EPS - A DETAILED LOOK AT Q3 2019

Prepared as of February 13, 2020

Safe Harbour Statement

Total cash costs and all-in sustaining costs ("**AISC"**) are financial performance measures with no standard meaning under International Financial Reporting Standards ("**IFRS**"). Refer to "Non-IFRS Financial Performance Measures" in the management's discussion and analysis for the year ended December 31, 2018 ("**Q4 2018 MD&A**"), for the three months ended March 31, 2019 (**"Q1 2019 MD&A**"), for the three and six month periods ending June 30, 2019 ("**Q2 2019 MD&A**"), and for the three and nine month periods ending September 30, 2019 ("**Q3 2019 MD&A**") of Torex Gold Resources Inc. ("**Torex**" or the "**Company**") for further information and a detailed reconciliation regarding historical performance measures.

The analyses and examples in this presentation (the "**Presentation**") are based on historical information derived from the Company's financial statements for the periods referred to in the Presentation. Historical information may not be indicative of future results. There can be no assurance that the application of the concepts, methodologies and algorithms referred to in the Presentation will result in forecasts which approximate actual results.

This Presentation 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, statements excerpted from the previous presentations that were forward-looking at the time they were made, information with respect to the ability to exploit estimated mineral reserves, the Company's expectation that the ELG Mine Complex will be profitable with positive economics from mining, expectations that depreciation would generally increase subject to quarter to quarter variations, the expectation of increased expenses associated with depreciation and amortization commencing in Q2 2019 related to a greater portion of capitalized waste incurred in prior quarters being amortized as the associated ore begins to be processed, expectations regarding G&A expenses, and exploration and evaluation expenses, expected revenues from operations, the ability to mine and process estimated mineral reserves, continued unimpeded operations, plans to further examine the potential of the new mining system technology ("**Muckahi**") and capitalize all costs pertaining to the development of such technology starting in Q1 2019, expectation that foreign exchange differences between the Mexican Peso and the USD will not have a significant impact on the amount of royalties included in the "Cost of Sales", expectations that this Presentation may enhance investors' understanding of the Company's profit and loss statement, expectation of continued focus on Media Luna and Sub-sill development, the estimate of the unrealized portion of the derivative costs, the estimates of deferred income tax liabilities ("**DTL**", and deferred income tax assets ("**DTA**"), as the case may be) and the Company's expected future loss carryforwards (fully utilized by mid-Q3 2019) and their effect on the Company's tax expense and effective tax rate, the forecasted impact on DTL (or DTA) of a change in the Mexican Peso to the USD based on historical data. 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" or "potential" or variations of such words and phrases or statements that certain actions, events or results "may," "could," "would," "should", "might," or "will be taken," "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, risk of change in tax laws, commodity price risk, currency exchange rate fluctuations, capital and operational cost estimates, illegal blockades, dependence on good relationships with employees and contractors and labour unions, limited operating history, hedging contracts, interest rate risk, accounting policies as well as those risk factors included herein and elsewhere in the Q4 2018 MD&A, the Q1 2019 MD&A, the Q2 2019 MD&A, the Q3 MD&A, the Annual Information Form ("**AIF**") dated March 29, 2019 and the Company's other public disclosure which are available on www.sedar.com and www.torexgold.com. Certain material assumptions regarding such forward-looking information and forward-looking statements are discussed in the Presentation, the Q4 2018 MD&A, the Q1 2019 MD&A, the Q2 2019 MD&A, the Q3 2019, the AIF and elsewhere in the Company's public disclosure. Readers are cautioned that the foregoing, together with the risks and assumptions set out in the Q4 2018 MD&A, the Q1 2019 MD&A, the Q2 2019 MD&A, the AIF and elsewhere in the Company's public disclosure, is not exhaustive of all factors and assumptions which may have been used. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information and forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information or statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information.

Continued….

Safe Harbour Statement continued

The forward-looking information and forward-looking statements contained herein are 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 any other purpose(s). The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

The Muckahi system is experimental in nature and has not been tested in an operating mine. Many aspects of the system are conceptual, and proof of concept has not been demonstrated. The proposed application of a monorail system for underground transportation for mine development and production mining is unique to underground hard rock mining. There are existing underground hard rock mines that use a monorail system for transportation of materials and equipment, however not in the capacity described in the technical report entitled "Morelos Property, NI 43-101 Technical Report, ELG Mine Complex Life of Mine Plan and Media Luna Preliminary Economic Assessment, Guerrero State, Mexico" dated effective March 31, 2018, and filed on September 4, 2018. Aspects of Muckahi mining equipment are currently in the design stage. The mine design, equipment performance and cost estimations are conceptual in nature, and do not demonstrate technical or economic viability. The Company has completed the development and the first phase of testing the concept for the mine development and production activities and will move to optimization in 2020 to further verify the viability of Muckahi.

