TOREX GOLD RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023

This Management's Discussion and Analysis of the financial condition and results of operations ("MD&A") for Torex Gold Resources Inc. ("Torex" or the "Company") was prepared as at August 1, 2023 and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements and related notes for the three and six months ended June 30, 2023. It should also be read in conjunction with the Company's audited consolidated financial statements and annual MD&A for the year ended December 31, 2022. This MD&A contains forward-looking statements that are subject to risks and uncertainties as discussed under "Cautionary Notes". This MD&A also includes the disclosure of certain non-GAAP financial measures. Refer to "Non-GAAP Financial Performance Measures" which identifies the non-GAAP financial measures discussed in this MD&A for further information, including a reconciliation to the comparable IFRS measures. All dollar figures included herein are United States dollars ("U.S. dollar") unless otherwise stated.

HIGHLIGHTS

- **Strong safety performance continues:** Exited the quarter with a lost-time injury frequency ("LTIF") rate of 0.58 per million hours worked on a rolling 12-month basis. There was one lost-time injury in the quarter at the Media Luna Project as the result of a contractor suffering a leg-related injury.
- **Gold production:** Delivered gold production of 107,507 ounces ("oz") for the quarter (YTD - 230,425 oz) driven by a record milling rate of 13,293 tonnes per day ("tpd") (YTD - 13,184 tpd) and a record mining rate at ELG Underground of 1,913 tpd (YTD - 1,826 tpd). With quarterly production in the second half of 2023 expected to mirror the first half of 2023, the Company remains on track to meet annual production guidance of 440,000 to 470,000 ounces.
- **Gold sold:** Sold 105,749 oz of gold (YTD - 224,204 oz) at an average realized gold price[1] of $1,960 per oz (YTD - $1,928 per oz), contributing to revenue of $211.3 million (YTD - $440.1 million).
- **Total cash costs[1] and all-in sustaining costs[1]:** Total cash costs of $848 per oz sold (YTD - $775) and all-in sustaining costs of $1,308 per oz sold (YTD - $1,187). All-in sustaining costs margin[1] of $652 per oz sold (YTD - $741), implying an all-in sustaining costs margin[1] of 33% (YTD - 38%). Cost of sales was $138.1 million (YTD - $275.5 million) or $1,306 per oz sold in the quarter (YTD - $1,229), impacted by the appreciation of the Mexican peso and the lower average gold grade of ore processed due to an increase in the processing of stockpile ore, partially offset by the record milling throughput. The Company's total cash costs and all-in sustaining costs for the year are trending towards the upper end of the guided range largely due to the ongoing strength of the Mexican peso.
- **Net income and adjusted net earnings[1]:** Reported net income of $75.3 million or earnings of $0.88 per share on a basic basis and $0.85 per share on a diluted basis (YTD - $143.5 million, or $1.67 per share on a basic basis and $1.66 per share on a diluted basis). Adjusted net earnings of $37.9 million or $0.44 per share on a basic basis and $0.44 per share on a diluted basis (YTD - $88.2 million, or $1.03 per share on a basic basis and $1.02 per share on a diluted basis). Net income includes a net derivative gain of $14.7 million (YTD - $11.9 million loss) related to gold forward contracts entered into to mitigate downside price risk during the construction of the Media Luna Project.
- **EBITDA[1] and adjusted EBITDA[1]:** Generated EBITDA of $125.3 million (YTD - $227.8 million) and adjusted EBITDA of $105.7 million (YTD - $238.4 million).
- **Cash flow generation:** Net cash generated from operating activities totalled $89.6 million (YTD - $136.6 million) and $92.8 million (YTD - $154.7 million) before changes in non-cash operating working capital, including income taxes paid of $16.7 million (YTD - $92.2 million) and $29.8 million in relation to the site-based employee profit sharing program for 2022 in Mexico. Negative free cash flow[1] of $37.4 million (YTD - $91.4 million) net of cash outlays for capital expenditures, lease payments and interest.

[1] These measures are non-GAAP financial measures. Refer to "Non-GAAP Financial Performance Measures" for further information and a detailed reconciliation to the comparable IFRS measures.

- **Strong financial liquidity:** The quarter closed with net cash[1] of $273.8 million, including $285.3 million in cash and $11.5 million of lease-related obligations, no borrowings on the credit facilities of $250.0 million and letters of credit outstanding of $7.9 million, providing $527.4 million in available liquidity. In accordance with its financing plan, the Company is in the advanced stages of extending and increasing the available credit facilities with a syndicate of international banks. It is expected that these amendments will be executed in Q3 2023 and provide the Company with a total of $300.0 million in available credit (an increase from the current $250.0 million) with a maturity date in 2026 (extended from the current 2025 maturity) and a one-year extension to draw on the term loan.
- **Media Luna Project:** Media Luna Project expenditures totalled $77.2 million during the quarter (YTD - $143.6 million), with a remaining project spend of $606.2 million. Expenditures during this period were primarily focused on continued development of the Guajes Tunnel and South Portals, with development of the Guajes Tunnel reaching 4,500 metres and South Portal Lower reaching 2,075 metres by end of the second quarter. As of June 30, 2023, physical progress on the Project was approximately 35%, with detailed engineering, procurement activities, underground development, and surface construction advancing. As of June 30, 2023, the Company had commitments in place for $395.9 million of project expenditures (approximately 45% of total budgeted expenditures). The pace of investment is expected to increase into the second half of 2023 and remain relatively consistent through the first half of 2024, before declining as development activities wind down ahead of commercial production, which is anticipated in early-2025. The project continues to track to overall schedule and budget. Media Luna Project expenditures are trending towards the lower end of the full year guided range of $390 million to $440 million.
- **Exploration and Drilling Activities:** In July, the Company announced assay results from the ongoing drilling program at the ELG Underground mine[2]. Infill and step-out drilling at El Limón Sur Deep was successful in extending higher-grade mineralization outside of the current resource block model. Additionally, step-out drilling completed in late-2022 encountered the deepest recognized mineralization at the 400-metre elevation within the El Limón Sur Trend, which demonstrates the continuity of mineralization at depth at the ELG Underground. Overall, the positive results from the underground drilling program support ongoing resource expansion and reserve growth within ELG Underground, which in turn supports the Company's strategic focus on filling the mill with higher-grade feed beyond 2027.
- **Release of the 2022 Responsible Gold Mining Report:** In May, the Company released its 2022 Responsible Gold Mining Report (RGMR), the Company's eighth annual disclosure of its ESG performance. The Report can be found on the Company's website at www.torexgold.com.

[1] These measures are non-GAAP financial measures. Refer to "Non-GAAP Financial Performance Measures" for further information and a detailed reconciliation to the comparable IFRS measures.
[2] For more information on ELG Underground drilling results, see the Company's news release titled "Torex Gold Reports Results Positive Drilling Results from ELG Underground" issued on July 11, 2023, and filed on SEDAR at www.sedar.com and on the Company's website at www.torexgold.com.

OPERATING AND FINANCIAL HIGHLIGHTS

Table 1.

In millions of U.S. dollars, unless otherwise noted		Three Months Ended			Six Months Ended	
		Jun 30, 2023	Mar 31, 2023	Jun 30, 2022	**Jun 30, 2023**	Jun 30, 2022
Operating Results						
Lost-time injury frequency[1]	/million hours	**0.58**	0.53	0.00	**0.58**	0.00
Total recordable injury frequency[1]	/million hours	**1.66**	1.87	1.32	**1.66**	1.32
Gold produced	oz	**107,507**	122,918	123,185	**230,425**	235,631
Gold sold	oz	**105,749**	118,455	123,363	**224,204**	231,375
Total cash costs[2]	$/oz	**848**	709	703	**775**	724
Total cash costs margin[2]	$/oz	**1,112**	1,190	1,162	**1,153**	1,147
All-in sustaining costs[2]	$/oz	**1,308**	1,079	911	**1,187**	969
All-in sustaining costs margin[2]	$/oz	**652**	820	954	**741**	902
Average realized gold price[2]	$/oz	**1,960**	1,899	1,865	**1,928**	1,871
Financial Results						
Revenue	$	**211.3**	228.8	235.0	**440.1**	442.7
Cost of sales	$	**138.1**	137.4	139.6	**275.5**	271.8
Earnings from mine operations	$	**73.2**	91.4	95.4	**164.6**	170.9
Net income	$	**75.3**	68.2	70.3	**143.5**	110.3
Per share - Basic	$/share	**0.88**	0.79	0.82	**1.67**	1.29
Per share - Diluted	$/share	**0.85**	0.79	0.80	**1.66**	1.27
Adjusted net earnings[2]	$	**37.9**	50.3	57.0	**88.2**	94.2
Per share - Basic[2]	$/share	**0.44**	0.59	0.66	**1.03**	1.10
Per share - Diluted[2]	$/share	**0.44**	0.58	0.66	**1.02**	1.09
EBITDA[2]	$	**125.3**	102.5	155.9	**227.8**	259.0
Adjusted EBITDA[2]	$	**105.7**	132.7	137.1	**238.4**	247.8
Cost of sales	$/oz	**1,306**	1,160	1,132	**1,229**	1,175
Net cash generated from operating activities	$	**89.6**	47.0	126.9	**136.6**	173.6
Net cash generated from operating activities before changes in non-cash operating working capital	$	**92.8**	61.9	120.6	**154.7**	180.2
Free cash flow[2]	$	**(37.4)**	(54.0)	73.1	**(91.4)**	53.4
Cash and cash equivalents	$	**285.3**	321.9	310.7	**285.3**	310.7
Net cash[2]	$	**273.8**	318.4	306.3	**273.8**	306.3

1. On a 12-month rolling basis, per million hours worked.
2. Total cash costs, total cash costs margin, all-in sustaining costs, all-in sustaining costs margin, average realized gold price, adjusted net earnings, EBITDA, adjusted EBITDA, free cash flow and net cash are non-GAAP financial measures with no standardized meaning under International Financial Reporting Standards ("IFRS"). Refer to "Non-GAAP Financial Performance Measures" for further information and a detailed reconciliation to the comparable IFRS measures.

SECOND QUARTER REPORT

The following abbreviations are used throughout this document: $ (United States dollar), C$ (Canadian dollar), TCC (total cash costs), AISC (all-in sustaining costs), Au (gold), AuEq (gold equivalent), Ag (silver), Cu (copper), oz (ounce), gpt (grams per tonne), koz (thousand ounces), moz (million ounces), kt (thousand tonnes), mt (million tonnes), m (metres), km (kilometres), w:o (waste to ore), and tpd (tonnes per day).

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COMPANY OVERVIEW

Torex Gold Resources Inc. is an intermediate gold producer based in Canada, engaged in the exploration, development and operation of its 100% owned Morelos Property (the "Morelos Property"), an area of 29,000 hectares in the highly prospective Guerrero Gold Belt located 180 kilometres 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. Commercial production from the Morelos Complex commenced on April 1, 2016 and an updated Technical Report for the Morelos Complex was released in March 2022.

Torex's key strategic objectives are to optimize and extend production from the ELG Mine Complex, de-risk and advance Media Luna to commercial production, build on ESG excellence, and to grow through ongoing exploration across the entire Morelos Property.

In addition to realizing the full potential of the Morelos Property, the Company is seeking opportunities to acquire assets that enable diversification and deliver value to shareholders.

GUIDANCE

The Company's annual production, cost and capital expenditure guidance for 2023 remains unchanged and there has been no change to the operational outlook for 2023. Given the appreciation of the Mexican peso, full year total cash costs and all-in sustaining costs are trending towards the upper end of the annual guided ranges. Non-sustaining capital expenditures related to the development of the Media Luna Project are trending toward the lower end of the guided range of $390 to $440 million in 2023.

The following table summarizes the Company's performance to date relative to 2023 guidance:

Table 2.

In millions of U.S. dollars, unless otherwise noted		2023 Guidance	Q2 2023 YTD Performance
Gold Production	oz	440,000 to 470,000	230,425
Total Cash Costs[1]	$/oz	740 to 780	775
All-in Sustaining Costs[1]	$/oz	1,080 to 1,130	1,187
Capitalized Stripping	$	55 to 65	43.1
ELG Sustaining Capital Expenditures[1]	$	60 to 70	34.1
Sustaining Capital Expenditures[1]	$	115 to 135	77.2
Media Luna Project	$	390 to 440	143.6
Media Luna Infill Drilling/Other	$	20	8.0
ELG Non-Sustaining Capital Expenditures[1]	$	2	1.1
Non-Sustaining Capital Expenditures[1]	$	412 to 462	152.7

1. These measures are non-GAAP financial measures. Refer to "Non-GAAP Financial Performance Measures" for further information and a detailed reconciliation to historical IFRS measures.

Gold production in the second quarter of 2023 was impacted by the depletion of the Guajes open pit and the layback to extend the life of the El Limón pit, resulting in higher waste tonnes mined. Quarterly gold production in the second half of 2023 is expected to mirror production in the first half of 2023. The Company's mine plan for the third quarter reflects a heavy focus on waste stripping in the El Limón open pit and a drawdown of stockpiles. Given the mine plan, total cash costs and all-in sustaining costs during the third quarter are trending towards the upper end of the annual guided ranges. Production is expected to return to usual levels in the fourth quarter, with higher processed grades and the increased ore production. Notwithstanding these planned quarter on quarter movements, the Company is well on track to achieve annual production guidance.

2023 OBJECTIVES

The following table summarizes the Company's objectives for 2023:

Environment, Social & Governance (ESG)
Safety – no fatalities, no lost time injuries
Climate – Complete Year 1 workplan on commitment to deliver 10% absolute reduction of GHG emissions by 2030
ESG – Substantially complete outstanding requirements for compliance with World Gold Council's Responsible Gold Mining Principles, International Cyanide Management Code and Global Industry Standard for Tailings Management
Environmental protection – zero reportable spills of 1,000 litres or more that report to a natural water body
Operations
Production – 440,000 to 470,000 oz of gold produced
Cost Control:
Total cash costs of $740 to $780 per oz
All-in sustaining costs of $1,080 to $1,130 per oz
ELG mine and plant sustaining capital expenditure of $60 million to $70 million, including $10 million for power related projects and $15 million in underground development that in prior years was classified as non-sustaining
ELG capitalized stripping of $55 million to $65 million
ELG non-sustaining capital expenditure of $2 million
Set up for growth
Media Luna non-sustaining capital expenditure of $390 million to $440 million, excluding $20 million of drilling costs
Strip 38 million tonnes of waste in the open pits; 13,000 metres of development in the ELG Underground
Complete Media Luna exploration drilling program – $20 million of capital expenditures to execute 55,000 metres of drilling
Completion of power-related projects to increase draw to 45 megawatts (MW); submit application for further increase to 65 MW
Execute over 2,000 metres of development at Guajes Tunnel
Execute plan to increase ELG Underground mining rates
Complete ELG Brownfield Exploration Program – 57,000 metres of drilling and $12 million in expenditures
Continue Morelos Exploration Program – $2 million for mapping and sampling of select greenfield targets

FINANCIAL RESULTS

Table 3.

