TOREX GOLD RESOURCES INC.

Condensed Consolidated Interim Financial Statements

For the Three Months Ended March 31, 2020

(Unaudited)

(Expressed in millions of U.S. dollars)

TOREX GOLD RESOURCES INC.

Condensed Consolidated Interim Statements of Financial Position

(unaudited)

Millions of U.S. dollars		**March 31, 2020**		December 31, 2019
Assets				
Current assets:				
Cash and cash equivalents	**$**	**135.7**	$	161.8
Value-added tax receivables		**26.0**		30.6
Inventory (Note 5)		**125.5**		129.2
Prepaid expenses and other current assets		**16.9**		17.5
		304.1		339.1
Value-added tax receivables		**5.5**		7.1
Other non-current assets		**9.6**		9.0
Property, plant and equipment (Note 6)		**835.5**		874.4
Total assets	**$**	**1,154.7**	$	1,229.6
Liabilities and shareholders' equity				
Current liabilities:				
Accounts payable and accrued liabilities	**$**	**80.1**	$	90.6
Income tax payable		**19.9**		68.7
Debt (Note 7)		**70.2**		81.7
Derivative contracts (Note 11)		**28.8**		1.6
		199.0		242.6
Other non-current liabilities (Note 11)		**4.1**		1.6
Debt (Note 7)		**85.0**		93.2
Decommissioning liabilities		**19.2**		23.7
Deferred income tax liabilities		**66.4**		33.7
		373.7		394.8
Shareholders' equity:				
Share capital		**1,024.6**		1,022.5
Contributed surplus		**24.4**		33.3
Other reserves		**(62.5)**		(62.5)
Deficit		**(205.5)**		(158.5)
		781.0		834.8
Total liabilities and shareholders' equity	**$**	**1,154.7**	$	1,229.6

Commitments (Note 14)
Subsequent events (Notes 2, 7 and 11)

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

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

	Three Months Ended	
Millions of U.S. dollars, except per share amounts	**March 31, 2020**	March 31, 2019
Revenue		
Metal sales	**$ 172.0**	$ 101.9
Cost of sales		
Production costs	**82.9**	56.2
Royalties	**5.1**	3.1
Depreciation and amortization	**56.1**	25.8
Earnings from mine operations	**$ 27.9**	$ 16.8
General and administrative	**3.3**	6.1
Exploration and evaluation expenditures	**1.0**	0.2
	$ 4.3	$ 6.3
Other expenses (income):		
Derivative loss, net (Note 11)	**37.8**	0.3
Finance costs, net (Note 8)	**3.7**	6.4
Foreign exchange loss (gain)	**2.7**	(1.1)
	$ 44.2	$ 5.6
(Loss) income before income tax expense (recovery)	**(20.6)**	4.9
Current income tax (recovery) expense	**(6.3)**	2.1
Deferred income tax expense	**32.7**	4.1
Net loss and comprehensive loss	**$ (47.0)**	$ (1.3)
Loss per share (Note 12)		
Basic	**$ (0.55)**	$ (0.02)
Diluted	**$ (0.57)**	$ (0.02)

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

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

(unaudited)

Millions of U.S. dollars, except number of common shares	**Number of Common Shares**	**Common Shares**	**Contributed Surplus**	**Other Reserves**	**Deficit**	**Total Shareholders' Equity**
Balance, January 1, 2019	84,917,606	$ 1,014.9	$ 36.9	$ (62.5)	$ (229.7)	$ 759.6
Exercise of stock options	147,961	1.9	(0.7)	-	-	1.2
Redemption of restricted share units	17,109	0.2	(0.2)	-	-	-
Redemption of EPSUs and ERSUs	72,599	2.2	(4.4)	-	-	(2.2)
Reclassification of RSUs	-	-	(1.3)	-	-	(1.3)
Share-based compensation	-	-	1.9	-	-	1.9
Net loss	-	-	-	-	(1.3)	(1.3)
Balance, March 31, 2019	85,155,275	$ 1,019.2	$ 32.2	$ (62.5)	$ (231.0)	$ 757.9

Millions of U.S. dollars, except number of common shares	**Number of Common Shares**	**Common Shares**	**Contributed Surplus**	**Other Reserves**	**Deficit**	**Total Shareholders' Equity**
Balance, January 1, 2020	**85,388,413**	**$ 1,022.5**	**$ 33.3**	**$ (62.5)**	**$ (158.5)**	**$ 834.8**
Exercise of stock options	6,531	0.1	-	-	-	**0.1**
Redemption of restricted share units	7,274	0.1	-	-	-	**0.1**
Redemption of EPSUs and ERSUs	114,050	1.9	-	-	-	**1.9**
Reclassification of EPSUs and ERSUs	-	-	(8.9)	-	-	**(8.9)**
Net loss	-	-	-	-	(47.0)	**(47.0)**
Balance, March 31, 2020	**85,516,268**	**$ 1,024.6**	**$ 24.4**	**$ (62.5)**	**$ (205.5)**	**$ 781.0**

