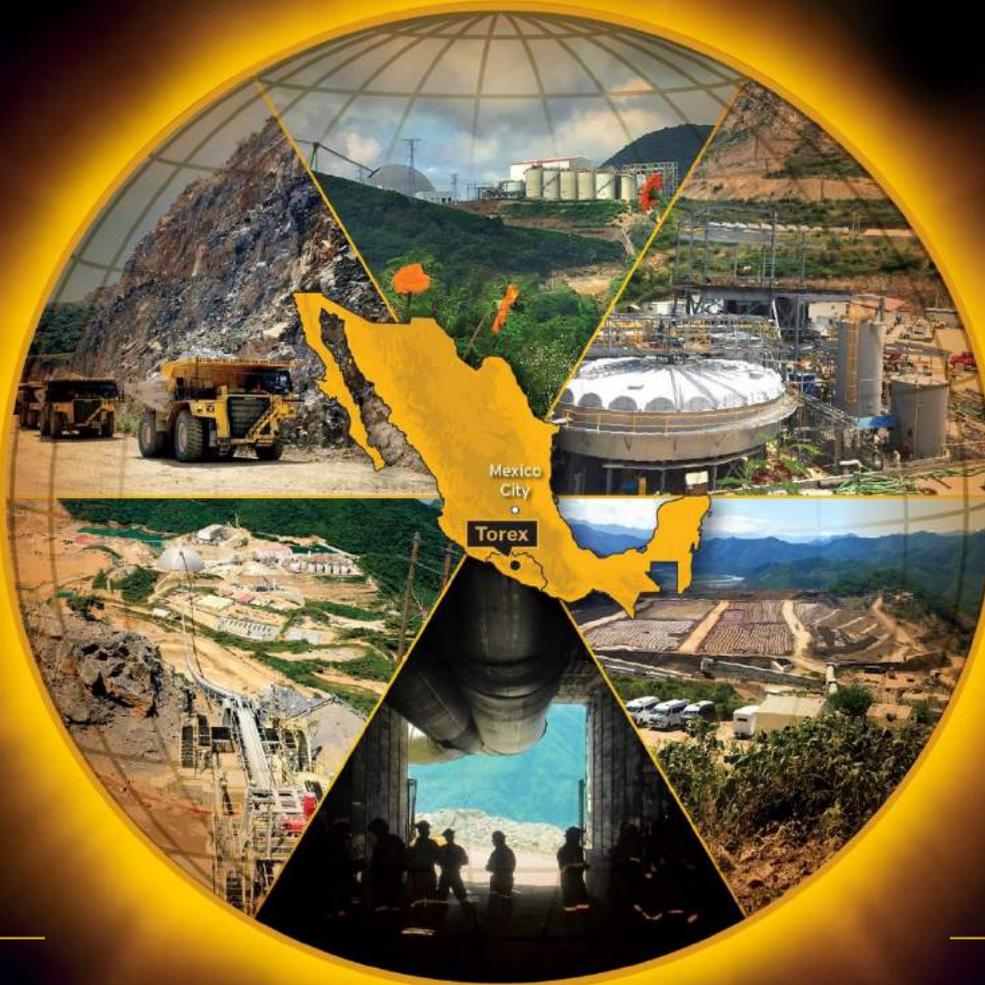




TSX: TXG

September 27, 2018



Torex Site Visit Mexico's New Administration – Alfredo Phillips

Cautionary Note



This presentation includes statements regarding proposed actions, policies and changes to the laws of Mexico made by Andrés Manuel López Obrador (AMLO), the newly elected President of Mexico and/or AMLO's administration. The information is based on information disseminated by the President and/or AMLO's administration and from other public sources. This presentation is not a comprehensive review of the President's and/or AMLO's administration campaign platform or announcements since winning the election which may effect our business. We have selected issues that may be relevant to our business in Mexico and there can be no assurance that our assessments will turn out to be accurate.

2018 Election Results

The 2018 Election results were a...

2018 Presidential Elections



2012 Presidential Elections



Fuente: INE - Instituto Nacional Electoral



30 million votes = 53.19%

61.4% Lower House of Congress
53.13% Senate

4 State Governments and México City

Majority in 19 of 32 local congresses

252 Municipalities - 9 Capital Cities

...landslide win for the Morena movement in many levels of government

2018 Election Results

The 2018 National Election Results: Lower House of Congress...