In millions of U.S. dollars, unless otherwise noted		Three Months Ended		Six Months Ended	
		Jun 30, 2023	Jun 30, 2022	**Jun 30, 2023**	Jun 30, 2022
Revenue	$	**211.3**	235.0	**440.1**	442.7
Gold	$	**207.9**	230.1	**432.3**	432.8
Silver	$	**1.3**	0.7	**2.8**	1.4
Copper	$	**2.1**	4.2	**5.0**	8.5
Cost of sales	$	**138.1**	139.6	**275.5**	271.8
Production costs	$	**86.7**	84.5	**168.2**	164.1
Royalties	$	**6.4**	7.1	**13.3**	13.3
Depreciation and amortization	$	**45.0**	48.0	**94.0**	94.4
Earnings from mine operations	$	**73.2**	95.4	**164.6**	170.9
General and administrative expenses	$	**4.2**	2.7	**14.4**	11.1
Exploration and evaluation expenses	$	**1.6**	2.0	**3.2**	4.3
Other expenses	$	**1.6**	-	**2.2**	-
Derivative (gain) loss, net	$	**(14.7)**	(17.0)	**11.9**	(8.8)
Finance (income) costs, net	$	**(3.2)**	(0.3)	**(6.2)**	0.1
Foreign exchange loss (gain)	$	**0.2**	(0.1)	**(0.8)**	(0.2)
Current income tax expense	$	**18.6**	37.0	**35.4**	61.6
Deferred income tax (recovery) expense	$	**(10.4)**	0.8	**(39.0)**	(7.5)
Net income	$	**75.3**	70.3	**143.5**	110.3
Per share - Basic	$/share	**0.88**	0.82	**1.67**	1.29
Per share - Diluted	$/share	**0.85**	0.80	**1.66**	1.27
Adjusted net earnings[1]	$	**37.9**	57.0	**88.2**	94.2
Per share - Basic[1]	$/share	**0.44**	0.66	**1.03**	1.10
Per share - Diluted[1]	$/share	**0.44**	0.66	**1.02**	1.09
Cost of sales	$/oz	**1,306**	1,132	**1,229**	1,175
Total cash costs[1]	$/oz	**848**	703	**775**	724
Total cash costs margin[1]	$/oz	**1,112**	1,162	**1,153**	1,147
All-in sustaining costs[1]	$/oz	**1,308**	911	**1,187**	969
All-in sustaining costs margin[1]	$/oz	**652**	954	**741**	902
Average realized gold price[1]	$/oz	**1,960**	1,865	**1,928**	1,871

1. These measures are non-GAAP financial measures. Refer to "Non-GAAP Financial Performance Measures" for further information and a detailed reconciliation.

SECOND QUARTER 2023 FINANCIAL RESULTS

Revenue totalled $211.3 million

Revenue decreased 10% primarily due to a 14% decrease in gold ounces sold, partially offset by a higher average realized gold price. The Company sold 105,749 ounces of gold at an average realized gold price[1] of $1,960 per oz in the second quarter of 2023, compared to 123,363 ounces at an average realized gold price of $1,865 per oz in the second quarter of 2022. The average realized gold price in the second quarter of 2023 includes a realized loss of $0.6 million on gold forwards compared to nil in the comparative period. The 14% decrease in ounces sold resulted from a 13% decrease in gold produced. The decrease in gold production was largely due to the lower average gold grade of ore mined and processed and lower ore tonnes mined at the ELG open pits, partially offset by the record processing plant throughput and an increase in the mining rates from ELG Underground. The lower average gold grade of ore processed was primarily due to an increase in the processing of lower grade stockpile ore as a result of the depletion of the Guajes open pit during the second quarter and the layback to extend the life of the El Limón pit.

Cost of sales was $138.1 million or $1,306 per oz sold

Cost of sales was comparable to the second quarter of 2022; however, 15% higher on a per oz basis due to the 14% decrease in gold ounces sold. Production costs were higher than the comparative period primarily due to the appreciation of the Mexican peso and higher cyanide costs due to increased prices and consumption, partially offset by higher volumes of capitalized stripping. Royalties represent 2.5% of proceeds from all metal sales and an additional 0.5% of proceeds from gold and silver sales and were lower than the comparative period due to the lower revenue described above. Depreciation and amortization were lower than the second quarter of 2022 on a total basis primarily due to the decrease in ounces of gold sold. For 2023, depreciation and amortization is expected to range between $175 million to $200 million.

Total Cash Costs[1] were $848 per oz sold

TCC in the quarter increased relative to the comparative period, primarily due to the higher production costs and the decrease in ounces of gold sold described above, partially offset by the higher capitalized stripping related to the layback to extend the life of the El Limón pit.

All-in Sustaining Costs[1] were $1,308 per oz sold

The increase in AISC relative to the second quarter of 2022 was primarily due to higher planned sustaining capital expenditures, including the increased capitalized stripping described above, the higher total cash costs per oz of gold sold and the decrease in gold ounces sold.

General and administrative expenses of $4.2 million

General and administrative expenses primarily comprises corporate office employee costs, share-based compensation, and professional fee costs. General and administrative expenses were higher than the second quarter of 2022 primarily due to the lower gain on remeasurement of share-based payments ($1.8 million in the second quarter of 2023 and $2.2 million for the comparative period), higher employee costs and share-based compensation expense, partially offset by lower consulting fees.

Other expenses of $1.6 million

Other expenses comprises expenditures related to an upgrade and consolidation of the Company's enterprise resource planning system to support the integration of the Media Luna Project into the operations and broader optimization opportunities. For 2023, other expenses are expected to be approximately $10 million, which also includes training expenditures related to the Media Luna Project, which must be expensed for accounting purposes, and are expected to be incurred in the second half of 2023.

[1] Refer to "Non-GAAP Financial Performance Measures" for further information and a detailed reconciliation.

Derivative gain, net, of $14.7 million

The Company has taken initiatives to mitigate price uncertainty during the development of the Media Luna Project. As at June 30, 2023, the remaining gold forward contracts have a weighted average price of $1,956 per oz to sell a total of 228,000 ounces of gold between July 2023 and December 2024. These derivatives have not been designated as hedges; therefore, movements in the fair value of the derivatives are recognized in net income each period.

The Company realized a loss of $0.6 million on the 27,000 ounces of gold forwards that settled in the second quarter of 2023 at a weighted average price of $1,924 per oz, which on average was lower than the gold spot prices at the time of settlement. An unrealized derivative gain of $15.3 million was recognized in the second quarter of 2023 due to gold forward prices weakening during the quarter, compared to the $17.0 million unrealized derivative gain in the comparative period.

Finance income, net of finance costs, of $3.2 million

The increase in finance income, net of finance costs, was primarily related to higher interest income due to higher interest rates.

Foreign exchange loss of $0.2 million

The foreign exchange loss in the second quarter of 2023 and the foreign exchange gain in the comparative period were insignificant.

Current income and mining tax expense of $18.6 million

The decrease in current income and mining tax expense over the comparative period was primarily due to the tax deduction for the payment of the site-based employee profit sharing program for 2022 in Mexico that was paid in the quarter and the decrease in revenue, partially offset by the currency translation of the tax liability.

Deferred income tax recovery of $10.4 million

The deferred income tax recovery was primarily driven by higher depreciation for accounting than for tax purposes, which reduced the difference between the book value and tax value of the assets in the deferred tax calculation and the tax effect of currency translation on the tax base. As at June 30, 2023, the closing value of property, plant and equipment for tax purposes was $21.9 billion pesos and the closing value of inventory for tax purposes was $2.1 billion pesos.

Net income of $75.3 million

Net income for the quarter was $75.3 million compared to net income of $70.3 million in the second quarter of 2022. The increase in net income was primarily due to a lower net income tax expense and the higher average realized gold price, partially offset by the 14% decrease in gold ounces sold.

YEAR TO DATE 2023 FINANCIAL RESULTS

Revenue totalled $440.1 million

Revenue decreased 1% primarily due to a 3% decrease in gold ounces sold, partially offset by a higher average realized gold price. The Company sold 224,204 ounces of gold at an average realized gold price[1] of $1,928 per oz in the first half of 2023, compared to 231,375 ounces at an average realized gold price of $1,871 per oz in the first half of 2022. The average realized gold price in the first half of 2023 includes a realized loss of $0.1 million on gold forwards compared to nil in the comparative period. The 3% decrease in ounces sold primarily resulted from a 2% decrease in gold produced. The decrease in gold production was largely due to the lower average gold grade of ore processed and lower ore tonnes mined at the ELG open pits, partially offset by the higher processing plant throughput, an increase in the mining rates from ELG Underground and the higher average gold grade of ore mined. The lower average gold grade of ore processed was primarily due to an increase in the processing of lower grade stockpile ore as a result of the depletion of the Guajes open pit during the second quarter and the layback to extend the life of the El Limón pit.

Cost of sales was $275.5 million or $1,229 per oz sold

Cost of sales was 1% higher compared to the first half of 2022 and 5% higher on a per oz basis, despite the 3% decrease in gold ounces sold. Production costs were higher than the comparative period primarily due to the appreciation of the Mexican peso and higher cyanide costs as a result of increased prices and consumption, partially offset by higher volumes of capitalized stripping and lower Mexican profit sharing expensed in the first half of 2023. Royalties were consistent with the comparative period due to a decrease in ounces sold, partially offset by a higher average realized gold price. Depreciation and amortization were comparable to the first half of 2022 on a total basis, in line with the marginal decrease in gold ounces sold.

Total Cash Costs[1] were $775 per oz sold

TCC in the first half of 2023 increased relative to the comparative period, primarily due to the higher production costs and the decrease in ounces of gold sold described above, partially offset by the higher capitalized stripping related to the layback to extend the life of the El Limón pit.

All-in Sustaining Costs[1] were $1,187 per oz sold

The increase in AISC relative to the first half of 2022 was primarily due to higher planned sustaining capital expenditures, including the increased capitalized stripping described above, coupled with the higher total cash costs per oz of gold sold.

General and administrative expenses of $14.4 million

General and administrative expenses were higher than the first half of 2022. Excluding the remeasurement of share-based payments (loss of $1.8 million in the first half of 2023 and gain of $1.8 million for the comparative period), general and administrative expenses would have been lower compared to the first half of 2022, primarily due to lower employee costs and consulting fees.

Other expenses of $2.2 million

Other expenses in the first half of 2023 were $2.2 million and relate to an enterprise resource planning system project, compared to nil in the comparative period.

Derivative loss, net, of $11.9 million

The Company realized a loss of $0.1 million on the 54,000 ounces of gold forwards that settled in the first half of 2023 at a weighted average price of $1,924 per oz, which was lower than the gold spot prices at the time of settlement. An unrealized derivative loss of $11.8 million was recognized in the first half of 2023 as a result of gold forward prices strengthening during the year, compared to the $8.8 million unrealized derivative gain in the comparative period.

[1] Refer to “Non-GAAP Financial Performance Measures” for further information and a detailed reconciliation.

Finance income, net of finance costs, of $6.2 million

The increase in finance income, net of finance costs, was primarily related to higher interest income due to higher interest rates.

Foreign exchange gain of $0.8 million

The foreign exchange gain was primarily related to a 11.8% appreciation of the Mexican peso since the beginning of the year, compared to a 2.9% appreciation in the comparative period.

Current income and mining tax expense of $35.4 million

The decrease in current income and mining tax expense over the comparative period was primarily due to the derecognition of a provision for an uncertain tax position of $15.2 million, the tax deduction for the payment of the site-based employee profit sharing program for 2022 in Mexico that was paid in the quarter and a decrease in revenue, partially offset by the currency translation of the tax liability.

Deferred income tax recovery of $39.0 million

The deferred income tax recovery was primarily driven by higher depreciation for accounting than for tax purposes, which reduced the difference between the book value and tax value of the assets in the deferred tax calculation and the tax effect of currency translation on the tax base.

Net income of $143.5 million

Net income in the first half of 2023 was $143.5 million compared to net income of $110.3 million in the first half of 2022. The increase in net income was primarily due to the net income tax recovery, the higher average realized gold price, the increase in interest income, partially offset by a higher net derivative loss on gold contracts and a 3% decrease in gold ounces sold.

RESULTS OF OPERATIONS

The following table summarizes the mining activities for the Company's ELG Mine Complex:

Table 4.

		Three Months Ended			Six Months Ended	
		Jun 30, 2023	Mar 31, 2023	Jun 30, 2022	**Jun 30, 2023**	Jun 30, 2022
Mining[1]						
Total ELG Open Pits						
Ore tonnes mined	kt	**644**	916	987	**1,560**	2,048
Waste tonnes mined	kt	**11,124**	8,437	7,960	**19,561**	16,918
Total tonnes mined	kt	**11,768**	9,354	8,947	**21,121**	18,966
Ore tonnes mined per day	tpd	**7,074**	10,182	10,846	**8,619**	11,315
Waste tonnes mined per day	tpd	**122,243**	93,747	87,473	**108,074**	93,469
Strip ratio	w:o	**17.3**	9.2	8.1	**12.5**	8.3
Average gold grade of ore mined	gpt	**2.72**	4.31	3.58	**3.66**	3.27
ELG Underground						
Ore tonnes mined	kt	**174**	156	144	**330**	258
Ore tonnes mined per day	tpd	**1,913**	1,738	1,582	**1,826**	1,424
Average gold grade of ore mined	gpt	**4.79**	5.15	6.22	**4.96**	5.98
ELG Open Pits and Underground						
Ore tonnes mined	kt	**818**	1,073	1,131	**1,891**	2,306
Ore tonnes mined per day	tpd	**8,987**	11,919	12,429	**10,445**	12,739
Average gold grade of ore mined	gpt	**3.16**	4.43	3.92	**3.88**	3.57
Processing[1]						
Total tonnes processed	kt	**1,210**	1,177	1,124	**2,386**	2,258
Average plant throughput	tpd	**13,293**	13,073	12,352	**13,184**	12,478
Average gold recovery	%	**88.3**	87.8	88.1	**88.0**	87.5
Average gold grade of ore processed	gpt	**3.13**	3.50	3.97	**3.31**	3.72
Gold produced	oz	**107,507**	122,918	123,185	**230,425**	235,631
Gold sold	oz	**105,749**	118,455	123,363	**224,204**	231,375
Financial Metrics						
Total cash costs[2]	$/oz	**848**	709	703	**775**	724
Total cash costs margin[2]	$/oz	**1,112**	1,190	1,162	**1,153**	1,147
All-in sustaining costs[2]	$/oz	**1,308**	1,079	911	**1,187**	969
All-in sustaining costs margin[2]	$/oz	**652**	820	954	**741**	902
Average realized gold price[2]	$/oz	**1,960**	1,899	1,865	**1,928**	1,871

1. Rounding may result in apparent summation differences.
2. These measures are non-GAAP financial measures. Refer to "Non-GAAP Financial Performance Measures" for further information and a detailed reconciliation.