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Purpose

The purpose of this presentation is to share historical information, observations and methodologies to derive the Q3 2019 financial results of the Company and compare these to the actual Q3 2019 financial results.

REVENUES

Revenues

(All figures in US dollars unless otherwise noted)

Utilizing the Company's October 3, 2019 press release results in a revenue model close to actual results

- **Application** - The Company's October 3, 2019 press indicated that 132,500 ounces were sold at an average realized price of $1,475.
- At an average gold price for the quarter of $1,475/oz, (from press release), gold revenues of $195 million are modelled for the quarter.
- Silver and copper sales can be assumed to be consistent with the prior quarter taken from prior quarter MD&A (ie. From Q2 2019 MD&A $0.5 million and $1.2 million respectively).
- In total this model yields $197.1 million compared to actual revenues of $198.2 million.

COST OF SALES

Production costs

(All figures in US dollars unless otherwise noted)

Utilizing guidance for TCC results in a modelled production cost amount of $73.8 million

TCC consist of production costs, plus revenue-based royalties (slide 11), less by-product sales.

	$millions	
Total cash costs expected for 2019	$249.4	Guidance of $580/oz for 430,000 ozs
Less: Royalties	$(16.8)	430 koz * $1,300 gold * 3%
Add: Silver sales	$2.0	Q2 actual per MD&A * 4 quarters
Add: Copper sales	$4.8	Q2 actual per MD&A * 4 quarters
Total expected production costs for 2019	$239.4	
$ Per ounce (not in millions)	$557/oz	
Based on Q3 production	$73.8	At 132,500 ozs
Q3 actual production costs	$70.7	

Depreciation

(All figures in US dollars unless otherwise noted)

Using actual depreciation from Q2 of $399/oz provides a reasonable assumption for a Q3 depreciation estimate

- **Application:** at 132,500 ounces sold at $399/oz, Q3 2019's depreciation could have been forecasted to be $52.9 million.

	Q3 19	Actual Q2 19
Au Ozs sold	132,500*	113,400
Q2 2019 Depreciation per Au Oz Sold	$399	$399
Q3 estimated Depreciation expense	$52.9	
Actual Depreciation expense	$53.5	$45.3

*This amount was press released on October 3, 2019.

Actual depreciation in Q3 2019 was $53.5m i.e. $404 per ounce of gold sold.

The net book value of assets (excluding 'construction in progress') per the Q3 financial statements is $875m. This amount will be depreciated based on remaining reserves on a Units of Production basis. Remaining 2P reserves at Q3 = opening Jan 1 2019 2P of 2.16moz (total El Limon + Guajes per page 29&30 of AIF dated March 29 2019 with a recovery rate of 87%) less ounces sold in Q1 – Q3 2019 of 322,437 (per Q3 MD&A) = 1.8moz, therefore approximately $486/oz.

Royalties

(All figures in US dollars unless otherwise noted)

Utilizing the press released total sales amount times 3% results in a royalties amount in line with actuals

- The royalties included in cost of sales are concession and revenue-based royalties equal to 2.5% and 0.5% of revenue (3% total).
- **Application:** Based on press released ounces sold and estimated revenues of $197.1 million as derived in the "Revenues" slide times 3% produces the actual royalties amount of $5.9 million for Q3 2019:

	Q3 2019
Metal sales (millions)	$197.1
Sales-based royalty percentage	3%
Estimated royalties included in cost of sales (millions)	$5.9
Actual royalties included in cost of sales (millions)	$5.9

G&A, E&E

General and Administrative

(All figures in US dollars unless otherwise noted)

TorexGold RESOURCES INC.

General and administrative costs fund the corporate office and include non-cash stock-based compensation expenses

The cash burn-rate for operating the corporate office is currently trending at approximately $1.1 million per month.

Stock-based compensation is highest in the first quarter of each year (due to options issued to directors, which vest in this period each year). In Q1 2019, stock-based compensation costs were $1.9 million (per Statement of Cash Flows in Q1 2019 Financial Statements. It is approximately $1 million less in Q2 – Q4. For Q2 assume Q1 actual less $1 million and for Q3 and Q4 assume prior quarter actual.

