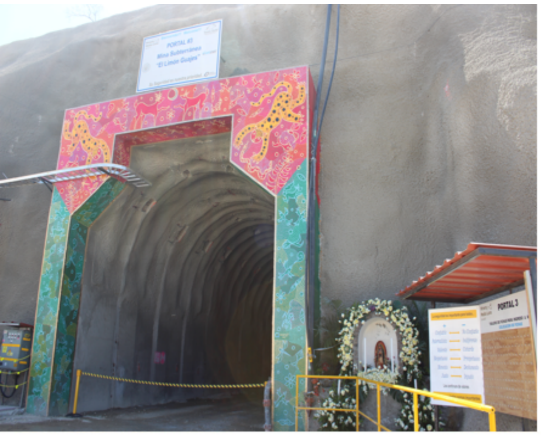
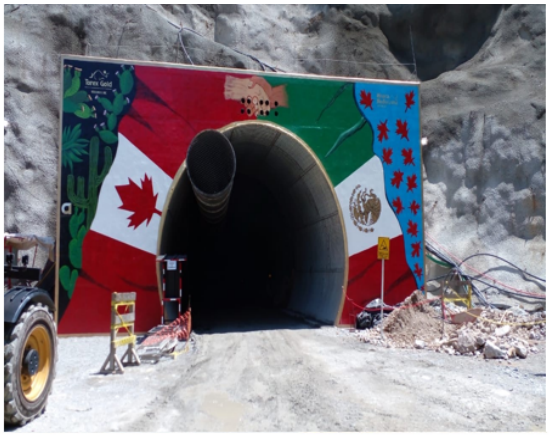
TOREX GOLD RESOURCES INC.


CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2023

(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, 2023**		December 31, 2022
Assets				
Current assets:				
Cash and cash equivalents	**$**	**321.9**	$	376.0
Derivative contracts (Note 10)		**-**		5.5
Value-added tax receivables		**44.5**		43.7
Inventory (Note 5)		**107.3**		120.2
Prepaid expenses and other current assets (Note 6)		**25.6**		16.5
		499.3		561.9
Value-added tax receivables		**5.0**		4.5
Other non-current assets		**4.6**		4.6
Deferred income tax assets		**115.9**		90.4
Property, plant and equipment (Note 7)		**993.9**		931.9
Total assets	**$**	**1,618.7**	$	1,593.3
Liabilities and shareholders' equity				
Current liabilities:				
Accounts payable and accrued liabilities	**$**	**132.6**	$	132.8
Income taxes payable		**50.4**		107.9
Lease obligations		**2.7**		2.6
Derivative contracts (Note 10)		**11.0**		-
		196.7		243.3
Derivative contracts (Note 10)		**12.7**		2.0
Other non-current liabilities (Note 12)		**4.2**		4.7
Lease obligations		**0.8**		1.3
Decommissioning liabilities (Note 11)		**37.3**		40.5
Deferred income tax liabilities		**8.2**		11.4
Total liabilities	**$**	**259.9**	$	303.2
Shareholders' equity:				
Share capital		**1,032.0**		1,031.5
Contributed surplus		**24.2**		24.2
Other reserves		**(56.6)**		(56.6)
Retained earnings		**359.2**		291.0
		1,358.8		1,290.1
Total liabilities and shareholders' equity	**$**	**1,618.7**	$	1,593.3

Commitments (Note 16)
Subsequent Events (Notes 8 and 16)

