TOREX GOLD RESOURCES INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three Months Ended March 31, 2021

(Unaudited)

(Expressed in millions of U.S. dollars)

Torex Gold RESOURCES INC.

Condensed Consolidated Interim Statements of Financial Position
(unaudited)

Millions of U.S. dollars		**March 31, 2021**		December 31, 2020
Assets				
Current assets:				
Cash and cash equivalents	**$**	**172.0**	$	174.1
Short-term investments		**-**		32.1
Value-added tax receivables		**56.6**		39.9
Inventory (Note 5)		**115.8**		112.2
Prepaid expenses and other current assets (Note 6)		**28.0**		13.6
		372.4		371.9
Value-added tax receivables		**4.5**		5.5
Other non-current assets		**6.2**		5.3
Deferred income tax assets		**36.8**		42.4
Property, plant and equipment (Note 7)		**825.6**		827.3
Total assets	**$**	**1,245.5**	$	1,252.4
Liabilities and shareholders' equity				
Current liabilities:				
Accounts payable and accrued liabilities	**$**	**133.8**	$	119.9
Income taxes payable		**47.8**		77.9
Lease obligations		**2.3**		2.2
Derivative contracts (Note 10)		**1.4**		5.2
		185.3		205.2
Other non-current liabilities		**2.7**		6.4
Lease obligations		**2.4**		2.4
Debt (Note 8)		**-**		38.8
Decommissioning liabilities		**27.6**		29.2
Deferred income tax liabilities		**24.3**		24.3
		242.3		306.3
Shareholders' equity:				
Share capital		**1,029.9**		1,027.8
Contributed surplus		**24.4**		24.4
Other reserves		**(56.6)**		(56.6)
Retained earnings (deficit)		**5.5**		(49.5)
		1,003.2		946.1
Total liabilities and shareholders' equity	**$**	**1,245.5**	$	1,252.4

Commitments (Note 14)
Subsequent events (Note 10)

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

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

Millions of U.S. dollars, except per share amounts	Three Months Ended March 31, 2021		March 31, 2020	
Revenue				
Metal sales	**$**	**231.2**	$	172.0
Cost of sales				
Production costs		**69.4**		82.9
Royalties		**7.0**		5.1
Depreciation and amortization		**55.5**		56.1
Earnings from mine operations	**$**	**99.3**	$	27.9
General and administrative (Note 11)		**5.4**		3.3
Exploration and evaluation		**1.0**		1.0
	$	**6.4**	$	4.3
Other expenses:				
Derivative (gain) loss, net (Note 10)		**(3.0)**		37.8
Finance (income) costs, net (Note 9)		**(0.2)**		3.7
Foreign exchange (gain) loss		**(1.1)**		2.7
	$	**(4.3)**	$	44.2
Income (loss) before income tax expense (recovery)		**97.2**		(20.6)
Current income tax expense (recovery)		**36.8**		(6.3)
Deferred income tax expense		**5.4**		32.7
Net income (loss) and comprehensive income (loss)	**$**	**55.0**	$	(47.0)
Earnings (loss) per share (Note 12)				
Basic	**$**	**0.64**	$	(0.55)
Diluted	**$**	**0.62**	$	(0.57)

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

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

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

Millions of U.S. dollars, except number of common shares	Number of Common Shares	Common Shares	Contributed Surplus	Other Reserves	Deficit	Total Shareholders' Equity
Balance, January 1, 2021	**85,531,067**	**$ 1,027.8**	**$ 24.4**	**$ (56.6)**	**$ (49.5)**	**$ 946.1**
Exercise of stock options	**4,090**	**0.2**	**(0.2)**	**-**	**-**	**-**
Redemption of restricted share units	**9,340**	**0.2**	**-**	**-**	**-**	**0.2**
Redemption of EPSUs and ERSUs	**142,668**	**1.9**	**-**	**-**	**-**	**1.9**
Share-based compensation	**-**	**-**	**0.2**	**-**	**-**	**0.2**
Change in deferred tax asset	**-**	**(0.2)**	**-**	**-**	**-**	**(0.2)**
Net income	**-**	**-**	**-**	**-**	**55.0**	**55.0**
Balance, March 31, 2021	**85,687,165**	**$ 1,029.9**	**$ 24.4**	**$ (56.6)**	**$ 5.5**	**$ 1,003.2**

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

Condensed Consolidated Interim Statements of Cash Flows
(unaudited)

