TOREX GOLD RESOURCES INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three Months Ended March 31, 2022

(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, 2022		December 31, 2021
Assets				
Current assets:				
Cash and cash equivalents	$	**237.0**	$	255.7
Value-added tax receivables		**50.7**		57.4
Inventory (Note 5)		**122.4**		123.3
Prepaid expenses and other current assets (Note 6)		**31.3**		17.5
		441.4		453.9
Value-added tax receivables		**5.5**		5.6
Other non-current assets		**8.4**		7.9
Deferred income tax assets		**64.4**		55.4
Property, plant and equipment (Note 7)		**838.8**		836.1
Total assets	$	**1,358.5**	$	1,358.9
Liabilities and shareholders' equity				
Current liabilities:				
Accounts payable and accrued liabilities	$	**98.3**	$	121.4
Income taxes payable		**45.4**		70.9
Lease obligations		**2.1**		2.1
Derivative contracts (Note 10)		**2.6**		-
		148.4		194.4
Other non-current liabilities (Note 10)		**8.8**		2.3
Lease obligations		**1.5**		1.2
Decommissioning liabilities (Note 11)		**34.6**		37.3
Deferred income tax liabilities		**24.0**		23.3
Total liabilities	$	**217.3**	$	258.5
Shareholders' equity:				
Share capital		**1,031.4**		1,030.5
Contributed surplus		**24.2**		24.3
Other reserves		**(56.6)**		(56.6)
Retained earnings		**142.2**		102.2
		1,141.2		1,100.4
Total liabilities and shareholders' equity	$	**1,358.5**	$	1,358.9

Commitments (Note 15)

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

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

Millions of U.S. dollars, except per share amounts	Three Months Ended March 31, 2022		Three Months Ended March 31, 2021	
Revenue				
Metal sales	**$**	**207.7**	$	231.2
Cost of sales				
Production costs		**79.6**		69.4
Royalties		**6.2**		7.0
Depreciation and amortization		**46.4**		55.5
Earnings from mine operations	**$**	**75.5**	$	99.3
General and administrative (Note 12)		**8.4**		5.4
Exploration and evaluation		**2.3**		1.0
	$	**10.7**	$	6.4
Other expenses (income):				
Derivative loss (gain), net (Note 10)		**8.2**		(3.0)
Finance costs (income), net (Note 9)		**0.4**		(0.2)
Foreign exchange gain		**(0.1)**		(1.1)
	$	**8.5**	$	(4.3)
Income before income taxes		**56.3**		97.2
Current income tax expense		**24.6**		36.8
Deferred income tax (recovery) expense		**(8.3)**		5.4
Net income and comprehensive income	**$**	**40.0**	$	55.0
Earnings per share (Note 13)				
Basic	**$**	**0.47**	$	0.64
Diluted	**$**	**0.46**	$	0.62

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	Share Capital	Contributed Surplus	Other Reserves	Retained Earnings (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

Millions of U.S. dollars, except number of common shares	Number of Common Shares	Share Capital	Contributed Surplus	Other Reserves	Retained Earnings	Total Shareholders' Equity
Balance, January 1, 2022	**85,749,183**	**$1,030.5**	**$ 24.3**	**$ (56.6)**	**$ 102.2**	**$ 1,100.4**
Exercise of stock options	**5,666**	**0.1**	**(0.1)**	**-**	**-**	**-**
Redemption of restricted share units	**20,125**	**0.2**	**-**	**-**	**-**	**0.2**
Redemption of EPSUs and ERSUs	**62,218**	**0.6**	**-**	**-**	**-**	**0.6**
Net income	**-**	**-**	**-**	**-**	**40.0**	**40.0**
Balance, March 31, 2022	**85,837,192**	**$1,031.4**	**$ 24.2**	**$ (56.6)**	**$ 142.2**	**$ 1,141.2**

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

Torex Gold RESOURCES INC.

