


Torex Gold
RESOURCES INC.

RESPONSIBLE GOLD MINING REPORT 2019





ABOUT TOREX GOLD

Torex Gold Resources Inc. ('Torex' or the 'Company') (TSX:TXG) is an intermediate gold producer engaged in mining, developing and exploring our wholly-owned 29,000 hectare Morelos Gold Property in the highly prospective Guerrero Gold Belt, located 180 kilometres southwest of Mexico City. The Company is based out of Canada, with our Corporate Office located in Toronto, Ontario.

Torex is currently the second-largest gold producer in Mexico. In 2019, our workforce was made up of 889 direct employees and 1,175 contractors. We are proud that 99% of our workforce at site is from Mexico, with 70% from Guerrero.

Our principal assets include the El Limón Guajes (ELG) mining complex, which is comprised of our El Limón, Guajes and El Limón Sur open pits, our El Limón Guajes Underground Mine (including zones referred to as Sub-Sill and El Limón Deep), and our Processing Plant and related infrastructure, which started commercial production on April 1, 2016.

We are also ensuring the continuity of mining operations in Guerrero through our Media Luna deposit, which is an early stage development project located seven kilometres from ELG. A Preliminary Economic Assessment for Media Luna was released in September 2018, and a Feasibility Study is currently underway.

Our Morelos Gold Property has the potential to provide significant future opportunities beyond ELG and Media Luna, with 75% of the property currently unexplored and with multiple, drill-ready exploration targets identified. In addition to realizing the full potential of the Morelos Gold Property, we are seeking opportunities to acquire assets in the Americas that enable profitable and productive geographic diversification.





Mexico City

TOREX GOLD

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ABOUT THIS REPORT

Torex's 2019 Responsible Gold Mining Report (the "Report") provides a transparent account of how we addressed the most material sustainability issues our Company faced in 2019. It is intended to be a transparent disclosure of our performance on corporate social responsibility (CSR) and environmental, social and governance (ESG) issues from January 1 to December 31, 2019. This marks the fifth such report that we have produced.

This Report is written for our people, partners, shareholders and key stakeholders, including:

- 📍 Employees and their families
- 📍 Our host communities
- 📍 Suppliers, customers and service providers
- 📍 Legislators, regulators and government officials
- 📍 Shareholders, investors and members of the financial community
- 📍 Civic, special-interest and non-governmental advocacy organizations (NGOs)

Our Chief Executive Officer, Executive Chair and our Board of Directors' Safety and Corporate Social Responsibility Committee have reviewed and approved this Report.

REPORTING FRAMEWORK

The contents of this Report are guided by leading practices in sustainability reporting in our industry and by international guidelines, including the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB) Standards and the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD). A consolidated summary of Torex's performance on key GRI and SASB metrics can be found on pages 41-44.

We also recognize the important role we play as an economic development catalyst for our host communities, the State of Guerrero and Mexico as a whole. To enhance economic and development benefits, we have integrated the United Nations (UN) Sustainable Development Goals (SDGs) into our overall approach to doing business in Mexico. Throughout this Report, look for the SDG icons illustrated on page 3, which link goals to the topic areas.

This Report presents information that we regard as "material", or "highly relevant" to our shareholders and key stakeholders. Please refer to pages 8-9 for a detailed review of our 2019 materiality assessment.

REFERENCES TO TOREX GOLD RESOURCES INC.

Throughout this report, references to Torex Gold Resources Inc. include 'Torex', the 'Company' as well as 'we', 'us' and 'our'.

FORWARD-LOOKING STATEMENTS

This document includes forward-looking statements. For information regarding forward-looking statements, please refer to page 44-45 of this Report.

CURRENCY USED IN THIS REPORT

Unless otherwise specified, all funds are reported in US Dollars.

SUSTAINABLE DEVELOPMENT GOALS





A MESSAGE FROM OUR CEO



Fred Stanford
President & CEO

I'm pleased to welcome you to our 2019 Responsible Gold Mining Report. The Report reflects our efforts to continuously improve our disclosure on CSR and ESG issues, and to maintain transparency with our key stakeholders on our ongoing performance and areas for improvement.

Responsible mining is central to our business philosophy and ingrained in decision making at all levels of our Company, from our Board of Directors and Executive Team, through to our operations management and individual employees. While our existence as an organization depends on our ability to deliver value to our shareholders, we are committed to doing so in a way that enhances the lives of our team members and neighbouring communities. I am very proud that, literally from nothing, over the past 10 years we have built a mine that has delivered economic prosperity and social benefit to thousands of people in Mexico.

2019 was truly a transformative year for Torex. We achieved record gold production of 454,811 ounces, surpassing the previous production record set

in 2018 by 28%. Most importantly, we achieved this while respecting the natural environment and ensuring no lives were lost or changed in our operations, with an impressive 4.3 million hours worked without a lost-time injury as of December 31, 2019.

There is no doubt that we operate within a part of the world that is challenging in many ways. The success we achieved in 2019 is in large part due to the productive relationships we have built based on trust, dignity, and respect. From a history of relationships that were periodically unsettled, a peaceful and productive partnership has emerged. Our local communities understand the character of Torex and want to remain in partnership with us... as we do with them.

We also made great progress in terms of the future of our operations by advancing our Media Luna Project, which promises to add many years to our current life of mine in Guerrero. One of the key decisions we made in 2019 was to access the deposit through a tunnel under the Balsas River, which will minimize disturbance to the environment and local communities. The feasibility study for the Project will continue through 2020.



We are firmly focused on the future, and we understand that for our long-term sustainability, Torex must be a mining company that communities want to partner with. Communities, even those that are uncertain about mining, must feel “if it’s a Torex mine, it’s all right”. As we move forward and seek expansion or potential acquisitions, we will continue to live by our values and our commitment to improving lives, respecting the environment and leaving a net positive legacy in the communities in which we operate.

And not only do we want to make a difference within our neighbouring communities, we want to make a difference in the mining industry as a whole. We are doing that by continuing to test our proprietary “Muckahi” technology, which could revolutionize the way underground mining is conducted. As the world looks for solutions to reduce its carbon footprint, Muckahi has the potential to reduce underground greenhouse gas emissions by 95% by eliminating the need for diesel

equipment while significantly reducing costs. A patent application for the Muckahi technology was submitted in Canada in September 2019.

This will be my last message as President and CEO of Torex as I take on the role of Executive Chair in June 2020. I have every confidence in Jody Kuzenko, who will assume the CEO position. There is no one I trust more to do right by our employees and communities as we continue to deliver value by making a positive impact on society. There is a lot of exciting work to be done and I look forward to what the future holds.

Fred Stanford
President & CEO

2019 HIGHLIGHTS AT A GLANCE

454,811 oz
RECORD GOLD
PRODUCTION

4.3 Million
Hours
WORKED WITH
NO LOST TIME
INJURIES

889
DIRECT EMPLOYEES
1,175
CONTRACTORS

\$13.3 Million
INVESTED IN
COMMUNITY
DEVELOPMENT

ENVIRONMENTAL

Zero Discharge Site
no discharge into
local watersheds

116 Hectares
of Land Reforested

72,600 Native
Trees Planted
of 18 local species – grown
in our local greenhouses

2.5 Million
Fish Stocked
into local fishing
water reservoir

SOCIAL

99% of Workforce
from Mexico
70% of workforce from
Guerrero State

11 Local Community
Development Agreements
\$400,000 invested
through CODECOP funds

\$4.7 Million Invested in
Community Projects
in addition to CODECOP funds

\$62.1 Million in
Government Taxes
includes \$8.2 million in royalties for
community development projects

\$43.3 Million
Paid in Salaries and
Benefits in Mexico

GOVERNANCE

33% Female
Representation
on Executive Team

Five Board Committees

- ◆ Environment and Corporate Social Responsibility Committee
- ◆ Audit Committee
- ◆ Compensation Committee
- ◆ Corporate Governance and Nominating Committee
- ◆ Health and Safety Committee

Guiding Policies

- ◆ Code of Business Conduct and Ethics
- ◆ Safety and Health Policy
- ◆ Social Harmony and Human Rights Policy
- ◆ Environmental Protection Policy
- ◆ Anti-Bribery and Anti-Corruption Policy
- ◆ Whistleblower Policy



DELIVERING ON OUR COMMITMENTS

2019-2020 GOALS AND PROGRESS

We commit to continuous improvement in our performance associated with CSR and ESG issues. To support our progress, we set annual performance goals and publicly report on our progress.

The tables below present our progress on our 2019 goals. Additional details on each goal can be found in the respective sections of our Report in our key performance data. The inclusion of this data is one of the ways we promote transparency around our commitments and performance.