Mining

A total of 818 kt of ore were mined in the second quarter of 2023, including 644 kt from the ELG open pits and 174 kt from ELG Underground. Average waste to ore strip ratio ("strip ratio") in the open pits was 17.3:1. Excluding 133 kt of long-term, low-grade ore, the average gold grade of ore mined was 3.59 gpt.

In the second quarter of 2022, 1,131 kt of ore were mined, including 987 kt from the ELG open pits and 144 kt from ELG Underground, with an average strip ratio in the open pits of 8.1:1. Excluding 81 kt of long-term, low-grade ore, the average gold grade of ore mined was 4.14 gpt.

As at June 30, 2023, there were 4.2 mt of ore in stockpiles at an average grade of 1.16 gpt. Excluding 2.6 mt of long-term, low-grade stockpiles at an average grade of 0.96 gpt, the remaining 1.6 mt of ore in stockpiles are at an average grade of 1.47 gpt.

Plant Performance

Plant throughput in the second quarter of 2023 achieved an average rate of 13,293 tpd, a record for plant operations, surpassing the previous record of 13,073 tpd established in Q1 2023. The average gold recovery for the quarter was 88.3%, higher than the recovery of 87.8% in the previous quarter, predominantly impacted by the depletion of the Guajes open pit. Recoveries are forecasted to continue improving through the second half of the year as the proportion of higher recovery ore is expected to increase, as mining of the Guajes open pit has ceased.

Gold Production and Sales

In the second quarter of 2023, 107,507 ounces of gold were produced and 105,749 ounces of gold were sold. Production in the second quarter of 2023 was lower than the comparative period in the prior year primarily due to the lower average gold grade of ore processed due to an increase in the processing of lower grade stockpile ore as a result of the depletion of the Guajes open pit during the second quarter and the layback to extend the life of the El Limón pit, resulting in higher waste tonnes mined.

ENVIRONMENT, SOCIAL & GOVERNANCE

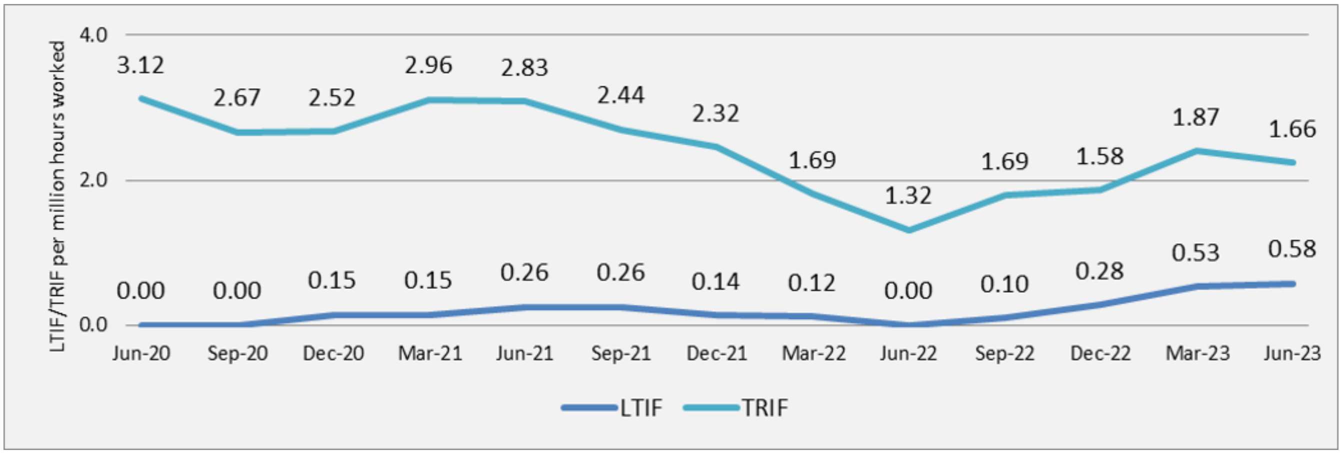
Safety

With the significant increase of activity at site with the construction of the Media Luna Project, safety and reporting of all incidents, including near misses, continues to be a key focus. As at June 30, 2023, the Company's lost-time injury frequency (LTIF) was 0.58 and its total recordable injury frequency (TRIF) was 1.66. Both rates include employees and contractors and are calculated per million hours worked on a rolling 12-month basis.

The Company recorded one lost-time injury and no fatalities during the second quarter of 2023. The lost-time injury occurred at the Media Luna Project when a contractor fractured their lower leg while preparing a prefabricated concrete structure for installation. The injury is being investigated and corrective actions will be implemented following a root cause analysis of the incident.

The Company continued to optimize the usage of the SmartCap system on all open pit mobile equipment as part of its fatigue risk management program. The data collected on the open pit mobile equipment throughout 2023 will enable implementation of the system across the underground mobile fleet in 2024.

Lost-Time Injury Frequency and Total Recordable Injury Frequency Per Million Hours Worked on a Rolling 12-Month Basis: June 2020 – June 2023



Environment & Climate Change

There were no reportable spills or environmental incidents during the quarter and there are currently no material claims, demands, or legal proceedings against the Company related to environmental matters. The Company remains on track to achieve its 2023 objective of zero reportable spills of 1,000 litres or more that report to a natural water body.

The Company continued to make progress on permitting in the second quarter of 2023. In May, the Company received approval from SEMARNAT for a modification of the Company's MIA-Integral permit to include updates to the footprint arrangement at Media Luna and ELG. The Company is close to finalizing an application for a second MIA modification focused on the new in-pit tailings facility planned as part of the Media Luna Project, which is scheduled for submission in the third quarter of 2023.

The Company continued to make progress in the second quarter on its climate change strategy released in November 2022, and actions associated with an established pathway to achieve 2030 greenhouse gas (GHG) emissions reduction targets. Land preparation activities were completed in the second quarter for the construction of the Company's new 8.7-megawatt solar plant, which is expected to be commissioned by the end of 2023. In addition, following the agreement that was finalized with Sandvik Mining and Rock Solutions to procure a hybrid 35-unit fleet for Media Luna, agreements were finalized with both MacLean Engineering and Rokion for sizeable equipment orders of battery-electric vehicles (BEVs), which will support the Company's commitment to reduce its carbon footprint.

Finally, June marked the 50th anniversary of World Environment Day, which was commemorated through celebrations between federal, state and municipal representatives, local community members and Company representatives. A new environmental education centre built by Torex was officially opened, which will provide environmental education to local youth about care and preservation of the natural environment. In addition, the Company marked the opening of a new wildlife management unit called 'UMA Bioluna', which has been given authorization by the Ministry of Environment (SEMARNAT) to raise and release the 'Mexican Beaded Lizard' (Heloderma horridium), a threatened species in Mexico that is protected under Mexican law.

Community Relations

Relationships with local communities continue to be positive and productive. The Company continued to implement unique community development agreements (known locally as CODECOPs) with eleven local communities during the quarter. The CODECOPs define community investment projects to be delivered in partnership with local communities, as defined by local CODECOP committees. Projects associated with the 2023 CODECOPs include infrastructure, water, sewage, and health initiatives.

Progress continued to be made in the quarter on the relocation of the community of San Miguel, whose residents voted in favour of resettlement in 2022 due to the close proximity of the village to Media Luna. The project will involve the resettlement of approximately 50 homes and is expected to be completed by early 2024. Site preparation for the new community was completed in the quarter, and permit applications including the Change of Use of Land (CUS) and MIA authorization were approved in the quarter.

ESG Performance, Disclosure and Reporting Standards

In May, the Company released its 2022 Responsible Gold Mining Report (RGMR), the Company's eighth annual disclosure of its ESG performance. The RGMR was prepared with reference to the Global Reporting Initiative (GRI) Standards and the Sustainability Accounting Standards Board (SASB) Metals and Mining Sustainability Accounting Standard. It also includes energy and climate-related data aligned with the Phase 1 recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). The Report can be found on the Company's website at www.torexgold.com.

A consolidated 3-year ESG workplan has been developed to support the implementation of global ESG standards adopted by the Company, including the World Gold Council Responsible Gold Mining Principles (RGMPs), the Global Industry Standard on Tailings Management (GISTM), the Voluntary Principles on Security and Human Rights (VPSHR) and the International Cyanide Management Code (ICMC). With the workplan completed, the Company's internal ESG Working Group is working to complete outstanding work items within full compliance deadlines, as follows:

- RGMPs: Internal compliance by end of 2023; third-party assurance of full compliance by September 2024;
- ICMC: Full compliance audit to be initiated by May 2024;
- GISTM: Full compliance audit to be completed by August 2025.

DEVELOPMENT ACTIVITIES

Media Luna Project Update

Following the completion of the Media Luna Feasibility Study and receipt of project approval by the Board of Directors, the Company commenced the execution phase of the Media Luna Project on April 1, 2022. During the second quarter of 2023, detailed engineering and procurement activities increased materially, with several key purchase orders awarded, the most significant being the battery electric mining fleet for production support and personnel transport, as well as the ball mill motors equipped with variable frequency drives. In addition, the Company awarded the vertical development and underground construction contract, and the contractor is now mobilizing to site. Work to expedite the paste plant filter presses has been successful in pulling the delivery dates forward by one month, while efforts to expedite the schedule critical underground electrical equipment to mitigate schedule risk are ongoing. The Guajes Tunnel has advanced 4,500 metres with breakthrough on track for early in the first quarter of 2024, if not earlier. At South Portal Lower, the main spiral ramp was completed post-quarter end and the primary tunnel has advanced 2,075 metres. Civil works on both sides of the Balsas River continued during the quarter, and concrete installation will commence as the site-wide concrete contractor is selected.

Total budgeted spend post March 31, 2022 related to the development of Media Luna are tracking to the initial estimate of $874.5 million. As of June 30, 2023, the Company had incurred $268.3 million of project period expenditures (approximately 31% to date) with $395.9 million of expenditures committed or incurred (approximately 45% to date).

A summary of the Project expenditures can be found in the following table.

Table 5.

In millions of U.S. dollars, unless otherwise noted		Media Luna Project Capital
Per 2022 Technical Report	$	848.4
Adjustment for Q1 2022 underspend	$	26.1
Total budgeted spend post March 31, 2022	$	874.5
Expenditures incurred post March 31, 2022[1,2]	$	268.3
Remaining spend[2]	$	606.2
Percentage complete - relative to budgeted spend	%	31
Percentage complete - construction progress	%	35

1. Cumulative capital expenditures incurred on the Media Luna Project from commencement of construction as of April 1, 2022.
2. Excludes borrowing costs capitalized.

With $143.6 million of expenditures incurred through the first half of 2023 and the quarterly spend rate expected to increase further, the non-sustaining capital expenditures related to the development of the Media Luna Project are trending toward the lower end of the guided range of $390 to $440 million for the full year. Quarterly expenditures are expected to increase into the second half of 2023, and remain relatively consistent through the first half of 2024, before declining as development activities wind down ahead of commercial production, which is anticipated in early 2025.

Additional detail on the Media Luna Project, including the feasibility study results, can be found in the Company's most recent Technical Report dated effective March 16, 2022, filed on March 31, 2022 ("Technical Report").

As of June 30, 2023, development of Media Luna was tracking to plan, with the project 35% complete, up from 24% at the end of the first quarter of 2023. Detailed engineering is at the 60% completion mark, while procurement is 48% complete, with a majority of the schedule critical purchase orders either awarded, or soon to be awarded. Based on the current schedule, first concentrate production is on track for late-2024.

During the quarter, the Company executed numerous key purchase orders including the paste plant conveyors and hoppers, underground material handling transfer conveyors, rubber lined pipe spools for the tailings system feeding the paste plant, and additional camp modules to accommodate our underground construction contractor. For the surface plant, key orders included medium voltage switchgear, pad mounted transformers, air compressors, concrete reinforcing steel to initiate foundation installation next quarter, and most notably the ball mill motors with variable frequency drives.

Orders were also finalized with Maclean for the battery electric vehicle ("BEV") production support equipment and with Rokion for the BEV personnel transport equipment. With respect to contracts, both the vertical development and underground construction contract evaluations were completed and awarded on a combined basis to an already well established Torex contractor, with a view to creating cost and productivity synergies. Contractor mobilization has commenced.

The pace of detailed engineering increased during the second quarter and continues to support procurement activities. Key engineering activities included detailing of the underground ore and waste handling infrastructure, advancement of electrical supply and distribution systems within the mine considering the selected BEV vendor's fleet requirements. For the surface facilities, final foundation designs for the water treatment plant and flotation plant were issued and steel detailing was initiated with a view to advancing fabrication. Electrical foundations and layout designs were submitted and reviewed with the federal power regulator CFE, with the overall design and installation of the 115 kV and 230 kV systems and associated infrastructure advancing to plan.

Steady progress was made in advancing the Guajes Tunnel and South Portal Lower. Breakthrough of the Guajes Tunnel on the south side of the Balsas River remains on track for the first quarter of 2024, if not earlier. Delivery of the Guajes conveyor table segments began during the second quarter as well as preparation of the tunnel for conveyor anchor installation next quarter.

As of the end of June, the Guajes Tunnel had advanced 4,500 metres and South Portal Lower had advanced 2,075 metres. Development of the main Media Luna Lower spiral ramp continued and was completed in mid-July. This crew then moved to advancing infrastructure excavation in the lower part of the mine in preparation for the arrival of the underground construction crews, all of which was enabled by the excellent progress of the Guajes development crews. With this work complete post-quarter end, the development crew will now commence advancing the Guajes Tunnel from south to north.

Breakthrough of Guajes Tunnel on schedule for early Q1 2024 (advance rates as at end of June)

Steady progress was also made on ventilation and in-mine development during the quarter. The first 112 metre ventilation raise was completed in Media Luna Upper and the second 175 metre raise pilot was started. As of the end of June, there were eighteen active headings, including six in Media Luna Lower and twelve in Media Luna Upper. Development across all headings continues to advance well, with high monthly development rates achieved as ground conditions are excellent.

