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
<b>Operating activities:</b>				
Net income for the period	\$ 29.2	\$ 10.5	\$ 74.2	\$ 154.0
Adjustments for:				
Share-based compensation expense	1.6	1.2	5.5	4.3
Cash settlement of share-based compensation	–	–	(1.0)	(1.6)
Remeasurement of share-based payments	3.9	(3.1)	8.9	(1.3)
Depreciation and amortization	48.6	41.5	144.3	135.6
Unrealized gain on derivative contracts	(6.5)	(16.5)	(0.3)	(4.7)
Unrealized foreign exchange (gain) loss	(0.3)	1.4	1.6	(1.6)
Finance income, net	(0.3)	(2.0)	(3.0)	(8.2)
Interest received	1.8	3.2	6.4	11.3
Income tax expense	77.8	29.4	161.1	25.8
Tax credit applicable to production costs	(0.6)	(1.0)	(3.4)	(2.1)
Income taxes paid	(17.6)	(12.0)	(71.7)	(104.2)
<b>Net cash generated from operating activities before changes in non-cash operating working capital</b>	<b>\$ 137.6</b>	<b>\$ 52.6</b>	<b>\$ 322.6</b>	<b>\$ 207.3</b>
Changes in non-cash operating working capital:				
Value-added tax receivables, net	7.0	(6.6)	5.8	(1.1)
Inventory	2.5	(11.7)	(3.7)	(9.4)
Prepaid expenses and other current assets	(1.0)	10.0	(2.0)	2.5
Accounts payable and accrued liabilities	3.4	(0.1)	4.0	(18.5)
<b>Net cash generated from operating activities</b>	<b>\$ 149.5</b>	<b>\$ 44.2</b>	<b>\$ 326.7</b>	<b>\$ 180.8</b>
<b>Investing activities:</b>				
Additions to property, plant and equipment	(144.3)	(112.4)	(425.9)	(336.6)
Borrowing costs capitalized to property, plant and equipment	(2.4)	(0.3)	(5.2)	(0.7)
Value-added tax receivables, net	3.2	(4.2)	(4.1)	(6.0)
<b>Net cash used in investing activities</b>	<b>\$ (143.5)</b>	<b>\$ (116.9)</b>	<b>\$ (435.2)</b>	<b>\$ (343.3)</b>
<b>Financing activities:</b>				
Repayment on Revolving Credit Facility	(55.0)	–	(55.0)	–
Proceeds from Revolving Credit Facility	60.0	–	115.0	–
Lease payments	(2.5)	(1.0)	(5.7)	(3.2)
Other borrowing costs paid	(1.0)	(0.2)	(2.0)	(1.4)
Transaction costs	(0.7)	(1.2)	(0.7)	(1.2)
<b>Net cash generated from (used in) financing activities</b>	<b>\$ 0.8</b>	<b>\$ (2.4)</b>	<b>\$ 51.6</b>	<b>\$ (5.8)</b>
<b>Effect of foreign exchange rate changes on cash and cash equivalents</b>	<b>\$ (1.0)</b>	<b>\$ (0.8)</b>	<b>\$ (1.4)</b>	<b>\$ 1.7</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>\$ 5.8</b>	<b>\$ (75.9)</b>	<b>\$ (58.3)</b>	<b>\$ (166.6)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>\$ 108.7</b>	<b>\$ 285.3</b>	<b>\$ 172.8</b>	<b>\$ 376.0</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 114.5</b>	<b>\$ 209.4</b>	<b>\$ 114.5</b>	<b>\$ 209.4</b>

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended September 30, 2024

(Amounts in millions of U.S. dollars, except share and per share amounts, unless otherwise noted)



## NOTE 1. CORPORATION INFORMATION

Torex Gold Resources Inc. (the “Company” or “Torex”) is an intermediate gold producer based in Canada, engaged in the exploration, development, and operation of its 100% owned Morelos Property (the “Morelos Property”), 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.

