

Torex Gold Provides Q2 2024 Update on Media Luna Project

Project on schedule and fully funded; stronger Mexican peso now incorporated into final capital expenditure budget

(All amounts expressed in U.S. dollars unless otherwise stated)

Toronto, Ontario--(Newsfile Corp. - July 29, 2024) - Torex Gold Resources Inc. (the "Company" or "Torex") (TSX: TXG) provides a Q2 2024 update on the development of its Media Luna Project ("Media Luna"). Unless otherwise stated, progress and milestones referenced in this press release are as of June 30, 2024.

Jody Kuzenko, President & CEO of Torex, stated:

"Development of Media Luna continues to track to schedule, with first production of copper concentrate anticipated by year end and commercial production expected in Q1 2025. As at the end of June, Media Luna was 78% complete across engineering, procurement, underground development/construction, and surface construction, compared to 69% at the end of March.

"With engineering and procurement largely complete and project execution continuing to track to schedule, the team has undertaken a final, detailed review of the remaining expenditures and finalized the budgeted project expenditures for Media Luna at \$950 million. The \$75 million increase over the original budget of \$875 million is predominantly driven by the stronger Mexican peso, which has consistently been flagged as a cost headwind. The stronger peso to date and anticipated strength over the remainder of the build represents \$48 million of the increase in capital expenditures. The remaining \$27 million reflects additional scope items and carryover costs expected to be incurred in early 2025 prior to declaration of commercial production. Given the project capital increase, our Media Luna capital expenditures guidance for 2024 will be adjusted and the range narrowed to \$430 - \$450 million, from \$350 - \$400 million.

"Notably, our balance sheet is well-positioned for the remaining project expenditures. Even more notable, Media Luna has been fully funded by our own cash flow and a small amount of debt, without diluting our shareholders or ceding future upside on our highly prospective Morelos Property through the sale of a royalty and/or stream. At quarter end, we had over \$345 million of available liquidity, which is expected to more than cover both the remaining \$224 million of expenditures on Media Luna and our strategic goal of maintaining at least \$100 million of cash on the balance sheet.

"With completion of Media Luna tracking to plan, Torex offers shareholders a catalyst rich near-term future that includes the successful completion and ramp-up of Media Luna, entering the copper concentrate market, incorporating EPO into the integrated mine plan, continued drilling and exploration prospectivity, and a return to positive free cash flow in mid-2025."

CAPITAL EXPENDITURES

As a result of near completion of engineering and procurement activities and incorporating the strength of the Mexican peso ("MXN"), budgeted capital expenditures have been finalized at \$950.0 million. This represents a \$75.5 million increase (+8.6%) over the original budget of \$874.5 million. The key driver is the stronger MXN which represents \$48.0 million (+5.5%) of the increase, with the remaining \$27.5 million (+3.1%) related to out-of-scope items and additional carryover costs as commercial production is now expected to be declared towards the middle of Q1 2025 compared to the start of the year as assumed in the original budget.

The continued strength of the MXN over the project period has been an ongoing cost headwind, with the MXN averaging 17.9 relative to the U.S. dollar weighted by quarterly expenditures from April 1, 2022 to June 30, 2024. This compares to the rate of 20:1 assumed within the original budget for which approximately 45% of the total capital expenditures were expected to be incurred in MXN. The estimated increase reflects the impact of the stronger MXN incurred to date and estimated impact over the remainder of the project, for which the Company has assumed a MXN of 18:1.

Another driver of the increase is \$18.5 million of out-of-scope upgrades to the regional power infrastructure requested by the power authority as part of the permitting approval received in 2023. The requested upgrades relate to the Company's overall power strategy, which will see on-site electricity supply increase to 45 megawatts ("MW") from 25 MW through the existing 115 kilovoltage ("kV") power line in October, and a subsequent increase to 60 MW from 45 MW by tying into the nearby 230 kV line, expected later in Q4 2024. Approvals for the increased draws have been received from the power regulators and construction is well underway. The investment in this power infrastructure positions the Company to add further mining areas, including EPO, without the need for additional upgrades to power infrastructure.

Table 1: Media Luna Project - Project Expenditures (April 1, 2022, through June 30, 2024)

<i>Millions of U.S. dollars</i>	Project To Date Q2 2024
Project expenditures per 2022 Technical Report	\$848.4
Adjustment for Q1 2022 underspend	\$26.1
Total budgeted spend post March 31, 2022	\$874.5
Final adjustments for stronger Mexican peso / out-of-scope items (June 30, 2024)	\$75.5
Revised budgeted spend	\$950.0
Expenditures incurred post March 31, 2022	(\$725.6)
Remaining spend	\$224.4
<i>Committed expenditures (inclusive of total project expenditures incurred to date)</i>	<i>\$924.0</i>
<i>Uncommitted expenditures</i>	<i>\$26.0</i>

Notes to Table

- 1) Project period commenced on April 1, 2022; excludes capital expenditures incurred prior to Board approval on March 31, 2022.
- 2) Project period is defined as April 1, 2022, through declaration of commercial production expected in Q1 2025.
- 3) Excludes borrowing costs capitalized.