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

Condensed Consolidated Interim Statements of Cash Flows

(unaudited)

		Three Months Ended	
Millions of U.S. dollars		**March 31, 2020**	March 31, 2019
Operating activities:			
Net loss for the period	**$**	**(47.0)**	$ (1.3)
Adjustments for:			
Share-based compensation		**1.8**	1.9
Settlement of share-based compensation		**(1.1)**	(1.7)
Remeasurement of share-based payments		**(2.4)**	-
Depreciation, amortization and accretion		**56.6**	26.3
Unrealized loss on derivative contracts		**27.6**	0.3
Unrealized foreign exchange loss (gain)		**2.8**	(1.3)
Finance costs, net		**4.3**	6.8
Income tax expense		**26.4**	6.2
Income taxes paid		**(47.2)**	(0.8)
Cash generated from operating activities before changes in non-cash working capital balances	**$**	**21.8**	$ 36.4
Changes in non-cash working capital balances:			
Value-added tax receivables, net		**2.1**	1.5
Inventory		**6.8**	(9.6)
Prepaid expenses and other current assets		**5.3**	9.4
Accounts payable and accrued liabilities		**(6.5)**	(5.4)
Net cash generated from operating activities	**$**	**29.5**	$ 32.3
Investing activities:			
Additions to property, plant and equipment		**(23.7)**	(37.7)
Borrowing costs capitalized to property, plant and equipment		**(0.1)**	(0.1)
Value-added tax receivables, net		**(1.8)**	0.8
Restricted cash		**-**	(0.1)
Net cash used in investing activities	**$**	**(25.6)**	$ (37.1)
Financing activities:			
Repayment of debt		**(21.8)**	(20.7)
Interest paid		**(2.5)**	(5.8)
Exercise of stock options		**0.1**	1.2
Net cash used in financing activities	**$**	**(24.2)**	$ (25.3)
Effect of foreign exchange rate changes on cash and cash equivalents		**(5.8)**	(0.5)
Net decrease in cash and cash equivalents	**$**	**(26.1)**	$ (30.6)
Cash and cash equivalents, beginning of the period	**$**	**161.8**	$ 122.2
Cash and cash equivalents, end of the period	**$**	**135.7**	$ 91.6

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

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 Gold Property, located southwest of Mexico City. The Company's principal assets are the El Limón Guajes mining complex (the "ELG Mine Complex"), comprised of the El Limón, Guajes and El Limón Sur open pits, the El Limón Guajes underground mine including zones referred to as Sub-Sill and El Limón Deep, and the processing plant and related infrastructure, and the Media Luna deposit, which is an early stage development project.

The Company is a corporation governed by the *Business Corporations Act* (Ontario). The Company's shares are listed on the Toronto Stock Exchange 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 months ended March 31, 2020 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") under the historical cost convention, as modified by revaluation of derivative contracts and certain financial instruments. These consolidated financial statements do not include all of the information required for full financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2019.

These consolidated financial statements were authorized for issuance by the Company's Board of Directors on May 5, 2020.

COVID-19 Estimation uncertainty

In March 2020, the World Health Organization declared a global pandemic related to COVID-19. The current and expected impacts on global commerce have been and are anticipated to be far-reaching. To date there have been significant stock market declines and volatility, significant volatility in commodity and foreign exchange markets, restrictions on the conduct of business and the global movement of people and availability of some goods has become constrained. There is significant ongoing uncertainty surrounding COVID-19 and the extent and duration of the impacts that it may have on the Company's ability to operate, demand and prices for gold, on logistics and supply chains, on our employees and on global financial markets.

During the quarter ended March 31, 2020, efforts were made to safeguard the health of our employees, while continuing to operate safely and maintain employment and economic activity. On April 2, 2020, in response to a decree (the "Decree") issued by the Government of Mexico for all non-essential businesses in the country to temporarily suspend operations in order to mitigate the spread of COVID-19, the Company announced that operations would not re-start at the conclusion of a planned maintenance shutdown that was underway at the time the Decree was issued. The initial Decree has been extended to the end of May 2020. During the month of April, the Company has continued to pay taxes, royalties, duties and all other accounts payable, including full wages to all of its employees. As a single asset producer, continuing to make these payments without any source of revenue is not sustainable. In essence, the prolonged complete suspension "may have irreversible effects" for the ongoing health of the business.

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

This exception was provided for in the original Decree, allowing companies that may suffer from "irreversible effects" to operate. Additionally, subsequent to the issuing of the Decree, the Government of Mexico created an exemption for businesses in municipalities with low infection rates to re-open on May 18, 2020. Currently the infection rate in the area of our operations is low and we are considering our options around a full resumption of operations when that exemption comes into effect. The suspension of operations did not affect the production during the first quarter but will reduce revenues more significantly than the costs saved whilst in care and maintenance in future periods. In the event that the continued suspension of operations would result in irreversible effects to the Company, the Company would seek relief from the Banks under the Debt Facility and would re-start operations under the exception provided by the original Decree.