The Company is a corporation governed by the *Business Corporations Act* (Ontario). The Company’s shares are listed on the Toronto Stock Exchange (“TSX”) under the symbol TXG. Its registered address is 130 King Street West, Suite 740, Toronto, Ontario, Canada, M5X 2A2.

These unaudited condensed consolidated interim financial statements (herein referred to as “consolidated financial statements”) of the Company as at and for the three and nine months ended September 30, 2024 include the accounts of the Company and its subsidiaries.

## NOTE 2. BASIS OF PREPARATION

### Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board (“IASB”). These consolidated financial statements do not include all of the disclosures required by IFRS Accounting Standards (“IFRS”) as issued by the IASB for annual financial statements and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2023.

These consolidated financial statements were authorized for issuance by the Company’s Board of Directors on November 5, 2024.

## NOTE 3. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies applied in these consolidated financial statements are the same as those applied in the Company’s audited consolidated financial statements for the year ended December 31, 2023.

The significant judgments, estimates, and nature of assumptions made by management in applying the Company’s accounting policies are consistent with those applied in the audited consolidated financial statements for the year ended December 31, 2023.

### Accounting Pronouncements

#### *New and Amended Standards and Interpretations Issued and Effective*

The Company adopted the following accounting standard amendment:

Amendments to IAS 12, *Income Taxes* (“IAS 12”)

In May 2023, the IASB issued *International Tax Reform—Pillar Two Model Rules* (Amendments to IAS 12) to introduce a temporary exception from accounting for deferred taxes arising from the implementation of the OECD Pillar Two model rules, together with targeted disclosure requirements for affected entities. Applying the exception, an entity does not recognize deferred tax assets and liabilities related to the OECD Pillar Two income taxes. It also does not disclose any information about these deferred tax assets and liabilities. The amendments became effective upon issuance, except for certain disclosure requirements, which became effective for annual reporting periods beginning on or after January 1, 2023. The Company adopted the amendments upon issuance and the application of these amendments did not have an impact on the Company’s consolidated financial statements.

# Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended September 30, 2024

(Amounts in millions of U.S. dollars, except share and per share amounts, unless otherwise noted)



On August 4, 2023, the Government of Canada released for consultation draft legislation to implement the Global Minimum Tax Act (“GMTA”), which includes the introduction of a 15% global minimum tax (“top-up tax”) that applies to large multinational enterprise groups with global consolidated revenues over €750 million. The GMTA received royal assent on June 20, 2024, and was enacted substantially as drafted. As a result, the Company will be subject to the GMTA commencing in 2024. The application of the GMTA did not have a material impact on the Company’s consolidated financial statements as at and for the three and nine months ended September 30, 2024.

## NOTE 4. INVENTORY

	September 30, 2024	December 31, 2023
Ore stockpiled	\$ 64.1	\$ 55.0
In-circuit	8.9	10.5
Finished goods	12.9	11.1
Materials and supplies	47.3	50.0
	\$ 133.2	\$ 126.6

The amount of depreciation included in inventory as at September 30, 2024 was \$39.6 (December 31, 2023 - \$36.5). For the nine months ended September 30, 2024, a total charge of \$12.0 was recorded to adjust long-term, low-grade stockpile inventory to net realizable value: \$6.3 and \$5.7 through production costs and depreciation and amortization, respectively (nine months ended September 30, 2023 - total charge of \$13.5, \$7.2 and \$6.3 through production costs and depreciation and amortization, respectively). As at September 30, 2024, the net carrying value of long-term, low-grade stockpile inventory was \$nil (December 31, 2023 - \$nil). As at September 30, 2024, materials and supplies are shown net of a provision of \$4.2 (December 31, 2023 - \$4.2). The Company has a secured debt facility (the “Debt Facility”) (Note 7) that is secured by all the assets, including inventory, 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.