During Q2 2024, \$108.2 million was spent on Media Luna, bringing the year-to-date total to \$234.6 million. For the full year, the Company now expects to spend \$430 - \$450 million on Media Luna versus original guidance of \$350 - \$400 million. Expenditures in Q3 2024 are expected to be consistent with the quarterly expenditures during the first half of the year, before subsequently declining in Q4 2024 and again in Q1 2025 when commercial production is expected to be declared.

PROJECT COMPLETION

As at quarter end, development of Media Luna was tracking to plan with the project 78% complete, up from 69% at the start of the quarter. Detailed engineering is at the 96% completion mark, while procurement is 89% complete. Underground development/construction and surface construction are advancing, with completion levels at 69% and 56%, respectively. Based on the current schedule, the tie-in of upgrades to the processing plant are still on track to occur over a four-week period during Q4 2024, which will allow for commissioning and first concentrate production in late 2024 and commercial production in Q1 2025.

Table 2: Media Luna Project - Project Completion (April 1, 2022, through June 30, 2024)

	Project To Date Q2 2024
Procurement	89%
Engineering	96%
Underground development/construction	69%

Surface construction	56%
Total Project	78%

Notes to Table

- 1) Physical progress measured starting as of April 1, 2022; excludes progress made prior to Board approval on March 31, 2022.
- 2) Project period is defined as April 1, 2022, through declaration of commercial production expected in Q1 2025.
- 3) Total Project is weighted average based on activity levels.

Engineering

As engineering works are now substantially complete (96%), the focus has been on finalization of electrical and network control system drawings for surface facilities, programmable logic controller ("PLC") programming, and final incorporation of remaining technical specifications. The remaining engineering focus turns towards field support through the balance of the construction period.

Procurement

Procurement for Media Luna is nearing completion, surpassing 89% as of the end of Q2, up from 78% complete at the end of Q1. The level of procurement remaining represents delivery of equipment and materials to site, with all major purchase orders and contracts now awarded. During the quarter, purchase orders were completed for supply pumps and tanks for the underground conveyor fire suppression system. Orders were also placed for servers and computers for control rooms, automatic valves, piping for surface works, and the underground paste pipe distribution system. The paste plant filter press is still on track for delivery in August.

Deliveries continued through the quarter. At the paste plant, approximately 100 tonnes of steel per week were delivered in June and deliveries are expected to remain at this pace through the end of September. Mechanical steel for the flotation circuit requirements, including boxes, chutes, and hoppers, were also delivered in June. Of the eight electrical houses ("e-houses") required for the project, the units for the Guajes conveyor, ball mill variable frequency drives, and first of two for the flotation circuit have been delivered to site. The second unit for the flotation circuit and unit for the water treatment plant are anticipated in August, with units for the copper filtration/storage area and Guajes Tunnel thickener expected in September and Guajes Tunnel tailings system in early October. All e-houses are expected to be delivered prior to process plant commissioning in Q4 2024.

Critical materials were received for the water treatment plant, including shop fabricated tanks, pumps, clarifier, and multimedia filters. The 230 kV substation transformer and switchgear were also delivered during the quarter. Other notable deliveries included additional 15 kV electrical cable, fire and vent doors, and network cabinets.

Underground Development and Construction

Significant progress has been made with the installation of the Guajes conveyor. The majority of the conveyor belt tables are now installed and aligned, and the belt has begun to be fed onto the conveyor. Commissioning of the conveyor is expected to begin in late Q3 (Figure 1).

Figure 1: Installation of the Guajes conveyor belt has commenced following installation of conveyor tables



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https://images.newsfilecorp.com/files/1863/218109_fd15ee8cd4729945_001full.jpg

Installation of the mine-wide pumping system and service water is underway. Concrete has been placed for the roof of the underground control room and interior finishing activities have commenced. In-mine development to support schedule-critical construction and production areas in both Media Luna Upper and Media Luna Lower continued to advance steadily to plan. It should be noted that, as of Q2 2024, all development is now being executed solely by the Company's workforce. Definition drilling has commenced in advance of first stope mining in August.

Surface Construction

Surface construction continues to progress steadily, with the pace of construction expected to materially increase over the remainder of the year. On the north side of the Balsas River, steel deliveries for the flotation circuit are ongoing and preassembly of copper cleaner flotation cells has commenced. Assembly of the copper rougher flotation cells is nearing completion and the installation of the thickeners and regrind mills is in progress (Figure 2).