PERFORMANCE AREA	2019 GOALS	PROGRESS
Safety and Health	Lost Time Injury Frequency (LTIF) of <2 per million hours worked	Achieved
	Zero fatalities	Achieved
Community Relations	Conduct monitoring for Community Development Agreements (CODECOPs) against commitments	Achieved
	Continue implementation of local participation strategy	Achieved
Environment	Zero reportable spills of 1,000 litres or more, that report to the river or reservoir	Achieved
	100% compliance with environmental quality standards	Achieved
Human Rights	Complete implementation of Human Rights Management System	In Progress
	Conduct annual monitoring of human rights performance aiming for zero legitimate complaints	Achieved
Our People	Conduct human rights training for employees across the business	In Progress
	Anti-corruption training to the level of Superintendent	In Progress
Transparency	External stakeholder participation and input in the 2019 materiality assessment in the context of sustainability disclosures	Not achieved
	Review and improve local and regional communications plan for traditional and social media	Achieved

PERFORMANCE AREA	2020 GOALS
Safety and Health	LTIF of <1 per million hours worked
	Zero fatalities, zero lives changed
Community Relations	100% compliance with commitments from Community Development Agreements (CODECOPs) signed with the communities
	Continue implementation of local participation strategy
Environment	Zero reportable spills of 1,000 litres or more, that report to the river or reservoir
	Continued 100% compliance with environmental quality standards
Human Rights	Complete implementation of Human Rights Management System and incorporate aspects of selected ESG/CSR best practice framework
	Continue to monitor human rights performance, aiming for zero legitimate complaints
Our People	Conduct human rights training for employees across the business
	Anti-corruption training to the level of Superintendent
Transparency	External stakeholder participation and input in the 2020 materiality assessment in the context of sustainability and ESG disclosures
	Continue to review and improve communications plans



2019 MATERIALITY ASSESSMENT

As we strive to be a leader in responsible mining, we know it is incumbent upon us to address the evolving needs and priorities of our shareholders and key stakeholders – including our employees, contractors, business partners, communities, governments and others.

Given these evolving needs and priorities, in our 2018 Report we committed to improving our reporting practices by re-assessing the topics of greatest interest to our stakeholders and our business. In 2019, we identified and prioritized topics of interest to our key stakeholders with particular attention to topics of growing importance to investors and other capital market participants using ratings agencies such as Institutional Shareholder Services Inc. (ISS), Glass Lewis & Co. LLC, Sustainalytics and MSCI Inc.

as a proxy for investor input into the assessment. We understand that our ability to continue to operate and improve the lives of our employees and local communities depends on our ability to continue to attract investment by demonstrating that we operate responsibly and according to International Finance Corporation Social and Environmental Performance Standards.

We will seek continuous improvement in our materiality assessment process so that results reflect our evolving business, stakeholder feedback and shareholder priorities. In 2020, we plan to engage an independent expert consultant to update our Materiality Assessment, with a focus on prioritizing issues, identifying gaps in our current disclosures and better understanding those that are emerging as issues of importance.

MATERIAL ISSUES: RESULTS OF 2019 MATERIALITY ASSESSMENT		
Material Issue	Performance Metric	Disclosure
Community Relations	Risks & opportunities associated with community rights & interests	Communities: pages 27-34
	Number and duration of non-technical delays	Communities: pages 27-28
	Grievances	Communities: pages 27-28
	Local employment & procurement; opportunities for local businesses	Communities: pages 28-29
Labour Relations	% of active workforce covered under collective bargaining agreements	Our People: pages 23-24
	Number & duration of strikes & lockouts	Our People: pages 23-24
Greenhouse Gas Emissions (GHGs)	Gross global Scope 1 emissions; percentage covered under emissions-limiting regulations	Air Quality Management and Greenhouse Gas (GHG) Emissions: page 14
	Short & long-term strategy or plan to manage Scope 1 emissions, emissions reduction targets and an analysis of performance against targets	Air Quality Management and Greenhouse Gas (GHG) Emissions: page 14
	Compliance with GHG guidelines	Air Quality Management and Greenhouse Gas (GHG) Emissions: page 14
Waste & Hazardous Materials Management	Total weight of tailings waste; percentage recycled	Tailings & Waste Management: pages 10-13
	Total weight of mineral processing waste; percentage recycled	Tailings & Waste Management: pages 10-13
	Number of tailings impoundments, broken down by Mine Safety and Health Administration (MSHA) hazard potential	Tailings & Waste Management: pages 10-13

MATERIAL ISSUES: RESULTS OF 2019 MATERIALITY ASSESSMENT - CONTINUED

Material Issue	Performance Metric	Disclosure
Security & Human Rights	% of proven & probable reserves in or near indigenous land	Human Rights & Local Communities: page 35
	Security & use of force	Human Rights & Local Communities: page 35
	Engagement processes & due diligence practices with respect to human rights	Human Rights & Local Communities: page 35
	Human rights claims against Torex Gold	Human Rights & Local Communities: page 35
Workforce Health & Safety	MSHA all-incidence rate; fatality rate; near miss frequency rate; average hours of health, safety & emergency response training for full-time employees and contract employees	Safety & Health: pages 25-26
Business Ethics and Transparency	Management system for prevention of corruption & bribery throughout the value chain	Anti-Bribery and Anti-Corruption: page 35
Physical Climate Risks	Consideration of how growing extreme weather events could financially impact the Company's assets and operations in the near and longer-term	Air Quality Management and Greenhouse Gas (GHG) Emissions: page 14
Corporate Governance	ESG governance; disclosure; commitment to increase Board/Executive diversity	Governance: pages 36-40
Water Management	Total fresh water withdrawn; total fresh water consumed; % of both in regions of high or extremely high baseline water stress	Water Management: page 13
	Number of incidences of non-compliance associated with water quality permits, standards & regulations	Water Management: page 13
	Strategies & programs in place to reduce use of water and increase efficiency	Water Management: page 13
Foreign Operations & Political Country Risk	Levels of bribery & corruption	Anti-Bribery and Anti-Corruption: page 35
Air Quality	Air emissions of the following pollutants: (1) CO, (2) NO _x (excluding N ₂ O), (3) SO _x , (4) particulate matter (PM10), (5) mercury (Hg), (6) lead (Pb), and (7) volatile organic compounds (VOCs)	Air Quality Management and Greenhouse Gas (GHG) Emissions: pages 14-15
Biodiversity Impacts	Description of environmental management policies & practices for active sites	Biodiversity & Land Use: pages 18-19
	Percentage of mine sites where acid rock drainage is: (1) predicted to occur, (2) actively mitigated, and (3) under treatment or remediation	Biodiversity & Land Use: pages 18-19
	Percentage of (1) proven and (2) probable reserves in or near sites with protected conservation status or endangered species habitat	Biodiversity & Land Use: pages 18-19
Energy Management	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Energy Management: page 15



ENVIRONMENT

OUR APPROACH

Throughout our business, we are guided by our corporate Environmental Protection Policy, which is available on our website. We are committed to meeting or surpassing regulatory requirements in all our exploration, development, mining, and closure activities while preserving the environment beyond our operational footprint. This is our “zero harm” commitment to our communities and stakeholders.

We have implemented an Environmental and Social Management System (ESMS), which is based on the International Finance Corporation’s Environment and Social Management Performance Standards. Our ESMS is made up of 15 management plans comprising a total of 54 mitigation measures to protect the soil, water, air, flora and fauna on our site. It is implemented by environmental specialists at our operations in Mexico, with oversight from our Executive Team.

In 2019, an independent consultant conducted an audit on the compliance of all the IFC’s Environmental and Social Performance Standards, and we reached 100% compliance.

TAILINGS AND WASTE MANAGEMENT

For any mining operation, tailings management is a key environmental focus. Our “dry-stack”, filtered tailings facility was developed by internal and external experts, and we believe it to be best-in-class. We have taken considerable care and expense to mitigate the potential for tailings to negatively impact the surrounding environment. This is especially true for the adjacent Balsas River, a commercial and culturally important waterway.

Mitigating the risk to this waterway started with the design of a tailings storage facility to contain the material. In order to reduce the amount of water within the tailings, which, when combined with gravity can act as an energy source that can cause harm, we filter our tailings in a process which reduces the moisture content to 17%. This conserves water, eliminates the needs for tailing embankments and essentially eliminates the risk of dam failure, which is a critical consideration given that we operate in a highly seismic area.





In 2019, 116.6 hectares were reforested, including areas outside of our property in the communities of La Fundición, Real del Limón and Atzcala. This is equivalent to 72,600 native planted trees from 18 local species.

TAILINGS AND WASTE MANAGEMENT

Metric	Value
Total weight of tailings waste	4,378,879 tonnes
% recycled	0
Total weight of mineral processing waste	48,341,000 tonnes
Tests for acid drainage from filtered tailings	36 tests (6 sampling points, 6 times a year) indicating no potential for acid drainage (according NOM-141-SEMARNAT-2003)

Tailings are conveyed and stacked within the storage facility. A buttress of rock on the downstream side of the storage facility adds additional stability and safety.

We have internal technical teams dedicated to monitoring the area, and their work is audited by external experts who inspect the site twice a year in both

the wet and dry seasons. The facility is also inspected annually by an independent, third-party consultant.