## NOTE 5. PREPAID EXPENSES AND OTHER CURRENT ASSETS

	September 30, 2024	December 31, 2023
Trade receivables	\$ 13.0	\$ 10.1
Prepayments	11.5	12.9
Other current assets	1.6	3.2
	\$ 26.1	\$ 26.2



# Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended September 30, 2024

(Amounts in millions of U.S. dollars, except share and per share amounts, unless otherwise noted)



## NOTE 6. PROPERTY, PLANT AND EQUIPMENT

	Mexico			Canada	Total
	Mineral Property	Property & Equipment	Construction in Progress	Property & Equipment	
Net book value as at December 31, 2023	\$ 146.2	\$ 343.6	\$ 758.0	\$ 1.2	\$1,249.0
Additions	1.8	86.4	417.3	–	505.5
Transfers within property, plant and equipment	–	3.6	(3.6)	–	–
Closure and rehabilitation	–	(6.8)	(2.3)	–	(9.1)
Depreciation	(64.6)	(85.3)	–	(0.1)	(150.0)
Disposals	–	(0.1)	–	–	(0.1)
<b>Net book value as at September 30, 2024</b>	<b>\$ 83.4</b>	<b>\$ 341.4</b>	<b>\$ 1,169.4</b>	<b>\$ 1.1</b>	<b>\$1,595.3</b>

For the nine months ended September 30, 2024, property, plant and equipment additions included \$5.7 of capitalized borrowing costs (year ended December 31, 2023 - \$2.1). As at September 30, 2024, property, plant and equipment included, net of accumulated depreciation, \$12.6 of capitalized borrowing costs (December 31, 2023 - \$7.0), and \$3.7 related to the decommissioning liability for the Morelos Complex (December 31, 2023 - \$14.7). Mineral property included, net of accumulated depreciation, \$29.9 of capitalized deferred stripping costs (December 31, 2023 - \$88.2), which included \$8.9 of capitalized depreciation of property and equipment (December 31, 2023 - \$22.1). Included within property and equipment, net of accumulated depreciation, are right-of-use assets (Note 8) of \$4.4 as at September 30, 2024 for leases of light vehicles, plant equipment and office space (December 31, 2023 - \$4.9). In addition, included within property and equipment, net of accumulated depreciation, are IFRS 9, *Financial Instruments* (“IFRS 9”) lease assets (Note 8) of \$47.4 as at September 30, 2024 for leases of primary production equipment, underground support equipment and personnel transport equipment for the Media Luna operations (December 31, 2023 - \$7.9).

## NOTE 7. DEBT

	September 30, 2024	December 31, 2023
Debt:		
Revolving Credit Facility	\$ 57.7	\$ –
Non-current portion of debt, net of deferred finance charges	\$ 57.7	\$ –

### Debt Facility

On August 3, 2023, the Company (as borrower) executed an amendment (the “2023 Amendment”) to the Fourth Amended and Restated Credit Agreement (the “Fourth ARCA”) with the Bank of Montreal, Bank of Nova Scotia, Canadian Imperial Bank of Commerce, ING Bank N.V. and National Bank of Canada (the “Lenders”), increasing the capacity of the Debt Facility to \$300.0. Prior to July 25, 2024, the Debt Facility consisted of a revolving credit facility (the “Revolving Credit Facility”) and a term loan facility (the “Term Loan Facility”). As a result of the 2023 Amendment, the capacity of the Revolving Credit Facility increased from \$150.0 to \$200.0 and the Term Loan Facility remained unchanged at \$100.0.

On July 25, 2024, the Company and its Mexican subsidiary (as co-borrowers) executed an amended and restated credit agreement, the Fifth Amended and Restated Credit Agreement (the “Fifth ARCA” or “2024 Amendment”) with the Lenders. The 2024 Amendment maintained the capacity of the Debt Facility at \$300.0; however, the Term Loan Facility was eliminated and the capacity of the Revolving Credit Facility increased. The 2024 Amendment also includes an accordion feature for an additional \$150.0 in available capacity at the discretion of the Lenders.

# Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended September 30, 2024

(Amounts in millions of U.S. dollars, except share and per share amounts, unless otherwise noted)



During the nine months ended September 30, 2024, the Company drew \$60.0, net on the Revolving Credit Facility (nine months ended September 30, 2023 - \$nil). During the nine months ended September 30, 2024, the maximum balance the Company had outstanding on the Revolving Credit Facility was \$60.0 (nine months ended September 30, 2023 - \$nil). As at September 30, 2024, the Company had borrowings of \$60.0 on the Debt Facility and had utilized \$7.9 for letters of credit, reducing the available credit of the Debt Facility to \$232.1 (December 31, 2023 - \$nil, \$7.9 and \$292.1, respectively).

The Debt Facility incorporates Sustainability-Linked Loan (“SLL”) targets, which integrate ESG performance measures. The SLL includes incentive pricing terms related to achieving various Sustainability Performance Targets including those in safety, climate change, and alignment with the World Gold Council’s Responsible Gold Mining Principles.

The Debt Facility bears interest at a 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 credit spread adjustment is 0.10%. 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. As at September 30, 2024, the applicable margin was 2.51%. As a result of the 2024 Amendment, there were no changes to the applicable interest rate.

The \$300.0 Revolving Credit Facility matures on December 31, 2027, with no commitment reductions prior to maturity, and can be repaid in full anytime without penalty. Prior to the 2024 Amendment, the \$200.0 Revolving Credit Facility matured on December 31, 2026 and was subject to quarterly commitment reductions of \$12.5 commencing on March 31, 2025 and increasing to \$25.0 commencing on March 31, 2026. The \$100.0 Term Loan Facility could have been drawn until December 31, 2024, matured on June 30, 2026 and was subject to four equal quarterly repayment instalments commencing on September 30, 2025. Both the Revolving Credit Facility and Term Loan Facility could have been 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, prior to the 2024 Amendment, minimum liquidity of \$50.0 on and before June 30, 2025 and decreasing to the greater of \$30.0 and 20% of the Debt Facility commitment thereafter. As a result of the 2024 Amendment, the minimum liquidity covenant was replaced with a covenant on tangible net worth of \$1.0 billion, plus 50% of positive quarterly net income from January 1, 2024.

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 September 30, 2024, the Company was in compliance with the financial and other covenants under the Fifth ARCA.

## NOTE 8. LEASE-RELATED OBLIGATIONS

The Company leases several assets including light vehicles, plant equipment, mining equipment, including the primary production equipment, underground support equipment and personnel transport equipment for the Media Luna operations, and office space.

For the three and nine months ended September 30, 2024, the total cash outflows for leases including principal and interest amounted to \$3.7 and \$9.2, respectively (three and nine months ended September 30, 2023 - \$1.2 and \$3.7, respectively).

# Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended September 30, 2024

(Amounts in millions of U.S. dollars, except share and per share amounts, unless otherwise noted)



The following table shows the lease-related obligations as at September 30, 2024 and December 31, 2023:

	September 30, 2024	December 31, 2023
Lease obligations	\$ 51.6	\$ 12.3
Lease-related promissory notes	17.8	19.7
	\$ 69.4	\$ 32.0
Less: Current portion of lease-related obligations	27.7	23.9
Non-current portion of lease-related obligations	\$ 41.7	\$ 8.1

During the year ended December 31, 2023, the Company 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. Subsequently, the purchases were assigned to financiers who will own the equipment once delivered by the suppliers. In connection with the arrangements, the Company 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 with the purchase agreements by the suppliers, the Company 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, the Company executed interest-bearing promissory notes, of which \$17.8 remain outstanding as at September 30, 2024 (December 31, 2023 - \$19.7). The promissory notes act as surety for the financiers. The promissory notes are accounted for as financial liabilities in accordance with IFRS 9. As at September 30, 2024, a corresponding \$17.8 asset has been recorded in other non-current assets in the Condensed Consolidated Interim Statements of Financial Position (December 31, 2023 - \$19.7).