Millions of U.S. dollars		Three Months Ended March 31, 2021		Three Months Ended March 31, 2020
Operating activities:				
Net income (loss) for the period	$	**55.0**	$	(47.0)
Adjustments for:				
Share-based compensation expense		**2.2**		1.8
Cash settlement of share-based compensation		**(1.6)**		(1.1)
Remeasurement of share-based payments		**(2.7)**		(2.4)
Depreciation and amortization		**54.9**		56.3
Unrealized (gain) loss on derivative contracts		**(4.2)**		27.6
Unrealized foreign exchange (gain) loss		**(0.9)**		2.8
Finance costs		**1.2**		4.6
Income tax expense		**42.2**		26.4
Diesel tax credit		**(0.6)**		-
Income taxes paid		**(66.3)**		(47.2)
Cash generated from operating activities before changes in non-cash working capital balances	$	**79.2**	$	21.8
Changes in non-cash working capital balances:				
Value-added tax receivables, net		**(14.2)**		2.1
Inventory		**(3.9)**		6.8
Prepaid expenses and other current assets		**(13.6)**		5.3
Accounts payable and accrued liabilities		**17.7**		(6.5)
Net cash generated from operating activities	$	**65.2**	$	29.5
Investing activities:				
Additions to property, plant and equipment		**(55.2)**		(23.7)
Borrowing costs capitalized to property, plant and equipment		**(0.1)**		(0.1)
Value-added tax receivables, net		**(2.9)**		(1.8)
Short-term investments		**32.1**		-
Net cash used in investing activities	$	**(26.1)**	$	(25.6)
Financing activities:				
Repayment of debt		**(40.0)**		(21.3)
Lease payments		**(0.6)**		(0.5)
Interest paid		**(0.7)**		(2.5)
Transaction costs		**(0.5)**		-
Exercise of stock options		**-**		0.1
Net cash used in financing activities	$	**(41.8)**	$	(24.2)
Effect of foreign exchange rate changes on cash and cash equivalents		**0.6**		(5.8)
Net decrease in cash and cash equivalents	$	**(2.1)**	$	(26.1)
Cash and cash equivalents, beginning of the period	$	**174.1**	$	161.8
Cash and cash equivalents, end of the period	$	**172.0**	$	135.7

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

NOTE 1. CORPORATION INFORMATION

Torex Gold Resources Inc. (the "Company" or "Torex") is an intermediate gold producer based in Canada, engaged in the mining, developing and exploring of its 100% owned Morelos Gold Property, located southwest of Mexico City. The Company's principal assets are the El Limón Guajes mining complex (the "ELG Mine Complex"), comprising the El Limón, Guajes and El Limón Sur open pits, the El Limón Guajes underground mine including zones referred to as Sub-Sill and El Limón Deep, and the processing plant and related infrastructure, and the Media Luna deposit, which is an early stage development project.

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

These unaudited condensed consolidated interim financial statements (herein referred to as "consolidated financial statements") of the Company as at and for the three months ended March 31, 2021 include the accounts of the Company and its subsidiaries.

NOTE 2. BASIS OF PREPARATION

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board under the historical cost convention, as modified by revaluation of derivative contracts and certain financial instruments. These consolidated financial statements do not include all of the disclosures required by International Financial Reporting Standard ("IFRS") for annual financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2020.

These consolidated financial statements were authorized for issuance by the Company's Board of Directors on May 12, 2021.

COVID-19 Estimation uncertainty

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

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed in these consolidated financial statements are the same as those applied in the Company's audited consolidated financial statements for the year ended December 31, 2020.

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

NOTE 4. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting periods. Judgments, estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ materially from these estimates. The significant judgments, estimates and nature of assumptions made by management in applying the Company's accounting policies are consistent with those that applied to the audited consolidated financial statements as at and for the year ended December 31, 2020.

NOTE 5. INVENTORY

		March 31, 2021		December 31, 2020
Ore stockpiled	**$**	**68.9**		62.8
In-circuit		**6.3**		9.0
Finished goods		**5.3**		4.9
Materials and supplies		**35.3**		35.5
	$	**115.8**	$	112.2

The amount of depreciation included in inventory as at March 31, 2021 is $47.6 (December 31, 2020 - $48.0). For the three months ended March 31, 2021, a total charge of $1.1 was recorded to adjust long-term, low-grade stockpile inventory to net realizable value, $0.4 and $0.7 through production costs and depreciation and amortization, respectively (three months ended March 31, 2020 - total charge of $1.7, $0.7 and $1.0 through production costs and depreciation and amortization, respectively). At March 31, 2021, materials and supplies are shown net of a provision of $4.7 (December 31, 2020 - $4.7). The Revolving Facility (Note 8) is secured by all of the assets of Minera Media Luna, S.A. de C.V. ("MML"), including inventory.