Electoral Coalition



Simple Majority able to change Laws and potentially Constitution...

2018 Election Results

The 2018 Election Results: Senate...



Electoral Coalition



Simple Majority able to change Laws and potentially Constitution...

2018 Election Results

The 2018 National Election Results: Guerrero...



Pablo Amilcar Sandoval Ballesteros
morena
La esperanza de México

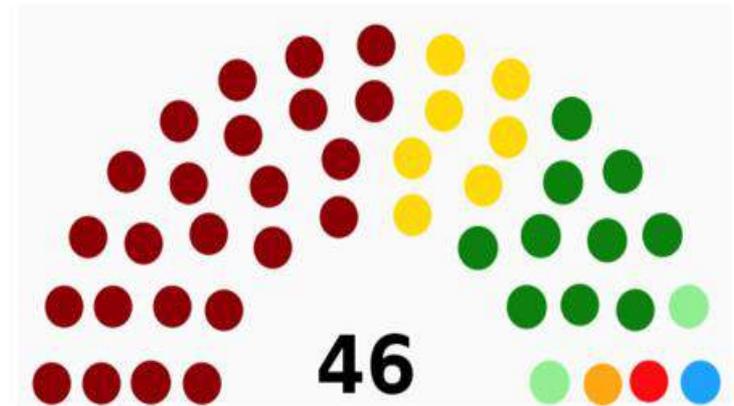


Héctor Apreza Patrón




Celestino Cesáreo Guzmán


Electoral Coalition



Morena holds a majority and is learning...

López Obrador, Morena: What To Expect?

Morena is not a party...

- Morena is a social movement based on the appeal of its leader, needs to develop as an Institution
- Softer and conciliatory rhetoric during the 2018 campaign
- Broad electoral coalition (PAN, PRI, and PRD members joined him)
- People voted for him because they were angry with current and past administrations. Not really followers and could backfire if he does not deliver soon
- Broad perception that he is an honest man, and will fight against the system

Will need to build consensus and provide results...

López Obrador, Morena: What To Expect?

Social and Security Focus central to AMLO's Administration...

Redistribution of Federal Budget to Social Areas

• Youth Building the Future

- Broad program targeted at 2.6 million between the ages of 18 & 29 with monthly scholarships for 300K new University students (\$120 USD) and (\$190 USD) for 2.3 million internships in government, social, and the private sector

• New Indigenous People's National Commission reporting directly to AMLO

New Security Plan

• New independent Ministry of Public Security

• New National Guard

- Redesign of the National Security Forces including Federal Police and Army/Navy and the Intelligence Agency (CISEN)

Will require broad support from the private sector and society to succeed...

López Obrador, Morena: What To Expect?

What About the Economy, an Active Industrial Policy...

Fiscal Competitiveness on the US border

- Reducing Corporate Taxes to 20% and VAT to 8%

New Energy Policy

- Strong push to expand public investment in PEMEX (3+ million BPD)
 - New Refinery \$8.4 billion USD
 - Reconfiguration of existing refineries \$2.6 billion USD
 - New Exploration \$4 billion USD
- Commitment not to go back on the current Energy Reform, but emphasis on national companies
- Committed to respect foreign investment

Expansion of Public Investment is Contingent on Savings and Discipline...

López Obrador's Proposals Regarding Mining

Is Mining a priority for AMLO...

López Obrador has declared:

- “Mining is a priority economic activity and key to the country’s development”
- Mexican business will be privileged over foreign interest (but he likes Canadian mines)
- Taxes on mining must go to the communities where they are extracted (no new taxes)
- Will seek reconciliation with mining moguls to promote growth
- Mining companies must do more to benefit their communities
- Diversification of mineral extraction (Lithium)

Mining needs to enhance its Social Image...

Regional Emphasis on Mining Fund

Recovering Iguala as a Symbol...

Iguala Industrial Mining Hub

- Complies with current emphasis on regional focus for mining
- Mayor Elect of Iguala on board and actively supporting
- Next Under Secretary of Mining wants to use the project as success story for the 100 hundred days of AMLO's Administration

Hub Project

- Develop Iguala as the regional centre of economic activity
- Soft Landing Program for Foreign and National companies, suppliers of mining activities
- Training, Educational, and R+D future facilities
- Lead by the Guerrero Mining Cluster which Torex created and currently heads

A Success Story for the First 100 Days...