As at September 30, 2024, lease obligations included \$48.0 of leases for certain pieces of the primary production equipment, underground support equipment and personnel transport equipment for the Media Luna operations that had been delivered and for which the leases had commenced (December 31, 2023 - \$8.0 of leases for certain pieces of the primary production equipment). As the Company 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 the Company, 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, *Leases*, sale-leaseback accounting was not applied. Rather, the lease obligations are accounted for as financial liabilities in accordance with IFRS 9. Upon commencement of the leases, the Company recognized a corresponding asset in property, plant and equipment in the Condensed Consolidated Interim Statements of Financial Position (Note 6).

## NOTE 9. SHARE-BASED PAYMENTS

The Company has three share-based compensation plans: the Stock Option Plan (the "SOP Plan"), the Restricted Share Unit Plan (the "RSU Plan"), and the Employee Share Unit Plan (the "ESU Plan").

The ESU Plan allows for the issuance of Employee Restricted Share Units ("ERSUs") and Employee Performance Share Units ("EPSUs") to employees of the Company.

Effective January 1, 2024, unless otherwise determined by the Board of Directors, or otherwise specified in any employment agreement, each grant of ERSUs shall vest in three approximately equal instalments commencing one year following the grant date on a vesting date determined by the Board of Directors. ERSUs will only vest if the participant is an eligible person (as defined in the ESU Plan) on the relevant vesting date(s).

Subject to certain exceptions set forth in the ESU Plan: (a) if the employment of a participant is terminated due to resignation by, or retirement of, the participant, then a pro rata portion of the participant's unvested EPSUs and ERSUs granted prior to December 31, 2023 shall vest immediately prior to the termination date in accordance with the relevant formula set forth in the ESU Plan, and unvested EPSUs and ERSUs granted on or after

# Notes to the Condensed Consolidated Interim Financial Statements

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January 1, 2024 shall be forfeited; (b) if the employment of a participant is terminated without cause, or due to disability or death, then a pro rata portion of the participant's unvested EPSUs and ERSUs shall vest immediately prior to the termination date in accordance with the relevant formula set forth in the ESU Plan; and (c) if the employment of a participant is terminated for cause, then all EPSUs and ERSUs shall be forfeited. The vested EPSUs in circumstances described in (a) and (b) will be redeemed at the end of the relevant performance period using the adjustment factor determined for the performance period. The vested ERSUs in circumstances described in (a) and (b) may be redeemed by the participant during the period commencing on the date the participant's employment is terminated and ending on the earlier of the 90th day after the participant's termination date and the applicable expiry date upon which any outstanding ERSUs will automatically be redeemed.

Unless otherwise noted, grants under the ESU Plan prior to January 1, 2024 apply the same accounting policies in these consolidated financial statements as those applied in the Company's audited consolidated financial statements for the year ended December 31, 2023.

The following is a summary of the amounts of share-based compensation expense (recovery) recognized for the three and nine months ended September 30, 2024 and 2023:

	Three Months Ended		Nine Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Restricted Share Units	\$ -	\$ -	\$ 0.8	\$ 0.9
ERSUs	0.6	0.4	1.8	1.1
EPSUs	1.0	0.8	2.9	2.3
	\$ 1.6	\$ 1.2	\$ 5.5	\$ 4.3
Loss (gain) on remeasurement	3.9	(3.1)	8.9	(1.3)
Share-based compensation expense (recovery)	\$ 5.5	\$ (1.9)	\$ 14.4	\$ 3.0

## Stock Option Plan

As at September 30, 2024, 24,707 stock options were outstanding and exercisable under the SOP Plan (December 31, 2023 - 24,707). No new stock options may be granted, and the SOP Plan will be terminated once all outstanding stock options are exercised or have expired.