NOTE 6. PREPAIDS AND OTHER CURRENT ASSETS

		March 31, 2021		December 31, 2020
Trade receivables	**$**	**11.9**		2.1
Prepayments		**10.1**		8.8
Other current assets		**6.0**		2.7
	$	**28.0**	$	13.6

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

NOTE 7. PROPERTY, PLANT AND EQUIPMENT

	Mexico			Canada	Total
	Mineral Property	Property & Equipment	Construction in Progress	Property & Equipment	
Cost					
As at January 1, 2020	$ 413.5	$ 968.0	$ 41.4	$ 6.9	$ 1,429.8
Additions	63.7	61.0	67.1	3.4	195.2
Closure and rehabilitation	-	4.5	-	-	4.5
As at December 31, 2020	**477.2**	**1,033.5**	**108.5**	**10.3**	**1,629.5**
Additions	**25.7**	**15.4**	**20.0**	**1.0**	**62.1**
Closure and rehabilitation	**-**	**(1.8)**	**-**	**-**	**(1.8)**
As at March 31, 2021	**$ 502.9**	**$ 1,047.1**	**$ 128.5**	**$ 11.3**	**$ 1,689.8**
Accumulated depreciation					
As at January 1, 2020	$ 149.7	$ 402.7	$ -	$ 3.0	$ 555.4
Depreciation	114.4	131.8	-	0.6	246.8
As at December 31, 2020	**264.1**	**534.5**	**-**	**3.6**	**802.2**
Depreciation	**27.4**	**34.4**	**-**	**0.2**	**62.0**
As at March 31, 2021	**$ 291.5**	**$ 568.9**	**$ -**	**$ 3.8**	**$ 864.2**
Net book value					
As at December 31, 2020	$ 213.1	$ 499.0	$ 108.5	$ 6.7	$ 827.3
As at March 31, 2021	**$ 211.4**	**$ 478.2**	**$ 128.5**	**$ 7.5**	**$ 825.6**

As at March 31, 2021, property, plant and equipment includes, net of accumulated depreciation, $11.6 in capitalized borrowing costs (December 31, 2020 - $12.3), $28.6 in capitalized costs pertaining to the Muckahi Mining System (December 31, 2020 - $25.6), part of which is an intangible asset, and $14.3 related to the decommissioning liability for the ELG Mine Complex (December 31, 2020 - $17.2). Mineral property includes, net of accumulated depreciation, $121.9 of capitalized deferred stripping costs (December 31, 2020 - $118.1), which includes $39.7 of capitalized depreciation of property and equipment (December 31, 2020 - $39.6). Included within property and equipment are right-of-use assets of $4.5 at March 31, 2021 for leases of light vehicles, mobile equipment, heavy mining equipment, office space and other office equipment (December 31, 2020 - $4.7).

NOTE 8. DEBT

	March 31, 2021	December 31, 2020
Total debt, net of deferred finance charges	**$ -**	$ 38.8
Less: current portion, net of deferred finance charges	**-**	-
Long-term debt, net of deferred finance charges	**$ -**	$ 38.8

2019 Debt Facility

On July 30, 2019, the Company through its wholly-owned subsidiary MML (as borrower), signed a Second Amended and Restated Credit Agreement (“SARCA”) with the Bank of Montreal, BNP Paribas, ING Bank N.V., Dublin Branch, Société Générale and the Bank of Nova Scotia (the “Banks”) in connection with a secured $335.0 debt facility (the “2019 Debt Facility”). The 2019 Debt Facility was comprised of a $185.0 term loan (the “2019 Term Facility”) and a $150.0 revolving loan facility (the “2019 Revolving Facility”), bearing interest at a rate of LIBOR +3%. In 2020, the

Company fully repaid the 2019 Term Facility, and in the first quarter of 2021, the Company fully repaid the 2019 Revolving Facility.

2021 Revolving Facility

On March 30, 2021, the Company's subsidiary MML signed a Third Amended and Restated Credit Agreement (the "TARCA"), resulting in the refinancing of the 2019 Debt Facility, with the Banks in connection with a two-year secured $150.0 revolving debt facility (the "Revolving Facility"). The Revolving Facility is undrawn. Proceeds of the Revolving Facility may be used for general corporate and working capital purposes, including development expenditures and certain acquisitions, and can be used for letters of credit or funding of capital expenditures, in all cases subject to the conditions of the Revolving Facility.

The Revolving Facility allows the Company to make distributions to its shareholders in the aggregate amount of up to C$100.0, subject to conditions of the Revolving Facility. In addition, the Company continues to be able to distribute the Muckahi Subsidiaries (as defined below) or the Muckahi System Rights (as defined below, including by way of a "spin out" transaction) if there is no default or event of default. A Muckahi Subsidiary is a direct or indirect subsidiary of the Company whose assets are primarily comprised of the rights to and interest in the design of the Muckahi Mining System or assets related thereto (the "Muckahi System Rights").