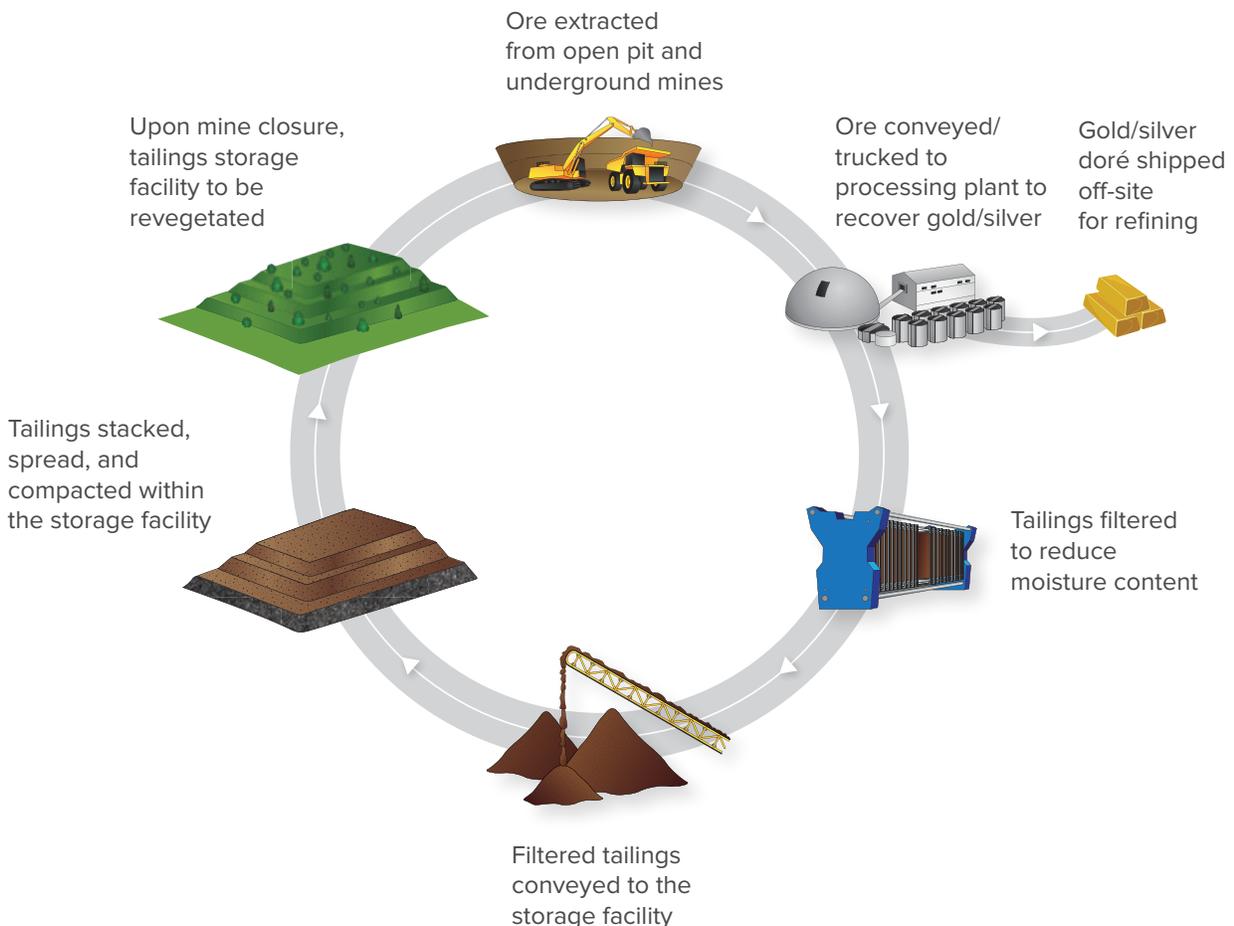
The filtered tailings facility operated through all of 2019 with zero discharge to the downstream environment. In addition, lab results indicated no acid drainage throughout the year.



6. CLEAN WATER AND SANITATION



9. INDUSTRY, INNOVATION, AND INFRASTRUCTURE



CYANIDE MANAGEMENT

In 2021, we plan to become signatories to the International Cyanide Management Code (ICMC) to demonstrate our excellence and best practice in addressing risks associated with cyanide management.

We have developed a gap analysis to identify the gaps between our current status and ICMC compliance and an action plan is under development to close the gaps and become fully compliant.

WATER MANAGEMENT

Given the pristine area we operate within and the importance of the Balsas River to our neighbouring communities, we have engaged local partners to provide oversight to our water management activities.

To ensure transparency in our water management and testing, our water management program was developed in conjunction with independent, third-party consultants. In addition, a sampling program of the downstream water from our operations is conducted by the University of Guerrero in conjunction with local communities.

We manage water in our operation according to the “Plan Operativo do Manejo de Agua (POMA)”. This plan, developed in 2015, lays out the principles on which our water management strategy is based and outlines procedures for normal operations and actions to be

taken in upset conditions. As part of a review of water management, the site water balance will be updated in 2020.

Our operation is considered a “zero-discharge” site since we do not discharge any water into local watersheds. This is true even though our permits allow us to discharge water as many as 50 times a year.

In 2019, there was one reportable spill of process water. Our response was prompt and efficient and emergency spill response measures were effective in mitigating the spill to our property, with no effect to downstream water bodies. The incident was reported to authorities and local communities in Guerrero, and after a thorough investigation and assessment of our response, the regulators chose not to levy any fines or penalties.

WATER MANAGEMENT	
Number of reportable spills	1
Number of spills affecting downstream environment	0
Water sources significantly affected by withdrawal of water	0 (Water concession: 5,001,609.60 m ³)
Water consumption. Total water used (m ³)	957,835
Water consumption. Total water recycled (%)	33%



6. CLEAN WATER AND SANITATION



14. LIFE BELOW WATER



13. CLIMATE ACTION



17. PARTNERSHIPS FOR THE GOALS



AIR QUALITY MANAGEMENT AND GREENHOUSE GAS (GHG) EMISSIONS

Our operations generate dust and particulate matter, including from haul trucks, vehicle traffic and waste rock storage facilities. As a result, we have an air quality management plan in place to limit any negative effects to our neighbouring communities.

In 2019, we met all standards for air quality, including compliance with NOM-085-SEMARNAT-2011 regulations. To improve air quality monitoring for dust and particulates, in 2019 we implemented a real-time air quality monitoring network and continued the use of water to control dust where waste rock is dumped.

Importantly, with climate change as an ever-increasing concern, we are also working to minimize GHG and other emissions into the atmosphere.

Torex fully complies with the following GHG guidelines:

- 📍 General Law on Climate Change and its Regulations on the National Emissions Registry (RENE)
- 📍 Mexican GHG Protocol following the United Nations Framework Convention on Climate Change
- 📍 Norm NMX-SAA-14064-1-IMNC-2007 Greenhouse gases
- 📍 The WBCSD/WRI Greenhouse Gas Protocol “Corporate Standard for Accounting and Reporting” (GHG Protocol)

GHG EMISSIONS	
Scope 1 GHG emissions (Metric tons CO ₂ e)	87,778
Scope 2 GHG emissions (Metric tons CO ₂ e)	108,392
Percentage of GHG emissions that are methane (%)	0.0000027
Percentage of GHG emissions that are covered under emissions-limiting regulations (%)	All Scope 1 and Scope 2 emissions are regulated in Mexico

In 2019, we continued to work hard to gain a better understanding of our point sources and volumes of Scope 1 and Scope 2 GHG emissions. With that understanding, we will set targets on carbon reduction as part of an overall GHG reduction strategy that will

be developed over the coming years. In addition, our enterprise risk management work will give increased focus on how growing extreme weather events could financially impact the Company’s assets and operations over the short and long-term.

NON GHG EMISSIONS

SO _x (kilograms)	532
Particulate matter (PM10)	Average of 33.5 µg / m ³ Hr* – below Maximum Allowable Limit of 75 (µg / m ³) Hr

* 4 analyses per year, from 6 monitoring sites

NO_x, Mercury (Hg), Lead (Pb) and Volatile organic compounds (VOCs) are below reportable thresholds.



7. AFFORDABLE AND CLEAN ENERGY



9. INDUSTRY, INNOVATION, AND INFRASTRUCTURE



13. CLIMATE ACTION



15. LIFE ON LAND

ENERGY MANAGEMENT

The electricity consumed at our operations is almost entirely sourced from the local energy grid in Guerrero. However, our RopeCon conveyor system generates energy, which contributes to reducing our energy footprint. In order to further reduce our

reliance on the grid and increase use of renewable energy, in 2019 we continued to research the viability of using solar power for a portion of our electrical energy needs. This feasibility work will continue through 2020.

ENERGY USE

Total energy consumed	772,784 gigajoules (GJ); or 214,662,139 kilowatt hours (kWh)
Percentage grid electricity (%)	100
Percentage renewable (%)	0 ¹

¹ Note that in 2019, the RopeCon conveyor system generated more than 24,000 kW for its own operation



ROPECON AND MUCKAHI

Using Innovation to Reduce our Carbon and Energy Footprint and Deliver Shareholder Value

Since the very beginning, innovation has been a key part of Torex's DNA given our unique approach to mine design, mining practices and social management. A key benefit of this innovation is reduced energy consumption and a smaller environmental footprint, which at the same time delivers shareholder value through reduced operating costs.

