*Announcer:* Torex Gold Resources is a gold producer based in Canada, engaged in the exploration development and operation of its 100 percent owned Morelos Gold Property, an area of 29,000 hectares in the Guerrero Gold Belt located 180 kilometers southwest of Mexico City. They have a production start slated for 2024. So please welcome to the stage their CFO, Andrew Snowden.

*[Applause]*

*Andrew Snowden:* Perfect. Thank you. Good. Well, good morning, everyone. Great to be here today and to present to everyone here in person. It beats doing that through Zoom, so I appreciate everyone's attendance today, and hopefully it's an enjoyable presentation.

I think we've got about 25 minutes for this session now. My remarks will probably take 15 minutes or so, and then happy to take any questions from the group as a Q&A session after my comments. So please feel free to jump in. So my presentation today will really be focused on three areas. One, just a bit of background for those that aren't familiar with Torex, just to walk you through who we are, and then a summary of our strategy to walk you through some of our key focus areas over the next few years, and then round out with some comments around what we're doing that we think will generate and support long-term value for our shareholders.

To start here from a who we are perspective, this slide really summarizes our investment highlights. But as was mentioned in my introductory remarks, we operate from Guerrero Estate in Mexico. We have a manning operation there that's both open pit and underground that produces over 450,000 ounces of gold a year. And we're an established gold producer. We've been producing those levels now for several years.

We're a company with a very strong balance sheet. We have no debt. At the end of December, we reported last week we have – actually it was earlier this week – $250 million of cash as well as $400 million in total of liquidity available to us, and that really will help support us as we move now into our future operations, which we're in the process of constructing a new mine site adjacent to our current mine site called Media Luna. I'll provide a bit more context on the Media Luna Mine shortly, but that will be a key focus for us over the next two years as we build out that mine and get that into production commencing early 2024.

We also – and I'll spend some time as well through the presentation talking about ESG. This is an area that we feel we really distinguish ourselves from a number of other our peer group, particularly within Mexico, around our focus on developing stronger and excellent relationships with our communities, with our employees, and that's really helped us operate very successfully in what can be often seen as a very challenging jurisdiction. So in terms of strategy, this slide here summarizes the key six strategic pillars for the company. For those that have followed charts in the past, these six pillars should be very familiar to you.

This is a very consistent list of focus areas both historically and I expect these focus areas will continue for several years in the future. So this is really a long-term commitment from the management team and the board in focusing on these six areas. I won't walk through all of these pillars today just given the time constraints, but I'll focus my comments really on what I'll describe as the key four, on optimizing our current mine, which is ELG, building and de-risking the Media Luna project, which is the new construction underground mine that we're in the process of building, building out our resource base. And I'll talk a little bit about the drilling activity where we've been doing and the success that we've been seeing there within the broader land package.

We do have a very large land package within Mexico, and a large part of that is currently unexplored. And then finally, I'll make some comments on ESG as well just to provide some further color around our strong safety record and environmental history within the region. So first to start, just on our current mine, so on ELG, this slide really just provides some summary of they key highlights for the 2021 year. You'll see produced close to 470,000 ounces of gold with an ASIC margin of 47 percent. A fantastic margin for the year.

As well as generating close to $500 million of EBITDA. Free cashflow you'll see here on the right, the bottom right of the slide. So we produced about $100 million of free cashflow through the year. But that's after investing about $230 million on capital expenditure, including commencing the construction of our Media Luna Mine. So we're already building it. And despite that, we're still generating good free cashflow.

So that was 2021. This slide really summarizes our guidance for 2022, which we released to the market back in January. In short, 2022 is really looking very much like 2021. We're expecting – our guided production range is in line with our 2021 guidance range, and we expect we'll be producing very similar amounts. The only real changes I'll highlight in 2022 compared to last year is that we are seeing or expecting a slight modest increase in our cost base. So the total cash costs are expected to increase about $15.00 an ounce, and that's really a result of just inflationary pressures that we're seeing, primarily labor, cyanide, electricity.

Those are three areas where we are seeing inflationary pressures, and so we've built that into our total cash cost guidance. And then secondly, on all-in sustaining costs, that's a little bit higher. That's about $60.00 an ounce higher than last year, which is a result of both the higher total cash costs, but also the fact that we are undertaking more waste removal through the course of 2022 as we're executing on a pushback of our El Limón open pit. And so there is some further waste removal that results in capitalized stripping, and that impacts our all-in sustaining cost number.