The Revolving Facility bears interest at a rate of LIBOR (subject to a zero floor) plus an applicable margin based on the net leverage ratio on any loan or letter of credit outstanding ranging from 2.75% to 3.75%. The current margin is 2.75%.

The Revolving Facility matures on March 30, 2023 with a step down in capacity by $25.0 on September 30, 2022 and again on December 31, 2022.

The Revolving Facility continues to permit potential spending to facilitate the development of the Media Luna Project, the Muckahi Mining System, and other existing and future projects of the Company, but the cap has been removed. The development expenditures are subject to the conditions of the Revolving Facility, including compliance with (i) financial covenants related to maintaining a net leverage ratio of 3.0, an interest coverage ratio of 3.0 and minimum liquidity of $50.0 and (ii) certain thresholds with respect to the quantum of development expenditures and the amount spent on the Muckahi Mining System. The Revolving Facility also continues to permit investment in a Muckahi Subsidiary for the purpose of capital expenditures by such Muckahi Subsidiary in the Muckahi System Rights with the maximum aggregate amount increased from $25.0 to $30.0.

The Revolving Facility continues to be secured by all of the assets of MML and secured guarantees of the Company and each of its other subsidiaries with a direct or indirect interest in the ELG Mine Complex and or the Media Luna Project.

As at March 31, 2021, the Company is in compliance with the financial and other covenants under the TARCA.

Transaction costs

As part of the refinanced Revolving Facility, $0.5 was capitalized as deferred finance charges in the first quarter of 2021 and added to the remaining unamortized portion. Unamortized deferred finance charges totalled $1.5 as at March 31, 2021 (December 31, 2020 - $1.2). During the three months ended March 31, 2021, amortization expense of $0.2 relating to the deferred finance charges was calculated on a straight-line basis.

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

NOTE 9. FINANCE (INCOME) COSTS

The following table shows net finance (income) costs for the three months ended March 31, 2021 and 2020:

	Three Months Ended			
		March 31, 2021		March 31, 2020
Finance costs, excluding lease liabilities	$	**0.6**	$	4.3
Interest income		**(1.1)**		(0.9)
Accretion of decommissioning liabilities		**0.2**		0.2
Interest on lease liabilities		**0.1**		0.1
	$	**(0.2)**	$	3.7

NOTE 10. DERIVATIVE CONTRACTS

The following table shows the fair value of derivative contracts and their classification in the Consolidated Statements of Financial Position as at March 31, 2021 and December 31, 2020:

	Classification		**Fair Value as at March 31, 2021**		Fair Value as at December 31, 2020
Gold contracts	Current Assets	$	**0.1**	$	-
Total derivative assets		$	**0.1**	$	-
Interest rate contracts	Current Liabilities	$	**1.0**	$	1.1
Interest rate contracts	Non-current Liabilities		**-**		0.3
Currency contracts	Current Liabilities		**0.4**		0.6
Gold contracts	Current Liabilities		**-**		3.5
Total derivative liabilities		$	**1.4**	$	5.5

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

The following table shows the (gains) losses on derivative contracts for the three months ended March 31, 2021 and 2020:

	Three Months Ended			
		March 31, 2021		March 31, 2020
Unrealized (gain) loss on interest rate contracts	$	**(0.4)**	$	1.2
Unrealized (gain) loss on currency contracts		**(0.2)**		25.8
Unrealized (gain) loss on gold contracts		**(3.6)**		0.6
Realized loss on interest rate contracts		**0.3**		0.1
Realized loss on currency contracts		**0.7**		10.1
Realized loss on gold contracts		**0.2**		-
	$	**(3.0)**	$	37.8

The interest rate swap contracts are for a fixed LIBOR of 2.492% on interest payments related to the term loan. In April 2021, the Company unwound its interest rate swap contracts for a realized loss of $1.0.

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

NOTE 11. SHARE-BASED PAYMENTS

The Company has three share-based compensation plans: the Stock Option Plan (the "SOP Plan"), the Restricted Share Unit Plan (the "RSU Plan") and the Employee Share Unit Plan (the "ESU Plan"). Under the terms of each plan, the aggregate number of securities that may be issued or outstanding under all share-based compensation arrangements of the Company may not exceed 6.6% of the total number of common shares then outstanding.