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

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

	Three Months Ended			
Millions of U.S. dollars, except per share amounts		**March 31, 2023**		March 31, 2022
Revenue				
Metal sales	**$**	**228.8**	$	207.7
Cost of sales				
Production costs		**81.5**		79.6
Royalties		**6.9**		6.2
Depreciation and amortization		**49.0**		46.4
Earnings from mine operations	**$**	**91.4**	$	75.5
General and administrative expenses (Note 12)		**10.2**		8.4
Exploration and evaluation expenses		**1.6**		2.3
Other expenses (Note 13)		**0.6**		-
	$	**12.4**	$	10.7
Derivative loss, net (Note 10)		**26.6**		8.2
Finance (income) costs, net (Note 9)		**(3.0)**		0.4
Foreign exchange gain		**(1.0)**		(0.1)
	$	**22.6**	$	8.5
Income before income taxes		**56.4**		56.3
Current income tax expense		**16.8**		24.6
Deferred income tax recovery		**(28.6)**		(8.3)
Net income and comprehensive income	**$**	**68.2**	$	40.0
Earnings per share (Note 14)				
Basic	**$**	**0.79**	$	0.47
Diluted	**$**	**0.79**	$	0.46

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

Torex Gold RESOURCES INC.

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	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

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, 2023	**85,843,808**	**$1,031.5**	**$ 24.2**	**$ (56.6)**	**$ 291.0**	**$ 1,290.1**
Redemption of restricted share units	**12,679**	**0.2**	**-**	**-**	**-**	**0.2**
Redemption of EPSUs and ERSUs	**24,269**	**0.3**	**-**	**-**	**-**	**0.3**
Net income	**-**	**-**	**-**	**-**	**68.2**	**68.2**
Balance, March 31, 2023	**85,880,756**	**$1,032.0**	**$ 24.2**	**$ (56.6)**	**$ 359.2**	**$ 1,358.8**

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, 2023	Three Months Ended March 31, 2022
Operating activities:		
Net income for the period	**$ 68.2**	$ 40.0
Adjustments for:		
Share-based compensation expense	**1.9**	1.8
Cash settlement of share-based compensation	**(1.0)**	(2.3)
Remeasurement of share-based payments	**3.6**	0.4
Depreciation and amortization	**49.1**	46.4
Change in unrealized gains and losses on derivative contracts	**27.1**	8.2
Unrealized foreign exchange gain	**(0.5)**	(1.0)
Finance costs	**1.0**	1.1
Income tax (recovery) expense	**(11.8)**	17.5
Tax credit applicable to production costs	**(0.2)**	(0.3)
Income taxes paid	**(75.5)**	(51.0)
Net cash generated from operating activities before changes in non-cash operating working capital	**$ 61.9**	$ 60.8
Changes in non-cash operating working capital:		
Value-added tax receivables, net	**1.3**	7.8
Inventory	**4.2**	0.4
Prepaid expenses and other current assets	**(7.9)**	(14.0)
Accounts payable and accrued liabilities	**(12.5)**	(8.3)
Net cash generated from operating activities	**$ 47.0**	$ 46.7
Investing activities:		
Additions to property, plant and equipment	**(99.7)**	(65.3)
Value-added tax receivables, net	**(1.5)**	0.5
Net cash used in investing activities	**$ (101.2)**	$ (64.8)
Financing activities:		
Lease payments	**(0.8)**	(0.6)
Interest paid	**(0.5)**	(0.5)
Net cash used in financing activities	**$ (1.3)**	$ (1.1)
Effect of foreign exchange rate changes on cash and cash equivalents	**1.4**	0.5
Net decrease in cash and cash equivalents	**$ (54.1)**	$ (18.7)
Cash and cash equivalents, beginning of the period	**$ 376.0**	$ 255.7
Cash and cash equivalents, end of the period	**$ 321.9**	$ 237.0

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") Mine Complex, the Media Luna Project, a 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, 2023 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 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 Standards ("IFRS") for annual financial statements and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2022.

These consolidated financial statements were authorized for issuance by the Company's Board of Directors on May 9, 2023.

NOTE 3. MATERIAL ACCOUNTING POLICY INFORMATION

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, 2022.

NOTE 4. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of 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, 2022.