- **Application:** $3.3 million in corporate office cash costs, plus $1 million in stock-based compensation results in an estimate of $4.3 million for G&A for Q3 2019 compared to actual of $4.3m.

Exploration and Evaluation

(All figures in US dollars unless otherwise noted)

Exploration & Evaluation are expected at $1 million/quarter in 2019 since Muckahi project spend will be capitalized

Exploration and evaluation expenditures expected to be approximately $1 million per quarter.

Actual result for Q3 was $1.2 million.

N.b. Commencing Q1 2019, the Company has capitalized all costs pertaining to the development of the Muckahi technology.

OTHER EXPENSES

Derivative costs

(All figures in US dollars unless otherwise noted)

The sum of the unrealized impact of the interest rate swap and the gold costless collars is most of the derivative cost

- The main components within the derivative cost line in the Company's profit and loss statement:
  - Interest rate swap – LIBOR fixed at 2.49% for $150m of debt in Q1 2019. Each quarter, the notional amount is expected to be reduced by approximately $10.0 million. Quarterly realized / unrealized gains/losses are not expected to be material.
  - Costless Collars – Costless collars were entered into on August 22, 2019 when the gold price was $1,503. As long as market price is within the collar corridor, there will be no cash settlements/realized gains/losses. Along similar lines and at current market gold prices, the unrealized gains/losses are not expected to be material.

- Derivative loss (gain) has been insignificant over the past 4 quarters. Therefore assume consistent with prior quarter.

Finance costs

(All figures in US dollars unless otherwise noted)

Interest incurred on debt, net of interest earned on cash, represents the finance costs in the profit and loss statement

- Principal payments on the debt are made at quarter end.
- For simplicity, finance costs can be assumed to be consistent with the prior quarter adjusted for one time gains/losses. i.e. estimate Q3 at $6.2 million per Q2 actual finance costs.
- * However, a one-time gain of $1.8 million was recognized in Q3 finance costs due to the refinancing in July. With this information, Q3 would be estimated at $4.4 million, vs actual finance costs of $3.8 million

Source of debt	Principal, end of prior quarter (Q2 19) – A	Interest rate – B LIBOR assumed at 2.49%	Interest expense = A*B
2017 Debt Facility	$287.4	(LIBOR+4%)*(1/12)	$1.6
2019 Debt Facility	$285.0	(LIBOR+3%)*(2/12)	$2.6
Finance Leases	$18.2	(LIBOR+4%)/4	$0.3
Equipment Loan	$0.8	(LIBOR+3.75%)/4	$0.0
Deferred finance charges	*Amortized at effective interest rate of 1.6%*		$1.5
Interest income	*Primarily interest collected on VAT*		$(0.9)
Accretion	*ARO accretion, generally consistent*		$0.2
Other lease interest			$0.3
Gain on modification	**Not predicted**		($1.8)
	Finance costs, net		**$3.8**

Foreign exchange

(All figures in US dollars unless otherwise noted)

TorexGold RESOURCES INC.

Foreign exchange gain/loss is primarily due to the impact of FX on peso-denominated VAT receivables, net of A/P

Monetary accounts	Q2 2019 Balance (millions) A	Peso Change – B	Gain (loss) C = A*B (millions)	Notes
VAT	$43.7	(2.1%)	($0.9)	(1)
Prepaid expenses	$5.2	(2.1%)	($0.1)	(2)
A/P & accruals	($29.4)	(2.1%)	$0.6	(3)
FX loss	**$19.5**	(2.1%)	**($0.4)**	(4)

Peso change – from a Q2 2019 closing exchange rate of 19.2 to a closing exchange rate of 19.6 – a depreciation of 2.1%.

(1) This figure is taken directly from the Company's Q2 2019 balance sheet and combines the current portion of $30.8M and the non-current portion of $12.9M.

(2) The Company's Q2 2019 MD&A on page 22 indicates that approximately 47% of the Company's costs are incurred in pesos and therefore 47% of the Q2 2019 prepaid expenses balance of $11.1M results in a figure of $5.2M.

(3) The aforementioned 47% multiplied by the Q2 2019 A/P and accruals balance of $62.6M results in a figure of $29.4M.

(4) This results in a difference of $0.4M compared to the nil impact per Q3 2019 FS.