The consolidated financial statements are prepared on a going concern basis. The going concern basis assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company believes it has adequate liquidity to support its operations and meet its financial obligations for at least twelve months while maintaining compliance with financial covenants under the Debt Facility (Notes 7 and 13). In making this determination, the Company applies judgment around the factors which directly impact the Company's financial position, including the future impact of COVID-19 on the Company's business and operations particularly as it relates to the timeline and degree of the resumption of operations at the ELG Mine.

Note 3. Significant Accounting Policies

The accounting policies followed 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, 2019.

Note 4. Significant Judgments, Estimates and Assumptions

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting periods. Judgments, estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ materially from these estimates. The significant judgments, estimates and assumptions made by management in applying the Company's accounting policies were the same as those that applied to the audited consolidated financial statements as at and for the year ended December 31, 2019.

Note 5. Inventory

		March 31, 2020		December 31, 2019
Ore stockpiled	**$**	**70.0**		77.8
In-circuit		**7.9**		6.9
Finished goods		**15.3**		12.9
Materials and supplies		**32.3**		31.6
	$	**125.5**	$	129.2

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

The amount of depreciation included in inventory as at March 31, 2020 is $48.3 (December 31, 2019 - $45.2). For the three months ended March 31, 2020, a total charge of $1.7 was recorded to adjust long-term, low-grade stockpile inventory to net realizable value, $0.7 and $1.0 through production costs and depreciation and amortization, respectively (three months ended March 31, 2019 – total charge of $4.0, $2.2 and $1.8 through production costs and depreciation and amortization, respectively). The Debt Facility (Note 7) is secured by all of the assets of Minera Media Luna, S.A. de C.V. ("MML"), including inventory.

Note 6. Property, Plant and Equipment

	Mexico			Canada	Total
	Mineral Property	Property & Equipment	Construction in Progress	Property & Equipment	
Cost					
As at January 1, 2019	$ 358.5	$ 925.6	$ 15.8	$ 3.2	$ 1,303.1
Additions	55.0	34.9	25.6	3.7	119.2
Disposals	-	(0.3)	-	-	(0.3)
Closure and rehabilitation	-	7.8	-	-	7.8
As at December 31, 2019	$ 413.5	$ 968.0	$ 41.4	$ 6.9	$ 1,429.8
Additions	**9.7**	**8.5**	**8.6**	**1.3**	**28.1**
Closure and rehabilitation	**-**	**(4.7)**	**-**	**-**	**(4.7)**
As at March 31, 2020	**$ 423.2**	**$ 971.8**	**$ 50.0**	**$ 8.2**	**$ 1,453.2**
Accumulated depreciation					
As at January 1, 2019	$ 70.2	$ 243.4	$ -	$ 1.4	$ 315.0
Depreciation	79.5	159.6	-	1.6	240.7
Disposals	-	(0.3)	-	-	(0.3)
As at December 31, 2019	$ 149.7	$ 402.7	$ -	$ 3.0	$ 555.4
Depreciation	**29.9**	**32.3**	**-**	**0.1**	**62.3**
As at March 31, 2020	**$ 179.6**	**$ 435.0**	**$ -**	**$ 3.1**	**$ 617.7**
Net book value					
As at December 31, 2019	$ 263.8	$ 565.3	$ 41.4	$ 3.9	$ 874.4
As at March 31, 2020	**$ 243.6**	**$ 536.8**	**$ 50.0**	**$ 5.1**	**$ 835.5**

As at March 31, 2020, property, plant and equipment includes, net of accumulated depreciation, $13.1 in capitalized borrowing costs (December 31, 2019 - $14.6), $14.2 in capitalized costs pertaining to the Muckahi Mining System (December 31, 2019 - $9.9), part of which is an intangible asset, and $10.6 related to the decommissioning liability for the ELG Mine Complex (December 31, 2019 - $16.2). Mineral property includes, net of accumulated depreciation, $132.1 of capitalized deferred stripping costs (December 31, 2019 - $146.7), which includes $44.1 of capitalized depreciation of property and equipment (December 31, 2019 - $48.6). Included within property and equipment are right-of-use assets of $3.3 at March 31, 2020 for leases of light vehicles, mobile equipment, heavy mining equipment, office space and other office equipment (December 31, 2019 - $3.5).