Figure 2: Construction activities at the flotation area, including the flotation tanks, thickeners, and regrind mills



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Steel erection at the paste plant began at the end of May and the plant is expected to be completed in Q1 2025 given paste plant commissioning is sequenced to occur after the process plant infrastructure is commissioned. Progress was made on the binder silo and tailings thickener adjacent to the filter building (Figure 3).

Figure 3: Construction activities at the paste plant, located outside of South Portal Upper



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Civil work for the 230 kV switchyard pad was completed. Concrete work advanced in June and is expected to be completed towards the end of Q3. Erection of the transmission towers began for the

transmission line between the 230 kV switchyard and substation. Stainless-steel tanks and the clarifier at the water treatment plant were installed and structural platforms for the leach tanks were assembled. Excavation has commenced for the pipe rack from the tailings pump near the Guajes thickener to the Guajes Tunnel Portal area. Concrete work also progressed in both the reagents area and copper concentrate storage and blending building (6 of 8 bays completed).

Operational Readiness

In parallel with development and construction activities, the surface and underground operational readiness strategy continues to advance as planned. 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, developing the operating strategy (including all standard operating procedures) and maintenance plans for all fixed and mobile equipment, blend and feed strategies, commissioning plans, first fills, concentrate shipment logistics, and all other requirements for a smooth ramp up.

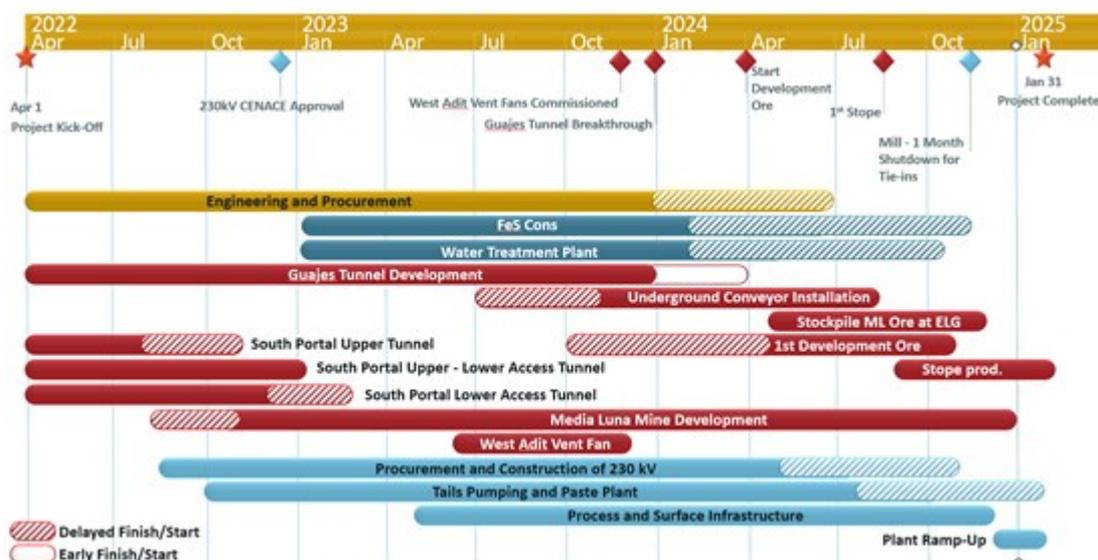
Recruitment of personnel for both the underground and new process areas is tracking to plan. Systems have been put in place for technical training progression across various levels of theory, simulator training, and field training. In addition to the above, the Operational Readiness team continues to develop Standard Operating and Maintenance procedures for the new assets as well as the cataloging of requisite capital and operational spares in advance of handover. Training for underground miners continued for new employees and employees transitioning from the open pits, focusing on basic underground mining courses and new underground equipment operation. Additionally, training commenced at site with the supplier on flotation cell operation.

Negotiations continued with the various haulage companies for copper concentrate transport to port distribution facilities. The Company is in the final stages of settling the commercial terms for the offtake agreements with a mix of traders and smelters. Metal payables are tracking in line with that which was incorporated into the most recent Technical Report dated effective March 16, 2022, and filed on March 31, 2022 ("Technical Report").

PROJECT EXECUTION PLAN

Based on progress made to date and a detailed review of both the surface and underground schedules completed late in the quarter, modest updates have been made to the overall project schedule including expectation of commercial production towards the middle of Q1 2025 versus start of Q1 2025 as outlined in the Technical Report (Figure 4).

Figure 4: Project execution plan for the Media Luna Project



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In terms of the overall project schedule, the Company continues to actively monitor the delivery dates for long-lead critical items to ensure vendors meet their delivery obligations. Electrical equipment remains a key focus to manage schedule risk given the long lead times for delivery of this equipment (e-houses and switchgear).