INCOME TAXES

Current income taxes

(All figures in US dollars unless otherwise noted)

Due to utilization of tax loss carry-forwards, Q2 2019 current income tax is primarily made up of the 7.5% mining royalty

Metal Sales ($M) A	Less: Production Costs ($M) B	Less: Others ($M) C	=Basis *7.5%	Current tax - 7.5% Royalty ($M)	Actual – 7.5% Royalty for Q3 2019 ($M)
$197.1	($73.8)	($3.0)	$120.3*7.5%	**$9.0**	**$10.4**

A – This amount was derived in the "Revenues" slide.

B – This amount was forecasted based on the methodology in slide "Production costs". Excludes depreciation and amortization.

C – Various tax deductions allowed in respect of the 7.5% mining royalty

*** Starting in mid Q3 (due to the full utilization of the tax losses), current income tax will also be payable. Q3 could have been modeled as follows:**

Metal Sales ($M) A	Less: Production Costs ($M) B	Less: Royalties ($M) D	Less: Depreciation & Amortization ($M) E	=Basis *30%	Current tax expense – ($M)
$197.1	($73.8)	($5.9)	($52.9)	$64.5*30%	**$19.3**

D – This amount was derived in the "Royalties" slide.
E – This amount was derived in the "Depreciation" slide.

Therefore, total estimated current tax expense for Q3 2019 would be $9.0M +$19.3M = $28.3M versus actual current tax expense of $32.8M.

Foreign exchange in deferred income taxes

(All figures in US dollars unless otherwise noted)

The most significant element affecting deferred taxes is the translation of tax base from Mexican Pesos to USD

- Historically, a 1% movement(1) in the value of the Mexican Peso compared to USD resulted in approximately $1.6m aggregate change in the deferred tax liability.

(millions)		Analysis
Earnings from mine operations	$64.5	See calculation in slide 23 based on all figures forecast up to that point.
Tax rate	27.75%	Excluding the 7.5% royalty which is current, but including the tax deductibility effect of the 7.5% royalty
Expected deferred tax before FX	$17.9*	Earnings from mine operations * tax rate
Foreign exchange depreciation (appreciation)	$4.2	'2.6%' depreciation of peso times $1.6 million =$4.2 million
Expected deferred tax expense	$22.1	Actual Deferred Tax recovery of $1.1m (per slide 23). Difference is due to full utilization of tax losses resulting in tax on earnings from mine operations now in current tax expense

* Following the full utilization of the remaining tax losses in Q3, beginning in Q4 deferred tax expense (recovery) will largely be related to the difference in the tax value of the PP&E assets vs their IFRS book value.

PUTTING IT ALL TOGETHER FOR UNADJUSTED EPS

Putting it all together – unadjusted net income

(All figures in US dollars unless otherwise noted)

TorexGold RESOURCES INC.

Model results in lower EPS for Q3 2019 primarily due to a non-cash gain on the refinancing and lower production costs

(millions)	Q3 Model	Actual
Revenues	$197.1	$198.2
Production costs	(73.8)	(70.7)
Depreciation	(52.9)	(53.5)
Royalties	(5.9)	(5.9)
Earnings from mine operations	**64.5**	**68.1**
General and admin	(4.3)	(4.3)
Exploration	(1.0)	(1.2)
Derivative cost	(1.0)	0.3
Finance costs, net	(6.2)	(3.8)
Foreign exchange gain	(0.4)	-
Income before tax	**51.6**	**59.1**
Current tax expense	(9.0)	(32.8)
Deferred tax expense	(22.1)	1.1
Net income	**20.5**	**27.4**
Net income, unadjusted per share	**0.24**	**0.32**

PUTTING IT ALL TOGETHER FOR ADJUSTED LOSS

Putting it all together – adjusted earnings

(All figures in US dollars unless otherwise noted)

The Q3 model would have yielded adjusted earnings of $0.32, compared to actual Q3 2019 result of $0.36

(millions)	Q3 Model	Actual	Notes
Net income	**20.5**	**27.4**	(1)
Tax effect of currency translation on tax base	6.5	5.6	(2)
Other unrealized adjustments, net of tax	-	(2.2)	(3)
Adjusted earnings	**27.0**	**30.8**	
Adjusted earnings per share	**0.32**	**0.36**	

(1) The net income figure was derived on slide 23 “Putting it all together – unadjusted EPS”.

(2) While subject to variations quarter to quarter, the algorithm derived indicates that for every 1% change in foreign exchange, the impact on the tax effect of currency translation on tax base is $2.5 million. In Q3 2019, the Peso depreciated by 2.6% (2.6*2.5=~$6.5).

(3) For materiality and simplicity, it is appropriate to assume a value of zero for this line.