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

The following is a summary of the number of common share options ("Options") issued under the SOP Plan, RSUs issued under the RSU Plan, and ERSUs and EPSUs outstanding as at March 31, 2021 and the amounts of share-based compensation expense recognized for the three months ended March 31, 2021 and 2020:

	Number Outstanding	Three Months Ended	
	March 31, 2021	March 31, 2021	March 31, 2020
Common share options	**243,139**	**$ 0.2**	$ -
RSUs	**158,496**	**0.8**	0.9
ERSUs	**371,061**	**0.4**	0.3
EPSUs	**549,002**	**0.8**	0.6
	1,321,698	**$ 2.2**	$ 1.8
Gain on remeasurement		**(2.7)**	(2.4)
Share-based compensation expense		**$ (0.5)**	$ (0.6)

Options

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

All options outstanding as at March 31, 2021, are fully vested and exercisable. During the three months ended March 31, 2021, 4,090 common shares were issued (year ended December 31, 2020 - 21,330) as a result of 18,953 stock options being exercised (year ended December 31, 2020 - 22,366), all of which were exercised under the Company's stock option plan's cashless exercise option (year ended December 31, 2020 - 1,927).

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

A summary of changes in the number of Options issued by the Company for the three months ended March 31, 2021 and for the year ended December 31, 2020 is presented as follows:

	Number of Options		Weighted Average Exercise Price (C$)
Balance, January 1, 2020	236,051	$	17.25
Granted	17,238		18.49
Exercised	(22,366)		11.40
Expired	(1,500)		13.70
Balance, December 31, 2020	**229,423**	**$**	**17.93**
Granted	**32,669**		**17.20**
Exercised	**(18,953)**		**13.50**
Balance, March 31, 2021	**243,139**	**$**	**18.18**

The fair value of the Options granted was calculated using a Black-Scholes option pricing model. The expected volatility is estimated taking into consideration the historical and implied volatility of the Company's share price. The weighted average fair value of Options granted during the three months ended March 31, 2021 was C$7.04 (year ended December 31, 2020 - C$7.75).

The following is a summary of the weighted average of assumptions used in the Black-Scholes option pricing model for Options granted during the three months ended March 31, 2021 and 2020:

	Three Months Ended	
	March 31, 2021	March 31, 2020
Risk-free interest rate	**0.30%**	1.70%
Expected price volatility	**55%**	50%
Expected option life (in years)	**3.80**	3.50
Annual dividend rate	**0%**	0%
Estimated forfeiture rate	**0%**	0%

The weighted average share price at the date of exercise of options exercised during the three months ended March 31, 2021 was C$17.22 (year ended December 31, 2020 - C$21.19).

RSU Plan

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

Awards under the plan immediately vest upon grant. A liability is initially recognized for the fair value of the awards under the RSU Plan at the date of grant, and at each reporting date, changes in fair value are recognized in the Consolidated Statements of Operations and Comprehensive Income (Loss). As at March 31, 2021, the RSUs had a fair value of $2.0 (December 31, 2020 - $2.0). During the three months ended March 31, 2021, 29,622 RSUs were settled, resulting in 9,340 common shares issued and the remainder paid in cash (year ended December 31, 2020 - 33,707 settled, resulting in 7,274 common shares issued). 158,496 RSUs, issued under the RSU Plan, are redeemable as at March 31, 2021 (December 31, 2020 - 131,730).

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

A summary of changes in the number of RSUs issued by the Company and the weighted average grant date fair values for the three months ended March 31, 2021 and the year ended December 31, 2020 is presented below:

	Number of RSUs		Weighted Average Value (C$)
Balance, January 1, 2020	100,407	$	16.13
Granted	65,030		20.15
Settled	(33,707)		19.53
Balance, December 31, 2020	**131,730**	**$**	**17.25**
Granted	**56,388**		**17.20**
Settled	**(29,622)**		**16.60**
Balance, March 31, 2021	**158,496**	**$**	**17.35**

ESU Plan

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

Since 2020, the Company has consented to employees settling ESU Plan awards in cash. As a result, the method of accounting for all ESU Plans changed to cash-settled. On the date of reclassification (January 13, 2020), a liability of $8.9 was recognized for the fair value of the awards granted, and at each reporting date, changes in fair value are recognized in the Consolidated Statements of Operations and Comprehensive Income (Loss). During the three months ended March 31, 2021, 142,668 common shares were issued to settle vested units under the ESU Plan and the remainder paid in cash (year ended December 31, 2020 - 114,050).

Employee restricted share units

ERSUs granted in the three months ended March 31, 2021 vest in January 2022, 2023 and 2024, and have an estimated weighted average unit fair value at the grant date of C$17.20 per unit at grant date. The fair value of ERSUs granted was determined using the closing price of the common shares on the Toronto Stock Exchange on the business day immediately prior to the grant date. As at March 31, 2021, the ERSUs had a fair value of $2.2 (December 31, 2020 - $4.2). None of the ERSUs, issued under the ESU Plan, are redeemable as at March 31, 2021 and December 31, 2020.