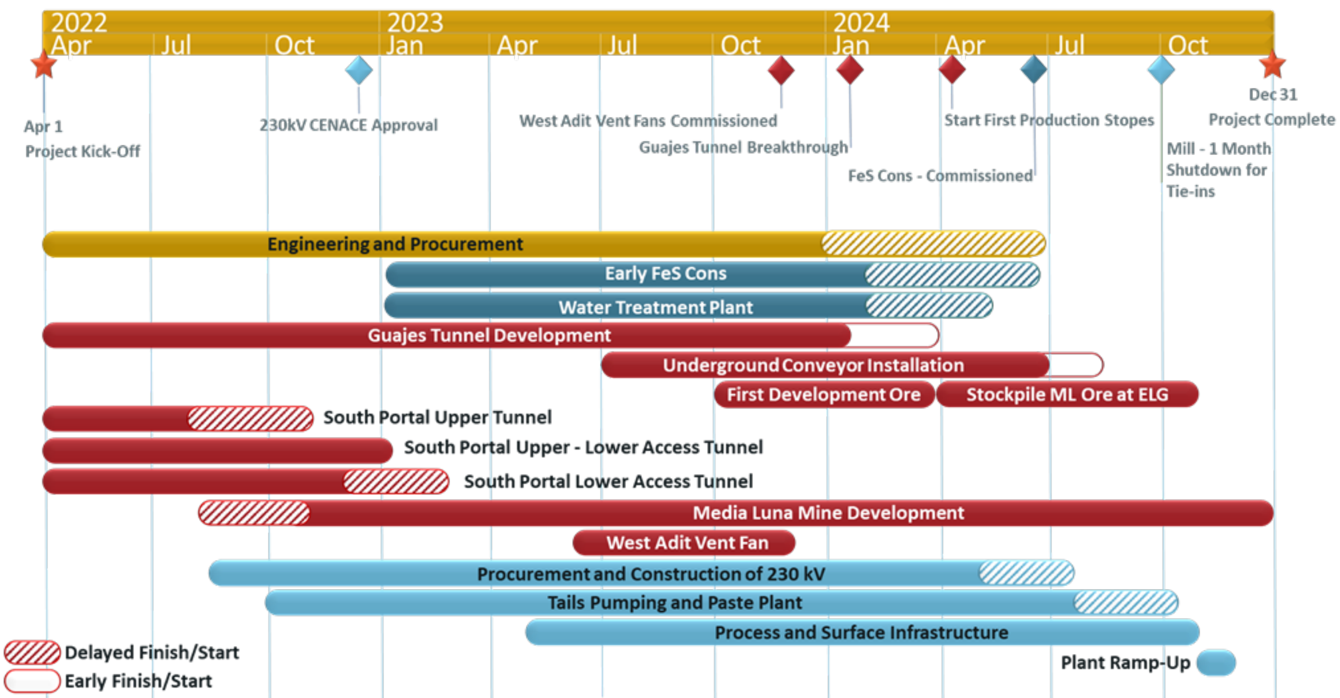
On the north side of the Balsas River, civil works for the water treatment plant were completed as well as rough grading for the 230 kV substation with concrete foundations planned to start next quarter. The expanded laydown area in Atzcala began receiving large equipment such as the 100 cubic metre Cu flotation cells and Guajes conveyor table segments. Additional camp modules to house project staff were also installed. Extension of the main water management culvert below the area of the new flotation plant and Cu concentrate storage facilities were significantly advanced, allowing remaining mass civil works to begin. Relocation of the power distribution and installation of new buried power conduits around the flotation plant are expected to be completed early next quarter allowing preparation for the start of the plant concrete foundations and slab on grade.

On the south side of the Balsas River, expansion of the construction camp pad continued, and work began on the foundation preparation for the new kitchen and project office areas. Slope remediation of the South Portal access road was completed which allowed for advancing the construction of both the south sedimentation and decant pond dams. Final slope reinforcement of the west paste plant wall excavation was completed and grading of the backup generator area for foundation work to start next quarter was completed. Work advanced well on both the Mazapa – San Miguel bypass road, which received final regulatory clearance (archeological), and the Mazapa bridge, which will be in place by the fourth quarter of 2023 to accept deliveries of larger equipment related to both the paste plant construction and the underground construction.

In parallel with development and construction activities, the surface and underground operational readiness strategy is progressing to plan. Operational readiness teams are accountable for ensuring that processes and systems for all new work areas are established and ready in advance of the handover from the project team to operations. This includes workforce transition planning and training (hiring for roles has commenced with initial job-specific training expected to start shortly), developing the operating strategy (including all standard operating procedures), maintenance plans for all fixed and mobile equipment, blend and feed strategies, detailed commissioning plans, first fills, concentrate shipment logistics, and all other requirements to ensure a smooth ramp up to commercial production in the first quarter of 2025.

Based on progress made during the second quarter of 2023, and a detailed review of both the surface and underground schedules completed late in the quarter, the overall project execution plan is unchanged compared to the prior plan outlined within the inaugural Media Luna update press release published on February 9, 2023, with some potential movement within the plan as set out below.

A summary of the Media Luna Project schedule can be found in the following chart.



Initiatives to expedite the delivery of the paste plant filter presses are progressing and the delivery schedule has been improved by one month since the last update. The Company is also working to expedite the underground electrical equipment to reduce schedule risk given delivery times for the underground electrical equipment are some of the longest for the project. Plans for the installation of the early Phase 1 FeS flotation circuit and water treatment plant have been adjusted. Given the Company's success with reducing cyanide consumption levels over the last 18 months, the business benefits of a single schedule for construction and commissioning the FeS circuit and water treatment plant at the same time as the Cu flotation circuit outweighed the benefits to landing the FeS circuit early. In terms of underground development, schedule gains have been made since the last update.

The current project plan relative to the Technical Report reflects the Company's estimates for the completion of key project deliverables. These updated deliverables have not impacted the overall project schedule given the original plan had assumed the potential for schedule adjustments and the possibility for supply chain disruptions.

EXPLORATION AND DRILLING ACTIVITIES

During the second quarter of 2023, the drilling programs in ELG Underground and the Media Luna cluster continued to progress. Both programs are key facets of the Company's strategy to optimize and extend the mine life at ELG and organic growth with a view to filling the mill beyond 2027.

The positive results recently reported on July 11, 2023 at ELG Underground support ongoing resource expansion and reserve growth[1]. The infill and step-out drilling to the south at El Limón Sur Deep was successful in extending higher-grade mineralization outside of the current resource block model. Several drill holes returned notable intercepts over favourable widths validating the high-grade potential of the El Limón Sur Trend. In addition, drilling at El Limón West, continues to highlight the potential for another underground mining front below the El Limón Sur open pit. Further work will be conducted in the near future on El Limón West to explore the potential for a second, parallel corridor of mineralization to the El Limón Sur Trend.

The Company is investing $39.0 million in exploration and drilling in 2023, with the purpose of increasing the overall resource and reserve base of the Morelos Property.

Table 6.

In millions of U.S. dollars		**Total Q2 2023 YTD Expenditure**	Guided 2023 Expenditure	Total 2022 Expenditure
Media Luna drilling - capitalized[1]	$	**8.0**	20.0	19.2
ELG:				
ELG infill and step-out drilling - capitalized[2]	$	**3.9**	6.0	4.0
ELG near mine program - expensed[3]	$	**2.6**	6.0	5.3
Regional exploration and drilling - expensed[3]	$	**0.6**	2.0	3.2
Definition and grade control drilling - expensed[4]	$	**3.7**	5.0	4.8
Total	$	**18.8**	39.0	36.5

1. Included in non-sustaining capital.
2. Includes $3.3 million in sustaining capital and $0.6 million in non-sustaining capital.
3. Included in exploration and evaluation expenses as reported on the Condensed Consolidated Interim Statements of Operations and Comprehensive Income.
4. Included in production costs as reported on the Condensed Consolidated Interim Statements of Operations and Comprehensive Income.

ELG Infill and Step-Out Drilling

Infill and step-out drilling is carried out annually at ELG to increase the confidence in the Mineral Resource models used in the mine plans and to expand the existing resources along extensions to current operations, respectively. The infill drilling is targeting to upgrade Inferred Resources to the Measured and Indicated Resource categories at open pit and underground deposits. Step-out drilling is targeting to expand known mineralization and/or upgrade mineralized material to new Mineral Resources in lateral and vertical extensions, as well as expanding underground resource in other zones.

During the second quarter of 2023, the underground program continued with three drill rigs in full operation and focused on the El Limón Sur Trend, including the El Limón Deep and Sub-Sill deposits, as well as the El Limón West target. Approximately 21,824 metres were drilled at ELG, accounting for 73% of the program.

Infill drilling has been prioritized at El Limón Deep and El Limón Sur underground deposits given the potential to optimize the mine plans. Infill drilling at the El Limón and El Limón Sur open pits progressed, with 3,914 metres of infill drilling completed in 2023.

The excellent results from the mine exploration in 2022 and the high-grade intercepts in several sectors of the mine assisted in reorienting the program towards deep extensions based on the new structural context suggesting high-grade north-south feeders controlled by faults in the intrusive. Drilling completed in late-2022 that focused on the

[1] For more information on ELG Underground drilling results, see the Company's news release titled "Torex Gold Reports Results Positive Drilling Results from ELG Underground" issued on July 11, 2023, and filed on SEDAR at www.sedar.com and on the Company's website at www.torexgold.com.

extension of the Sub-Sill and El Limón Deep deposits to the south encountered mineralization down to an elevation of 400 metres (drill hole SST-299), which is 125 metres below the lowest Inferred Resource at Sub-Sill and 275 metres below the lowest elevation of Inferred Resources at El Limón Deep. As was reported in the July 11, 2023 news release[1], this hole, as well as drill holes SST-278 and SST-282, confirm the existence of deep mineralization that was previously detected in exploratory holes. The mineralization appears to be related to the higher-grade feeders of the El Limón Sur Trend.

The resource categorization and expansion program at El Limón Sur Deep has yielded outstanding results, particularly in extending both laterally and vertically mineralization outside of the current resource block model. The LS-220 and LS-221 drillholes at El Limón Sur Deep returned several impressive intercepts over favourable widths, which confirm the high-grade potential of the main feeders.

LS-220	*88.92 gpt AuEq[2] over 14.46 m (88.61 gpt Au, 20.6 gpt Ag and 0.04% Cu)*
LS-221	*11.20 gpt AuEq[2] over 29.38 m (9.86 gpt Au, 42.0 gpt Ag and 0.52% Cu)*
	19.03 gpt AuEq[2] over 13.31 m (11.84 gpt Au, 73.7 gpt Ag and 3.93% Cu)

Drilling at El Limón Deep, Sub-Sill and Sub-Sill South were also successful, with assay results highlighting the potential to upgrade Inferred Resources to the Indicated category and expand Inferred Resources both laterally and vertically around the existing resource supporting the potential to expand and then upgrade resources at depth.

Finally, El Limón West continues to highlight the potential for another new mining front within ELG Underground where mineralization is controlled and hosted by a phreatomagmatic breccia pipe, which differs from the mineralization commonly associated with the El Limón Sur Trend. This indicates the potential of a second structural corridor and other styles of mineralization across the broader Morelos Property and will be explored further soon.

ELG Near Mine Drilling Program

The objective of the near mine drilling program is to explore additional geological potential within the ELG Mine Complex and identify new mineralized material. Over the last year, the ELG operations and exploration geology teams have conducted an extensive evaluation of the potential for additional discoveries around ELG mining areas. Nine well-supported target areas in the near-mine environment have been identified. The 2023 program allocated a total of 27,000 metres for definition of new underground resources along the El Limón Trend and delineation of the three best ranked targets.

During the second quarter of 2023, 7,897 metres in 25 holes were drilled in order to test the underground potential south and east of the current underground operations. The geological information obtained from the drilling is considered positive as it confirms the presence of skarn in deep levels of Sub-Sill South and in western extensions of El Limón Deep, as well as to the west of El Limón Sur Deep. Holes drilled to test the potential extension of mineralization in the Guajes area to the northwest and the magnetic anomaly at El Limón East, identified skarn alterations in Guajes and provided good information on the position of the contact between the intrusive and the marbles along strike to the south at El Limón East. Results are pending.

Media Luna Drilling

During the second quarter of 2023, a total of 14,897 metres were drilled in the Media Luna cluster, which included the EPO categorization and EPO north and south expansion programs. In addition, the initial drill testing stage in Media Luna West commenced during the second quarter.

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[1] For more information on ELG Underground drilling results, see the Company's news release titled "Torex Gold Reports Results Positive Drilling Results from ELG Underground" issued on July 11, 2023, and filed on SEDAR at www.sedar.com and on the Company's website at www.torexgold.com.

[2] Gold equivalent ("AuEq") grades use the same metal prices ($1,550/oz gold ("Au"), $20/oz silver ("Ag"), and $3.50/lb copper ("Cu")) and metallurgical recoveries (90% Au, 86% Ag, and 93% Cu) used in the year-end 2022 Mineral Resource estimate for the ELG Underground (AuEq (gpt) = Au (gpt) + Ag (gpt) * 0.0123 + Cu (%) * 1.6000).

The EPO program is divided into two phases. The objective of the first phase is to upgrade Inferred Resources to Indicated Resources, referred to as the infill drill program. At the end of the second quarter, the Company had completed 12,661 metres of drilling, approximately 69% of the infill drilling program. Results year-to-date are positive and according to expectations. The infill program is expected to be completed by the end of the third quarter of 2023.

The second phase is to add additional Inferred Resources, referred to as the expansion drill program, to the north and south of EPO. At the end of the second quarter, the Company had completed 7,687 metres of drilling, approximately 55% of the expansion drill program. The expansion drill program started with north phase of EPO, looking to extend the footprint of the deposit at least another 500 metres. To the south, the objective is to extend the mineralization based on historical holes for at least another 400 metres. So far, the completed holes are confirming the continuity of the skarn to the north and south, and results are pending.

At Media Luna West, an initial drill testing phase was completed with a total of 3,489 metres drilled during the second quarter, and results are pending. The objective was to test, based on historical results and the new structural context, for a potential satellite body controlled by Cuajiote fault.

For the second half of 2023, the consolidation of the EPO orebody is the priority based on the new geological interpretation and the significant possible upside.

Regional Exploration and Drilling

The Morelos Property covers 29,000 hectares of highly prospective terrain in the prolific Guerrero Gold Belt in Mexico. More than ten target areas have been identified through surface mapping, sampling, and remote sensing work. Exploration along the property was reactivated in 2019, which started with a review of historical targets and additional target generation.

The Company allocated $1.2 million in the 2023 budget to fund the expansion of the district exploration program within the Morelos Property. This budget includes consultants for new studies, land access and environmental permits.

During the second quarter of 2023, a district structural study was completed and extensive fieldwork along the property focused on key geological criteria redefining some targets and opening up the potential for intermediate sulfidation systems. Preliminary results confirm the potential of targets such as Todos Los Santos, El Naranjo, Querenque and Atzcala.

FINANCIAL CONDITION REVIEW

Summary of the Condensed Consolidated Interim Statements of Financial Position

The following table summarizes key financial position items as at June 30, 2023:

Table 7.

In millions of U.S. dollars		**Jun 30, 2023**		Dec 31, 2022
Cash and cash equivalents	**$**	**285.3**	$	376.0
Value-added tax receivables		**45.6**		48.2
Inventory		**106.6**		120.2
Deferred income tax assets		**127.0**		90.4
Property, plant and equipment		**1,077.4**		931.9
Other assets		**48.7**		26.6
Total assets	**$**	**1,690.6**	$	1,593.3
Accounts payable and accrued liabilities	**$**	**119.6**	$	132.8
Income taxes payable		**61.8**		107.9
Deferred income tax liabilities		**8.9**		11.4
Decommissioning liabilities		**39.4**		40.5
Other liabilities		**26.7**		10.6
Total liabilities	**$**	**256.4**	$	303.2
Total shareholders' equity	**$**	**1,434.2**	$	1,290.1

Cash and cash equivalents

The Company ended the second quarter of 2023 with cash and cash equivalents on hand of $285.3 million. The Company primarily holds cash balances in U.S dollars but also holds accounts in Canadian dollars and Mexican pesos for operating and administrative purposes.