## RSU and ESU Plans

The following is a summary of the number of Restricted Share Units ("RSUs") outstanding under the RSU Plan, and ERSUs and EPSUs outstanding under the ESU Plan as at September 30, 2024 and December 31, 2023 and the fair value as at September 30, 2024 and December 31, 2023:

	Number Outstanding		Fair Value	
	September 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
RSUs	177,458	127,063	\$ 3.4	\$ 1.4
ERSUs	527,942	401,890	6.1	2.5
EPSUs	793,717	602,851	10.3	3.8
	1,499,117	1,131,804	\$ 19.8	\$ 7.7

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The current portion of the RSUs, ERSUs, and EPSUs fair value was recorded in accounts payable and accrued liabilities and the non-current portion in other non-current liabilities in the Condensed Consolidated Interim Statements of Financial Position.

## *Restricted Share Units*

During the nine months ended September 30, 2024, 73,066 RSUs were granted and 22,671 RSUs were redeemed.

## *Employee Restricted Share Units*

During the nine months ended September 30, 2024, 206,064 ERSUs were granted, which will vest in three approximately equal instalments in January 2025, 2026, and 2027 and have an estimated weighted average fair value at the grant date of C\$14.23 per ERSU, 76,438 ERSUs were settled and 3,574 ERSUs were forfeited.

## *Employee Performance Share Units*

During the nine months ended September 30, 2024, 309,100 EPSUs were granted, which will vest in January 2027 and have an estimated weighted average fair value at the grant date of C\$21.94 per EPSU, 94,024 EPSUs were settled and 24,210 EPSUs were forfeited.

## NOTE 10. OTHER EXPENSES

During the three and nine months ended September 30, 2024, other expenses of \$2.4 and \$5.7, respectively, comprise expenditures related to an upgrade and consolidation of the Company's enterprise resource planning system and training expenditures related to the Media Luna Project (three and nine months ended September 30, 2023 - \$2.4 and \$4.6, respectively).

## NOTE 11. DERIVATIVE CONTRACTS

The following table shows the fair value of derivative contracts and their classification in the Condensed Consolidated Interim Statements of Financial Position as at September 30, 2024 and December 31, 2023:

	Classification	Fair Value as at September 30, 2024	Fair Value as at December 31, 2023
Currency contracts	Current assets	\$ 0.1	\$ 2.3
<b>Total derivative assets</b>		<b>\$ 0.1</b>	<b>\$ 2.3</b>
Gold contracts	Current liabilities	\$ 19.2	\$ 22.2
Currency contracts	Current liabilities	0.4	0.4
Currency contracts	Non-current liabilities	0.5	–
<b>Total derivative liabilities</b>		<b>\$ 20.1</b>	<b>\$ 22.6</b>

As at September 30, 2024, the outstanding gold forward contracts had a weighted average price of \$1,939 per ounce to sell 27,000 ounces of gold between October 2024 and December 2024 (December 31, 2023 - a weighted average price of \$1,972 per ounce to sell 158,000 ounces of gold between January 2024 and December 2024).

# Notes to the Condensed Consolidated Interim Financial Statements

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(Amounts in millions of U.S. dollars, except share and per share amounts, unless otherwise noted)



The table below provides a summary of the gold contracts outstanding as at September 30, 2024:

	Gold Ounces	Average Price per Ounce	Notional Value	Fair Value as at September 30, 2024
<b>Current liabilities</b>	<b>27,000</b>	<b>\$ 1,939</b>	<b>\$ 52.3</b>	<b>\$ (19.2)</b>

In June 2024, 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 in foreign exchange rates of the Mexican peso between July 2024 and December 2024 for a total notional value of \$23.7, with a weighted average put strike (floor) rate of 18.21:1 and a weighted average call strike (ceiling) rate of 20.00:1.

During the three months ended September 30, 2024, the Company entered into an additional series of zero-cost collars for \$nil cash premium to hedge against the impact of changes in foreign exchange rates of the Mexican peso on production costs between January 2025 and December 2025 for a total notional value of \$72.0, with a weighted average put strike (floor) rate of 19.58:1 and a weighted average call strike (ceiling) rate of 21.38:1.