A summary of changes in the number of ERSUs issued by the Company and the weighted average grant date fair values for the three months ended March 31, 2021 and the year ended December 31, 2020 is presented below:

	Number of ERSUs		Weighted Average Value (C$)
Balance, January 1, 2020	373,432	$	13.08
Granted	140,487		19.99
Settled	(96,264)		19.90
Forfeited	(18,779)		17.46
Balance, December 31, 2020	**398,876**	**$**	**14.51**
Granted	**100,896**		**17.20**
Settled	**(128,711)**		**12.41**
Balance, March 31, 2021	**371,061**	**$**	**15.94**

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

Employee performance share units

The EPSUs granted during the three months ended March 31, 2021 vest in January 2022, 2023 and 2024, and have an estimated weighted average unit fair value at the grant date of C$25.45. The fair value of EPSUs granted was calculated using a Monte Carlo simulation model. The Monte Carlo simulation model requires the use of subjective assumptions including expected share price volatility, risk-free interest rate, and estimated forfeiture rate. Historical and market data are considered in setting the assumptions. The EPSUs are earned over time and expensed accordingly and therefore, the estimated forfeiture rate is zero. At each reporting date, changes in fair value are recognized in the Consolidated Statements of Operations and Comprehensive Income (Loss). As at March 31, 2021, the EPSUs had a fair value of $2.5 (December 31, 2020 - $4.9). None of the EPSUs were redeemable as at March 31, 2021 and December 31, 2020.

A summary of changes in the number of EPSUs issued by the Company and the weighted average grant date fair value for the three months ended March 31, 2021 and for the year ended December 31, 2020 is presented below:

	Number of EPSUs	Weighted Average Value (C$)
Balance, January 1, 2020	545,705	$ 20.03
Granted	210,734	25.45
Settled	(94,138)	29.98
Forfeited	(63,973)	29.57
Balance, December 31, 2020	**598,328**	**$ 19.35**
Granted	**151,340**	**22.53**
Settled	**(133,796)**	**9.74**
Forfeited	**(66,870)**	**9.98**
Balance, March 31, 2021	**549,002**	**$ 23.48**

The following is a summary of the weighted average assumptions used in the Monte Carlo simulation model for EPSUs granted during the three months ended March 31, 2021 and 2020:

	Three Months Ended	
	March 31, 2021	March 31, 2020
Risk-free interest rate	**0.57%**	1.59%
Expected price volatility	**62%**	56%
Expected life of units (in years)	**2.96**	2.68
Annual dividends	**0%**	0%
Estimated forfeiture rate	**0%**	0%

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

NOTE 12. EARNINGS (LOSS) PER SHARE

Earnings (loss) per share has been calculated using the weighted average number of common shares outstanding for the three months ended March 31, 2021 and 2020 as follows:

	Three Months Ended			
		March 31, 2021		March 31, 2020
Net income (loss)	$	**55.0**	$	(47.0)
Share-based payments remeasurement, net of tax		**(1.9)**		(1.7)
Net income (loss), net of remeasurement of share-based payments	$	**53.1**	$	(48.7)
Basic weighted average shares outstanding		**85,642,258**		85,448,137
Weighted average shares dilution adjustments:				
Share options		**28,433**		-
Restricted share units		**302,664**		-
Performance share units		**163,101**		-
Diluted weighted average shares outstanding		**86,136,456**		85,448,137
Earnings per share				
Basic	$	**0.64**	$	(0.55)
Diluted	$	**0.62**	$	(0.57)

The following is a summary for the three months ended March 31, 2021 and 2020 of the share options, RSUs, ERSUs and EPSUs excluded in the diluted weighted average number of common shares outstanding as their exercise or settlement would be anti-dilutive in the earnings per share calculation:

	Three Months Ended	
	March 31, 2021	March 31, 2020
Share options	**136,311**	231,254
RSUs	**2,907**	124,212
ERSUs	**103,997**	384,408
EPSUs	**112,014**	576,618
	355,229	1,316,492

NOTE 13. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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

The derivative contracts are recorded at fair value and revalued through income at the end of each reporting period and are classified as Level 2 within the fair value hierarchy. The fair value of derivative contracts is estimated using a combination of quoted prices and market-derived inputs.