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

NOTE 5. INVENTORY

	March 31, 2023	December 31, 2022
Ore stockpiled	$ 49.9	$ 58.6
In-circuit	5.5	12.7
Finished goods	5.6	2.0
Materials and supplies	46.3	46.9
	$ 107.3	$ 120.2

The amount of depreciation included in inventory as at March 31, 2023 is $33.9 (December 31, 2022 - $42.6). During the three months ended March 31, 2023, a total charge of $0.8 was recorded to adjust long-term, low-grade stockpile inventory to net realizable value: $0.3 and $0.5 through production costs and depreciation and amortization, respectively (three months ended March 31, 2022 - total charge of $1.2, $0.4 and $0.8 through production costs and depreciation and amortization, respectively). As at March 31, 2023, the net carrying value of long-term, low-grade stockpile inventory is nil (December 31, 2022 - nil). As at March 31, 2023, materials and supplies are shown net of a provision of $4.3 (December 31, 2022 - $4.3). The Debt Facility (Note 8) is secured by all the assets, including inventory, of the Company and its material subsidiaries, which currently are its subsidiaries with a direct or indirect interest in the ELG Mine Complex and/or the Media Luna Project.

NOTE 6. PREPAID EXPENSES AND OTHER CURRENT ASSETS

	March 31, 2023	December 31, 2022
Trade receivables	$ 10.6	$ 2.6
Prepayments	10.8	11.1
Other current assets	4.2	2.8
	$ 25.6	$ 16.5

(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, 2022	$ 545.8	$ 1,106.6	$ 228.7	$ 12.0	$ 1,893.1
Additions	78.8	81.9	154.4	-	315.1
Closure and rehabilitation	-	1.2	0.5	-	1.7
As at December 31, 2022	624.6	1,189.7	383.6	12.0	2,209.9
Additions	**27.5**	**13.5**	**71.0**	**0.1**	**112.1**
Closure and rehabilitation	**-**	**(2.5)**	**(1.1)**	**-**	**(3.6)**
As at March 31, 2023	**$ 652.1**	**$ 1,200.7**	**$ 453.5**	**$ 12.1**	**$ 2,318.4**
Accumulated depreciation					
As at January 1, 2022	$ 343.9	$ 702.3	$ -	$ 10.8	$ 1,057.0
Depreciation	104.5	116.3	-	0.2	221.0
As at December 31, 2022	448.4	818.6	-	11.0	1,278.0
Depreciation	**20.5**	**25.9**	**-**	**0.1**	**46.5**
As at March 31, 2023	**$ 468.9**	**$ 844.5**	**$ -**	**$ 11.1**	**$ 1,324.5**
Net book value					
As at December 31, 2022	$ 176.2	$ 371.1	$ 383.6	$ 1.0	$ 931.9
As at March 31, 2023	**$ 183.2**	**$ 356.2**	**$ 453.5**	**$ 1.0**	**$ 993.9**

During the three months ended March 31, 2023, property, plant and equipment additions include nil of capitalized borrowing costs (year ended December 31, 2022 - $0.8). As at March 31, 2023, property, plant and equipment includes, net of accumulated depreciation, $8.7 of capitalized borrowing costs (December 31, 2022 - $8.9), and $14.9 related to the decommissioning liability for the Morelos Complex (December 31, 2022 - $19.6). Mineral property includes, net of accumulated depreciation, $120.0 of capitalized deferred stripping costs (December 31, 2022 - $111.4), which includes $32.0 of capitalized depreciation of property and equipment (December 31, 2022 - $31.8). Included within property and equipment, net of accumulated depreciation, are right-of-use assets of $4.5 as at March 31, 2023 for leases of light vehicles, mobile equipment, heavy mining equipment, office space and other office equipment (December 31, 2022 - $4.7).