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

Note 7. Debt

		March 31, 2020		December 31, 2019
Debt:				
Debt Facility (a)	**$**	**152.0**	$	171.4
Leases		**3.2**		3.5
Total debt, net of deferred finance charges	**$**	**155.2**	$	174.9
Less: current portion, net of deferred finance charges		**70.2**		81.7
Long-term portion, net of deferred finance charges	**$**	**85.0**	$	93.2

Contractual undiscounted debt repayments

2020	**$**	**65.3**
2021		**40.6**
2022		**55.2**
2023 and thereafter		**1.3**
Total debt repayments	**$**	**162.4**

(a) *Debt Facility*

On July 30, 2019, the Company through its subsidiary MML (as borrower) signed a Second Amended and Restated Credit Agreement (“SARCA”) with the Bank of Montreal, BNP Paribas, ING Bank N.V., Dublin Branch, Société Générale and the Bank of Nova Scotia (the “Banks”) in connection with a secured $335.0 debt facility (the “Debt Facility”). The Debt Facility comprises a $185.0 term loan (the “Term Facility”) and a $150.0 revolving loan facility (the “Revolving Facility”). Proceeds of the Revolving Facility may be used for general corporate purposes, including certain development expenditures and acquisitions, in all cases subject to the conditions of the Debt Facility. The Debt Facility contained cross-default provisions with certain of the Company’s leases and equipment loan, these leases and equipment loan were fully repaid by December 31, 2019. The Debt Facility restricts the Company from making distributions, except that the Company may distribute the Muckahi Subsidiaries or the Muckahi System Rights (including by way of a “spin out” transaction) if there is no default or event of default. A Muckahi Subsidiary is a direct or indirect subsidiary of the Company whose assets are primarily composed of the rights to and interest in the design of the Muckahi Mining System or assets related thereto (the “Muckahi System Rights”).

The Debt Facility bears interest at a rate of LIBOR +3%. It includes standard and customary finance terms and conditions including with respect to fees, representations, warranties, covenants and conditions precedent to additional draws under the Revolving Facility. The Debt Facility is secured by all of the assets of MML and secured guarantees of the Company and each of its other subsidiaries with a direct or indirect interest in the ELG Mine Complex and or the Media Luna Project. The total borrowing capacity under the Revolving Facility will be reduced to $100.0 on December 31, 2021.

On December 19, 2019, the Company executed an amendment to the SARCA, increasing the proceeds allowable for development expenditure and accelerating the Term Facility repayment schedule. The Revolving Facility will mature on June 30, 2022 and the Term Facility will mature on March 31, 2022, as amended from June 30, 2022. The Term Facility may be repaid in full at any time without penalty or premium.

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

During the three months ended March 31, 2020, the Company made principal repayments of $21.3 under the Debt Facility (paid in the three months ended March 31, 2019 - $18.6).

The Debt Facility permits, including by use of the Revolving Facility, potential spending to facilitate the development of the Media Luna Project, the Muckahi Mining System, and other existing and future projects of the Company, subject to the conditions of the Debt Facility, including compliance with (i) financial covenants related to maintaining a net leverage ratio of 3.0, a debt service coverage ratio of 1.15 and minimum liquidity of $50.0 and (ii) certain thresholds with respect to the quantum of development expenditures and the amount spent on the Muckahi Mining System. The Debt Facility also includes a Reserve Tail Test that replaces the Reserve Tail Ratio. Non-compliance with the Reserve Tail Test is not an event of default, but instead restricts the amount that can be drawn under the Revolving Facility, and depending on the amount drawn, may also require prepayments of the Debt Facility. As at March 31, 2020, $140.0 of the Revolving Facility was available based on the Reserve Tail Test, of which $50.0 was drawn.

As at March 31, 2020, the Company is in compliance with the financial and other covenants under the Debt Facility.

The Decree issued by the Government of Mexico on March 30, 2020, resulted in the Company declaring a force majeure event under the SARCA. The occurrence of a force majeure event which continues for any period longer than 180 consecutive days constitutes an event of default, which would entitle the Banks to demand repayment of any outstanding balances under the SARCA. Refer to Notes 2 and 13 in related to the suspension of MML's operations.

Under the SARCA, MML may not draw on the Debt Facility if a default has occurred unless a waiver has been obtained. On April 18, 2020, the Banks granted a waiver of the force majeure event until April 30, 2020, which enabled MML to proceed with the $50.0 drawdown on the Revolving Facility. On April 23, 2020, the Company drew an additional $50.0 on the Revolving Facility. The Decree and waiver were subsequently extended to May 31, 2020.

Transaction costs

During the three months ended March 31, 2020, the amortization expense relating to the deferred finance charges was calculated using an effective interest rate ranging between 1.569% and 5.472% and resulted in unamortized deferred finance charges of $6.8 as at March 31, 2020 (December 31, 2019 - $8.6).

Scheduled principal repayments, reflecting amounts drawn as of March 31, 2020 are as follows:

2020	$	**63.8**
2021		**40.0**
2022		**55.0**
Debt facility	**$**	**158.8**

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

Note 8. Finance Costs

The following table shows net finance costs for the three months ended March 31, 2020 and 2019:

	Three Months Ended	
	March 31, 2020	March 31, 2019
Finance costs, excluding lease liabilities	**$ 4.3**	$ 6.8
Interest income	**(0.9)**	(0.9)
Accretion of decommissioning liabilities	**0.2**	0.2
Interest on lease liabilities	**0.1**	0.3
	$ 3.7	$ 6.4

Note 9. Share Capital

Authorized

The Company is authorized to issue an unlimited number of common shares without par value.