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

The carrying values and fair values of the Company's financial instruments as at March 31, 2021 and December 31, 2020 are as follows:

	As at March 31, 2021		As at December 31, 2020	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial Assets				
Cash and cash equivalents	**$ 172.0**	**$ 172.0**	$ 174.1	$ 174.1
Short-term investments	**-**	**-**	32.1	32.1
Trade receivables	**11.9**	**11.9**	1.6	1.6
Derivative contracts	**0.1**	**0.1**	-	-
	$ 184.0	**$ 184.0**	$ 207.8	$ 207.8
Financial Liabilities				
Accounts payable and accrued liabilities	**$ 133.8**	**$ 133.8**	$ 119.9	$ 119.9
Derivative contracts	**1.4**	**1.4**	5.5	5.5
Debt	**-**	**-**	38.8	35.8
	$ 135.2	**$ 135.2**	$ 164.2	$ 161.2

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

(a) Credit risk:

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. All of the Company's cash and cash equivalents and trade receivables are held with reputable financial institutions as at March 31, 2021. The carrying amount of the Company's cash and cash equivalents and trade receivables represents the maximum exposure to credit risk as at March 31, 2021.

The Company is exposed to liquidity risk and credit risk with respect to its VAT receivables if the Mexican tax authorities are unable or unwilling to make payments in a timely manner in accordance with the Company's monthly filings. Timing of collection of VAT receivables is uncertain as VAT refund procedures require a significant amount of information and follow-up. As at March 31, 2021, the Company's VAT receivables balance is $61.1 (December 31, 2020 - $45.4), and in respect of this balance, the Company expects to recover $56.6 over the next 12 months (December 31, 2020 - $39.9) and a further $4.5 thereafter (December 31, 2020 - $5.5). The VAT receivables balance is presented net of $3.9 for a provision for claims that are considered to be uncollectible (December 31, 2020 - $3.1). The Company's approach to managing liquidity risk with respect to its VAT receivables is to file its refund requests on a timely basis, monitor actual and projected collections of its VAT receivables, and cooperate with the Mexican tax authorities in providing information as required.

(b) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company is exposed to liquidity risks in meeting its operating expenditures in instances where cash positions are unable to be maintained or appropriate financing is unavailable. The primary sources of funds available to the Company are cash flow generated by the ELG Mine Complex, its cash reserves and any available funds under the 2021 Revolving Facility.

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2021, the Company had cash balances of $172.0 (December 31, 2020 - $174.1). The Company maintains its cash in fully liquid business accounts.

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

As at March 31, 2021, the $150.0 Revolving Facility remains undrawn (December 31, 2020 - $40.0 outstanding under the 2019 Debt Facility).

Cash flows that are expected to fund the operation of the ELG Mine Complex and settle current liabilities are dependent on, among other things, proceeds from gold sales.

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

						As at March 31, 2021
		Up to 1 year		1-5 years		**Total**
Accounts payable and accrued liabilities	**$**	**133.8**	**$**	**-**	**$**	**133.8**
Derivative contracts		**1.4**		**-**		**1.4**
	$	**135.2**	**$**	**-**	**$**	**135.2**

						As at December 31, 2020
		Up to 1 year		1-5 years		Total
Accounts payable and accrued liabilities	$	119.9	$	-	$	119.9
Derivative contracts		5.2		0.3		5.5
Debt, excluding lease liabilities (Note 8)		-		40.0		40.0
	$	125.1	$	40.3	$	165.4

(c) Market risk:

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

(i) Interest rate risk:

Interest rate risk is the risk that the future cash flows of a financial instrument or its fair value will fluctuate because of changes in market interest rates. The Revolving Facility (Note 8) bears interest at a rate of LIBOR plus an applicable margin based on the net leverage ratio on any loan or letter of credit outstanding. In February 2019, the Company entered into interest rate swap contracts for a fixed LIBOR of 2.492% on interest payments related to $150.0 of the term loan to hedge against unfavourable changes in interest rates.

As at March 31, 2021, a 100 basis points change in the LIBOR would result in a decrease or increase of $0.4 (using the LIBOR rate as at March 31, 2021 of 0.19%) in the Company's net income for the three months ended March 31, 2021 relating to the interest rate swap contracts. In April 2021, the Company unwound its interest rate swap contracts for a realized loss of $1.0.

The Company does not consider its interest rate risk exposure to be significant as at March 31, 2021 with respect to its cash and cash equivalents.

(ii) Foreign currency risk:

The Company is exposed to financial risk related to foreign exchange rates. The Company operates in Canada and Mexico and has exposure to financial risk arising from fluctuations in foreign exchange rates. The Company expects the majority of its exploration, project development, operating and decommissioning expenditures associated with the Morelos Gold Property to be paid in Mexican pesos and U.S. dollars.