NOTE 8. DEBT

2022 Revolving Facility and Term Loan

On August 17, 2022, the Company (as borrower) signed a Fourth Amended and Restated Credit Agreement (the “FARCA”) with the Bank of Montreal, Bank of Nova Scotia, Canadian Imperial Bank of Commerce, ING Capital LLC, National Bank of Canada, and Société Générale in connection with a secured $250.0 debt facility (the “Debt Facility”), replacing the Third Amended and Restated Credit Agreement (under which the Company’s subsidiary Minera Media Luna, S.A. de C.V. (“MML”) was the borrower). The Debt Facility consists of a $100.0 term loan (the “Term Facility”) and a $150.0 revolving debt facility (the “Revolving Facility”). As at March 31, 2023, the Company had nil borrowings on the Debt Facility and had utilized $7.9 for letters of credit, reducing the available liquidity of the Debt Facility to $242.1 (December 31, 2022 - nil, $3.4 and $246.6, respectively). Proceeds of the Debt Facility may be used for general corporate purposes, including certain development expenditures and acquisitions, in all cases subject to the conditions of the Debt Facility.

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

The Debt Facility bears an interest rate of Term SOFR (subject to a zero floor), a forward-looking term rate based on SOFR, plus a credit spread adjustment and an applicable margin based on the Company's leverage ratio. The applicable margin applied is 2.50% based on a leverage ratio less than 1.0 times, 2.75% at a ratio less than 2.0 times, 3.00% at a ratio less than 2.5 times, and 3.50% at a ratio equal to or greater than 2.5 times. The credit spread adjustment will range from 0.10% to 0.25%.

The $150.0 Revolving Facility matures on December 31, 2025 and is subject to quarterly commitment reductions of $12.5 commencing on March 31, 2024. The $100.0 Term Facility can be drawn until December 31, 2023, matures on June 30, 2025 and is subject to four equal quarterly repayment instalments commencing on September 30, 2024. Both the Revolving Facility and Term Facility can be repaid in full anytime without penalty.

In May 2023, the Company amended the existing Debt Facility to a Sustainability-Linked Loan ("SLL"), which integrates ESG performance measures. The SLL includes incentive pricing terms related to achieving various Sustainability Performance Targets ("SPTs") including those in safety, climate change, and alignment with the World Gold Council's Responsible Gold Mining Principles ("RGMPs"). The SPTs linked to the revised financing terms have been set for fiscal years 2023 and 2024, considering the current loan maturity of June 30, 2025 for the Term Facility and December 31, 2025 for the Revolving Facility. The SPTs are aligned with the Company's sustainability targets.

The Debt 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 Debt 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 minimum liquidity of $50.0.

The Debt Facility is secured by all of the assets of the Company and its material subsidiaries, which currently are its subsidiaries with a direct or indirect interest in the ELG Mine Complex and/or the Media Luna Project.

As at March 31, 2023, the Company was in compliance with the financial and other covenants under the FARCA.

NOTE 9. FINANCE (INCOME) COSTS

The following table shows net finance (income) costs for the three months ended March 31, 2023 and 2022:

	Three Months Ended			
		March 31, 2023		March 31, 2022
Finance costs, excluding lease obligations	**$**	**0.5**	$	0.6
Interest income		**(4.0)**		(0.7)
Accretion of decommissioning liabilities		**0.3**		0.4
Interest on lease obligations		**0.2**		0.1
	$	**(3.0)**	$	0.4

(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 Condensed Consolidated Interim Statements of Financial Position as at March 31, 2023 and December 31, 2022:

	Classification		Fair Value as at March 31, 2023		Fair Value as at December 31, 2022
Gold contracts	Current assets	$	-	$	5.5
Total derivative assets		$	-	$	5.5
Gold contracts	Current liabilities	$	11.0	$	-
Gold contracts	Non-current liabilities		12.7		2.0
Total derivative liabilities		$	23.7	$	2.0

As at March 31, 2023, the remaining gold forward contracts have a weighted average price of $1,952 per ounce to sell 255,000 ounces of gold between April 2023 and December 2024 (December 31, 2022 - a weighted average price of $1,921 per ounce to sell 168,000 ounces of gold between January 2023 to December 2024).