Looking further afield here, so this is our multiyear production guidance. We released this middle of last year. 2021 we achieved. 2022 I just spoke to. And this provides some color on 2023 and '24 with a slight reduction in production in 2023 and a further reduction in 2024. A few points I'll make on this slide.

One, I would call this the base case. So we released this middle of last year. Since this was released, we have been very focused on optimizing the ELG production to particularly with a focus on 2023/2024 to bring that to production level more in line with what we've seen in recent years. Secondly, this excludes any production from our new Media Luna Mine. Media Luna will come online beginning of 2024, and so that will contribute to our production profile in that year and going forward.

And we're very focused – our goal is to really have a very smooth transition from our current production level at ELG to the new Media Luna Mine, and there will be more information on that coming out when our technical report gets released later in March. So that's on track to be released last week of March, and that will provide an update to both our ELG production plan as well as our Media Luna production plan. The final point I'll make is just on our current underground mine at ELG. I feel that this is a really underappreciated mine amongst our investment group.

This mine by itself currently produces about 100,000 ounces of gold a year, and this company's built off of a production profile of 100,000 ounces a year, and we've got that within this underground mine that's often overlooked by investors. For the last three years, we've produced around that level, and we expect that we'll be able to continue to produce at that level for many years to come. At the end of 2020, we had 400,000 ounces of gold in the ground there, and we have been doing incremental drilling within that underground zone and expecting to release further information on updated reserves and resources in the coming weeks there, which I think will help demonstrate the long life that we have within the underground mine.

Next on Media Luna. So really here I'll probably sum up our focus area as being three areas. Firstly, on our feasibility study, as far as I mentioned earlier, that's due to be released at the end of March and really will be a culmination of all of the engineering work and mine plan analysis that's been performed over the past several years to really be able to demonstrate to investors and to the market what our future looks like over the next decade. Secondly on permitting.

So permitting is often an area, particularly in Mexico, where questions get raised and where the market has a level of uncertainty. We don't see uncertainty with permitting. Every permit that we've applied for so far we've received to be able to advance Media Luna. We've got one permit that's remaining at the moment, which is called the MIA Integral, which basically combines all of the various permits that we already have together into one overall permit. We applied for that in July of last year when we submitted the paperwork to the Mexican authorities.

And we fully expect that we'll get that permit in place in the first half of this year, so we're in the final throes now of working the processes to get that permit issued, and then we'll be a fully permitted operation for the new Media Luna Mine. And then the third area of focus is really what I would describe as being access to the ore body. And that's probably best demonstrated by this next slide here just to provide a bit more context to this. You'll see the red on the left-hand side here is the Media Luna ore body itself.

That's the underground mine that we'll be accessing from 2024. And we're accessing this using three portals. One, on the right here, is the Guajes Portal. That comes out right by our current processing plant. And so our strategy is to process the Media Luna material in our processing plant in its current location here, and that's a 7 kilometer tunnel that we'll be building out from Guajes all the way to the lower part of the Media Luna ore body.

You'll see a star on the right here. That's where we currently are, about 1.2 kilometers into that tunnel. And that will continue to advance through the course of this year. The expectation is around Q3 or 2023 is that tunnel will be completed. We've also got two portals on the south side, so that's on the left-hand side of the chart here.

The South Portal Upper and South Portal Lower. Those portals will allow us to help to start developing the mine once we access the ore body there and give us access points and ventilation points into the ore body. But also the South Portal Lower is additionally important, because what we'll do is as soon as we hit the lower part of the Media Luna ore body we will continue to drill the Guajes tunnel from the southside. And so the two teams will meet in the middle to complete that Guajes tunnel.

We did also actually late last year – so I think it was in November/December – issued an update on our Media Luna progress. And so really the key point on that update was really just to provide some of the market context around expectations from a capital cost perspective. Our PEA was issued in 2018, which estimated a capital cost for Media Luna about $500 million. Since then, we've continued to make a number of scope changes to the project as we've been finalizing the feasibility study, including items like these tunnel access points. Initially in the PEA there was no expectation that we would be accessing the ore body through a tunnel.