Note 10. 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 (the "ESU Plan"). Under the terms of each plan, the aggregate number of securities that may be issued or outstanding under all share-based compensation arrangements of the Company is limited.

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

The following is a summary of the number of common share options ("Options") issued under the SOP Plan, RSUs issued under the RSU Plan, and ERSUs and EPSUs outstanding as at March 31, 2020 and the amounts of share-based compensation expense recognized for the three months ended March 31, 2020 and 2019:

	Number Outstanding	Three Months Ended	
	March 31, 2020	**March 31, 2020**	March 31, 2019
Common share options	**231,254**	**$ -**	$ 0.2
RSUs	**124,212**	**0.9**	0.7
ERSUs	**384,408**	**0.3**	0.4
EPSUs	**576,618**	**0.6**	0.6
	1,316,492	**$ 1.8**	$ 1.9
Gain on remeasurement		**(2.4)**	-
		$ (0.6)	$ 1.9

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

Common share options

The SOP Plan authorizes the Board of Directors to grant Options to directors, officers, consultants or employees. The term of any Option grant may not exceed five years. The SOP Plan also limits the aggregate number of securities that may be granted to a non-executive director in any given year under all share-based compensation arrangements of the Company.

A summary of changes in the number of Options issued by the Company for the three months ended March 31, 2020 and for the year ended December 31, 2019 is presented as follows:

	Number of Options		Weighted Average Exercise Price (C$)
Balance, January 1, 2019	811,424	$	13.31
Granted	37,584		13.89
Exercised	(611,457)		11.83
Expired	(1,500)		11.50
Balance, December 31, 2019	236,051	$	17.25
Granted	**3,234**		**20.43**
Exercised	**(6,531)**		**11.40**
Expired	**(1,500)**		**13.70**
Balance, March 31, 2020	**231,254**	**$**	**17.48**

The fair value of the Options granted was calculated using a Black-Scholes option pricing model. The expected volatility is estimated taking into consideration the historical volatility of the Company's share price. The weighted average fair value of Options granted during the three months ended March 31, 2020 was C$7.78 (year ended December 31, 2019 - C$5.99). The following is a summary of the weighted average of assumptions used in the Black-Scholes option pricing model for Options granted during the three months ended March 31, 2020 and 2019:

	Three Months Ended	
	March 31, 2020	March 31, 2019
Risk-free interest rate	**1.70%**	1.93%
Expected price volatility	**50%**	63%
Expected option life (in years)	**3.50**	3.00
Annual dividend rate	**0%**	0%
Estimated forfeiture rate	**0%**	0%

Restricted share units

Restricted share units comprise both RSUs issued under the RSU Plan and ERSUs granted under the ESU Plan.

RSUs and ERSUs are initially measured based on the fair value of the units on the date of grant. They are subsequently remeasured at far value at each reporting date until the awards are settled with fair value changes recognized in the Condensed Consolidated Interim Statements of Operations and Comprehensive Loss within general and administrative expenses.

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

Upon settlement, each RSU and ERSU converts into one common share of the Company. RSUs and ERSUs may be settled by cash payment at the election of the participant and subject to the consent of the Company.

RSU Plan

Eligible participants under the RSU Plan include directors, officers, contractors and employees. Under the RSU Plan, qualified participants may elect to defer the receipt of all or any part of their entitlement to the RSUs.

An amendment was made to the RSU Plan in January 2019 to allow participants to request cash settlement subject to the Company's consent. A liability of $1.3 was recognized for the fair value of the awards under the RSU Plan at the date of the amendment (January 24, 2019), and at each reporting date, changes in fair value are recognized in the Condensed Consolidated Interim Statements of Operations and Comprehensive Loss. As at March 31, 2020, the RSUs had a fair value of $1.2. RSUs granted in the first quarter of 2020 had a fair value of C$20.43 per unit or $1.1 at grant date.

ESU Plan

A portion of the fair value of the ERSUs is recognized each reporting period based on the pro-rated number of days the eligible employees are employed by the Company compared to the vesting period of each grant.

For ESU Plan awards, which includes ERSUs and EPSUs, granted in 2017 and settled in the first quarter of 2020, certain employees elected, and the Company consented, to settle certain ESU Plan awards in cash at fair value on settlement date. As a result, the method of accounting for all ESU Plans changed to cash-settled. On the date of reclassification (January 13, 2020), a liability of $8.9 has been recognized for the fair value of the awards granted, and at each reporting date, changes in fair value are recognized in the Condensed Consolidated Interim Statements of Operations and Comprehensive Loss. As at March 31, 2020, the ERSUs had a fair value of $2.7. ERSUs granted in the first quarter of 2020 had a fair value of C$20.43 per unit at grant date.