Condensed Consolidated Interim Statements of Cash Flows
(unaudited)

Millions of U.S. dollars	Three Months Ended March 31, 2022	March 31, 2021
Operating activities:		
Net income for the year	**$ 40.0**	$ 55.0
Adjustments for:		
Share-based compensation expense	**1.8**	2.2
Cash settlement of share-based compensation	**(2.3)**	(1.6)
Remeasurement of share-based payments	**0.4**	(2.7)
Depreciation and amortization	**46.4**	54.9
Change in unrealized losses (gains) on derivative contracts	**8.2**	(4.2)
Unrealized foreign exchange gain	**(1.0)**	(0.9)
Finance costs	**1.1**	1.2
Income tax expense	**17.5**	42.2
Tax credit applicable to production costs	**(0.3)**	(0.6)
Income taxes paid	**(51.0)**	(66.3)
Cash generated from operating activities before changes in non-cash operating working capital balances	**$ 60.8**	$ 79.2
Changes in non-cash operating working capital balances:		
Value-added tax receivables, net	**7.8**	(14.2)
Inventory	**0.4**	(3.9)
Prepaid expenses and other current assets	**(14.0)**	(13.6)
Accounts payable and accrued liabilities	**(8.3)**	17.7
Net cash generated from operating activities	**$ 46.7**	$ 65.2
Investing activities:		
Additions to property, plant and equipment	**(65.3)**	(55.2)
Borrowing costs capitalized to property, plant and equipment	**-**	(0.1)
Value-added tax receivables, net	**0.5**	(2.9)
Short-term investments	**-**	32.1
Net cash used in investing activities	**$ (64.8)**	$ (26.1)
Financing activities:		
Repayment of debt	**-**	(40.0)
Lease payments	**(0.6)**	(0.6)
Interest paid	**(0.5)**	(0.7)
Transaction costs	**-**	(0.5)
Net cash used in financing activities	**$ (1.1)**	$ (41.8)
Effect of foreign exchange rate changes on cash and cash equivalents	**0.5**	0.6
Net decrease in cash and cash equivalents	**$ (18.7)**	$ (2.1)
Cash and cash equivalents, beginning of the period	**$ 255.7**	$ 174.1
Cash and cash equivalents, end of the period	**$ 237.0**	$ 172.0

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

NOTE 1. CORPORATION INFORMATION

Torex Gold Resources Inc. (the "Company" or "Torex") is an intermediate gold producer based in Canada, engaged in the exploration, development and operation of its 100% owned Morelos Property, (the "Morelos Property"), southwest of Mexico City. The Company's principal asset is the Morelos Complex, which includes the El Limón Guajes ("ELG") Mining Complex, Media Luna Project, processing plant and related infrastructure.

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, 2022 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. 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, 2021.

These consolidated financial statements were authorized for issuance by the Company's Board of Directors on May 10, 2022.

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. While operations were not materially impacted by COVID-19 in 2022, uncertainty remains surrounding COVID-19 and the extent and duration of the impacts that it may have on the Company's ability to operate, on prices for gold, on logistics and supply chains, timing of receipt of value-added tax ("VAT") refunds, 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, 2021.

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 as 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, 2021.

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

NOTE 5. INVENTORY

		March 31, 2022		December 31, 2021
Ore stockpiled	$	65.7	$	68.9
In-circuit		7.7		11.4
Finished goods		7.4		3.7
Materials and supplies		41.6		39.3
	$	122.4	$	123.3

The amount of depreciation included in inventory as at March 31, 2022 is $43.3 (December 31, 2021 - $43.9). For the three months ended March 31, 2022, a total charge of $1.2 was recorded to adjust long-term, low-grade stockpile inventory to net realizable value: $0.4 and $0.8 through production costs and depreciation and amortization, respectively (three months ended March 31, 2021 - total charge of $1.1, $0.4 and $0.7 through production costs and depreciation and amortization, respectively). At March 31, 2022, materials and supplies are shown net of a provision of $5.2 (December 31, 2021 - $5.2). 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. PREPAID EXPENSES AND OTHER CURRENT ASSETS