Derivatives arising from gold forward contracts are intended to manage the Company's risk management objectives associated with changing market values. These derivatives have not been designated as hedges. Changes in the fair value of these derivative contracts are recognized as derivative costs in the Condensed Consolidated Interim Statements of Operations and Comprehensive Income. During the three months ended March 31, 2023, the loss recognized on the derivative contracts was $26.6 (three months ended March 31, 2022 - $8.2)

The table below provides a summary of the gold contracts outstanding as at March 31, 2023:

	Gold Ounces		Average Price per Ounce		Notional Value by Term to Maturity		Fair Value as at March 31, 2023
Current liabilities	157,500	$	1,953	$	307.7	$	(11.0)
Non-current liabilities	97,500		1,951		190.2		(12.7)
	255,000			$	497.9	$	(23.7)

NOTE 11. DECOMMISSIONING LIABILITIES

The Company has estimated the decommissioning liability as at March 31, 2023 using a pre-tax discount rate of 4.63% (December 31, 2022 - 3.15%) based on inflation-adjusted Mexican bond yields, with expenditures expected to be incurred between 2025 and 2063. The estimated total future undiscounted cash flows to settle the decommissioning liability as at March 31, 2023 are $53.4 (December 31, 2022 - $52.8).

As the liability is 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 movements in the decommissioning liability for the three months ended March 31, 2023 and the year ended December 31, 2022:

		March 31, 2023		December 31, 2022
Balance, beginning of period	$	**40.5**	$	37.3
Revisions to expected discounted cash flows		**(4.7)**		0.5
Accretion expense		**0.3**		1.5
Foreign exchange movement		**1.2**		1.2
Balance, end of period	$	**37.3**	$	40.5

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 5.7% 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, and ERSUs and EPSUs outstanding under the ESU Plan as at March 31, 2023 and the amounts of share-based compensation expense recognized for the three months ended March 31, 2023 and 2022:

	Number Outstanding	Three Months Ended			
	March 31, 2023		March 31, 2023		March 31, 2022
Options	**24,707**	$	**-**	$	-
RSUs	**166,176**		**0.9**		1.0
ERSUs	**410,401**		**0.3**		0.3
EPSUs	**608,568**		**0.7**		0.5
	1,209,852	$	**1.9**	$	1.8
Loss on remeasurement			**3.6**		0.4
Share-based compensation expense		$	**5.5**	$	2.2

Options

A summary of changes in the number of Options outstanding for the three months ended March 31, 2023 is presented as follows:

	Number of Options		Weighted Average Exercise Price (C$)
Outstanding balance, December 31, 2022	**24,707**	**$**	**17.56**
Outstanding and exercisable balance, March 31, 2023	**24,707**	**$**	**17.56**

No new Options may be granted and the SOP Plan will be terminated once all outstanding Options are exercised or have expired.

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

RSU Plan

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, 2023 is presented below:

	Number of RSUs		Weighted Average Grant Date Fair Value (C$)
Balance, December 31, 2022	124,461	$	15.57
Granted	70,456		17.03
Settled	(28,741)		17.98
Balance, March 31, 2023	166,176	$	15.77

As at March 31, 2023, the RSUs had a fair value of $2.7 (December 31, 2022 - $1.4), which was recorded in accounts payable and accrued liabilities in the Condensed Consolidated Interim Statements of Financial Position.

ESU Plan

Employee restricted share units

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, 2023 is presented below:

	Number of ERSUs		Weighted Average Grant Date Fair Value (C$)
Balance, December 31, 2022	307,877	$	15.24
Granted	192,617		17.05
Settled	(84,827)		19.69
Forfeited	(5,266)		16.52
Balance, March 31, 2023	410,401	$	15.15

As at March 31, 2023, the ERSUs earned to date based on the service condition had a fair value of $2.3 (December 31, 2022 - $2.1), the current portion of which was recorded in accounts payable and accrued liabilities and the non-current portion in other non-current liabilities in the Condensed Consolidated Interim Statements of Financial Position.

Employee performance share units

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, 2023 is presented below:

	Number of EPSUs		Weighted Average Grant Date Fair Value (C$)
Balance, December 31, 2022	461,828	$	22.22
Granted	288,932		23.37
Forfeited	(142,192)		24.63
Balance, March 31, 2023	608,568	$	22.20

As at March 31, 2023, the EPSUs had a fair value of $5.2 (December 31, 2022 - $2.4), the current portion of which was recorded in accounts payable and accrued liabilities and the non-current portion in other non-current liabilities in the Condensed Consolidated Interim Statements of Financial Position.