A summary of changes in the number of RSUs and ERSUs issued by the Company for the three months ended March 31, 2020 and the year ended December 31, 2019 is presented below:

	Number of RSUs and ERSUs		Weighted Average Value (C$)
Balance, January 1, 2019	442,963	$	18.00
Granted	232,136		13.85
Settled	(170,813)		24.84
Forfeited	(30,447)		14.56
Balance, December 31, 2019	473,839	$	13.73
Granted	**164,752**		**20.43**
Settled	**(129,971)**		**19.90**
Balance, March 31, 2020	**508,620**	**$**	**14.32**

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

Performance share units

A summary of changes in the number of EPSUs issued by the Company for the three months ended March 31, 2020 and the year ended December 31, 2019 is presented below:

	Number of EPSUs		Weighted Average Value (C$)
Balance, January 1, 2019	533,983	$	25.85
Granted	242,914		20.84
Settled	(128,629)		41.14
Forfeited	(102,563)		25.80
Balance, December 31, 2019	545,705	$	20.03
Granted	**160,858**		**27.67**
Settled	**(94,138)**		**29.98**
Forfeited	**(35,807)**		**31.11**
Balance, March 31, 2020	**576,618**	**$**	**19.85**

The fair value of EPSUs granted was calculated using a Monte Carlo simulation option pricing model. The Monte Carlo simulation option pricing model requires the use of subjective assumptions including expected share price volatility, risk-free interest rate, and estimated forfeiture rate. Historical data is considered in setting the assumptions. The estimated fair value of EPSUs is amortized on a straight-line basis over the related performance period. Under this method, a portion of the fair value of the EPSUs is recognized at each reporting period based on the pro-rated number of months the eligible employees are employed by the Company compared to the vesting period of each grant.

None of the EPSUs, issued under the ESU Plan, are redeemable as at March 31, 2020 and December 31, 2019.

The EPSUs granted during the three months ended March 31, 2020 vest in January 2023 and have an estimated weighted average unit fair value at the grant date of C$28.27 (US$21.67 at the date of grant). The EPSUs are earned over time and expensed accordingly. Therefore, the estimated forfeiture rate is zero. At each reporting date, changes in fair value are recognized in the Condensed Consolidated Interim Statements of Operations and Comprehensive Loss. As at March 31, 2020, the EPSUs had a fair value of $3.7.

The following is a summary of the assumptions used in the Monte Carlo simulation option pricing model for EPSUs granted during the three months ended March 31, 2020 and 2019:

	Three Months Ended	
	March 31, 2020	March 31, 2019
Risk-free interest rate	**1.96%**	2.29%
Expected price volatility	**55%**	63%
Expected life of units (in years)	**2.97**	2.90
Annual dividends	**0%**	0%
Estimated forfeiture rate	**0%**	0%

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

Note 11. Derivative Contracts

Currency contracts

During the first three months of 2020, the Company executed foreign exchange currency contracts for approximately 50% of its Mexico peso expenditures totalling $234.0 at a weighted average rate of 19.70 until December 2020. There were $153.0 of contracts remaining at March 31, 2020 at a weighted average rate of 20.01. There were no currency contracts outstanding as at December 31, 2019. The table below provides a summary of the currency contracts outstanding as at March 31, 2020:

Currency Contracts

Notional Amount (USD millions)	Contract Price (MXN)	Notional Amount by Term to Maturity (millions) Within 1 Year (Total)	Fair Value as at March 31, 2020
$ 40.0	**19.05 to 19.49**	**$ 153.0**	**$ (25.8)**
20.0	**19.50 to 19.99**		
64.0	**20.00 to 20.49**		
25.0	**20.50 to 20.99**		
4.0	**21.00 to 21.34**		
$ 153.0			

Subsequent to March 31, 2020, the Company extended the maturity dates of certain currency contracts due to settle in the second quarter of 2020, with a total notional value of $24.0, to future periods ranging from 7 to 11 months.

The following table shows the classification of the fair value of all derivative contracts in the Condensed Consolidated Interim Statements of Financial Position as at March 31, 2020 and December 31, 2019:

	Classification	Fair Value as at March 31, 2020	Fair Value as at December 31, 2019
Interest rate contracts	Current Liabilities	**$ 1.6**	$ 0.7
Interest rate contracts	Non-current Liabilities	**1.0**	0.6
Currency contracts	Current Liabilities	**25.8**	-
Gold contracts	Current Liabilities	**1.4**	0.8
Total derivative liabilities		**$ 29.8**	$ 2.1

Derivatives arising from the currency swaps are intended to manage the Company's risk management objectives associated with changing market values, but do not meet the strict hedge effectiveness criteria designated in a hedge accounting relationship. Accordingly, these derivatives have been classified as "non-hedge derivatives". Changes in the fair value of the foreign exchange currency contracts are recognized as derivative costs in the Condensed Consolidated Interim Statements of Operations and Comprehensive Loss.