As at March 31, 2021, the Company had cash and cash equivalents, VAT receivables and accounts payable and accrued liabilities that are denominated in Mexican pesos and in Canadian dollars. A 10% appreciation or depreciation of the Mexican peso relative to the U.S. dollar would have resulted in a decrease or increase of $1.3 in the Company's net income from the translation of its financial instruments for the three months ended March 31, 2021. This excludes the impact of the Mexico peso forward contracts. A 10% appreciation or depreciation of the Canadian dollar relative to the U.S. dollar would have resulted in a decrease or increase of $0.2 in the Company's net income for the three months ended March 31, 2021.

In the first quarter of 2020, the Company entered into forward contracts for approximately 50% of its estimated Mexico peso expenditures or $234.0 at a weighted average rate of 19.70 until December 2020. In the second quarter of 2020, the Company extended the maturity dates of certain currency contracts due to settle in the second quarter of 2020, with a total notional value of $24.0, to future periods ranging from 7 to 11 months. There were $10.0 of contracts remaining at March 31, 2021 at a weighted average rate of 19.61. A 10% appreciation or depreciation of the Mexican peso relative to the U.S. dollar would have resulted in a decrease or increase of $0.1 in the Company's net income for the three months ended March 31, 2021 in relation to the forward contracts.

(iii) Commodity price risk:

Gold prices have fluctuated widely in recent years and there is no assurance that a profitable market will exist for gold produced by the Company. The Company entered into a series of zero-cost collars to hedge against changes in gold prices for a total of 8,000 ounces of gold per month until September 2021 for a total of 48,000 ounces. The remaining gold collar contracts have an average floor price of $1,475 per ounce and an average ceiling of $2,290 per ounce.

As at March 31, 2021, a 10% change in the gold price would result in no decrease or increase (using the spot rate as at March 31, 2021 of $1,684) in the Company's net income for the three months ended March 31, 2021 relating to the zero-cost collar hedges.

NOTE 14. COMMITMENTS

Purchase commitments

As at March 31, 2021, the total purchase commitments for the ELG Mine Complex amounted to $78.8, which are expected to settle over the next 12 months.

ELG royalties

Production revenue from certain concessions is subject to a 2.5% royalty payable to the Mexican Geological Survey agency. The royalty is accrued based on revenue and is payable on a quarterly basis. In the three months ended March 31, 2021, the Company paid $6.5 for the 2.5% royalty relating to the fourth quarter of 2020. As at March 31, 2021, the Company has accrued $5.8 for the 2.5% royalty relating to the first quarter of 2021 (December 31, 2020 - $6.3).

The Company is subject to a mining tax of 7.5% on taxable earnings before the deduction of taxes, interest, depreciation and amortization, and a royalty of 0.5% on sales of gold, silver and platinum. Both the mining tax and royalty are payable to the Servicio de Administración Tributaria on an annual basis in the following year. The mining tax is considered an income tax for IFRS purposes. In March 2021, the Company paid $34.5 relating to amounts due for 2020 for the 7.5% and 0.5% royalties (paid in March 2020 - $17.5). As at March 31, 2021, the Company has $15.9 and $1.1 accrued for the 7.5% and 0.5% royalties to be paid in March 2022, respectively (December 31, 2020 - $30.7 and $3.8 accrued for the 7.5% and 0.5% royalties to be paid in March 2021).

NOTE 15. TRANSACTIONS WITH RELATED PARTIES

In June 2018, Fred Stanford, the Company's President and Chief Executive Officer ("CEO") at that time, sold, assigned and transferred to the Company (the "Assignment"), with the exception of trademarks (including the name "Muckahi"), his entire right, title and interest in a proprietary mining system (the "Mining System" which is sometimes referred to as "Muckahi") for use in underground mines for nominal consideration. The Company has granted an irrevocable license (the "License" and together with the Assignment, the "IP Agreements") in any intellectual property associated with the Mining System, including any improvements, to Muckahi Inc., an entity controlled by Fred Stanford. The License restricted Muckahi Inc. from making use of the License during Fred Stanford's tenure as CEO. In August 2018, the Company and Muckahi Inc. entered into an agreement which grants to the Company the right to use the name "Muckahi" on a royalty free basis. The term of the agreement is perpetual, however, Muckahi Inc. may terminate the agreement at any time by giving the Company 60 days prior notice. On June 17, 2020, the License was amended such that Muckahi Inc. may not make use of the License while Fred Stanford, now Executive Chair of the Board, holds any position with the Company as employee, officer or director. On April 28, 2021, the Company announced that Fred Stanford will not stand for re-election at the Company's annual shareholder meeting (the "AGM") in June 2021; immediately following the AGM, Fred Stanford will no longer hold any position with the Company and Muckahi Inc. will be permitted to use the License.