As at September 30, 2024, the outstanding MXN/USD foreign exchange collar contracts had a weighted average put strike (floor) rate of 19.27:1 and a weighted average call strike (ceiling) rate of 21.14:1 to settle a notional value of \$87.3 between October 2024 and December 2025 (December 31, 2023 - weighted average put strike (floor) rate of 17.38:1 and a weighted average call strike (ceiling) rate of 20.00:1 to settle a notional value of \$73.0 between January 2024 and December 2024).

The table below provides a summary of the foreign exchange collar contracts outstanding by maturity as at September 30, 2024:

	Average Put Strike (Floor) Rate (MXN/USD)	Average Call Strike (Ceiling) Rate (MXN/USD)	Notional Value	Fair Value as at September 30, 2024
Less than 1 year	19.20	21.08	\$ 67.3	\$ (0.3)
1 - 2 years	19.53	21.33	20.0	(0.5)
			<b>\$ 87.3</b>	<b>\$ (0.8)</b>

Subsequent to September 30, 2024, the Company entered into an additional series of zero-cost collars for \$nil cash premium to hedge against the impact of changes in foreign exchange rates of the Mexican peso on production costs between January 2025 and December 2025 for a total notional value of \$12.0, with a weighted average put strike (floor) rate of 20.00:1 and a weighted average call strike (ceiling) rate of 21.68:1.

Derivatives arising from gold forward contracts and foreign exchange collar contracts are intended to manage the Company's risk management objectives associated with changing market values. These derivatives have not been designated as hedges. Changes in the fair value of these derivative contracts are recognized as a derivative loss (gain), net in the Condensed Consolidated Interim Statements of Operations and Comprehensive Income.

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The following table shows the losses (gains) on derivative contracts for the three and nine months ended September 30, 2024 and 2023:

	Three Months Ended		Nine Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Unrealized gain on gold contracts	\$ (7.4)	\$ (16.5)	\$ (3.0)	\$ (4.7)
Unrealized loss on currency contracts	0.9	–	2.7	–
Realized loss (gain) on gold contracts	22.8	(1.6)	44.2	(1.5)
Realized gain on currency contracts	(0.1)	–	(1.4)	–
	\$ 16.2	\$ (18.1)	\$ 42.5	\$ (6.2)

## NOTE 12. EARNINGS PER SHARE

Earnings per share was calculated using the weighted average number of common shares outstanding for the three and nine months ended September 30, 2024 and 2023 as follows:

	Note	Three Months Ended		Nine Months Ended	
		September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Net income		\$ 29.2	\$ 10.5	\$ 74.2	\$ 154.0
Gain on remeasurement of share-based payments	9	–	(3.1)	–	(1.3)
<b>Net income, net of gains on remeasurement of share-based payments</b>		\$ 29.2	\$ 7.4	\$ 74.2	\$ 152.7
Basic weighted average shares outstanding		85,986,516	85,885,453	85,973,657	85,879,934
Weighted average shares dilution adjustments:					
Stock options		6,603	–	3,003	1,327
RSUs		177,478	127,063	156,657	124,836
ERSUs		355,257	172,529	283,697	178,097
EPSUs		545,292	216,175	308,265	225,794
<b>Diluted weighted average shares outstanding</b>		87,071,146	86,401,220	86,725,279	86,409,988
<b>Earnings per share</b>					
Basic		\$ 0.34	\$ 0.12	\$ 0.86	\$ 1.79
Diluted		\$ 0.34	\$ 0.09	\$ 0.86	\$ 1.77

# Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended September 30, 2024

(Amounts in millions of U.S. dollars, except share and per share amounts, unless otherwise noted)



The following is a summary for the three and nine months ended September 30, 2024 and 2023 of the stock options, RSUs, ERSUs, and EPSUs excluded in the diluted weighted average number of common shares outstanding as their exercise or settlement would be anti-dilutive in the earnings per share calculation:

	Three Months Ended		Nine Months Ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Stock options	–	24,707	–	–
RSUs	–	–	–	–
ERSUs	–	2,400	4,086	6,554
EPSUs	12,842	247,079	556,355	245,646
	12,842	274,186	560,441	252,200

## NOTE 13. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist of cash and cash equivalents, trade receivables, accounts payable and accrued liabilities, derivative contracts, debt, and lease-related obligations. Other than the derivative contracts and trade receivables related to copper sales, these financial instruments are recorded at amortized cost in the Condensed Consolidated Interim Statements of Financial Position. The fair values of these financial instruments, excluding debt and lease-related obligations, approximate their carrying values due to their short-term maturity.