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

The following table shows the losses (gains) on derivative contracts for the three months ended March 31, 2020 and 2019:

	Three Months Ended	
	March 31, 2020	March 31, 2019
Unrealized loss on interest rate contracts	**$ 1.2**	$ 0.6
Unrealized loss (gain) on currency contracts	**25.8**	(0.3)
Unrealized loss on gold contracts	**0.6**	-
Realized loss on interest rate contracts	**0.1**	-
Realized loss on currency contracts	**10.1**	-
	$ 37.8	$ 0.3

Note 12. Loss per Share

Loss per share has been calculated using the weighted average number of common shares outstanding for the three months ended March 31, 2020 and 2019 as follows:

	Three Months Ended	
	March 31, 2020	March 31, 2019
Net loss for the period	**$ (47.0)**	$ (1.3)
Remeasurement of share-based payments	**(1.7)**	-
Net loss for the period, net remeasurement of share-based payments	**$ (48.7)**	$ (1.3)
Basic and diluted weighted average shares outstanding	**85,448,137**	85,083,405
Loss per share		
Basic	**$ (0.55)**	$ (0.02)
Diluted	**$ (0.57)**	$ (0.02)

For the three months ended March 31, 2020 and 2019, the diluted weighted average number of common shares outstanding used in the calculation of diluted earnings per share excludes all share options, RSUs and EPSUs as their exercise or settlement would be anti-dilutive in the earnings per share calculation.

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 and debt (excluding finance lease liabilities). Other than the derivative contracts, these financial instruments are recorded at amortized cost on the Condensed Consolidated Interim Statements of Financial Position. Other than the debt, the fair values of these financial instruments approximate their carrying values due to their short-term maturity. The derivative contracts 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.

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

The carrying values and fair values of the Company's financial instruments as at March 31, 2020 and December 31, 2019 are as follows:

	As at March 31, 2020		As at December 31, 2019	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
Cash and cash equivalents	**$ 135.7**	**$ 135.7**	$ 161.8	$ 161.8
Trade receivables	**-**	**-**	6.0	6.0
	$ 135.7	**$ 135.7**	$ 167.8	$ 167.8
Financial Liabilities				
Accounts payable and accrued liabilities	**$ 80.1**	**$ 80.1**	$ 90.6	$ 90.6
Derivative contracts	**29.8**	**29.8**	2.1	2.1
Debt	**152.0**	**155.3**	171.4	176.8
	$ 261.0	**$ 264.3**	$ 264.1	$ 269.5

The carrying amount of debt (excluding finance lease liabilities) 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 a credit spread based on comparable publicly traded instruments of similar credit quality and industry. The fair value of derivative contracts is estimated using a combination of quoted prices and market-derived inputs.

The Company's financial risk exposures and the impact on the Company's financial instruments are summarized below:

(a) Credit risk:

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. All of the Company's cash and cash equivalents, and VAT receivables are held with reputable financial institutions or government agencies as at March 31, 2020. The carrying amount of the Company's cash and cash equivalents and VAT receivables represents the maximum exposure to credit risk as at March 31, 2020.

The Company is exposed to liquidity risk and credit risk with respect to its VAT receivables if the Mexican tax authorities are unable or unwilling to make payments in a timely manner in accordance with the Company's monthly filings. Timing of collection on VAT receivables is uncertain as VAT refund procedures require a significant amount of information and follow-up. As at March 31, 2020, the Company's VAT receivables balance is $31.5, and in respect of this balance, the Company expects to recover $26.0 over the next 12 months and a further $5.5 thereafter. The VAT receivables balance is presented net of $3.1 for the provision recorded in 2019 for claims that are considered to be uncollectible. The Company's approach to managing liquidity risk with respect to its VAT receivables is to file its refund requests on a timely basis, monitor actual and projected collections of its VAT receivables, and cooperate with the Mexican tax authorities in providing information as required.

(b) 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 risks 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 flow generated by the ELG Mine Complex, its cash reserves and any available funds under the Revolving 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 March 31, 2020, the Company had cash balances of $135.7 (December 31, 2019 - $161.8). The Company maintains its cash in fully liquid business accounts.

As at March 31, 2020, the amounts outstanding under the Debt Facility totalled $158.8 (December 31, 2019 - $180.0).

Cash flows that are expected to fund the operation of the ELG Mine Complex and settle current liabilities are dependent on, among other things, proceeds from gold sales. If operations at the ELG Mine Complex are shut down as a result of an illegal blockade or other disruption to operations including COVID-19, the Company may not be able to generate sufficient cash flow to meet its obligations or satisfy the financial covenants under the Debt Facility, including but not limited to the minimum liquidity threshold and debt service coverage, and service its debt on a timely basis.