Value-added tax ("VAT") receivables

VAT decreased by $2.6 million compared to December 31, 2022, primarily as a result of receipts of refunds related to 2022 and prior years, partially offset by the currency translation as the VAT receivables are primarily denominated in Mexican pesos. The VAT receivables balance fluctuates as additional VAT is paid and refunds are received, as well as with the movement of the Mexican peso exchange rate relative to the U.S. dollar and any provisions. As at June 30, 2023, the VAT receivables of $45.6 million comprises $40.3 million in current assets and $5.3 million in non-current assets.

Inventory

The decrease in inventory is largely due to lower stockpile and gold in-circuit ending balances, partially offset by an increase in finished goods primarily due to the timing of pours.

Deferred income tax assets

The deferred tax asset relates to tax losses at the parent company level, and tax pools and temporary differences in Mexico. The increase in the deferred tax asset is primarily driven by higher depreciation for accounting than for tax purposes, which reduces the difference between the book value and tax value of the assets in the determination of deferred tax, as well as the tax effect of currency translation on the tax base.

Property, plant and equipment

Property, plant and equipment increased primarily due to additions of $241.7 million, of which $143.6 million relates to Media Luna construction, partially offset by depreciation of $94.3 million. Refer to Table 11 for a breakdown of capital expenditures in the first half of 2023.

Other assets

The other assets balance includes accounts receivable, prepaid expenses, advances and deposits, income taxes receivable and derivative contract assets. The increase in other assets is primarily due an increase in income taxes receivable of $11.9 million as a result of higher income tax installments paid compared to a lower income tax expense, coupled with an increase in trade receivables of $8.0 million as a result of the timing of sales and receipts.

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities have decreased since December 31, 2022, primarily due to the timing and payments of trade payables and the payment of $29.8 million in relation to the site-based employee profit sharing program for 2022 in Mexico in the second quarter. Accounts payable and accrued liabilities is generally highest at year end due to the full year accrual of the site-based profit sharing program and the timing of payments over the holiday season.

Decommissioning liabilities

Decommissioning liabilities decreased by $1.1 million primarily due to the effect of discounting, partially offset by increases due to additional disturbances as a result of ongoing mining operations and the development of Media Luna and the effect of foreign exchange rate changes.

Income taxes payable

The decrease in the balance is primarily due to corporate income tax payments of $62.8 million and the 7.5% Mexican mining royalty of $29.4 million paid in the first quarter of 2023 in respect of 2022, partially offset by income tax expense of $35.4 million.

Other liabilities

Other liabilities include lease-related obligations, of which $9.7 million is in current liabilities and $1.8 million in non-current liabilities, as well as a current liability of $5.0 million and a non-current liability of $5.7 million relating to the derivative contracts based on gold forward prices as at June 30, 2023.

DEBT FINANCING

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 million 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 million term loan (the “Term Facility”) and a $150.0 million revolving debt facility (the “Revolving Facility”). As at June 30, 2023, the Company had nil borrowings on the Debt Facility and had utilized $7.9 million for letters of credit, reducing the available liquidity of the Debt Facility to $242.1 million (December 31, 2022 - nil, $3.4 million and $246.6 million, 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.

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 million Revolving Facility matures on December 31, 2025 and is subject to quarterly commitment reductions of $12.5 million commencing on March 31, 2024. The $100.0 million 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 described in the "2023 Objectives" section of this MD&A.

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 million.

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 June 30, 2023, the Company was in compliance with the financial and other covenants under the FARCA. The FARCA is available under the Company's profile on SEDAR at www.sedar.com.

The Company is in the advanced stages of extending and increasing the available credit facilities with a syndicate of international banks. It is expected that these amendments will be executed in Q3 2023 and provide the Company with a total of $300.0 million in available credit (an increase from the current $250.0 million) with a maturity date in 2026 (extended from the current 2025 maturity) and a one-year extension to draw on the term loan.

LIQUIDITY AND CAPITAL RESOURCES

The total assets of the Company as at June 30, 2023 were $1,690.6 million (December 31, 2022 - $1,593.3 million), which includes $285.3 million in cash and cash equivalents (December 31, 2022 - $376.0 million).

Net cash generated from operating activities before changes in non-cash operating working capital was $154.7 million during the first half of 2023, compared to $180.2 million during the first half of 2022. The decrease in net cash generated from operating activities before changes in non-cash operating working capital of $25.5 million is largely due to the decrease in ounces of gold sold, higher income taxes paid and higher production costs, partially offset by a higher average realized gold price and higher interest income due to higher interest rates.

Net cash used in investing activities during the first half of 2023 was $226.4 million compared to $115.9 million during the first half of 2022. Net cash used in investing activities was higher primarily due to an increase in additions to property, plant and equipment related to the Media Luna Project.

Net cash used in financing activities during the first half of 2023 related to lease principal payments of $2.2 million, and interest paid of $1.2 million. The net cash used in financing activities for the comparative period related to lease principal payments of $1.5 million and interest paid of $0.9 million.

The Company does not currently have any debt outstanding and has $142.1 million available under the Revolving Facility with $7.9 million utilized for letters of credit, and $100.0 million available under the Term Facility. The Revolving Facility matures on December 31, 2025 and is subject to quarterly commitment reductions of $12.5 million commencing on March 31, 2024. The 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. The Company expects to fund the development of the Media Luna Project and its exploration plans using available liquidity, forecasted future cash flow, and available credit facilities.

During the second quarter of 2023, MML executed a master leasing arrangement in connection with mobile equipment for the Media Luna Project totalling $66.6 million. 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 mobile equipment, MML executed promissory notes totaling $6.2 million relating to advance payments paid by the lessor, with maturities from January 2024 to August 2024, which were recorded in lease-related obligations.

As at June 30, 2023, the Company's contractual obligations included office lease agreements; office equipment leases; long-term land lease agreements with Rio Balsas, Real del Limón, Atzcala, Puente Sur Balsas and Valerio Trujano Ejidos and the individual owners of land parcels within certain of those Ejido boundaries; and contractual commitments related to the purchases of goods and services used in the operation of the ELG Mine Complex and the Media Luna Project. All long-term land lease agreements can be terminated within one year at the Company's discretion at any time without penalty.

In addition, 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 January 2023, the Company paid $5.6 million on the 2.5% royalty relating to the fourth quarter of 2022. In April 2023, the Company paid $5.9 million on the 2.5% royalty relating to the first quarter of 2023. As at June 30, 2023, the Company had accrued $5.3 million on the 2.5% royalty relating to the second quarter of 2023, which was paid in July 2023 (December 31, 2022 - $5.6 million relating to the fourth quarter of 2022, which was paid in January 2023).

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. In March 2023, the Company paid $34.2 million in respect of the 7.5% and 0.5% royalties for 2022. As at June 30, 2023, the Company has accrued $13.7 million and $2.2 million for the 7.5% and 0.5% royalties to be paid in March 2024, respectively (December 31, 2022 - $28.0 million and $4.3 million accrued for the 7.5% and 0.5% royalties to be paid in March 2023, respectively).

Quarterly gold production in the second half of 2023 is expected to mirror production in the first half of 2023. The Company's mine plan for the third quarter reflects a heavy focus on waste stripping in the El Limón open pit and a drawdown of stockpiles. Given the mine plan, total cash costs and all-in sustaining costs during the third quarter are trending towards the upper end of the annual guided ranges. Production is expected to return to usual levels in the fourth quarter, with higher processed grades and the increased ore production. Notwithstanding these planned quarter on quarter movements, the Company is well on track to achieve annual production guidance. However, given timing of tax and employee profit sharing payments, the Company's net cash generated from operating activities is generally weighted towards the second half of the year as was the case in 2022 and 2021. Production in the second quarter of 2023 was lower than production during the first quarter of 2023, primarily due to lower average grade of ore processed and lower ore tonnes mined as a result of the depletion of the Guajes pit, partially offset by a record processing plant throughput and a higher average gold recovery.

The trends that affect the Company's liquidity are further described in the "Economic Trends" section of this MD&A.

For discussion of liquidity risks, refer to sections "Financial Risk Management" and "Risks and Uncertainties" of this MD&A.

Contractual Commitments

Table 8.

		Payments Due by Period				
In millions of U.S. dollars		Total	Less than 1 year	1-3 years	4-5 years	Greater than 5 years
Operating commitments[1]	$	343.0	217.3	125.7	-	-
Capital commitments[1]	$	324.9	170.3	154.6	-	-
Accounts payable and accrued liabilities	$	119.6	119.6	-	-	-
Derivative contracts	$	10.7	5.0	5.7	-	-
Lease-related obligations	$	12.5	10.2	1.9	0.4	-
Total	$	810.7	522.4	287.9	0.4	-

1. Certain contractual commitments may contain cancellation clauses; however, the Company discloses its commitments based on management's intent to fulfill the contracts.

OUTSTANDING SHARE DATA

Table 9.

Outstanding Share Data as at August 1, 2023	Number
Common shares	85,885,453
Common share options[1]	24,707
Restricted share units[2, 3]	526,692
Performance share units[4]	599,458

1. Each common share option is exercisable into one common share of the Company. No new common share options may be granted and the plan will be terminated once all outstanding common share options are exercised or have expired.
2. Each restricted share unit is redeemable for one common share of the Company.
3. The balance includes both Restricted Share Units ("RSUs") and Employee Restricted Share Units ("ERSUs") issued under the Restricted Share Unit Plan ("RSU Plan") and the Employee Share Unit ("ESU Plan"), respectively.
4. The number of performance share units that vest is determined by multiplying the number of units granted to the participant by an adjustment factor, which ranges from 0 to 2.0. Therefore, the number of units that will vest and be settled may be higher or lower than the number of units originally granted to a participant. The adjustment factor is based on the Company's total shareholder return relative to a group of comparable companies over the applicable period. Under the terms of the plan, the Board of Directors is authorized to determine the adjustment factor.

NON-GAAP FINANCIAL PERFORMANCE MEASURES

The Company has presented certain non-GAAP financial measures in this document. The Company believes that these measures, while not a substitute for measures of performance prepared in accordance with IFRS, provide investors an improved ability to evaluate the underlying performance of the Company. These measures do not have any standardized meaning prescribed under IFRS, and, therefore, may not be comparable to other issuers.

Total Cash Costs

Total cash costs is a common financial performance measure in the gold mining industry; however, it has no standardized meaning under IFRS and as such, it may not be comparable to similar financial measures disclosed by other issuers. The Company reports total cash costs on a per oz sold basis. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, such as costs of sales and net cash generated from operating activities, certain investors use this information to evaluate the Company's performance and ability to generate operating income and cash flow from its mining operations. Management uses this metric as an important tool to monitor operating costs. In addition, the Compensation Committee of the Board of Directors uses certain of these measures, together with other measures, to set incentive compensation goals and assess performance. Total cash costs are calculated as production costs and royalties less by-product sales.

All-In Sustaining Costs ("AISC")

AISC is a common financial performance measure in the gold mining industry; however, it has no standardized meaning under IFRS and as such, it may not be comparable to similar financial measures disclosed by other issuers. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, such as cost of sales and net cash generated from operating and investing activities, certain investors use this information to evaluate the Company's operating performance and its ability to generate free cash flow from current operations. Management uses this metric as an important tool to monitor operating and capital costs. In addition, the Compensation Committee of the Board of Directors uses certain of these measures, together with other measures, to set incentive compensation goals and assess performance.

Torex reports AISC in accordance with the guidance issued by the World Gold Council ("WGC"). The WGC definition of AISC seeks to extend the definition of total cash costs by adding corporate general and administrative costs, reclamation and remediation costs (including accretion and amortization), sustaining exploration and study costs (capitalized and expensed), capitalized stripping costs, sustaining capital expenditures and sustaining leases, and represents the total costs of producing gold from current operations. Non-sustaining costs are primarily those related to new operations and major projects at existing operations that are expected to materially benefit the current operation. The determination of classification of sustaining versus non-sustaining requires judgement by management. AISC excludes income tax payments, interest costs, costs related to business acquisitions, costs related to growth projects and other expenses not related to ongoing operations. Consequently, these measures are not representative of all of the Company's cash expenditures. In addition, the calculation of AISC does not include depreciation and amortization expense as it does not reflect the impact of expenditures incurred in prior periods. Therefore, it is not indicative of the Company's overall profitability. Other companies may quantify these measures differently because of different underlying principles and policies applied. Differences may also occur due to different definitions of sustaining versus non-sustaining capital. In November 2018, the WGC updated its guidance for AISC. The Company adopted the updated guidance beginning January 1, 2019.

Reconciliation of Total Cash Costs and All-in Sustaining Costs to Cost of Sales

Table 10.

		Three Months Ended			Six Months Ended	
In millions of U.S. dollars, unless otherwise noted		**Jun 30, 2023**	Mar 31, 2023	Jun 30, 2022	**Jun 30, 2023**	Jun 30, 2022
Gold sold	oz	**105,749**	118,455	123,363	**224,204**	231,375
Total cash costs per oz sold						
Production costs and royalties	$	**93.1**	88.4	91.6	**181.5**	177.4
Less: Silver sales	$	**(1.3)**	(1.5)	(0.7)	**(2.8)**	(1.4)
Less: Copper sales	$	**(2.1)**	(2.9)	(4.2)	**(5.0)**	(8.5)
Total cash costs	$	**89.7**	84.0	86.7	**173.7**	167.5
Total cash costs per oz sold	$/oz	**848**	709	703	**775**	724
All-in sustaining costs per oz sold						
Total cash costs	$	**89.7**	84.0	86.7	**173.7**	167.5
General and administrative costs[1]	$	**5.9**	6.6	5.0	**12.5**	12.8
Reclamation and remediation costs	$	**1.3**	1.4	1.2	**2.7**	2.6
Sustaining capital expenditure	$	**41.4**	35.8	19.5	**77.2**	41.2
Total all-in sustaining costs	$	**138.3**	127.8	112.4	**266.1**	224.1
Total all-in sustaining costs per oz sold	$/oz	**1,308**	1,079	911	**1,187**	969

1. This amount excludes a gain of $1.8 million, loss of $3.6 million and gain of $2.2 million for the three months ended June 30, 2023, March 31, 2023, and June 30, 2022, respectively, and a loss of $1.8 million and gain of $1.8 million for the six months ended June 30, 2023 and June 30, 2022, respectively, in relation to the remeasurement of share-based payments. This amount also excludes corporate depreciation and amortization expenses totalling nil, $0.1 million and nil for the three months ended June 30, 2023, March 31, 2023, and June 30, 2022, respectively, $0.1 million and $0.1 million for the six months ended June 30, 2023 and June 30, 2022, respectively, within general and administrative costs. Included in general and administrative costs is share-based compensation expense in the amount of $1.2 million or $11/oz for the three months ended June 30, 2023, $1.9 million or $16/oz for the three months ended March 31, 2023, $0.8 million or $6/oz for the three months ended June 30, 2022, $3.1 million or $14/oz for the six months ended June 30, 2023 and $2.6 million or $11/oz for the six months ended June 30, 2022. This amount excludes other expenses totalling $1.6 million, $0.6 million and nil for the three months ended June 30, 2023, March 31, 2023, and June 30, 2022, respectively, and $2.2 million and nil for the six months ended June 30, 2023 and June 30, 2022, respectively.