That was going to be added later in the process. That comes with a cost. And there's also a number of inflationary pressures that we're hearing across the market that will obviously – we're not immune to, and that will clearly impact our capital cost estimates as well. So I can't really give you that number today. That will be released in our March technical report. But the guidance I will provide is that that will be higher than the $500 million that was in our PEA from 2018 for those reasons.

The final item on Media Luna is really just to talk about the resource base here. And we will be providing an update on this next week actually, just to provide an update on the drilling activity that we undertook through the course of 2021. So that will be captured within a resource update coming out next week. But our last update was in April of 2021, and so you'll see here we had 6 million ounces of indicated and inferred material within that April 2021 update.

And at that point roughly an eight-year mine life for Media Luna on top of – and that's starting from 2024, so taking us through to the next decade. But the release that we'll be issuing next week, as a result of our incremental drilling, we'll show some further developments there. And it's not really just the Media Luna deposit itself that has the opportunities to increase our resource base. This is a slide we show quite often, which really – as I mentioned earlier, our broader land package has a lot of untested areas in these purple zones here, higher magnetic anomalies where we believe there is indications of strong opportunities for future resources.

The area that's kind of in the yellow shades are the current mine zones, El Limón deposit north of the river and the Media Luna deposit to the south of the river. And so we are investing about $40 million through the course of 2022 to extend out our footprint to undertake further drilling partly within the Media Luna cluster on the south of the river. We see there's lots of opportunity there to really prove out a multidecade mine, but also investing in the drill bit in some further greenfield opportunities within the land package here to really get a better sense on the opportunities we have available to us here.

Right now 75 percent of our land package here is unexplored, and we want to change that narrative. We want to be able to truly demonstrate the real potential that we have here. So all of that will cost a lot of money. I mentioned before our strong balance sheet. This is really just an overview of what our balance sheet looks like. $400 million of available liquidity, no debt at the end of December.

We will though be looking at adding some element of leverage to the balance sheet through the course of 2022, I expect to help support the Media Luna build as well as the investment that we want to put into the drill bit with the broader exploration package. So that's something that we will look at through the course of this year. But if we do that it will be a very prudent level of debt that will maintain our current position as having a strong balance sheet. And finally, just to kind of wrap up, a couple of comments on ESG here.

One, as I mentioned earlier, we operate in what's often perceived as being a challenging jurisdiction in Guerrero, Mexico, but have been operating there very well. How do we do that? I think there's number of items here that really to me have been a big part of our success. One is that we hire locally. 99 percent of our workforce are from Mexico. We don't send in a large expat workforce to try and direct the local workforce.

We train and support that workforce, and 99 percent of that workforce is from Mexico, including the local GM who's a Mexican National. And 60 percent of that workforce is from the local region, so we are working hand in hand with our local communities and really the local workforce there to get to share in that success. Because the success of the mine really helps the region in general. We also pay our employees appropriately. There is a regulatory requirement in Mexico to pay what's known at PTU, which is profit-sharing payment.

Many of our peers historically operating in Mexico have structured themselves out of paying that and by employing their mining operators through a service company which avoids them having to pay this PTU. So maybe that saves a few dollars from a company's balance sheet, but really it's not providing that shared value to the broader workforce and to the broader community. So we do pay that annually. This year's PTU payment was made in May of 2021.

It was about $30 million, so a very meaningful payment to the local workforce which really helps build that strong relationship and helps employees share in the success of the company. The final point I'll make on ESG is really just to highlight our safety statistics. So you'll see on the bottom left chart here our LTI frequency rate is close to zero. It was 0.14 at the end of December.

We're currently at seven million hours without an LTI. We had one LTI through the whole of 2021, which was in April of last year. And while that's one too many, this is a really great statistic across what is a challenging industry from a safety perspective. And that seven million hours that we've achieved at the moment compares to as recently as the end of 2020 we achieved over 10 million hours without an LTI.

So we've got a history of not just one long period here without an LTI, we've had a recent period where we hit 10 million hours as well, so a really strong safety performance that's a real focus for the company. And we set up a number of processes obviously to try and support maintaining this metric going forward. So I think that concludes – actually, final slide. So overall, look, this is really what we describe as our value proposition. Today, we feel we are undervalued compared to our peer group, and delivering on our strategy we feel that that will really help the market see the value we have as a company and help close that valuation gap.