Operations at ELG Mine Complex have been temporarily suspended since April 2, 2020, in order to mitigate the spread of COVID-19 in response to the Decree by the Mexican government. The initial Decree has been extended to May 18, 2020 and perhaps longer depending on the COVID-19 infection rates in the surrounding area. If operations at the ELG Mine Complex are shut down for a prolonged period, depending on the length of such shut down, the Company may not be able to generate sufficient cash flow or have sufficient cash reserves to meet its obligations as they become due or satisfy the financial covenants under the Debt Facility, including but not limited to the minimum liquidity threshold, and service its debt on a timely basis.

The Company may also have various options available to mitigate the risk of breaching the covenants under the SARCA, including securing additional financing, deferring payments, renegotiation of the minimum liquidity and debt service covenants with the Banks, strategic investments, joint ventures and sale of assets. These options are necessarily based on the agreement of other parties outside of the Company's direct control. There can be no assurances that the Company would be able access additional financing, obtain any necessary waivers or consents from the Banks or complete any strategic investments, joint ventures and sale of assets.

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

The following tables detail the Company's expected remaining contractual cash flow requirements for its financial liabilities on repayment or maturity periods. The amounts presented are based on the contractual undiscounted cash flows and may not agree with the carrying amounts on the Condensed Consolidated Interim Statements of Financial Position.

						As at March 31, 2020
		Up to 1 year		1-5 years		**Total**
Accounts payable and accrued liabilities	**$**	**80.1**	**$**	**-**	**$**	**80.1**
Derivative contracts		**28.8**		**1.0**		**29.8**
Debt, excluding lease liabilities (Note 7)		**73.8**		**85.0**		**158.8**
	$	**182.7**	**$**	**86.0**	**$**	**268.7**

						As at December 31, 2019
		Up to 1 year		1-5 years		Total
Accounts payable and accrued liabilities	$	90.6	$	-	$	90.6
Derivative contracts		1.6		0.5		2.1
Debt, excluding lease liabilities (Note 7)		85.0		95.0		180.0
	$	177.2	$	95.5	$	272.7

(c) Market risk:

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

(i) 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 (Note 7) bears interest at a rate of LIBOR +3%. In February 2019, the Company entered into interest rate swap contracts for a fixed LIBOR of 2.492% on interest payments related to $150.0 of the term loan to hedge against unfavourable changes in interest rates.

As at March 31, 2020, a 100 basis points change in the LIBOR would result in a decrease or increase of $1.5 (using the LIBOR rate as at March 31, 2020 of 1.23%) in the Company's net loss for the three months ended March 31, 2020 relating to the interest rate swap contracts.

The Company does not consider its interest rate risk exposure to be significant as at March 31, 2020 with respect to its cash and cash equivalent positions.

(ii) 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 Gold Property to be paid in Mexican pesos and U.S. dollars.

As at March 31, 2020, the Company had cash and cash equivalents, VAT receivables, accounts payable and accrued liabilities and income taxes payable 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 $1.3 in the Company's net loss for the three months ended March 31, 2020. A 10% appreciation or depreciation of the Canadian dollar relative to the U.S. dollar would have resulted in a decrease or increase of $0.2 in the Company's net loss for the three months ended March 31, 2020.

In the first quarter of 2020, the Company entered into forward contracts for approximately 50% of its Mexico peso expenditures or $234.0 at a weighted average rate of 19.70 until December 2020. A 10% appreciation or depreciation of the Mexican peso relative to the U.S. dollar would have resulted in a decrease or increase of $10.7 in the Company's net loss for the three months ended March 31, 2020 in relation to the forward contracts.

(iii) 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 entered into a series of zero-cost collars to hedge against changes in gold prices for a total of 8,000 ounces of gold per month until March 2021. The remaining gold collar contracts have a floor set at $1,400 or $1,450 per ounce with varying ceiling prices of the collars ranging from $1,703 per ounce to $1,854 per ounce.

As at March 31, 2020, a 10% change in the gold price would result in a decrease or increase of $0.1 (using the spot rate as at March 31, 2020 of $1,597) in the Company's net loss for the three months ended March 31, 2020 relating to the zero-cost collar hedges.

Note 14. Commitments

Purchase commitments

As at March 31, 2020, the total purchase commitments for the ELG Mine Complex amounted to $99.6, which are expected to settle over the next 12 months.

ELG 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. In the three months ended March 31, 2020, the Company paid $4.8 for the 2.5% royalty relating to the fourth quarter of 2019. As at March 31, 2020, the Company has $4.3 accrued relating to 2020 for the 2.5% royalty, which was paid in April 2020.

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 on an annual basis in the following year. The mining tax is considered an income tax for IFRS purposes. In March 2020, the Company paid $17.5 relating to amounts due for 2019 for the 7.5% and 0.5% royalties. As at March 31, 2020, the Company has $19.7 and $0.8 accrued for the 7.5% and 0.5% royalties, respectively.