For example, we use an innovative rope conveyor (RopeCon), a Doppelmayer product, to transport ore to our processing plant from El Limón Pit, which reduces

the number of haul trucks and the safety risk associated with driving loaded trucks downhill. The RopeCon generates energy, which further reduces our energy footprint.

In fact, the RopeCon produces almost 68% of the energy it consumes. In 2019, the RopeCon generated 24,273 kW for its own operation, limiting stress on the local energy grid and limiting our carbon footprint by reducing energy consumption from non-renewable sources.





Another great example of our innovative approach to mining is the Muckahi mining system – a Torrex innovation – which has been in test use in the El Limón Deep underground mine since early 2019.

Muckahi truly has the potential to revolutionize the underground mining industry. Where a traditional underground mine uses haul trucks and scoops to carry ore to the surface, the Muckahi system uses electric conveyors and an energy efficient roof mounted monorail-based transport system.

A full Muckahi mine is expected to be all-electric, with mobile and fixed equipment powered by grid or battery power (with the batteries charged underground). With no diesel trucks or other heavy equipment, CO₂ emissions are expected to be reduced by as much as 95%, making for a safer workplace, while reducing the need for ventilation equipment and benefiting the environment.

Construction costs for a Muckahi mine are expected to be about 30% lower than a conventional mine: the conveyor system’s tunnels are physically smaller and as much as four times steeper than truck tunnels. Smaller tunnels will also mean less underground waste – as much as 43% less waste – which in a traditional mine has to be brought to surface and stockpiled.

In operation, a Muckahi mine is expected to be about 30 percent more cost-effective to operate. If the electricity were generated by solar, hydro or other renewable energy, a Muckahi electric mine could be completely powered by renewable energy.



7. AFFORDABLE AND CLEAN ENERGY



9. INDUSTRY, INNOVATION, AND INFRASTRUCTURE



13. CLIMATE ACTION



From 2015 to 2019, 451.6 hectares have been reforested. This is equivalent to 282,250 planted trees.



BIODIVERSITY AND LAND USE

At Torex, we are committed to protecting the natural biodiversity of the region. Our mining project is located within a priority region for biodiversity conservation known as Cañón del Zopilote.

For each hectare of land with vegetation that becomes an area of operation, three hectares are recovered with the help of reforestation in impacted areas of land we own and beyond our boundaries. The seedlings for the trees we use for reforestation are grown in our two 3,500m² greenhouses, one at ELG and one at Media Luna.

In 2019, 116.6 hectares were reforested, including areas outside of our property in the communities of La Fundación, Real del Limón and Atzcala. This is equivalent to 72,600 native planted trees from 18 local species.

In Mexico, there are six species of wild cats, and four of the six species live in areas designated for conservation within our Morelos mining property. These protected areas have become a refuge for these wild species, indicating the health of the local ecosystem.

We also contribute to the conservation of the Balsas River corridor, where we have two species of concern: the green macaw and the long-nose bat. Our conservation efforts have contributed to maintaining this area as one of the main reservoirs of the green macaw in the State of Guerrero. The long-nose bat pollinates several species of agaves, among them the blue agave (*Agave tequilana*) that is a native species of high biological importance.

We have also successfully relocated two species at risk – boa constrictor (*mazacuata*) and *heloderma horridum* (Mexican beaded lizard) – from operational areas within our property. All productive areas are screened or fenced to protect wildlife from entering these areas.

As mining and exploration proceeds, land is being progressively rehabilitated. Affected lands will be rehabilitated when mining ceases and the costs of land reclamation and rehabilitation are included in the mine’s closure plans. The closure plan accommodates the financial expectations for the decommissioning of all our assets, including the environmental recovery and land reclamation of all affected areas.



13. CLIMATE ACTION



15. LIFE ON LAND



17. PARTNERSHIPS FOR THE GOALS

LAND USE AND RECLAMATION		
Land disturbed	2013 - 2014	273.3 ha
	2014 - 2017	247.3 ha
	2017-2018	23.6 ha
	2019	0 ha
	Total	544.2 ha
Land rehabilitated (ha)		6 ha
Land to be reclaimed and rehabilitated for mines to be decommissioned in 2024		538.6 ha
Tree seedlings grown	62,000 (note an additional 10,600 were purchased from local growers for planting)	
Total number of native tree species reproduced for reforestation purposes		18
Total number of native trees reforested		72,600
Total area reforested (ha)		116.6



SOCIAL

OUR APPROACH

We derive substantial business value from our unique approach to creating, sustaining and improving productive social cohesion. We believe in treating people with dignity and respect, being a responsible steward of our mineral endowment and operating with transparency and fairness in order to build trust and meaningful relationships.

There is nothing more important to us than the health and safety of our people. We have worked very hard to create a strong safety culture, where working safely and taking care of each other is viewed as a condition of employment.

We operate within a socio-political environment that is challenging in many ways. We work to provide opportunities for our team members and local communities to have a better life, through fulfilling and well-paying jobs, local procurement, and community socio-economic development. We also guide our behaviour at all levels of the organization using the “Values Continua” as a tool, as we seek to be viewed as a company that truly cares and operates consistently from the “left side” of the table below.

THE VALUES CONTINUA

+		-
Trustworthy	↔	Untrustworthy
Loving	↔	Unloving
Honest	↔	Dishonest
Fair	↔	Unfair
Courageous	↔	Cowardly
Dignifying	↔	Disrespectful

Human Relationships
are Based on Core Values





OUR PEOPLE

From our earliest days, Torex has systematically sought to create an optimal workplace experience where employees want to come to work and contribute to achieving business objectives. Across the organization, we apply a model called “Systems Leadership” at all levels of the organization to create the behaviours, systems and symbols that result in an environment where people willingly give their very best.

In 2019, we upgraded our Human Resource Information System to improve our data and enhance our capabilities for gathering HR-related metrics, which we expect to see reflected in future reporting.

TRAINING FOR EMPOWERMENT

Training is a central component of workforce development. We work hard to continually encourage and support our people in developing their leadership abilities and furthering their careers.

Our annual Working Together training program delivers 1 to 3-day courses to employees at all levels, from front-line Operators to Supervisors to Senior Managers.

Note: Systems Leadership is based on “Systems Leadership: Creating Positive Organizations” by Ian MacDonald, Catherine Burke, Karl Stewart.



EMPLOYEE TRAINING PROVIDED

Corporate Head Office	2,040 hours	57 hours per person (average)
Mexico	6,550 hours	8 hours per person (average)
Total	8,590 hours	



To promote female participation in the mining workforce, we hold an annual training course for women haul-truck drivers, which has proven effective in attracting women into well-paid employment in the mine.

INCLUSION AND DIVERSITY

At Torex, we foster a culture of inclusivity and acceptance of gender, race, age, religion and disability and we are committed to fair and equitable labour practices. We recognize the importance of diversity across our Company, from the Board and management to office staff and mine operations. To promote female participation in the mining workforce, we hold an annual training course for aspiring women haul-truck drivers, which has proven effective in bringing women into well-paid employment in the mine.

BENEFITS & COMPENSATION

Our compensation and benefit packages are highly competitive with the external market while delivering internal equity as we actively screen for unwanted biases such as gender and age. In addition, employees in Mexico share 10% of our profit through the profit-sharing plan (PTU), which aligns their rewards directly with business performance.

COLLECTIVE BARGAINING AND FREEDOM OF ASSOCIATION

All of our non-staff employees in Mexico are unionized, as is common in the country. All workers enjoy the right to freedom of association as provided by applicable labour law. To continually adapt and refine our productive working relationships, our internal team keeps abreast of emerging issues and proposed changes in Mexican labour law. Five Labour Committees (with employee and Company representation) maintain productive internal relationships.

These include:

- Productivity and Training Committee
- Safety and Health Committee
- Profit Share Committee
- Seniority Committee
- Internal Regulations Committee

EMPLOYEE STATISTICS 2019

Corporate Head Office (Toronto)

Number of employees	37
Gender balance	45% Female 38% Female executive management 11% Female board members
Employee turnover	11%
Average number of applicants per staff role	269

Operations (Mexico)

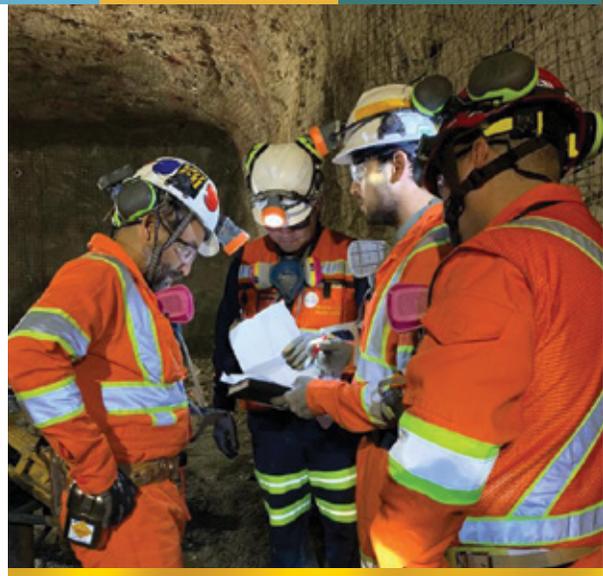
Number of employees	889 Employees 304 Staff employees 585 Non-staff employees 1,175 Contractors
Gender balance	14% Female
Female employees in management or higher positions	21% Female.
Employee turnover	11%
Average number of applicants per staff role	25
Average number of applicants per non-staff role	30
% in collective bargaining agreements	66%
Formal union discussions	20 in 2019
Strikes or lockouts	0
% local workforce Employees	99% from Mexico <ul style="list-style-type: none"> • 29% from outside of Guerrero State • 70% from Guerrero State • 45% from local communities
% local workforce Contractors	98% from Mexico <ul style="list-style-type: none"> • 56% from outside of Guerrero State • 43% from Guerrero State • 19% from local communities
Value of salaries and benefits paid	\$43.3 million ²