The derivative contracts and trade receivables related to copper sales are recorded at fair value and revalued through income at the end of each reporting period and are classified as Level 2 within the fair value hierarchy. The fair value of derivative contracts is estimated using a combination of quoted prices and market-derived inputs. The fair value of trade receivables related to copper sales is estimated using the forward price based on when the sale is expected to settle in final.

The carrying amount of debt is presented net of unamortized deferred finance charges. The fair value of the Company's debt is determined by using a discounted cash flow approach whereby future cash flows associated with the debt were discounted at a rate that equates to the risk-free rate plus an unobservable credit spread and therefore the debt is classified within Level 3 of the fair value hierarchy. The fair value of the Company's debt approximates its carrying value (excluding unamortized deferred finance charges) as the current interest rate and credit spread adjustment are relatively unchanged.

There were no amounts transferred between levels of the fair value hierarchy for the three and nine months ended September 30, 2024 and the year ended December 31, 2023.



# Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended September 30, 2024

(Amounts in millions of U.S. dollars, except share and per share amounts, unless otherwise noted)



## NOTE 14. COMMITMENTS

### Purchase Commitments

As at September 30, 2024, the total purchase commitments for the ELG Mine Complex and the Media Luna Project are as follows:

	As at September 30, 2024					Total
	Less than 1 year	1-3 years	4-5 years	Greater than 5 years		
Operating commitments <sup>1</sup>	\$ 186.1	\$ 78.2	\$ 51.4	\$ –	\$ 315.7	
Capital commitments <sup>1</sup>	136.7	2.8	7.7	0.9	148.1	
	\$ 322.8	\$ 81.0	\$ 59.1	\$ 0.9	\$ 463.8	

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

During the nine months ended September 30, 2024, the Company entered into a power purchase agreement for the delivery of 236,520 megawatt hours of electricity per year over a period of five years, and delivery is expected to commence on or prior to December 31, 2024, at a fixed rate per megawatt hour, subject to annual inflation adjustments. As at September 30, 2024, the agreement is accounted for as an executory contract on the basis that the contract is held for the purpose of the receipt of a non-financial item in accordance with the expected electricity usage by the Company over the contract term. Included in operating commitments as at September 30, 2024 is \$97.4 relating to the power purchase agreement.

### ELG Mine Complex Royalties

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. For the nine months ended September 30, 2024, the Company paid \$19.1 for the 2.5% royalty relating to the fourth quarter of 2023 and the first and second quarters of 2024 (nine months ended September 30, 2023 - \$16.9 relating to the fourth quarter of 2022 and the first and second quarters of 2023). As at September 30, 2024, the Company accrued \$7.2 for the 2.5% royalty relating to the third quarter of 2024 (December 31, 2023 - \$7.0 relating to the fourth quarter of 2023).

The Company is subject to a mining tax of 7.5% on taxable earnings before the deduction of taxes, interest, depreciation and amortization, and a royalty of 0.5% on sales of gold, silver, and platinum. Both the mining tax and royalty are payable to the Servicio de Administración Tributaria on an annual basis in March of the following year. The mining tax is considered an income tax for the purposes of IFRS Accounting Standards. In March 2024, the Company paid \$29.4 in respect of the 7.5% and 0.5% royalties for 2023 (paid in March 2023 - \$34.2 for 2022). As at September 30, 2024, the Company accrued \$26.1 and \$3.8 for the 7.5% and 0.5% royalties to be paid in March 2025, respectively (December 31, 2023 - \$25.4 and \$4.4 accrued for the 7.5% and 0.5% royalties to be paid in March 2024, respectively).