		March 31, 2022		December 31, 2021
Trade receivables	$	15.8	$	3.4
Prepayments		11.5		11.3
Other current assets		4.0		2.8
	$	31.3	$	17.5

(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, 2021	$ 477.2	$ 1,033.5	$ 108.5	$ 10.3	$ 1,629.5
Additions	68.6	66.1	120.2	1.7	256.6
Closure and rehabilitation	-	7.0	-	-	7.0
As at December 31, 2021	545.8	1,106.6	228.7	12.0	1,893.1
Additions	**21.1**	**11.1**	**24.6**	**-**	**56.8**
Closure and rehabilitation	**-**	**(3.1)**	**-**	**-**	**(3.1)**
As at March 31, 2022	**$ 566.9**	**$ 1,114.6**	**$ 253.3**	**$ 12.0**	**$ 1,946.8**
Accumulated depreciation and impairment loss					
As at January 1, 2021	$ 264.1	$ 534.5	$ -	$ 3.6	$ 802.2
Depreciation	79.8	133.5	-	0.8	214.1
Impairment loss	-	34.3	-	6.4	40.7
As at December 31, 2021	343.9	702.3	-	10.8	1,057.0
Depreciation	**25.2**	**25.7**	**-**	**0.1**	**51.0**
As at March 31, 2022	**$ 369.1**	**$ 728.0**	**$ -**	**$ 10.9**	**$ 1,108.0**
Net book value					
As at December 31, 2021	$ 201.9	$ 404.3	$ 228.7	$ 1.2	$ 836.1
As at March 31, 2022	**$ 197.8**	**$ 386.6**	**$ 253.3**	**$ 1.1**	**$ 838.8**

As at March 31, 2022, property, plant and equipment includes, net of accumulated depreciation, $11.9 capitalized borrowing costs (December 31, 2021 - $11.9), and $16.7 related to the decommissioning liability for the ELG Mining Complex (December 31, 2021 - $20.8). Mineral property includes, net of accumulated depreciation, $125.8 of capitalized deferred stripping costs (December 31, 2021 - $126.4), which includes $39.0 of capitalized depreciation of property and equipment (December 31, 2021 - $40.7). Included within property and equipment, net of accumulated depreciation, are right-of-use assets of $3.3 as at March 31, 2022 for leases of light vehicles, mobile equipment, heavy mining equipment, office space and other office equipment (December 31, 2021 - $3.5).

As at December 31, 2021, the Company did not have plans to use its monorail based mining system in its operations for the foreseeable future, nor plans to invest in further development of the system at this time. Management reviewed the related assets, comprised of equipment, development costs, and infrastructure, for impairment, and recorded an impairment charge of $40.7, to write the assets down to their estimated recoverable amount. The estimated recoverable amount, based on fair value less costs of disposal, has been assessed as nominal as most of the assets are specific to the technology and would not have an active market. The fair value is classified as level 3 on the fair value hierarchy.

NOTE 8. DEBT

Revolving Facility

On March 30, 2021, the Company's subsidiary MML signed a Third Amended and Restated Credit Agreement (the "TARCA"), with the Banks in connection with a two-year secured $150.0 revolving debt facility (the "Revolving Facility"). The Revolving Facility remains undrawn at March 31, 2022. 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.

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

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.

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 margin as at March 31, 2022 was 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 permits spending to facilitate the development of the Media Luna Project and other existing and future projects of the Company. The development expenditures are subject to the conditions of the Revolving Facility, including compliance with financial covenants related to maintaining a net leverage ratio of less than or equal to 3.0, an interest coverage ratio of greater than or equal to 3.0 and a minimum liquidity of $50.0.

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

As at March 31, 2022, the Company was 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 totalling $0.8 as at March 31, 2022 are recorded in Prepaid expenses and other current assets in the Consolidated Statements of Financial Position (December 31, 2021 - $0.9). During the three months ended March 31, 2022, amortization of $0.2 relating to the deferred finance charges was expensed on a straight-line basis (three months ended March 31, 2021 - $0.2).