² Includes employee profit share (PTU) credited for 2019 that was paid in 2020



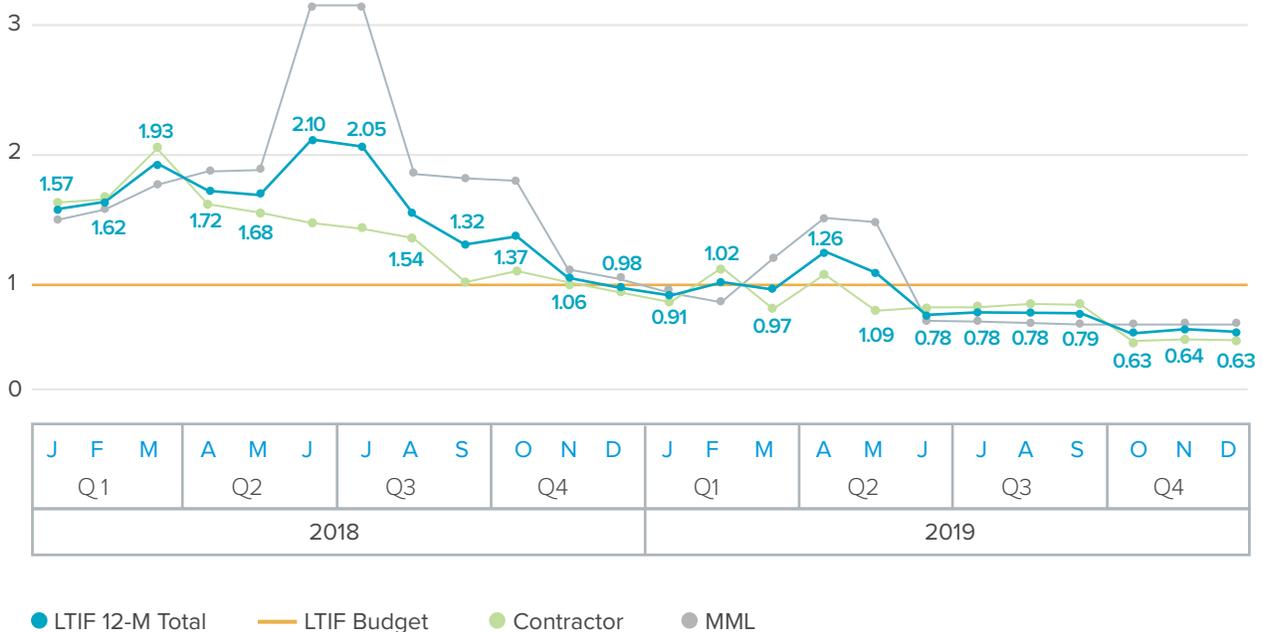
SAFETY & HEALTH

The safety and well-being of our people always comes first. We know that when our health and safety performance is excellent, excellence in production and other operational aspects will follow. Our production depends on safety, just as the families of our workers depend on our people to return home safely every day. Nothing is more important.



In 2018, we set the goal of reducing our Lost Time Injury Frequency (LTIF) by at least half, with a target of less than 2 injuries per million hours worked. In 2019, our goal became “zero lives lost and zero lives changed”, and it was a record-breaking year for our performance. We ended the year with an impressive 4.3 million hours without a lost time injury and an LTIF of 0.63, a 30% improvement from 2018.

LOST TIME INJURY FREQUENCY PER MILLION HOURS WORKED (LTIF)



Our corporate Safety and Health Policy outlines our Company-wide commitments. It is available in English and Spanish on our website. To help ensure

the priority of health and safety management, our safety performance is directly linked to executive and management compensation.

SAFETY INDICATORS 2019	
Fines and/or penalties related to health and safety	0
Fatalities	0
LTIF	0.63
Near miss frequency rate (NMFR)	7.45
Mine Safety and Health Administration (MSHA) all-incidence rate	39.29

SAFETY INDICATORS 2019	
Number of employees that received operations training courses	3,960
Number of managers trained	29
Health, safety, and emergency response training	
For full-time employees	3,314 hours
For contract employees	10,953 hours



3. GOOD HEALTH AND WELL-BEING



8. DECENT WORK AND ECONOMIC GROWTH





OUR COMMUNITIES

Constructive, lasting relationships with our local communities are essential to our business. As much as possible, we seek to link our success with the success of the people, communities, businesses and institutions neighbouring our operations.

There are six communities nearest our property, and several others in the region. Each community has its individual concerns and its own internal community structure. As we have worked to establish close and meaningful relationships, we began with gaining an understanding of each community and its unique nature, concerns and expectations.

Our corporate Social Harmony and Human Rights Policy, available on our website, outlines our commitments and serves as the foundation of our Community Relations Management System. The system requires well-structured, frequent, and open dialogue and consultation with each local community and stakeholder group. We communicate through multiple channels, including local community offices, face to face meetings, social media including WhatsApp and Facebook, public billboards and mailboxes where complaints can be anonymously recorded. We are fully compliant in our approach with the International Finance Corporation (IFC) Social and Environmental Performance Standards.

Our Grievance Management System allows local stakeholders to submit concerns and complaints, and our Commitments Tracker System ensures that concerns are logged and tracked, with a target date for close-out of five days. In 2019, 24 grievances were received and addressed, compared to 54 in 2018. There were zero blockades or disruption of operations due to community grievances.



COMMUNITY RELATIONS & LOCAL ECONOMIC DEVELOPMENT		
Percentage of overall workforce that is from the local community	45%	
Number of Community Development Agreements (CODECOPs)	11	
Hours of training and procurement assistance provided to local entrepreneurs	7,312	
Number of community members that participate in decision-making related to CODECOP funds	5,000 population 49 CODECOP members	
Community blockades / non-technical delays of operations	0	
Grievances logged & resolved	24	
Invested in local community projects	\$4.7 million	Non-CODECOP funds
Invested in local community projects through CODECOP funds and local community commitments	\$400,000	For community projects, including roads, education, and health, defined and implemented in partnership with local communities, governments, and service providers
Directly invested in local community projects	\$5.1 million	Non-CODECOP & CODECOP funds
Paid to local, state, and federal governments	\$62.1 million	Includes \$8.2 million in royalties to the Mining Fund (Fondo Minero), to be allocated by the government for community development projects.
Total invested in local community projects	\$13.3 million	Non-CODECOP & CODECOP funds and Fondo Minero
Procurement expenditures	\$470.7 million	88% paid to Mexican businesses
Payments for local land agreements	\$9.5 million	To Ejidos of Atzacala, Real del Limón, and Rio Balsas





COMMUNITY AND ECONOMIC DEVELOPMENT PROGRAMS

As a significant employer and consumer of local goods and services, we play a major role in the local economy. Our policy is to share the benefits of our operations with our local stakeholders – in addition to taxes, royalties and land payments – and to contribute to sustainable development initiatives in partnership and consultation with local communities and governments.

We have made a commitment to give priority to local communities for job opportunities. We have developed a skills inventory and a local sourcing plan, as well as a training and apprenticeship program to maximize local hiring and sourcing and build capacity among local community members as well as local businesses.

We provide support to community development projects in three principal areas:

- 📍 Infrastructure projects
- 📍 Small business/enterprise development
- 📍 Social projects

Funding mechanisms are:

- 📍 Directly through local Community Development Agreements – (better known as CODECOPs - *Convenio de Desarrollo Comunitario Participativo*)
- 📍 Directly to local communities in addition to funds committed in CODECOPs

- 📍 Statutory royalty contributions to the Mexican government’s Mining Fund (*Fondo Minero*), which are directed to community initiatives that are primarily infrastructure-related

COMMUNITY DEVELOPMENT AGREEMENTS (CODECOPs)

Our CODECOPs are more meaningful than traditional “impact-benefit agreements” in that they are an effective mechanism for ensuring local participation in our ongoing relationship and decision-making with respect to community development funding. Once funding is established, each community has their own local committee, which decides how and where to best invest the funds.

In 2018, we signed 11 CODECOPs, and all 11 of these annual agreements were renewed in 2019. In 2019, we improved our performance monitoring mechanisms for the CODECOPs and established key performance indicators (KPIs) to track the progress of our various commitments against their stated objectives.

All community members are invited to participate at the various CODECOP monthly meetings, where a report is presented by the Company to help track progress on each commitment. Local authorities and community members are invited to express any concerns, ask questions and talk to senior personnel regarding specific topics.