Reconciliation of Sustaining and Non-Sustaining Costs to Capital Expenditures

Table 11.

		Three Months Ended			Six Months Ended	
In millions of U.S. dollars		**Jun 30, 2023**	Mar 31, 2023	Jun 30, 2022	**Jun 30, 2023**	Jun 30, 2022
Sustaining	$	**19.5**	14.6	11.6	**34.1**	17.2
Capitalized Stripping (Sustaining)	$	**21.9**	21.2	7.9	**43.1**	24.0
Non-sustaining	$	**0.4**	0.7	5.0	**1.1**	10.7
Total ELG	$	**41.8**	36.5	24.5	**78.3**	51.9
Media Luna Project	$	**77.2**	66.4	29.6	**143.6**	48.1
Media Luna Infill Drilling/Other	$	**4.9**	3.1	5.9	**8.0**	11.8
Working Capital Changes & Other	$	**0.6**	(6.3)	(7.5)	**(5.7)**	6.0
Capital expenditures[1]	$	**124.5**	99.7	52.5	**224.2**	117.8

1. The amount of cash expended on additions to property, plant and equipment in the period as reported in the Condensed Consolidated Interim Statements of Cash Flows.

Average Realized Gold Price and Total Cash Costs Margin Per Oz of Gold Sold

Average realized gold price and total cash costs margin per oz of gold sold are non-GAAP financial measures that do not have a standardized meaning under IFRS and as such, they may not be comparable to similar financial measures disclosed by other issuers. Management and certain investors use these measures to better understand the gold price and margin realized throughout a period.

Average realized gold price is calculated as revenue per the Condensed Consolidated Interim Statements of Operations and Comprehensive Income, less silver sales and copper sales, adjusted for realized gains (losses) on gold contracts where applicable, divided by ounces of gold sold. Total cash costs margin per oz of gold sold reflects average realized gold price per oz of gold sold, less total cash costs per oz of gold sold.

Reconciliation of Average Realized Gold Price and Total Cash Costs Margin Per Oz of Gold Sold to Revenue

Table 12.

		Three Months Ended			Six Months Ended	
In millions of U.S. dollars, unless otherwise noted		**Jun 30, 2023**	Mar 31, 2023	Jun 30, 2022	**Jun 30, 2023**	Jun 30, 2022
Gold sold	oz	**105,749**	118,455	123,363	**224,204**	231,375
Revenue	$	**211.3**	228.8	235.0	**440.1**	442.7
Less: Silver sales	$	**(1.3)**	(1.5)	(0.7)	**(2.8)**	(1.4)
Less: Copper sales	$	**(2.1)**	(2.9)	(4.2)	**(5.0)**	(8.5)
Less: Realized (loss) gain on gold contracts	$	**(0.6)**	0.5	-	**(0.1)**	-
Total proceeds	$	**207.3**	224.9	230.1	**432.2**	432.8
Total average realized gold price	$/oz	**1,960**	1,899	1,865	**1,928**	1,871
Less: Total cash costs	$/oz	**848**	709	703	**775**	724
Total cash costs margin	$/oz	**1,112**	1,190	1,162	**1,153**	1,147
Total cash costs margin	%	**57**	63	62	**60**	61

All-in Sustaining Costs Margin and All-in Sustaining Costs Margin Per Oz of Gold Sold

AISC margin and AISC margin per oz of gold sold are non-GAAP financial measures that do not have a standardized meaning under IFRS and as such, they may not be comparable to similar financial measures disclosed by other issuers. Management and certain investors use these measures to evaluate the Company's performance and ability to generate operating income to fund its capital investment and service its debt. AISC margin is calculated as revenue per the Condensed Consolidated Interim Statements of Operations and Comprehensive Income, less silver sales, copper sales, realized gains (losses) on gold contracts where applicable, and AISC. All-in sustaining costs margin per oz of gold sold reflects the average realized gold price per oz of gold sold less all-in sustaining costs per oz of gold sold.

Reconciliation of All-in Sustaining Costs Margin to Revenue

Table 13.

		Three Months Ended			Six Months Ended	
In millions of U.S. dollars, unless otherwise noted		**Jun 30, 2023**	Mar 31, 2023	Jun 30, 2022	**Jun 30, 2023**	Jun 30, 2022
Gold sold	oz	**105,749**	118,455	123,363	**224,204**	231,375
Revenue	$	**211.3**	228.8	235.0	**440.1**	442.7
Less: Silver sales	$	**(1.3)**	(1.5)	(0.7)	**(2.8)**	(1.4)
Less: Copper sales	$	**(2.1)**	(2.9)	(4.2)	**(5.0)**	(8.5)
Less: Realized (loss) gain on gold contracts	$	**(0.6)**	0.5	-	**(0.1)**	-
Less: All-in sustaining costs	$	**(138.3)**	(127.8)	(112.4)	**(266.1)**	(224.1)
All-in sustaining costs margin	$	**69.0**	97.1	117.7	**166.1**	208.7
Total all-in sustaining costs margin	$/oz	**652**	820	954	**741**	902
Total all-in sustaining costs margin	%	**33**	42	50	**38**	47

Adjusted Net Earnings and Adjusted Net Earnings Per Share

Adjusted net earnings and adjusted net earnings per share (basic and diluted) are non-GAAP financial measures that do not have a standardized meaning under IFRS and as such, they may not be comparable to similar financial measures disclosed by other issuers. Management and certain investors use these metrics to measure the underlying operating performance of the Company. Presenting these measures from period to period helps management and investors evaluate earnings trends more readily in comparison with results from prior periods.

Adjusted net earnings is defined as net income (loss) adjusted to exclude specific items that are significant but not reflective of the underlying operating performance of the Company, such as: the impact of unrealized foreign exchange (gains) losses, unrealized (gains) losses on derivative contracts, impairment losses, remeasurement of share-based payments, derecognition of provisions for uncertain tax positions and the tax effect of currency translation on tax base, net of the tax effect of these adjustments. Adjusted net earnings per share amounts are calculated using the weighted average number of shares outstanding on a basic and diluted basis as determined under IFRS.

Reconciliation of Adjusted Net Earnings to Net Income

Table 14.

In millions of U.S. dollars, unless otherwise noted		Three Months Ended			Six Months Ended	
		Jun 30, 2023	Mar 31, 2023	Jun 30, 2022	**Jun 30, 2023**	Jun 30, 2022
Basic weighted average shares outstanding	shares	**85,884,895**	85,869,276	85,840,954	**85,877,128**	85,819,446
Diluted weighted average shares outstanding	shares	**86,565,950**	86,398,732	86,115,071	**86,464,387**	86,095,060
Net income	$	**75.3**	68.2	70.3	**143.5**	110.3
Adjustments:						
Unrealized foreign exchange (gain) loss	$	**(2.5)**	(0.5)	0.4	**(3.0)**	(0.6)
Unrealized (gain) loss on derivative contracts	$	**(15.3)**	27.1	(17.0)	**11.8**	(8.8)
Remeasurement of share-based payments	$	**(1.8)**	3.6	(2.2)	**1.8**	(1.8)
Derecognition of provisions for uncertain tax provisions	$	**-**	(15.2)	-	**(15.2)**	-
Tax effect of above adjustments	$	**5.9**	(9.0)	5.7	**(3.1)**	3.4
Tax effect of currency translation on tax base	$	**(23.7)**	(23.9)	(0.2)	**(47.6)**	(8.3)
Adjusted net earnings	$	**37.9**	50.3	57.0	**88.2**	94.2
Per share - Basic	$/share	**0.44**	0.59	0.66	**1.03**	1.10
Per share - Diluted	$/share	**0.44**	0.58	0.66	**1.02**	1.09

Earnings before Interest, Taxes, Depreciation and Amortization (“EBITDA”) and Adjusted EBITDA

EBITDA and Adjusted EBITDA are non-GAAP financial measures that do not have a standardized meaning under IFRS and as such, they may not be comparable to similar financial measures disclosed by other issuers. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use these measures to evaluate the operating performance of the Company. Presenting these measures from period to period helps identify and evaluate earnings trends more readily in comparison with results from prior periods. EBITDA is defined as net income (loss) adjusted to exclude depreciation and amortization, net finance (income) costs and income tax expense (recovery). Adjusted EBITDA is defined as EBITDA adjusted to exclude specific items that are significant but not reflective of the underlying operating performance of the Company, such as the impact of unrealized foreign exchange (gains) losses, unrealized (gains) losses on derivative contracts, remeasurement of share-based payments, and certain impairment losses (if applicable).

Reconciliation of EBITDA and Adjusted EBITDA to Net Income

Table 15.

		Three Months Ended			Six Months Ended	
In millions of U.S. dollars		**Jun 30, 2023**	Mar 31, 2023	Jun 30, 2022	**Jun 30, 2023**	Jun 30, 2022
Net income	$	**75.3**	68.2	70.3	**143.5**	110.3
Finance (income) costs, net	$	**(3.2)**	(3.0)	(0.3)	**(6.2)**	0.1
Depreciation and amortization[1]	$	**45.0**	49.1	48.1	**94.1**	94.5
Current income tax expense	$	**18.6**	16.8	37.0	**35.4**	61.6
Deferred income tax (recovery) expense	$	**(10.4)**	(28.6)	0.8	**(39.0)**	(7.5)
EBITDA	$	**125.3**	102.5	155.9	**227.8**	259.0
Adjustments:						
Unrealized (gain) loss on derivative contracts	$	**(15.3)**	27.1	(17.0)	**11.8**	(8.8)
Unrealized foreign exchange (gain) loss	$	**(2.5)**	(0.5)	0.4	**(3.0)**	(0.6)
Remeasurement of share-based payments	$	**(1.8)**	3.6	(2.2)	**1.8**	(1.8)
Adjusted EBITDA	$	**105.7**	132.7	137.1	**238.4**	247.8

1. Includes depreciation and amortization included in cost of sales, general and administrative expenses and exploration and evaluation expenses.

Free Cash Flow

Free cash flow is a non-GAAP financial measure with no standardized meaning under IFRS and as such, it may not be comparable to similar financial measures disclosed by other issuers. The Company defines free cash flow as net cash generated from operating activities less cash outlays for capital expenditures, lease payments and interest, including borrowing costs capitalized to property, plant and equipment. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company's operating performance and its ability to fund operating and capital expenditures without reliance on additional borrowing.

In the first quarter of 2023, the Company revised the calculation of free cash flow to include lease payments, which were previously excluded. The prior periods have been recast to conform with this change. The Company believes that this disclosure more consistently treats all capital expenditure, irrespective of whether it was financed, leased or paid for in cash. As a result, free cash flow reflects total cash outflows related to both capital expenditures and leases.

Table 16.

In millions of U.S. dollars		Three Months Ended			Six Months Ended	
		Jun 30, 2023	Mar 31, 2023	Jun 30, 2022	**Jun 30, 2023**	Jun 30, 2022
Net cash generated from operating activities	$	**89.6**	47.0	126.9	**136.6**	173.6
Less:						
Additions to property, plant and equipment[1]	$	**(124.5)**	(99.7)	(52.5)	**(224.2)**	(117.8)
Lease payments	$	**(1.4)**	(0.8)	(0.9)	**(2.2)**	(1.5)
Interest paid[2]	$	**(1.1)**	(0.5)	(0.4)	**(1.6)**	(0.9)
Free cash flow	$	**(37.4)**	(54.0)	73.1	**(91.4)**	53.4

1. The amount of cash expended on additions to property, plant and equipment in the period as reported on the Condensed Consolidated Interim Statements of Cash Flows.
2. Including borrowing costs capitalized to property, plant and equipment.

Net Cash

Net cash is a non-GAAP financial measure with no standardized meaning under IFRS and as such, it may not be comparable to similar financial measures disclosed by other issuers. Net cash is defined as total cash and cash equivalents and short-term investments less debt adjusted to exclude unamortized deferred financing charges and leases at the end of the period. These measures are used by management, and may be used by certain investors, to measure the Company's debt leverage.

Table 17.

In millions of U.S. dollars		**Jun 30, 2023**	Mar 31, 2023	Jun 30, 2022
Cash and cash equivalents	$	**285.3**	321.9	310.7
Less: Lease-related obligations	$	**(11.5)**	(3.5)	(4.4)
Net cash	$	**273.8**	318.4	306.3

Unit Cost Measures

Unit cost measures are non-GAAP financial measures with no standardized meaning under IFRS and they may not be comparable to similar financial measures disclosed by other issuers. The Company defines unit cost measures as components of production costs calculated on a per unit basis (tonnes mined or tonnes processed). The Company believes that, in addition to conventional measures prepared in accordance with IFRS, such as costs of sales, certain investors use this information to evaluate the Company's operating performance and, in addition to sales, its ability to generate operating income and cash flow from its mining operations. Management uses this metric as an important tool to monitor operating costs.

Table 18.

	Three Months Ended						Six Months Ended			
In millions of U.S. dollars, unless otherwise noted	**Jun 30, 2023**		Mar 31, 2023		Jun 30, 2022		**Jun 30, 2023**		Jun 30, 2022	
Gold sold (oz)	**105,749**		118,455		123,363		**224,204**		231,375	
Tonnes mined - open pit (kt)	**11,768**		9,354		8,947		**21,121**		18,966	
Tonnes mined - underground (kt)	**174**		156		144		**330**		258	
Tonnes processed (kt)	**1,210**		1,177		1,124		**2,386**		2,258	
Total cash costs:										
Total cash costs ($)	**89.7**		84.0		86.7		**173.7**		167.5	
Total cash costs per oz sold ($)	**848**		709		703		**775**		724	
Breakdown of production costs	**$**	**$/t**	**$**	**$/t**	**$**	**$/t**	**$**	**$/t**	**$**	**$/t**
Mining - open pit	**32.1**	**2.73**	28.4	3.03	27.4	3.06	**60.5**	**2.87**	53.1	2.80
Mining - underground	**14.3**	**82.29**	12.6	80.42	12.0	83.64	**26.9**	**81.41**	21.8	84.74
Processing	**43.0**	**35.60**	39.7	33.72	38.2	33.95	**82.7**	**34.68**	75.3	33.35
Site support	**14.3**	**11.84**	12.1	10.25	12.4	11.02	**26.4**	**11.05**	23.3	10.34
Mexican profit sharing (PTU)	**5.3**	**4.38**	5.5	4.64	5.7	5.08	**10.8**	**4.52**	13.8	6.13
Capitalized stripping	**(21.9)**		(21.2)		(7.9)		**(43.1)**		(24.0)	
Inventory movement	**(0.9)**		3.5		(4.6)		**2.6**		(1.9)	
Other	**0.5**		0.9		1.3		**1.4**		2.5	
Production costs	**86.7**		81.5		84.5		**168.2**		164.1	

ADDITIONAL IFRS FINANCIAL MEASURES

The Company has included the additional IFRS measures "Earnings from mine operations" and "Net cash generated from operating activities before changes in non-cash operating working capital" in its financial statements.