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

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, 2023 and 2022:

	Three Months Ended	
	March 31, 2023	March 31, 2022
Risk-free interest rate	**3.54%**	1.99%
Expected share price volatility	**55%**	53%
Expected life of units (in years)	**2.95**	2.94
Annual dividends	**0%**	0%
Estimated forfeiture rate	**0%**	0%

NOTE 13. OTHER EXPENSES

During the three months ended March 31, 2023, other expenses of $0.6 are comprised of expenditures related to an upgrade and consolidation of the Company's enterprise resource planning system (three months ended March 31, 2022 - nil).

NOTE 14. 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, 2023 and 2022 as follows:

	Three Months Ended	
	March 31, 2023	March 31, 2022
Net income	**$ 68.2**	$ 40.0
Gain on remeasurement of share-based payments, net of tax	**-**	-
Net income, net of remeasurement of share-based payments	**$ 68.2**	$ 40.0
Basic weighted average shares outstanding	**85,869,276**	85,797,699
Weighted average shares dilution adjustments:		
Share options	**1,146**	8,412
RSUs	**134,664**	114,087
ERSUs	**156,799**	123,226
EPSUs	**236,847**	48,140
Diluted weighted average shares outstanding	**86,398,732**	86,091,564
Earnings per share		
Basic	**$ 0.79**	$ 0.47
Diluted	**$ 0.79**	$ 0.46

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

The following is a summary for the three months ended March 31, 2023 and 2022 of the 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, 2023	March 31, 2022
Options	**-**	49,907
ERSUs	**188,872**	132,275
EPSUs	**566,321**	242,185
	755,193	424,367

NOTE 15. 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 and trade receivables related to copper sales, these financial instruments are recorded at amortized cost in the Condensed Consolidated Interim 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.

The carrying values and fair values of the Company's financial instruments as at March 31, 2023 and December 31, 2022 are as follows:

	As at March 31, 2023		As at December 31, 2022	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial assets				
Cash and cash equivalents	**$ 321.9**	**$ 321.9**	$ 376.0	$ 376.0
Derivative contracts	**-**	**-**	5.5	5.5
Trade receivables	**10.6**	**10.6**	2.6	2.6
	$ 332.5	**$ 332.5**	$ 384.1	$ 384.1
Financial liabilities				
Accounts payable and accrued liabilities	**$ 132.6**	**$ 132.6**	$ 132.8	$ 132.8
Derivative contracts	**23.7**	**23.7**	2.0	2.0
	$ 156.3	**$ 156.3**	$ 134.8	$ 134.8

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. The Company's cash and cash equivalents and trade receivables are primarily held with reputable financial institutions as at March 31, 2023. 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, 2023.

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

(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 its cash reserves, cash flows generated by the ELG Mine Complex and any available funds under the Debt 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, 2023, the Company had cash balances of $321.9 (December 31, 2022 - $376.0). The Company maintains its cash in fully liquid business accounts.

As at March 31, 2023, the Company had nil borrowings on the Debt Facility and had utilized $7.9 for letters of credit, reducing the available liquidity of the Debt Facility to $242.1 (December 31, 2022 - nil, $3.4 and $246.6, respectively).

Cash flows that are expected to fund the operation of the ELG Mine Complex, the development of the Media Luna Project 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 Condensed Consolidated Interim Statements of Financial Position.