PROJECTS DEVELOPED WITH CDA/CODECOPS		
Community	ELG Project	Sector
Nuevo Balsas	Construction of a stone slope for the discharge of rainwater	Environment
	Weeding and clearing low-density bushes and weeds on the Balsas-Cocula road, ditching of gutters and patching	Infrastructure
	Redevelopment of the municipal police station	Infrastructure
La Fundición	50% of nurse's salary	Health
	Pay for gardener for 12 months	Environment
	Redevelopment of health center	Health
	Catholic Church roof construction	Infrastructure
	Medication requisition for the health center	Health
	Construction of classroom in kindergarten "Ramón Lopez Velarde"	Education
Real del Limón	50% of nurse's salary	Health
	Materials / supplies for health center	Health
	Purchase of 160 toys for "Children's Day" event	Socio-cultural
	Medication requisition for the health center	Health
	Fencing of the central square (kiosk)	Infrastructure
	Construction of the first stage of the roof construction of the church	Infrastructure
Atzcala	Construction of the perimeter fence of the Catholic Church	Infrastructure
	Construction of roof in atrium of the Catholic Church	Infrastructure
	Repair and supply of furniture for the Catholic Church	Infrastructure
	Support for the strengthening of infrastructure and supplies of the community dining room	Socio-environmental
Valerio Trujano	Community Main Street paving	Infrastructure
San Nicolas	Flattening and waterproofing of the water storage tank	Socio-environmental
	Supply and installation of ladder for the water storage tank	Infrastructure
Acalmantlila	Material for the construction of a water storage basin in the pantheon	Infrastructure
	Material for paving the access road to the pantheon	Infrastructure
Tlanipatlán	Material for paving the main access road to the town	Infrastructure
Atlixac	Construction of perimeter fence in the extension of the pantheon	Infrastructure
Community	Media Luna Projects	Sector
Puente Sur Balsas	Construction of concrete walls at El Mirador	Infrastructure
	Construction of concrete walls at El Naranjo	Infrastructure
San Miguel	Materials for the displacement of foundations for the construction of a church	Infrastructure





MINING FUND (FONDO MINERO)

Torex also pays annual royalties to the Mexican government for its extractive activities. These royalties are paid into the “Fondo Minero”, which is to be allocated by the government to improve the conditions of schools, health services, and invest in environmental and urban development projects. Mining Fund allocations are determined before the end of each calendar year.

In 2019, \$8.2 million was directed toward this Fund.

Sample projects include:

- 📍 Wastewater treatment plant for La Fundición
- 📍 Rehabilitation of soccer pitch at Real de Limón
- 📍 Bridge rehabilitation project for Nuevo Balsas
- 📍 Doctor’s residence for Nuevo Balsas



CONFECCIONES LUNA, A CODECOP SUCCESS STORY

Empowering women and developing the local economy

In the village of Atzcala, a team of women run a thriving clothing business that didn't exist until early 2019. The Confecciones Luna story is one of successful collaboration between Torex, community leaders and the CODECOP process.



Our Company policy is to use local suppliers whenever possible. Beyond that, we try to develop the local economy by supporting new businesses – especially those run by women – that show the potential to generate long-term economic benefits.

Every mine needs a steady supply of company-branded uniforms, casual wear, and sturdy workwear, from coveralls to safety vests. Instead of looking for an offshore or faraway supplier, we went to the communities. In collaboration with Commissioners of the villages of Real del Limón, La Fundición, Atzcala and Valerio Trujano, and the CODECOP committee, we sent out a request for proposals to see whether anyone had the ability and interest to start up a clothing business.

We sought candidates with demonstrated interest and skills. Among the many criteria, the winning company would have to be majority female, create at least ten jobs, sell at least half of its production outside the mine, and support the community by returning a portion of its revenue to the CODECOP toward a project in which the community wanted to invest.

Many submissions were received. After a thorough evaluation process, the committee selected a team who joined a group of women from Valerio Trujano and Atzcala. The team included experienced seamstresses, with more than 15 years of combined experience, as well as women who were willing to learn the skill and join the company.

A seed capital loan of 250,000 Mexican pesos was provided by Torex through a seed fund for local development, and the company “Confecciones Luna S.A.” was legally registered and incorporated (confecciones is Spanish for “clothes-making”). Furniture and sewing machines were purchased and a location found.

On April 10, 2019, a ribbon-cutting ceremony marked the official opening of the company. The ceremony was attended by the Atzcala Municipal Commissioner and members of the Ejidal Commissariat, a dozen Confecciones Luna staff, as well as Torex representatives and members of the Atzcala community.

That same day, Confecciones Luna received their first order: for 1,000 shirts with a unique design to commemorate “Mining Day 2019”. The economic independence of Confecciones Luna was enabled through supporting partnerships with the government for contracts for school uniforms and other government agencies. We will continue to look for other business opportunities that will allow Confecciones Luna to continue its successful work without depending directly on the orders from our Company so that we help ensure the ongoing sustainability of the business.



PARTNERSHIPS

Over the years we have built strong local partnerships, and we continue to work with local community and government institutions to build beneficial alliances

to support local economic development.

Partnerships in 2019 included the following:

PARTNERSHIPS WITH MUNICIPAL, REGIONAL AND FEDERAL GOVERNMENTS	
Partnership	Activity
City Council of Cocula	Reinforce the education and health systems in the surrounding communities within the municipality of Cocula. Agreements with the municipality of Cocula contributed to improvements of education levels by adding a school teacher and by sharing the costs with the community for two nurses with CODECOP funds (one for each community - Real del Limón and La Fundición)
Institute for the Integral Development of the Family (DIF) City Council of Cocula	Support for vulnerable groups, such as seniors, single mothers and orphans
Infrastructure, Road and Airport Commission of Guerrero (CICAEG)	Road infrastructure development
National Aquaculture and Fisheries Commission (CONAPESCA)	Support for local/regional fishing activities
Ministry of Agriculture and Rural Development (SADER)	Support for agriculture



1. NO POVERTY



2. ZERO HUNGER



9. INDUSTRY, INNOVATION, AND INFRASTRUCTURE



11. SUSTAINABLE CITIES AND COMMUNITIES



17. PARTNERSHIPS FOR THE GOALS

HUMAN RIGHTS AND LOCAL COMMUNITIES

Our corporate policy on Social Harmony and Human Rights, which is available on our website, extends to all our suppliers, vendors, and partners. Within the context of our security practices, it specifically extends to private and public security providers. Our approach to security and human rights management is guided by the Voluntary Principles on Security and Human Rights. All of our security personnel are educated and trained with respect to these requirements.

Following a 2018 voluntary human rights assessment by an independent external consultant, a corresponding management plan was developed, which includes actions to enhance current practices and plans for the ongoing assessment and monitoring of human rights risks and impacts. Implementation of the management plan will take place in 2020.

In 2018, and again in 2019, we set the goal of zero authenticated human rights complaints against the Company. In both years, this goal was achieved.

HUMAN RIGHTS	
Percentage of (1) proved and (2) probable reserves in or near indigenous land	n/a
Operations that have been subject to human rights reviews or impact assessments	0
Number of authenticated human rights complaints	0



10. REDUCED INEQUALITIES



16. PEACE, JUSTICE AND STRONG INSTITUTIONS

ANTI-BRIBERY AND ANTI-CORRUPTION

We take a zero-tolerance approach to bribery and corruption. Our corporate Anti-Bribery and Anti-Corruption Policy, available on our website, acts as a formal mechanism to ensure all levels and aspects of our business are in compliance with all applicable anti-bribery and anti-corruption laws. The policy specifically stipulates that corporate funds may not be used for political contributions.

Our zero-tolerance approach extends not only to our employees, but to our supply and service providers, and comes with the understanding that Mexico is a jurisdiction particularly at risk for corruption practices. According to the 2019 Corruption Perception Index, Mexico scored 29/100, which indicates a high risk of corruption.

To ensure transparency, we report our payments to all levels of government in accordance with the Extractives Sector Transparency Measures Act (ESTMA). These reports are publicly available on our website.

Our Code of Business Conduct and Ethics (the Code), which is also available on our website, further reinforces expectations of behaviour expected from all levels of the organization, to ensure we conduct our business fairly and ethically and in line with our core values. We also maintain a Whistleblower Policy, available on our website, which provides for anonymous channels for any employee to communicate concerns or complaints without fear of negative consequences.

In 2019, there were no legal actions taken against Torex or its subsidiaries in relation to anti-corruption, anti-competitive or anti-trust behaviour.



GOVERNANCE

OUR APPROACH

As a publicly traded mining company, we recognize the importance of good corporate governance and we aim to meet or exceed best governance practices. Responsibility for, and oversight of, key CSR and ESG issues are integrated throughout the management structure at the Board, Executive and operational levels of the Company.

The Board fulfills its mandate directly and through its five committees at regularly scheduled meetings or at meetings held as required. Frequency of meetings may be increased depending upon the state of the Company's affairs and in light of opportunities or risks which may be faced at any given time.

Full disclosure of our corporate governance practices is contained in our latest Annual Information Form (AIF), and Management Information Circular (MIC), both of which are publicly available on our website.