We believe we can achieve that through focusing on optimizing and extending ELG, constructing Media Luna, getting Media Luna into construction, into production in the Q1 of 2024, and then focusing on exploration to grow our reserve and resource base within the region. So that concludes my remarks, and happy to take any questions.

*Announcer:* Are there any questions? John?

*Audience:* Thanks, Andrew. Great presentation. Torex is an amazing company in that it's bootstrapping its next mine with their internally-generated cashflow. So when I hear you say $500 million capex I know that you're paying for that yourself. You're not going out and selling shares or whatever so often is done in the industry, particularly by smaller companies.

But now you mentioned a possibility of some cost overruns over the $500 million, and I assume you dip into your line of credit for that if that's necessary.

*Andrew Snowden:* Yeah, so good question. So firstly, I agree. There's no plan to raise any equity. That's not a strategy that we're exploring in any way, shape or form. Our focus is on supporting this construction, but also supporting a broader strategy with our balance sheet.

I think, as you point out, we do have very strong cashflow. We've got a strong balance sheet today. But Media Luna will be expensive. I wouldn't categorize it as cost overruns. I would categorize really our updated Media Luna capex estimates, which will come out at the end of March, really as being a refinement of our strategy around Media Luna, just knowing that our PEA is three years old and we're now building a very different mine than was anticipated three years ago.

But we're building a mine that will help support a multidecade operation within that region. So will we take on some debt? I think that's likely. Whether using the revolver is the right strategy, I think we'll look at different opportunities to try and find what the right cost effective debt will be to be able to support the balance sheet. It may be the revolver.

I personally quite like just having the revolver there to be able to access if we need it, but looking at what else we could do to potentially supplement that to finance or help support the build of Media Luna and our exploration strategy.

*Announcer:* Any other questions?

*Audience:* Are you aware of – you probably have interactions with the cartel. Has that been any problem in the past?

*Andrew Snowden:* No. As I mentioned, our focus on really working in a very collaborative way with our community and hiring local workforce really has helped develop a very strong relationship with that local community where the local community really are looking out for us as a mine operation. And one recent example is in COVID, through COVID in 2020, there was a mandated shutdown of the mining industry by the Mexican government, and the local workforce actually came to us and said, "Look, if you want to reopen and want to talk to the government about reopening, let us know and we'll come with you. We'll go to the government and help try to get you back reopened."

And we didn't want to take them up on that. We wanted to follow local regulations, and so we were closed for about a month in April 2020 due to COVID. But that to me just demonstrates that strong relationship we have with the local community. In terms of cartels, I would just say that in the region and across several mining companies across Mexico, I think there's a recognition that those industries can coexist. I don't think it's in the cartel's interest to try to do anything untoward towards a mining company because there'll be a reaction to that and a response nationally by the government which wouldn't be in the cartel's interest. So I would say that there's really the ability for those industries to coexist within Mexico.

*Audience:* That was a very nice story about the transition to Media Luna, and I want to believe it, but when I look at the stock price over the last 18 months it seemed like the market is not believing it. So what do you think are the main reasons for that dissonance and explain to me why we should believe you as opposed to the market overall assessment?

*Andrew Snowden:* Look, the market will get there. Right now I think there's an information gap in the market. As I mentioned, we got our 2008 PEA with a lot of focus on what will the mine cost, what is the mine plan around that, and we made a decision in the past not to issue a prefeasibility study. So we don't really have that information flow from 2018 to now in my mind that really gives the market the view of what we are building. We'll fix that in the coming weeks.

So that will be in my mind a big step forward when we issue our technical report at the end of March. And then I think we just need to prove to the market as we construct and as we build. We'll be slowly de-risking the project for the reasons that I described earlier that I think the market will come along. Is it there today? I agree with your sentiment, the market isn't there today, but I think our technical report will be a big step forward plus the work that we'll be doing through the course of 2022 to really de-risk it.

And I think free cashflow is also a factor that I think the market is holding back on a little bit, because they know free cashflow will be limited through the course of 2022 and 2023 as we build Media Luna. But 2024, as that capital comes off and our cashflow increases, to me now's the time to take advantage of the opportunity of where our share price is.

*[End of Audio]*