"Earnings from mine operations" provides useful information to management and investors as an indication of the Company's principal business activities before consideration of how those activities are financed, investments made in respect of sustaining capital expenditures, and costs of corporate general and administrative expenses, exploration and evaluation expenses, other expenses, foreign exchange gains and losses, derivative gains and losses, finance costs and income, and taxation.

"Net cash generated from operating activities before changes in non-cash operating working capital" provides useful information to management and investors as an indication of the cash flows from operations before consideration of the impact of changes in operating working capital in the period.

ECONOMIC TRENDS

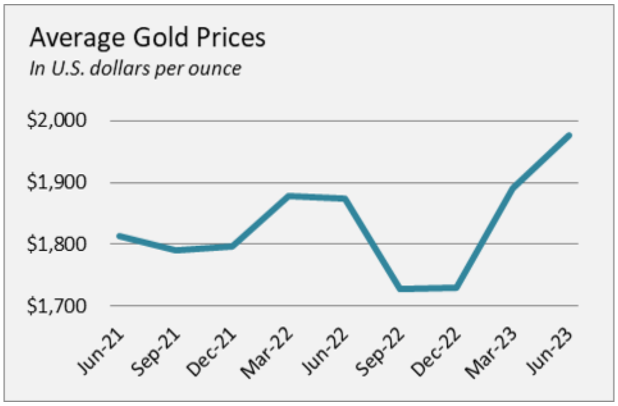
The market price for gold and foreign currency exchange rates are the most significant external factors that affect the Company's financial performance.

Table 19.

		Three Months Ended		Six Months Ended	
		Jun 30, 2023	Jun 30, 2022	**Jun 30, 2023**	Jun 30, 2022
Average market spot prices[1]					
Gold	$/oz	**1,977**	1,876	**1,934**	1,881
Closing market exchange rates[2]					
Mexican peso : U.S. dollar	Peso : $	**17.1**	20.1	**17.1**	20.1
Canadian dollar : U.S. dollar	C$: $	**1.32**	1.29	**1.32**	1.29
Average market exchange rates[2]					
Mexican peso : U.S. dollar	Peso : $	**17.7**	20.1	**18.2**	20.3
Canadian dollar : U.S. dollar	C$: $	**1.34**	1.28	**1.35**	1.27

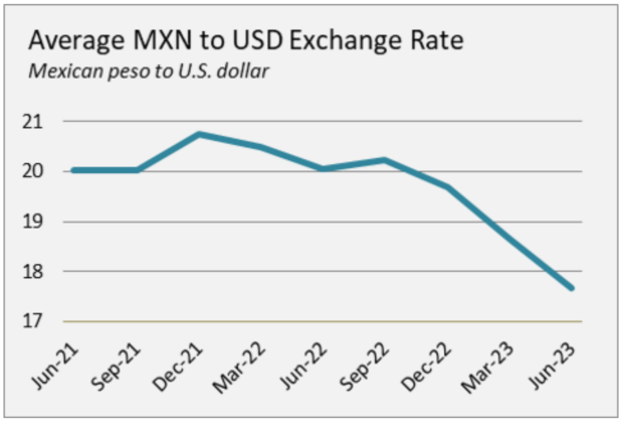
1. Source: Bloomberg
2. Sources: Bank of Mexico, Bank of Canada

Metal prices



The Company's profitability and operating cash flows are significantly impacted by the price of gold. From December 31, 2022 to June 30, 2023 based on closing prices, gold prices increased 5%. From December 31, 2021 to June 30, 2022 based on closing prices, gold prices decreased 1%. The Company has taken initiatives to mitigate price uncertainty during the development of the Media Luna Project. As at June 30, 2023, the remaining gold forward contracts have a weighted average price of $1,956 per ounce to sell 228,000 ounces of gold between July 2023 and December 2024. For details of the remaining gold forward contracts, refer to Table 21.

Foreign exchange rates



The functional currency of the Company and its subsidiaries is the U.S. dollar, and it is, therefore, exposed to financial risk related to foreign exchange rates. Changes in exchange rates are expected to have an impact on the Company's results. In particular, approximately 57% of the Company's payments for the first half of 2023 were incurred in Mexican pesos. In addition, the Company is exposed to foreign exchange risk on its non-U.S. dollar denominated monetary assets and liabilities. The average exchange rates of the Mexican peso relative to the U.S. dollar were 17.7 and 20.1 pesos to $1 during the three months ended June 30, 2023 and 2022, respectively, representing an appreciation of 11.9% in the Mexican peso. The annual impact on operating costs of a change by 1 Mexican peso relative to the U.S. dollar is expected to be approximately $10 million. In addition, approximately 40% to 50% of the remaining Media Luna Project capital expenditures are expected to be denominated in Mexican pesos.

SUMMARY OF QUARTERLY RESULTS

Quarterly Results for the Eight Most Recently Completed Quarters

Table 20.

		2023		2022				2021	
In millions of U.S. dollars, unless otherwise noted		**Jun 30**	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
Financial Results									
Revenue	$	**211.3**	228.8	216.5	209.3	235.0	207.7	202.0	216.7
Net income (loss)	$	**75.3**	68.2	34.6	43.9	70.3	40.0	(0.5)	36.5
Per share - Basic	$/share	**0.88**	0.79	0.40	0.51	0.82	0.47	(0.01)	0.43
Per share - Diluted	$/share	**0.85**	0.79	0.40	0.51	0.80	0.46	(0.01)	0.41

For each of the eight most recently completed quarters, the financial data was prepared in accordance with IFRS. The presentation and functional currency are in U.S. dollars. The quarterly results are unaudited. Sum of all the quarters may not add up to annual or year to date totals due to rounding.

Net income (loss) has fluctuated based on, among other factors, the quantity and grade of ore mined and processed, gold prices, foreign exchange rates, current and deferred income tax recoveries and expenses, cost of reagents consumed, interest income on VAT receivables, and impairment losses particularly in the fourth quarter of 2021. Gold prices affect the Company's realized sales prices of its gold production, and gains and losses on the gold forward contracts entered into. Fluctuations in the value of the Mexican peso and Canadian dollar relative to the U.S. dollar affect the Company's operating and corporate expenses, foreign currency derivative gains and losses, income taxes, and the value of non-U.S. dollar denominated monetary assets and liabilities such as cash, amounts receivable, accounts payable and debt. Changes in the value of the Mexican peso also impact the tax basis of non-monetary assets and liabilities considered in the Company's deferred tax assets and liabilities.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

Refer to Notes 3 and 4 in the Company's audited consolidated financial statements for the years ended December 31, 2022 and 2021.

RECENT ACCOUNTING PRONOUNCEMENTS

Refer to Note 3 in the Company's audited consolidated financial statements for the years ended December 31, 2022 and 2021.

FINANCIAL RISK MANAGEMENT

The Company examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include liquidity risk, foreign currency risk, commodity price risk and interest rate risk, and are detailed in Note 17 of the Company's audited consolidated financial statements for the years ended December 31, 2022 and 2021.

Commodity Price Risk

The Company has taken initiatives to mitigate price uncertainty during the development of the Media Luna Project.

In the first quarter of 2022, the Company executed monthly forward price contracts on future gold production to sell 138,000 ounces of gold (approximately 25% of production) between October 2022 and December 2023 at a weighted average price of $1,921 per oz.

In the fourth quarter of 2022, the Company executed additional monthly forward price contracts on future gold production. Under the contracts, the Company will sell 60,000 ounces of gold between January 2024 and December 2024 at a weighted average price of $1,916 per oz.

In January 2023, the Company executed additional monthly forward price contracts on future gold production. Under the contracts, the Company will sell 48,000 ounces of gold between January 2024 and December 2024 at prices ranging from $1,960 per oz to $1,974 per oz (or at a weighted average price of $1,967 per oz).

In March 2023, the Company executed additional monthly forward price contracts on future gold production. Under the contracts, the Company will sell 66,000 ounces of gold between July 2023 and June 2024 at prices ranging from $2,009 per oz to $2,012 per oz (or at a weighted average price of $2,010 per oz).

Table 21.

Settlement Date (Quarter)	Weighted Average Price ($/oz)	Quantity (Oz)
Q3 2023	1,957	43,500
Q4 2023	1,957	43,500
Q1 2024	1,966	43,500
Q2 2024	1,966	43,500
Q3 2024	1,939	27,000
Q4 2024	1,939	27,000
Total	1,956	228,000

RISKS AND UNCERTAINTIES

The Company is subject to various operational, financial, compliance and other risks, uncertainties, contingencies and other factors which could materially adversely affect the Company's future business, operations, and financial condition and could cause such future business, operations and financial condition to differ materially from the forward-looking statements and information contained in this MD&A and as described under the heading "Cautionary Notes".

Management monitors the principal risks and uncertainties to the Company's business, financial condition, and results of operations for new or elevated risks and supplements, when necessary, its disclosure under "Financial Risk Management" and below. Readers are cautioned that no enterprise risk management framework or system can ensure that all risks to the Company, at any point in time, are accurately identified, assessed, managed or effectively controlled and mitigated.

The nature of the Company's activities and the locations in which it operates mean that the Company's business generally is exposed to significant risk factors, known and unknown, many of which are beyond its control.

Mining Law Reforms

On June 7, 2023, minority members of the Chamber of Deputies (one of the two Chambers of the Mexican Congress) filed an unconstitutionality action against the Mining Law Reforms; however, it is uncertain when the outcome of such action will be known or if it will be successful. While it is expected that the Company's existing mining concessions and other permits will not be materially impacted by the Mining Law Reforms based on an initial analysis, the process to the enactment of the legislation came very quickly. Given that the legislation is substantial, and associated regulations have not yet been enacted to give effect to the more general provisions of the legislation for the purpose of interpretation and clarification on operating parameters, it is too early to know how the Mining Law Reforms will be interpreted and applied. As such, the legislation and its implementation has not yet been advanced to the level of clarity required for the Company to understand all potential business impacts. Given these uncertainties, Torex has filed an amparo lawsuit with a view to taking all possible precautions to protect the interests of our shareholders by maintaining our ability to operate uninterrupted while providing significant employment in the region and making meaningful community investments. While this precautionary measure has been taken, the Company will continue to work cooperatively with the Mexican government towards the constructive advancement of the Mining Law Reforms that will ultimately set the stage for responsible mining in Mexico for decades to come. Until such time as a full analysis of the legislation and the pending regulations is complete or the outcome of the unconstitutionality action or the amparo lawsuit is known, there can be no assurance that the Mining Law Reforms will not have a material impact on the Company's operations and plans.

For a comprehensive discussion of risks faced by the Company, which may cause the actual financial results, performance or achievements of the Company to be materially different from the Company's estimated future results, performance or achievements expressed or implied by forward-looking information or forward-looking statements, please refer to the Company's latest Annual Information Form ("AIF"), available under the Company's profile on SEDAR at www.sedar.com and on the Company's website.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The President and Chief Executive Officer and Chief Financial Officer of the Company are responsible for designing internal controls over financial reporting or causing them to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's internal control framework was designed based on the Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

There was no change in the Company's internal control over financial reporting that occurred during the second quarter of 2023 that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

Disclosure Controls and Procedures

Disclosure controls and procedures have been designed to provide reasonable assurance that all relevant information required to be disclosed by the Company is accumulated and communicated to senior management as appropriate to allow timely decisions regarding required disclosure. The Company's President and Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation of the design of the disclosure controls and procedures, that as at June 30, 2023, the Company's disclosure controls and procedures have been designed effectively to provide reasonable assurance that material information is made known to them by others within the Company.

Limitations of Controls and Procedures

The Company's management, including the President and Chief Executive Officer and Chief Financial Officer, believe that any internal controls over financial reporting and disclosure controls and procedures, no matter how well designed, can have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance that the objectives of the control system are met.

QUALIFIED PERSONS

The scientific and technical information contained in this MD&A pertaining to Mineral Reserves has been reviewed and approved by Johannes (Gertjan) Bekkers, P.Eng., Vice President, Mine Technical Services of Torex Gold Resources Inc. and a Qualified Person under NI 43-101.

The scientific and technical information contained in this MD&A pertaining to Mineral Resources, drilling results and exploration results have been reviewed and approved by Carolina Milla, P.Eng., Principal, Mineral Resources of Torex Gold Resources Inc. and a Qualified Person under NI 43-101.

All other scientific and technical information contained in this MD&A has been reviewed and approved by Dave Stefanuto, P. Eng., Executive Vice President, Technical Services and Capital Projects of Torex Gold Resources Inc. and a Qualified Person under NI 43-101.

ADDITIONAL INFORMATION

Additional information relating to the Company, including the Company's most recent annual information form, is available under the Company's profile on SEDAR at www.sedar.com, and is available upon request from the Company.

Mineral Reserve Estimate – Morelos Complex (December 31, 2022)

Table 22.

	Tonnes (kt)	Au (gpt)	Ag (gpt)	Cu (%)	Au (koz)	Ag (koz)	Cu (Mlb)	AuEq (gpt)	AuEq (koz)
Media Luna Underground									
Proven	-	-	-	-	-	-	-	-	-
Probable	23,017	2.81	25.6	0.88	2,077	18,944	444	4.54	3,360
Proven & Probable	**23,017**	**2.81**	**25.6**	**0.88**	**2,077**	**18,944**	**444**	**4.54**	**3,360**
ELG Open Pit									
Proven	2,821	4.65	5.5	0.15	421	495	9	4.73	429
Probable	5,582	2.46	3.9	0.15	442	699	18	2.54	456
Proven & Probable	**8,403**	**3.20**	**4.4**	**0.15**	**863**	**1,195**	**27**	**3.27**	**885**
ELG Underground									
Proven	829	6.22	7.7	0.28	166	204	5	6.60	176
Probable	1,734	5.64	7.1	0.24	314	393	9	5.96	332
Proven & Probable	**2,563**	**5.83**	**7.3**	**0.25**	**480**	**598**	**14**	**6.17**	**508**
Surface Stockpiles									
Proven	4,655	1.26	3.1	0.07	188	470	7	1.30	195
Probable	-	-	-	-	-	-	-	-	-
Proven & Probable	**4,655**	**1.26**	**3.1**	**0.07**	**188**	**470**	**7**	**1.30**	**195**
Total Morelos Complex									
Proven	8,306	2.90	4.4	0.12	776	1,170	22	2.99	800
Probable	30,332	2.91	20.5	0.70	2,833	20,037	471	4.25	4,148
Proven & Probable	**38,638**	**2.91**	**17.1**	**0.58**	**3,609**	**21,206**	**493**	**3.98**	**4,947**

Notes to accompany Mineral Reserve table:

1. Mineral Reserves were developed in accordance with CIM (2014) guidelines.
2. Rounding may result in apparent summation differences between tonnes, grade, and contained metal content. Surface Stockpile Mineral Reserves are estimated using production and survey data and apply the same gold equivalent ("AuEq") formula as ELG Open Pits.
3. AuEq of Total Reserves is established from combined contributions of the various deposits.
4. The qualified person for the Mineral Reserve estimate is Johannes (Gertjan) Bekkers, P. Eng., VP of Mines Technical Services.
5. The qualified person is not aware of mining, metallurgical, infrastructure, permitting, or other factors that materially affect the Mineral Reserve estimates.