OUR GUIDING POLICIES

Our Board of Directors has approved a number of corporate policies that are applicable across our entire business. They are designed to promote good governance by ensuring personnel at all levels of the organization are aware of their responsibilities and expectations regarding conduct and behaviour.

Torex's Audit Committee is responsible for monitoring compliance with the Code and the Anti-Bribery and Anti-Corruption Policy and overseeing investigations of complaints made under the Whistleblower Policy.

See below our multiple corporate policies that are applicable across the business.



BOARD OF DIRECTORS AND COMMITTEES

Our Board of Directors is our most senior governance body. Its mandate is to oversee management in the day-to-day conduct of Torex's business and affairs.

Five committees assist it in carrying out the mandate of the Board:

- 📍 Audit Committee
- 📍 Compensation Committee
- 📍 Environment and Corporate Social Responsibility Committee*
- 📍 Corporate Governance and Nominating Committee*
- 📍 Health and Safety Committee*

*Committees tasked with monitoring the performance and effectiveness of policies and practices related to ESG topics.

Our corporate policies and charters, including Board committee mandates and policies related to sustainability, environment, community and governance issues, are available on our website.



TOREX BOARD OF DIRECTORS - 2019

	Independent	Audit Committee	Compensation Committee	Environment and Corporate Social Responsibility Committee	Corporate Governance and Nominating Committee	Health and Safety Committee
Terrance MacGibbon (Chair)	Y					Y
Fred Stanford (CEO)	N					
Andrew Adams	Y	Chair			Y	
James Crombie	Y		Y			Y
Frank Davis	Y	Y			Chair	
David Fennell	Y			Y	Y	
Michael Murphy	Y		Y	Chair		
William M. (Bill) Shaver	Y			Y		Chair
Elizabeth A. Wademan	Y	Y	Chair			

Note: For the current listing of Board members as of June 2020, see inside back cover.

ENVIRONMENT AND CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

In 2019, the Environment and Corporate Social Responsibility Committee of Torex's Board of Directors assisted the Company and the Board in furthering commitments related to environmentally sound and responsible resource development, good community relations and the protection of human rights. The Committee was chaired by Mr. Michael Murphy with members including Bill Shaver and David Fennell, all three of whom were independent Board members.

The Committee, which met quarterly, was responsible for a variety of aspects related to CSR and ESG, including the Company's environment and social responsibility goals, policies, and programs; the establishment of appropriate systems, standards, and procedures with respect to environment and social responsibility; and compliance with applicable laws and standards of corporate conduct. The Committee was also responsible for overseeing risk identification, assessment and management activities taken to monitor and mitigate risks associated with social and environmental issues.



GOVERNANCE	
Size of Board	9
Independent Directors	8
Separate Chair and CEO	Yes
M/F Directors	8M/1F
All Committees Independent	<p>All members of the Audit, Compensation, and Corporate Governance and Nominating (CGN) Committees are required to be independent as defined in National Instrument 52-110 – Audit Committees.</p> <p>At least one member of the Health and Safety and the Environment and CSR Committees is required to be independent as defined in NI 52-110. All members of the Health and Safety and Environment and CSR Committees are independent</p>
Annual Director Elections	Yes
Individual Director Elections	Yes
Limit on External Board Service of Independent Directors	No, however, the Corporate Governance and Nominating (CGN) Committee annually reviews the director and executive positions held by directors with other publicly traded companies
Board, Committee and Director Evaluations Annually	<p>Yes</p> <p>Each committee and the board regularly monitor fulfillment of their respective mandates.</p> <p>Annually, the CGN Committee and the board, review the fulfillment of the mandates of each of the committees and the board.</p> <p>Annually, the board conducts a Board, Committee and Director Review process. The review provides each director with an opportunity to evaluate the performance of the board and the committees, and to make suggestions for improvements, if applicable. The review also provides each director an opportunity to comment on the effectiveness and contribution of individual directors and the leadership of the Chairman and Lead Independent Director, if any.</p> <p>Each director completes a questionnaire, on a confidential basis, which is submitted to the Chairman of the board who tabulates the results and reports such results to the CGN Committee and the board, and they discuss the individual evaluation with the respective director.</p>
Gender Balance	11%

DIVERSITY AND GOVERNANCE

The Company believes that decision-making is enhanced through diversity in the broadest sense and it has adopted a diversity policy to reflect this principle. In the context of an effective Board, diversity includes expression of thought, business experience, skill sets and capabilities. We believe that diverse skills and backgrounds help to create a business environment that encourages a range of perspectives and fosters excellence in corporate governance, including the creation of shareholder value.

The Board has determined that merit is the key requirement for Board appointment and employee advancement. In identifying suitable candidates for appointment to the Board or in selecting and assessing candidates for executive positions, candidates are considered on merit against objective criteria regarding experience, education, expertise and general and sector specific knowledge and with due regard for the benefit of diversity. As a result, the diversity policy does not mandate quotas based on any specific area of diversity and specifically does not set targets for women on the Board or in executive officer positions.

In 2019, the Board consisted of nine members, one of whom is a woman. In 2019, the Company had nine executive officers, three of whom are women.



EXECUTIVE TEAM

Our Executive Team is made up of a diverse group of professionals who collectively bring more than 200 years of experience in all facets of mining operations and support functions. In order to ensure we attract the very best talent possible, individuals at the executive level are carefully selected using a thorough selection and vetting process which assesses not only technical experience, but also “fit” with our values. Our management team is diverse not only from a gender standpoint, but also from a geographical standpoint as team members come from various countries with work experience from around the world.

In 2019, our Executive Team was as follows:

- ◆ Fred Stanford, PEng
Director, President & CEO
- ◆ Jody Kuzenko, LLB
Chief Operating Officer
- ◆ Steven Thomas, FCA
Chief Financial Officer
- ◆ Mary Batoff, LLB
General Counsel and Corporate Secretary
- ◆ Jon Gilligan, PhD
Vice President, Automated Mine Design
- ◆ Bernie Loyer
Vice President, Projects
- ◆ Barry Murphy, PEng
Vice President, Engineering
- ◆ Dan Rollins, CFA
*Vice President, Corporate Development
& Investor Relations*
- ◆ Anne Stephen
Vice President, Human Resources

We believe that the strength of our Executive Team positions us well for future growth and for continued success as we enter our second decade of operations in 2020.



TOREX GOLD SUMMARY DATA: GRI/SASB GLOBAL PERFORMANCE INDEX 2019

Activity Metrics (SASB 000)			
EM-MM-000.A	Production of Metal ores (oz)		454,811
EM-MM-000.B	Total number of direct employees		889
	Total number of contractors		1,175
ECONOMICS			
Economic Value (GRI 201)			
201-1	Revenues (million)	\$640.8	Record
	Operating costs (per ounce of gold sold)	\$805.0	Far below 2018's \$964 per ounce
	Net income (million)	\$71.2	
	Employee salaries and benefits total (million)	\$58	
	Employee salaries and benefits in Mexico (million)	\$43.3	Includes employee profit share credited for 2019 that was paid in 2020
	Paid to local, state and federal governments (million)	\$68.3	Includes \$8.2 million in royalties to the Mining Fund (Fondo Minero), to be allocated by the government for community development projects
	Payments for local land agreements (million)	\$9.5	To Ejidos of Atzcala, Real del Limón, and Rio Balsas
201-4	Financial assistance received from governments	n/a	
Indirect Economic Impacts (GRI 203)			
203-1	Infrastructure investments and services supported – Invested through Community Development and Fondo Minero (million)	\$13.3	For community projects, including roads, education, and health, defined and implemented in partnership with local communities, governments, and service providers
Procurement Practices (GRI 204)			
204-1	Proportion of spending on local suppliers (%)	88	
ENVIRONMENT			
Waste & Hazardous Materials Management (SASB 150)			
EM-MM-150a.1.	Total weight of tailings waste (tonnes)		4,378,879
	Percentage recycled		0
EM-150a.2.	Total weight of mineral processing waste (tonnes)		48,341,000
	Percentage recycled (%)		0.033
EM-150a.3.	Number of tailings impoundments, broken down by MSHA hazard potential		Website "Tailings Management" section