NOTE 9. FINANCE COSTS (INCOME)

The following table shows net finance costs (income) for the three months ended March 31, 2022 and 2021:

	Three Months Ended			
		March 31, 2022		March 31, 2021
Finance costs, excluding lease liabilities	**$**	**0.6**	$	0.6
Interest income		**(0.7)**		(1.1)
Accretion of decommissioning liabilities		**0.4**		0.2
Interest on lease liabilities		**0.1**		0.1
	$	**0.4**	$	(0.2)

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

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, 2022 and December 31, 2021:

	Classification		Fair Value as at March 31, 2022		Fair Value as at December 31, 2021
Gold contracts	Current liabilities		2.6		-
Gold contracts	Long-term liabilities		5.6		-
Total derivative liabilities		$	8.2	$	-

In February 2022, the Company entered into gold forward contracts to sell 138,000 ounces of gold between October 2022 and December 2023 at prices ranging from $1,906 per ounce to $1,942 per ounce (or at a weighted average price of $1,921 per ounce).

Derivatives arising from gold forward contracts are intended to manage the Company's risk management objectives associated with changing market values. These derivatives have been classified as "non-hedge derivatives." Changes in the fair value of derivative contracts are recognized as derivative costs in the Consolidated Statements of Operations and Comprehensive Income.

The table below provides a summary of the gold contracts outstanding as at March 31, 2022:

		Gold Ounces		Average price per Ounce		Notional value by Term to Maturity		Fair Value as at March 31, 2022
Current		57,000	$	1,916	$	91.9	$	(2.6)
Non-current		81,000		1,924		173.2		(5.6)
	$	138,000			$	265.1	$	(8.2)

The following table shows the losses (gains) on derivative contracts for the three months ended March 31, 2022 and 2021:

	Three Months Ended			
		March 31, 2022		March 31, 2021
Gain on interest rate contracts	$	-	$	(0.1)
Loss on currency contracts		-		0.5
Loss (gain) on gold contracts		8.2		(3.4)
	$	8.2	$	(3.0)

NOTE 11. DECOMMISSIONING LIABILITIES

The Company has estimated the decommissioning liability as at March 31, 2022 using a pre-tax discount rate of 4.0% (December 31, 2021 – 3.96%) based on inflation-adjusted Mexican bond yields, with expenditures expected to be incurred between 2023 and 2063. The estimated total future undiscounted cash flows to settle the decommissioning liability as at March 31, 2022 are $49.6 (December 31, 2021 - $47.9).

As the liability is a monetary liability denominated largely in Mexican pesos, it is translated at the spot exchange rate as at each reporting date. Foreign exchange differences arising from the revaluation of the decommissioning liability are capitalized as part of property, plant and equipment (Note 7).

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

The following table shows the decommissioning liability as at March 31, 2022 and December 31, 2021:

		March 31, 2022		December 31, 2021
Balance, beginning of period	**$**	**37.3**	$	29.2
Revisions to expected discounted cash flows		**(3.8)**		7.6
Accretion expense		**0.4**		1.1
Foreign exchange movement		**0.7**		(0.6)
Balance, end of period	**$**	**34.6**	$	37.3

NOTE 12. 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 (the "Options") outstanding under the SOP Plan, Restricted Share Units ("RSUs") outstanding under the RSU Plan, ERSUs and EPSUs outstanding under the ESU Plan as at March 31, 2022 and the amounts of share-based compensation expense recognized for the three months ended March 31, 2022 and 2021:

	Number Outstanding	Three Months Ended			
	March 31, 2022		**March 31, 2022**		March 31, 2021
Common share options	**89,473**	**$**	**-**	$	0.2
RSUs	**153,702**		**1.0**		0.8
ERSUs	**302,981**		**0.3**		0.4
EPSUs	**452,726**		**0.5**		0.8
	998,882	**$**	**1.8**	$	2.2
Loss (gain) on remeasurement			**0.4**		(2.7)
Share-based compensation expense		**$**	**2.2**	$	(0.5)

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. As of January 1, 2022, the Company no longer issues new stock options.