					As at March 31, 2023
	Less than 1 year	**1-3 years**	**4-5 years**	**Greater than 5 years**	**Total**
Accounts payable and accrued liabilities	**$ 132.6**	**$ -**	**$ -**	**$ -**	**$ 132.6**
Derivative contracts	**11.0**	**12.7**	**-**	**-**	**23.7**
Lease obligations	**3.0**	**1.7**	**0.5**	**-**	**5.2**
	$ 146.6	**$ 14.4**	**$ 0.5**	**$ -**	**$ 161.5**

					As at December 31, 2022
	Less than 1 year	1-3 years	4-5 years	Greater than 5 years	Total
Accounts payable and accrued liabilities	$ 132.8	$ -	$ -	$ -	$ 132.8
Derivative contracts	-	2.0	-	-	2.0
Lease obligations	2.7	2.0	0.5	-	5.2
	$ 135.5	$ 4.0	$ 0.5	$ -	$ 140.0

(c) Market risk:

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

(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 Debt Facility (Note 8) bears interest at a rate of Term SOFR plus a credit spread adjustment and an applicable margin based on the Company's leverage ratio.

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

The Company does not consider its interest rate risk exposure to be significant as at March 31, 2023 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, 2023, the Company had cash and cash equivalents 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 $3.2 in the Company's net income from the translation of these balances for the three months ended March 31, 2023, 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 the following gold forward sales contracts: in the first quarter of 2022, 138,000 ounces of gold between October 2022 and December 2023 at a weighted average price of $1,921 per ounce; in the fourth quarter of 2022, 60,000 ounces of gold in 2024 at a weighted average price of $1,916 per ounce; and, in the first quarter of 2023, 114,000 ounces from July 2023 to December 2024 at a weighted average price of $1,992 per ounce. As a result, the Company executed gold forward contracts to sell a total of 312,000 ounces at a weighted average price of $1,946 per ounce. As at March 31, 2023, the remaining gold forward contracts have prices ranging from $1,907 per ounce to $2,012 per ounce (or at a weighted average price of $1,952) to sell 255,000 ounces of gold between April 2023 and December 2024. As at March 31, 2023, a 10% change in the weighted average forward gold price of $2,045 per ounce would result in a $35.0 decrease or increase in the Company's net income for the three months ended March 31, 2023 relating to the gold forward contracts.

NOTE 16. COMMITMENTS

Purchase commitments

As at March 31, 2023, the total purchase commitments for the ELG Mine Complex and the Media Luna Project are as follows:

	As at March 31, 2023				
	Less than 1 year	1-3 years	4-5 years	Greater than 5 years	Total
Operating commitments	$ 205.4	$ 115.8	$ -	$ -	$ 321.2
Capital commitments	154.7	203.9	-	-	358.6
	$ 360.1	$ 319.7	$ -	$ -	$ 679.8

Included in capital commitments as at March 31, 2023 is $66.6 relating to the purchase of mobile equipment for the Media Luna Project, which is expected to be delivered between the third quarter of 2023 and the fourth quarter of 2025.

In May 2023, MML executed a master leasing arrangement in connection with the aforementioned mobile equipment, in which the ownership of the assets was assigned to a financer as lessor and then will be leased to

MML. MML expects to recognize the lease obligations and the corresponding right-of-use assets when the underlying assets are available for use by MML. In connection with the assignment of the mobile equipment purchases, MML executed promissory notes totaling $6.2 relating to advance payments paid by the lessor for the aforementioned mobile equipment purchases, with maturities from January 2024 to August 2024.

ELG Mine 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. During the three months ended March 31, 2023, the Company paid $5.6 for the 2.5% royalty relating to the fourth quarter of 2022 (three months ended March 31, 2022 - $5.1 relating to the fourth quarter of 2021). As at March 31, 2023, the Company has accrued $5.8 for the 2.5% royalty relating to the first quarter of 2023 (December 31, 2022 - $5.6 relating to the fourth quarter of 2022).

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 2023, the Company paid $34.2 in respect of the 7.5% and 0.5% royalties for 2022 (paid in March 2022 - $34.6). As at March 31, 2023, the Company has accrued $7.9 and $1.1 for the 7.5% and 0.5% royalties to be paid in March 2024, respectively (December 31, 2022 - $28.0 and $4.3 accrued for the 7.5% and 0.5% royalties to be paid in March 2023, respectively).