GRI/SASB Global Performance Index 2019 - Continued

Materials (GRI 301)			
301-2	Recycled input materials used (%)	67	Hazardous waste generated is recovered through recycling or co-processing
	Diesel recycled (%)	100	Oil used in MML is re-used for the generation of alternative fuel
ENERGY			
Energy Management (SASB 130)			
EM-MM-130a.1.	Total energy consumed (GJ)		772,784
	Percentage grid electricity		100
	Percentage renewable		0
Energy (GRI 302)			
302-4	Initiatives to reduce energy consumption (through energy-efficiency or renewable energy) and resultant reductions - RopeCon	68%	Rock transportation belt produces 68% of the energy it consumes
WATER			
Water Management (SASB 140)			
EM-MM-140a.1.	Total fresh water withdrawn (m ³)		1,129,209
EM-MM-140a.2.	Number of incidents of non-compliance associated with water quality permits, standards, and regulations		0
Water (GRI 303)			
303-2	Water sources significantly affected by withdrawal of water		0 (Water concession: 5,001,609.60 m ³)
303-4	Total water discharged (m ³)		21,612
303-5	Water consumption. Total water used (m ³)		957,835
	Water consumption. Total water recycled (%)		33
306-1	Water discharge by quality and destination (discharge locations)		6
306-3	Significant spills (and spill volume)		1 (200 m ³)
306-5	Water bodies affected by water discharges and/or runoff		0
BIODIVERSITY			
Biodiversity Impacts (SASB 160)			
EM-MM-160a.2.	Percentage of mine sites where acid rock drainage is: (1) Predicted to occur, (2) Actively mitigated, and (3) Under treatment or remediation		0
EM-MM-160a.3.	Percentage of (1) proved and (2) probable reserves in or near sites with protected conservation status or endangered species habitat		The Morelos mining project is located within the Priority Terrestrial Region known as Cañón del Zopilote
Biodiversity (GRI 304)			
304-2	Significant impacts on protected areas and areas of high biodiversity value		0
304-3	Habitats protected or restored (ha)		6

AIR		
Air Quality (SASB 120, GRI 305-7) Air emissions		
EM-MM-120a.1.	Nitrogen oxides (NO _x tonnes) (excluding N ₂ O)	(n/a as the furnaces and boilers' capacity are less than 150 CC)
	Sulfur oxides (Kg/year)	531.64
Emissions (GRI 305, SASB 110)		
305-1	Direct (Scope 1) GHG emissions (tonnes of CO ₂ e)	87,778.16
305-2	Indirect (Scope 2) GHG emissions (tonnes of CO ₂ e)	108,392.13
305-4	GHG emissions intensity	196,105.87
Environmental Compliance (GRI 307)		
307-1	Fines or non-monetary sanctions for non-compliance with environmental laws and regulations	0
PEOPLE		
Employment (GRI 401)		
401-1	New employee hires and employee turnover by age group, gender and region (%)	11
Workforce Health & Safety (SASB 320)		
EM-MM-320a.1.	Fines and/or penalties related to health and safety	0
	Fatality rate	0
	LTIF (per million hours worked)	0.63
	Near miss frequency rate (NMFR)	7.45
	Mine Safety and Health Administration (MSHA) all-incidence rate	39.29
	Average hours of health, safety, and emergency response training: for full time employees (hours)	3,314
	Average hours of health, safety, and emergency response training: for contract employees (hours)	10,953
	Number of employees that received operations training courses	3,960
	Number of managers trained	2
Training and Education (GRI 404)		
404-2	Programs for upgrading employee skills and transition assistance programs (training hours)	8,590
Diversity and Equal Opportunity (GRI 405)		
405-1	Diversity of governance bodies and employees (% of female employees)	14
	Female employees in management or higher positions (%)	21
	Female Board of Directors (%)	11
Forced or Compulsory Labour (GRI 409)		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	0
Security Practices (GRI 410)		
410-1	# of security personnel trained in human rights policies or procedures	88

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Security, Human Rights & Rights of Indigenous Peoples (SASB 210)		
EM-MM-210a.2.	Percentage of (1) proved and (2) probable reserves in or near indigenous land	0
Rights of Indigenous Peoples (GRI 411)		
411-1	Incidents of violations involving rights of indigenous peoples and actions taken	n/a
Human Rights (GRI 412)		
412-1	Operations that have been subject to human rights reviews or impact assessments	0
Labour Relations (SASB 310)		
EM-MM-310a.1.	Percentage of active workforce covered under collective bargaining agreements	66
EM-MM-310a.2.	Number and duration of strikes and lockouts	0
COMMUNITIES		
Community Relations (SASB 210)		
EM-MM-210b.2.	Number and duration of non-technical delays	0
Local Communities (GRI 413)		
413-1	Operations with local community engagement, impact assessments, and development programs	2
413-2	Operations with significant actual and potential negative impacts on local communities	0
Socioeconomic Compliance (GRI 419)		
419-1	Fines and non-monetary sanctions for non-compliance with laws and regulations in the social and economic area	0

CAUTIONARY NOTES

MUCKAHI MINING SYSTEM

The Technical Report includes information on Muckahi. It is important to note that Muckahi 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. Drill and blast fundamentals, standards and best practices for underground hard rock mining are applied in the Muckahi, where applicable. 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. Aspects of Muckahi mining equipment are currently in the design and test 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.

FORWARD-LOOKING STATEMENTS

This report contains “forward-looking statements” and “forward-looking information” within the meaning of applicable Canadian securities legislation. Notwithstanding the Company’s efforts, there can be no guarantee that the Company will not face unforeseen delays or further disruptions of its operations including without limitation, delays caused by blockades limiting access to the ELG Mine Complex and the Media Luna Project or by blockades or trespassers impacting the Company’s ability to operate. Forward-looking information also includes, but is not limited to, the potential of the new mining technology, Muckahi, and if proven, the potential benefits of reduced capital and operating costs and potential to reduce emissions and environmental footprint, the potential of the Morelos Gold Property to provide significant future opportunities beyond ELG and Media Luna, with 75% of the property currently unexplored; the Company seeking opportunities to acquire assets in the Americas that enable profitable and productive geographic diversification; the Company’s commitment delivering value to our shareholders in a way that enhances the lives of our team members and neighbouring communities; the great progress in terms of the future of the Company’s operations by advancing our Media Luna Project, which promises to add many years to the Company’s current life of mine in Guerrero; expectation that the access to the Media Luna deposit through a tunnel under the Balsas River will minimize disturbance to the environment and local communities; the feasibility study for the Media Luna Project continuing through 2020; as the Company moves forward and seeks expansion or potential acquisitions, the Company will continue to live by its values and its commitment to improving lives, respecting the environment and leaving a net positive legacy in the communities in which it operates; the Company’s commitment to continuous improvement in our performance associated with CSR and ESG issues; the 2020 performance goals set out in this report; the Company’s commitment to seek continuous improvement in its materiality assessment process so that results reflect its evolving business, stakeholder feedback and shareholder priorities; plans to engage in 2020 an independent expert consultant to update the Materiality Assessment, with a focus on prioritizing issues, identifying gaps in the Company’s current disclosures



CORPORATE DIRECTORY

BOARD OF DIRECTORS 2020

Fred Stanford

*Executive Chair of the Board
(Non-Independent)*

Rick Howes

*Lead Independent Director,
Chair of Compensation Committee*

Andrew Adams

*Director (Independent),
Chair of Audit Committee*

Robin Bienenstock

*Director (Independent),
Chair of Safety and Corporate Social
Responsibility Committee*

Frank Davis

*Director (Independent),
Chair of Corporate Governance and
Nominating Committee*

David Fennell

Director (Independent)

Michael Murphy

Director (Independent)

Roy Slack

*Director (Independent),
Chair of Technical Committee*

Elizabeth A. Wademan

Director (Independent)

Jody Kuzenko

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We welcome feedback
on this report or on any other
aspect of sustainability at
Torex Gold Resources.



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Forward-Looking Statements - Continued

and better understanding those that are emerging as issues of importance; the Company's commitment to meeting or surpassing regulatory requirements in all its exploration, development, mining, and closure activities while doing zero harm to the receiving environment beyond our operational boundaries; the expectation that the design of a tailings storage facility will contain the tailings material; plans to plan to become signatories in 2021 to the International Cyanide Management Code (ICMC) to demonstrate our excellence and best practice in addressing risks associated with cyanide management; plans complete an action plan to close the gaps between our current status and ICMC compliance and become fully compliant; plans to update the site water balance in 2020 as part of water management; plans to continue the feasibility work through 2020 on the viability of using solar power for a portion of our electrical energy needs; commitment to protecting the natural biodiversity of the region; expected future reporting of the results of the upgraded our Human Resource Information System to improve the Company's metrics and enhance our capabilities for gathering HR-related metrics; plans to continue to look for other business opportunities that will allow Confecciones Luna to continue its successful work without depending directly on the orders from the Company so that we help ensure the ongoing sustainability of the business; plans to continue to work with local community and government institutions to build to beneficial alliances to support local economic development; expected implementation of the management plan, which includes actions to enhance current practices and plans for the ongoing assessment and monitoring of human rights risks and impacts, in 2020; and plans to plan to meet or exceed best corporate governance practices. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "aim", "plans", "expects", "estimates", "intends", "anticipates", "believes" "goal", "strategy" or "potential" or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "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, including, without limitation, ability to access to the ELG Mine Complex and the Media Luna Project, the ability to extract mineral resources and mineral reserves economically, or at all, the success of the Muckahi mining system, the ability to fund the development and testing of Muckahi, and those risk factors identified in the Technical Report and the Company's annual information form and management's discussion and analysis. Forward-looking information are based on the assumptions discussed in the Technical Report and such other reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and perception of trends, current conditions and expected developments, and other factors that management believes are relevant and reasonable in the circumstances at the date such statements are made. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in the forward-looking information, there may be other factors that cause results not to be as anticipated. There can be no assurance that such information 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. The Company does not undertake to update any forward-looking information, whether as a result of new information or future events or otherwise, except as may be required by applicable securities laws.



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