All options outstanding as at March 31, 2022, are fully vested and exercisable. During the three months ended March 31, 2022, 5,666 common shares were issued (three months ended March 31, 2021 – 4,090) from 20,223 stock options being exercised (three months ended March 31, 2021 – 18,953).

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

The weighted average share price at the date of exercise of options exercised during the three months ended March 31, 2022 was C$17.31 (three months ended March 31, 2021 – C$17.22). All stock options exercised were exercised under the SOP Plan's cashless exercise option (three months ended March 31, 2021 – 18,953).

The weighted average remaining contract life of the options outstanding as at March 31, 2022 is 1.59 years (March 31, 2021 – 1.81 years).

A summary of changes in the number of Options issued by the Company for the three months ended March 31, 2022 and for the year ended December 31, 2021 is presented as follows:

	Number of Options	Weighted Average Exercise Price (C$)
Balance, January 1, 2021	229,423	$ 17.93
Granted	32,669	17.20
Exercised	(65,992)	13.12
Expired	(57,965)	24.23
Balance, December 31, 2021	**138,135**	**$ 17.42**
Exercised	**(20,223)**	**12.46**
Expired	**(28,439)**	**27.22**
Balance, March 31, 2022	**89,473**	**$ 15.42**

The fair value of the Options granted is 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, 2022 was nil as no new grants were issued (three months ended March 31, 2021 - C$7.04).

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, 2022 and 2021:

	Three Months Ended	
	March 31, 2022	March 31, 2021
Risk-free interest rate	**N/A**	0.30%
Expected price volatility	**N/A**	55%
Expected option life (in years)	**N/A**	3.80
Annual dividend rate	**N/A**	0%
Estimated forfeiture rate	**N/A**	0%

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. As at March 31, 2022, the RSUs had a fair value of $1.9 (December 31, 2021 - $1.1). During the three months ended March 31, 2022, 43,235 RSUs were settled, resulting in 20,125 common shares issued and the remainder paid in cash (three months ended March 31, 2021 – 29,622 settled, resulting in 9,340 common shares issued and the remainder paid in cash).

(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, 2022 and the year ended December 31, 2021 is presented below:

	Number of RSUs		Weighted Average Grant Date Fair Value (C$)
Balance, January 1, 2021	131,730	$	17.25
Granted	77,920		16.37
Settled	(106,169)		15.50
Balance, December 31, 2021	**103,481**	**$**	**18.38**
Granted	**93,456**		**12.84**
Settled	**(43,235)**		**13.92**
Balance, March 31, 2022	**153,702**	**$**	**16.27**

ESU Plan

Eligible participants under the ESU Plan are employees. Awards granted under the ESU Plan are settled in shares, unless a participant elects a cash settlement, subject to the consent of the Company. Awards are accounted for as cash settled and are initially recognized as a liability at fair value and then subsequently are marked to market at each reporting date, with changes in fair value recognized in general and administrative expenses in the Consolidated Statements of Operations and Comprehensive Income.

Employee restricted share units

ERSUs granted in the three months ended March 31, 2022 vest in January 2025, and have an estimated weighted average unit fair value at the grant date of C$12.84 per unit. 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, 2022, the ERSUs earned to date based on the service condition had a fair value of $1.5 (December 31, 2021 - $2.5). 2,631 of the ERSUs, issued under the ESU Plan, were redeemable as at March 31, 2022 and none were redeemable as at December 31, 2021. During the three months ended March 31, 2022, 146,103 ERSUs vested and 13,863 were forfeited due to employee turnover. Of the 146,103 units vested, 33,952 were settled as common shares, 109,520 units were settled in cash for $1.1 and 2,631 were not yet redeemed. During the three months ended March 31, 2021, 128,711 ERSU's vested and none were forfeited due to employee turnover. Of the 128,711 units vested, 43,337 were settled as common shares and the remaining 85,374 units were settled in cash for $1.1.