With ELG Open Pit production available through mid-2025 and ELG Underground production continuing through the transition period and beyond, risk to the business associated with any schedule shift is very low. The overriding consideration associated with finalizing the timing of the process plant tie-in period is the state of readiness to ensure that it takes no longer than four weeks to complete. If, as the project is nearing completion, the timing of delivery of long-lead items is assessed to potentially impact the duration of the shutdown, the schedule will shift accordingly, with a view to avoiding any lost production days beyond the four weeks.

More detail on the Media Luna Project, including the Feasibility Study results, can be found in the Technical Report.

ABOUT TOREX GOLD RESOURCES INC.

Torex is an intermediate gold producer based in Canada, engaged in the exploration, development, and operation of its 100% owned 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: integrate and optimize the Morelos Property; deliver Media Luna to full production; grow reserves and resources; disciplined growth and capital allocation; retain and attract best industry talent; and build on ESG excellence.

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QUALIFIED PERSON

The technical and scientific information in this press release has been reviewed and approved by Dave Stefanuto, P. Eng, Executive Vice President, Technical Services and Capital Projects of the Company, and a qualified person under National Instrument 43-101.

CAUTIONARY NOTES ON FORWARD-LOOKING STATEMENTS

This press release 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, statements that: the budgeted project expenditures for Media Luna at \$950 million; development of Media Luna continues to track to schedule, with first production of copper concentrate

anticipated by year end and commercial production expected in Q1 2025; the stronger peso to date and anticipated strength over the remainder of the build represents \$48 million of the increase in capital expenditures; the remaining \$27 million reflects additional scope items and carryover costs expected to be incurred in early 2025 prior to declaration of commercial production; given the project capital increase, the Company's Media Luna capital expenditures guidance for 2024 will be adjusted and the range narrowed to \$430 - \$450 million, from \$350 - \$400 million; notably, our balance sheet is well-positioned for the remaining project expenditures; at quarter end, the Company had over \$345 million of available liquidity, which is expected to more than cover both the remaining \$224 million of expenditures on Media Luna and the Company's strategic goal of maintaining at least \$100 million of cash on the balance sheet; with completion of Media Luna tracking to plan, Torex offers shareholders a catalyst rich near-term future that includes the successful completion and ramp-up of Media Luna, entering the copper concentrate market, incorporating EPO into the integrated mine plan, continued drilling and exploration prospectivity, and a return to positive free cash flow in mid-2025; for the full year, the Company now expects to spend \$430 - \$450 million on Media Luna versus original guidance of \$350 - \$400 million; expenditures in Q3 2024 are expected to be consistent with the quarterly expenditures during the first half of the year, before subsequently declining in Q4 2024 and again in Q1 2025 when commercial production is expected to be declared; based on the current schedule, the tie-in of upgrades to the processing plant are still on track to occur over a four-week period during Q4 2024, which will allow for commissioning and first concentrate production in late 2024 and commercial production in Q1 2025; the paste plant filter press is still on track for delivery in August; steel erection at the paste plant began at the end of May and the plant is expected to be completed in Q1 2025; concrete work advanced in June and is expected to be completed towards the end of Q3; payables are tracking in line with that which was incorporated into the most recent Technical Report dated effective March 16, 2022, and filed on March 31, 2022; project execution plan for the Media Luna Project; and key strategic objectives are: integrate and optimize the Morelos Property; deliver Media Luna to full production; grow reserves and resources; disciplined growth and capital allocation; retain and attract best industry talent; and build on ESG excellence. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "expect", "plan", "strategy", "schedule", "guide", "continue", "future" or variations of such words and phrases or statements that certain actions, events or results "will" occur or are "on track" to occur. 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, without limitation, risks and uncertainties identified in the technical report ("Technical Report") titled ELG Mine Complex Life of Mine Plan and Media Luna Feasibility Study, with an effective date of March 16, 2022, and a filing date of March 31, 2022 and in the Company's annual information form ("AIF") and management's discussion and analysis ("MD&A") or other unknown but potentially significant impacts. Forward-looking information is based on the reasonable assumptions, estimates, analyses and opinions of management made in light of its experience and perception of trends, current conditions and expected developments as set out in the Technical Report, AIF and MD&A, and other factors that management believes are relevant and reasonable in the circumstances at the date such statements are made. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in the forward-looking information, there may be other factors that cause results not to be as anticipated. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, whether as a result of new information or future events or otherwise, except as may be required by applicable securities laws. The Technical Report, AIF and MD&A are filed on SEDAR+ at www.sedarplus.ca and available on the Company's website at www.torexgold.com.



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