Notes to accompany the Media Luna Underground Mineral Reserves:

6. Mineral Reserves are based on Media Luna Indicated Mineral Resources with an effective date of October 31, 2021.
7. Media Luna Underground Mineral Reserves are reported above a diluted ore cut-off grade of 2.2 g/t AuEq.
8. Media Luna Underground cut-off grades and mining shapes are considered appropriate for a metal price of $1,400/oz gold ("Au"), $17/oz silver ("Ag") and $3.25/lb copper ("Cu") and metal recoveries of 85% Au, 79% Ag, and 91% Cu.
9. Mineral Reserves within designed mine shapes assume long-hole open stoping, supplemented with mechanized cut-and-fill mining and includes estimates for dilution and mining losses.
10. Media Luna Underground AuEq = Au (g/t) + Ag (g/t) * (0.0112) + Cu (%) * (1.6946), accounting for metal prices and metallurgical recoveries.

Notes to accompany the ELG Open Pit Mineral Reserves:

11. Mineral Reserves are founded on Measured and Indicated Mineral Resources, with an effective date of December 31, 2022, for ELG Open Pits (including El Limón, El Limón Sur and Guajes deposits).
12. ELG Open Pit Mineral Reserves are reported above an in-situ cut-off grade of 1.2 g/t Au.
13. ELG Low Grade Mineral Reserves are reported above an in-situ cut-off grade of 0.88 g/t Au.
14. It is planned that ELG Low Grade Mineral Reserves within the designed pits will be stockpiled during pit operation and processed during pit closure.
15. Mineral Reserves within the designed pits include assumed estimates for dilution and ore losses.
16. Cut-off grades and designed pits are considered appropriate for a metal price of $1,400/oz Au and metal recovery of 89% Au.
17. Mineral Reserves are reported using a Au price of US$1,400/oz, Ag price of US$17/oz, and Cu price of US$3.25/lb.
18. Average metallurgical recoveries of 89% for Au, 30% for Ag, and 23% for Cu.
19. ELG Open Pit (including surface stockpiles) AuEq = Au (g/t) + Ag (g/t) * (0.0041) + Cu (%) * (0.4114), accounting for metal prices and metallurgical recoveries.

Notes to accompany the ELG Underground Mineral Reserves:

20. Mineral Reserves are founded on Measured and Indicated Mineral Resources, with an effective date of December 31, 2022, for ELG Underground (including Sub-Sill, El Limón Deep, Sub-Sill South and El Limón Sur Deep deposits).
21. Mineral Reserves were developed in accordance with CIM guidelines.
22. El Limón Underground Mineral Reserves are reported above an in-situ ore cut-off grade of 3.2 g/t AuEq and an in-situ incremental cut-off grade of 1.05 g/t Au.
23. Cut-off grades and mining shapes are considered appropriate for a metal price of $1,400/oz Au and metal recovery of 90% Au.
24. Mineral Reserves within designed mine shapes assume mechanized cut and fill mining method and include estimates for dilution and mining losses.
25. Mineral Reserves are reported using a Au price of US$1,400/oz, Ag price of US$17/oz, and Cu price of US$3.25/lb.

26. Average metallurgical recoveries of 90% for Au, 62% for Ag, and 63% for Cu, accounting for the planned copper concentrator.
27. ELG Underground AuEq = Au (g/t) + Ag (g/t) * (0.0083) + Cu (%) * (1.1202), accounting for metal prices and metallurgical recoveries.

Mineral Resource Estimate – Morelos Complex (December 31, 2022)

Table 23.

	Tonnes (kt)	Au (gpt)	Ag (gpt)	Cu (%)	Au (koz)	Ag (koz)	Cu (Mlb)	AuEq (gpt)	AuEq (koz)
Media Luna Underground									
Measured	1,823	5.29	42.0	1.38	310	2,460	55	8.06	473
Indicated	25,567	3.02	30.1	1.05	2,486	24,708	589	5.11	4,196
Measured & Indicated	**27,390**	**3.17**	**30.9**	**1.07**	**2,796**	**27,168**	**645**	**5.30**	**4,669**
Inferred	7,322	2.54	23.0	0.88	598	5,422	143	4.27	1,006
ELG Open Pit									
Measured	3,161	4.67	5.7	0.16	475	576	11	4.76	484
Indicated	8,143	2.35	4.1	0.15	615	1,073	26	2.42	635
Measured & Indicated	**11,304**	**3.00**	**4.5**	**0.15**	**1,090**	**1,650**	**37**	**3.08**	**1,119**
Inferred	1,385	1.92	2.2	0.06	85	100	2	1.95	87
ELG Underground									
Measured	1,741	5.94	8.0	0.34	332	450	13	6.58	369
Indicated	3,274	5.54	8.1	0.28	583	854	20	6.08	640
Measured & Indicated	**5,016**	**5.68**	**8.1**	**0.30**	**916**	**1,304**	**33**	**6.26**	**1,009**
Inferred	1,480	5.45	10.2	0.30	259	485	10	6.05	288
EPO Underground									
Measured	-	-	-	-	-	-	-	-	-
Indicated	4,050	2.37	34.8	1.48	308	4,528	132	5.16	671
Measured & Indicated	**4,050**	**2.37**	**34.8**	**1.48**	**308**	**4,528**	**132**	**5.16**	**671**
Inferred	5,634	1.79	31.3	1.17	324	5,668	145	4.04	732
Total Morelos Complex									
Measured	6,725	5.17	16.1	0.54	1,117	3,486	80	6.13	1,325
Indicated	41,035	3.03	23.6	0.85	3,992	31,164	767	4.66	6,143
Measured & Indicated	**47,760**	**3.33**	**22.6**	**0.80**	**5,110**	**34,650**	**847**	**4.86**	**7,468**
Inferred	15,821	2.49	23.0	0.86	1,267	11,675	299	4.15	2,112

Notes to accompany the Mineral Resource Table:
1. CIM (2014) definitions were followed for Mineral Resources.
2. Mineral Resources are depleted above a mining surface or to the as-mined solids as of December 31, 2022.
3. Mineral Resources are reported using a gold (“Au”) price of US$1,550/oz, silver (“Ag”) price of US$20/oz, and copper (“Cu”) price of US$3.50/lb.
4. Gold equivalent (“AuEq”) of Total Mineral Resources is established from combined contributions of the various deposits.
5. Mineral Resources are inclusive of Mineral Reserves.
6. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability.
7. Numbers may not add due to rounding.
8. The estimate was prepared by Ms. Carolina Milla, P.Eng. (Alberta), Principal, Mineral Resources

Notes to accompany Media Luna Underground Mineral Resources:
9. The effective date of the estimate is December 31, 2022.
10. Mineral Resources are reported above a 2.0 g/t AuEq cut-off grade.
11. Metallurgical recoveries at Media Luna average 85% for Au, 79% for Ag, and 91% for Cu.
12. Media Luna Underground AuEq = Au (g/t) + (Ag (g/t) * 0.0119) + (Cu (%) * 1.6483). AuEq calculations consider both metal prices and metallurgical recoveries.
13. The assumed mining method is from underground methods, using a combination of long hole stoping and cut and fill.

Notes to accompany the ELG Open Pit Mineral Resources:
14. The effective date of the estimate is December 31, 2022.
15. Average metallurgical recoveries are 89% for Au, 30% for Ag and 23% for Cu.
16. ELG Open Pit AuEq = Au (g/t) + (Ag (g/t) * 0.0043) + (Cu (%) * 0.4001). AuEq calculations consider both metal prices and metallurgical recoveries.
17. Mineral Resources are reported above an in-situ cut-off grade of 0.78 g/t Au.
18. Mineral Resources are reported inside an optimized pit shell. Underground Mineral Reserves at El Limón Deep within the El Limón shell have been excluded from the open pit Mineral Resources.

Notes to accompany ELG Underground Mineral Resources:
19. The effective date of the estimate is December 31, 2022.
20. Average metallurgical recoveries are 90% for Au, 86% for Ag and 93% for Cu, accounting for the planned copper concentrator.
21. ELG Underground AuEq = Au (g/t) + (Ag (g/t) * 0.0123) + (Cu (%) * 1.600). AuEq calculations consider both metal prices and metallurgical recoveries.
22. Mineral Resources are reported above a cut-off grade of 3.0 g/t AuEq.
23. The assumed mining method is underground cut and fill.

Notes to accompany EPO Underground Mineral Resources:
24. The effective date of the estimate is December 31, 2022.
25. Mineral Resources are reported above a 2.0 g/t AuEq cut-off grade.

26. Metallurgical recoveries at EPO average 85% for Au, 75% for Ag, and 89% for Cu.
27. EPO Underground AuEq = Au (g/t) + Ag (g/t) * (0.0114) + Cu % * (1.6212). AuEq calculations consider both metal prices and metallurgical recoveries.
28. The assumed mining method is from underground methods using a long hole stoping.

CAUTIONARY NOTES

Forward-Looking Statements

This MD&A contains “forward-looking statements” and “forward-looking information” within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, information with respect to the future mining, development and exploration plans concerning the Morelos Property; the adequacy of the Company’s financial resources; the Company’s key strategic objectives to optimize and extend production from the ELG Mine Complex, de-risk and advance Media Luna to commercial production, build on ESG excellence, and to grow through ongoing exploration across the entire Morelos Property; plans to realize the full potential of the Morelos Property and opportunities to acquire assets that enable diversification and deliver value to shareholders; the Company’s 2023 objectives as described in the MD&A; and the summary of the Media Luna Project schedule. Forward-looking information also includes, but is not limited to, the following forward-looking statements: with quarterly production in the second half of 2023 expected to mirror the first half of 2023, the Company remains on track to meet annual production guidance of 440,000 to 470,000 ounces; the Company is in the advanced stages of extending and increasing the available credit facilities to provide the Company with a total of $300.0 million in available credit (an increase from the current $250.0 million) with a maturity date in 2026 (extended from the current 2025 maturity) and a one-year extension to draw on the term loan and it is expected that these amendments will be executed in Q3 2023; the pace of investment is expected to increase into the second half of 2023 and remain relatively consistent through the first half of 2024, before declining as development activities wind down ahead of commercial production, which is anticipated in early-2025; the project continues to track to overall schedule and budget; Media Luna Project expenditures are trending towards the lower end of the full year guided range of $390 million to $440 million; infill and step-out drilling at El Limón Sur Deep was successful in extending higher-grade mineralization outside of the current resource block model; overall, the positive results from the underground drilling program support ongoing resource expansion and reserve growth within ELG Underground, which in turn supports the Company's strategic focus on filling the mill with higher-grade feed beyond 2027; the Company’s annual production, cost and capital expenditure guidance for 2023 remains unchanged and there has been no change to the operational outlook for 2023; given the appreciation of the Mexican peso, full year total cash costs and all-in sustaining costs are trending towards the upper end of the annual guided ranges; non-sustaining capital expenditures related to the development of the Media Luna Project are trending toward the lower end of the guided range of $390 to $440 million in 2023; quarterly gold production in the second half of 2023 is expected to mirror production in the first half of 2023; the Company’s mine plan for the third quarter reflects a heavy focus on waste stripping in the El Limón open pit and a drawdown of stockpiles; given the mine plan, total cash costs and all-in sustaining costs during the third quarter are trending towards the upper end of the annual guided ranges; production is expected to return to usual levels in the fourth quarter, with higher processed grades and the increased ore production; the Company is well on track to achieve annual production guidance; total budgeted spend post March 31, 2022 related to the development of Media Luna are tracking to the initial estimate of $874.5 million; quarterly expenditures are expected to increase into the second half of 2023, and remain relatively consistent through the first half of 2024, before declining as development activities wind down ahead of commercial production, which is anticipated in early 2025; based on the current schedule, first concentrate production is on track for late-2024; the surface and underground operational readiness strategy is progressing to plan; the ELG infill drilling is targeting to upgrade Inferred Resources to the Measured and Indicated Resource categories at open pit and underground deposits and step-out drilling is targeting to expand known mineralization and/or upgrade mineralized material to new Mineral Resources in lateral and vertical extensions, as well as expanding underground resource in other zones; drilling at El Limón Deep, Sub-Sill and Sub-Sill South were successful, with assay results highlighting the potential to upgrade Inferred Resources to the Indicated category and expand Inferred Resources both laterally and vertically around the existing resource supporting the potential to expand and then upgrade resources at depth; El Limón West continues to highlight the potential for another new mining front within ELG

Underground where mineralization is controlled and hosted by a phreatomagmatic breccia pipe, which differs from the mineralization commonly associated with the El Limón Sur Trend; this indicates the potential of a second structural corridor and other styles of mineralization across the broader Morelos Property; the objective of the ELG near mine drilling program is to explore additional geological potential within the ELG Mine Complex and identify new mineralized material; and the EPO program is divided into two phases, the objective of the first phase is to upgrade Inferred Resources to Indicated Resources, referred to as the infill drill program and the objective of the second phase is to add additional Inferred Resources, referred to as the expansion drill program, to the north and south of EPO.

Generally, forward-looking information can be identified by the use of forward-looking terminology such as “plans,” “expects,” or “does not expect,” “is expected,” “budget,” “scheduled,” “goal,” “estimates,” “forecasts,” “intends,” “anticipates,” or “does not anticipate,” “believes”, “potential”, “objective”, “target”, “guided”, “trends” or “tends” or variations of such words and phrases or statements that certain actions, events or results “may,” “could,” “would,” “might,” or “will be taken,” “will occur,” or “be achieved.” Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including risks factors included herein and elsewhere in the Company’s public disclosure, including without limitation the Technical Report, the AIF, annual MD&A and the Climate Change Report.

Forward-looking information and statements are based on the assumptions discussed in the Technical Report, AIF and this MD&A, the annual MD&A, the Climate Change Report, and such other reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect. Although the Company believes that the assumptions and expectations reflected in such forward-looking information are reasonable, undue reliance should not be placed on forward-looking information because the Company can give no assurance that such expectations will prove to be correct. The forward-looking information contained herein is presented for the purposes of assisting investors in understanding the Company’s expected financial and operating performance and the Company’s plans and objectives and may not be appropriate for other purposes. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

August 1, 2023