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, 2022 and the year ended December 31, 2021 is presented below:

	Number of ERSUs		Weighted Average Grant Date Fair Value (C$)
Balance, January 1, 2021	398,876	$	14.51
Granted	113,031		16.89
Settled	(145,189)		11.69
Forfeited	(48,737)		18.17
Balance, December 31, 2021	**317,981**	**$**	**16.08**
Granted	**142,335**		**12.84**
Settled	**(143,472)**		**14.59**
Forfeited	**(13,863)**		**14.62**
Balance, March 31, 2022	**302,981**	**$**	**15.33**

(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, 2022 vest in January 2025, and have an estimated weighted average unit fair value at the grant date of C$16.91. 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. As at March 31, 2022, the EPSUs had a fair value of $1.1 (December 31, 2021 - $1.8). 2,191 of the EPSUs were redeemable as at March 31, 2022 and none were redeemable as at December 31, 2021. During the three months ended March 31, 2022, 121,635 EPSUs vested and 97,041 were forfeited due to the application of a market adjustment factor. Of the 121,635 units vested, 28,266 were settled as common shares, 91,178 units were settled in cash for $0.9 and 2,191 were not yet redeemed. During the three months ended March 31, 2021, 133,796 EPSUs vested and 66,870 were forfeited due to the application of a market adjustment factor. Of the 133,796 units vested, 99,331 were settled as common shares and the remaining 34,465 units were settled in cash for $0.5.

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, 2022 and the year ended December 31, 2021 is presented below:

	Number of EPSUs	Weighted Average Grant Date Fair Value (C$)
Balance, January 1, 2021	598,328	$ 19.35
Granted	169,547	20.90
Settled	(150,923)	9.98
Forfeited	(139,967)	17.09
Balance, December 31, 2021	**476,985**	**$ 23.53**
Granted	**213,506**	**16.91**
Settled	**(119,444)**	**20.37**
Forfeited	**(118,321)**	**19.47**
Balance, March 31, 2022	**452,726**	**$ 22.30**

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, 2022 and 2021:

	Three Months Ended	
	March 31, 2022	March 31, 2021
Risk-free interest rate	**1.99%**	0.57%
Expected price volatility	**53%**	62%
Expected life of units (in years)	**2.94**	2.96
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 13. EARNINGS PER SHARE

Earnings per share has been calculated using the weighted average number of common shares outstanding for the three months ended March 31, 2022 and 2021 as follows:

	Three Months Ended			
		March 31, 2022		March 31, 2021
Net income	$	**40.0**	$	55.0
Share-based payments remeasurement, net of tax		**-**		(1.9)
Net income, net remeasurement of share-based payments	$	**40.0**	$	53.1
Basic weighted average shares outstanding		**85,797,699**		85,642,258
Weighted average shares dilution adjustments:				
Share options		**8,412**		28,433
RSUs		**114,087**		129,274
ERSUs		**123,226**		173,390
EPSUs		**48,140**		163,101
Diluted weighted average shares outstanding		**86,091,564**		86,136,456
Earnings per share				
Basic	$	**0.47**	$	0.64
Diluted	$	**0.46**	$	0.62

The following is a summary for the three months ended March 31, 2022 and 2021 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, 2022	March 31, 2021
Share options	**49,907**	136,311
RSUs	**-**	2,907
ERSUs	**132,275**	103,997
EPSUs	**242,185**	112,014
	424,367	355,229

NOTE 14. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist of cash and cash equivalents, trade receivables, accounts payable and accrued liabilities, and derivative contracts. Other than the derivative contracts, these financial instruments are recorded at amortized cost in the Consolidated Statements of Financial Position. 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, 2022 and December 31, 2021 are as follows:

	As at March 31, 2022		As at December 31, 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Cash and cash equivalents	$ 237.0	$ 237.0	$ 255.7	$ 255.7
Trade receivables	15.8	15.8	3.4	3.4
	$ 252.8	$ 252.8	$ 259.1	$ 259.1
Financial liabilities				
Accounts payable and accrued liabilities	$ 98.3	$ 98.3	$ 121.4	$ 121.4
Derivative contracts	8.2	8.2	-	-
	$ 106.5	$ 106.5	$ 121.4	$ 121.4

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, 2022. 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, 2022.

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, 2022, the Company's VAT receivables balance is $56.2 (December 31, 2021 - $63.0), and in respect of this balance, the Company expects to recover $50.7 over the next 12 months (December 31, 2021 - $57.4) and a further $5.5 thereafter (December 31, 2021 - $5.6). The VAT receivables balance is presented net of $4.3 for a provision for claims that are considered to be uncollectible (December 31, 2021 - $4.0). 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 risk 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 flows generated by the ELG Mining Complex, its cash reserves and any available funds under the Revolving Facility.

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2022, the Company had cash balances of $237.0 (December 31, 2021 - $255.7). The Company maintains its cash in fully liquid business accounts.

As at March 31, 2022, the $150.0 Revolving Facility remains undrawn (December 31, 2021 - undrawn).

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

Cash flows that are expected to fund the operation of the ELG Mining 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, 2022
		Up to 1 year		1-5 years		Over 5 years		**Total**
Accounts payable and accrued liabilities	**$**	**98.3**	**$**	**-**	**$**	**-**	**$**	**98.3**
Lease liabilities		**2.4**		**1.4**		**0.2**		**4.0**
	$	**100.7**	**$**	**1.4**	**$**	**0.2**	**$**	**102.3**

								As at December 31, 2021
		Up to 1 year		1-5 years		Over 5 years		Total
Accounts payable and accrued liabilities	$	121.4	$	-	$	-	$	121.4
Lease liabilities		1.7		1.8		0.3		3.8
	$	123.1	$	1.8	$	0.3	$	125.2

(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. In the second quarter of 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, 2022 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 Property to be paid in Mexican pesos and U.S. dollars.

As at March 31, 2022, 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 $0.2 in the Company's net income from the translation of these balances for the three months ended March 31, 2022 assuming other variables remain unchanged. 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, 2022 assuming other variables remain unchanged.

(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. These contracts expired in September 2021 and as of March 31, 2022, the Company has no further outstanding gold collar positions.

The Company entered into gold forward contracts to sell 138,000 ounces of gold between October 2022 and December 2023 at prices ranging from $1,906 per ounce to $1,942 per ounce (or at a weighted average price of $1,921 per ounce). As at March 31, 2022, a 10% change in the gold price would result in a $19.1 decrease or increase (using a weighted average forward price as at March 31, 2022 of $1,980 per ounce) in the Company's net income for the three months ended March 31, 2022 relating to the gold hedges.

NOTE 15. COMMITMENTS

Purchase commitments

As at March 31, 2022, the total purchase commitments for the ELG Mining Complex and the Media Luna deposit amounted to $87.0, which are expected to be incurred over the next 12 months.

ELG Mining Complex 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, 2022, the Company paid $5.1 for the 2.5% royalty relating to the fourth quarter of 2021 (March 31, 2021 - $6.5 relating to the fourth quarter of 2020). As at March 31, 2022, the Company has accrued $5.2 for the 2.5% royalty relating to the first quarter of 2022 (December 31, 2021 - $5.1).

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 SAT on an annual basis in the following year. The mining tax is considered an income tax for IFRS purposes. In March 2022, the Company paid $34.6 relating to amounts due for 2021 for the 7.5% and 0.5% royalties (paid in March 2021 - $34.5). As at March 31, 2022, the Company has $6.5 and $1.2 accrued for the 7.5% and 0.5% royalties to be paid in March 2023, respectively (December 31, 2021 - $39.7 and $4.2 accrued for the 7.5% and 0.5% royalties to be paid in March 2022, respectively).