

# Torex Announces 2018 Year End Financial and Operational Results With Record Gold Production

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

TORONTO, Feb. 21, 2019 - [Torex Gold Resources Inc.](#) (the "Company" or "Torex") (TSX:TXG) reports the Company's financial results for the year ended December 31, 2018.

Fred Stanford, President & CEO of Torex stated:

"2018 is now in the record books and it left some memories. Most of the memories are very good. Excellent safety and environmental performance, record production, Sub-Sill ramped up, SART plant ramp-up, successful exploration at Sub-Sill and ELD, successful infill drilling at Media Luna, and rapid advance of the Muckahi technology. A couple of experiences weren't quite so fulfilling. Hopefully, this is the last time I ever use the word 'blockade' in a press release and we didn't quite get to design levels in the processing plant (93%). We could spend capex to close the gap, but don't see it as a good investment since the future underground ores are softer and don't need the capacity that the investment would produce. We'll diligently work on the last 7% the old-fashioned way, with continuous improvement in operations and maintenance practices. Life will continue, if it takes a bit longer to get there. A year of operating at 93% adds a month to the six-year mine life of the open pits, which in effect, delays the need for the investment in the replacement underground ores.

With a strong foundation of a splendid asset and team, and the potential of a proprietary game changing technology, we have lifted our eyes to the horizon and like what we see. The Morelos Property has already delivered the ELG open pits, Sub-Sill, Media Luna, and ELD, and most of the property remains unexplored. There is tremendous potential to develop new brownfield ore sources to take advantage of the infrastructure investments already made. We also have an interest in diversifying our single asset risk. If proven successful in 2019, the Muckahi technology will reduce the costs of future underground mining on the Morelos Property and will provide us with a competitive advantage when bidding on potential acquisitions and pursuing other options for commercial deployment. The testing program for the Muckahi technology is expected to be completed in 2019. The first of four Muckahi machines is on site in Mexico and we anticipate breaking rock with it in the next couple of months. As the other machines arrive, we will incorporate them into the test program. In the meantime, we will continue to add value with the drill bit, optimize our processes, generate free cash flow from the open pits, and continue to develop the safety culture. These are interesting and exciting times at Torex/MML."

*This release should be read in conjunction with the Company's December 31, 2018 Financial Statements and MD&A on the Company's website or on SEDAR.*

## HIGHLIGHTS

- Record gold production at the top end of guidance of 353,947 ounces. Gold production in the quarter totalled 96,316 ounces.
- Mine production in the quarter totalled 11,299 kt, averaged 122,815 tpd. Mine production for the year totalled 32,625 kt, averaged 93,214 tpd.
- Mine ore production in the quarter totalled 1,234 kt, averaged 13,413 tpd. Mine ore production for the year totalled 4,329 kt, averaged 12,368 tpd.
- Grade mined in the quarter averaged 2.76 gpt, and 2.69 gpt for the year.
- Plant throughput continued to accelerate in the quarter achieving 1,197 kt, averaged 13,011 tpd. Plant throughput in the year of 4,152 kt, averaged 11,863 tpd.
- Grade processed in the quarter averaged 2.93 gpt and 2.97 gpt for the year.

- Gold recovery averaged 85% in the quarter and 87% in the year, consistent with design expectations.

#### Initial results from the Media Luna in-fill diamond drilling program<sup>1</sup>

- Highlighted intercepts from the first 23 holes include 10.5 gpt Au Eq. over 39.2m in borehole ML18-222A, 7.0 gpt Au Eq. over 49.6m in borehole ML18-215, 7.1 gpt Au Eq. over 45.9m in borehole ML18-219W and 8.3 gpt Au Eq. over 22.6m in borehole ML18-208W.
- There are currently 6 drills active on the Media Luna Project. On average each drill completes two holes per month, which indicates completion of the program by the end of 2019.

#### Continued exploration success in the Sub-Sill zone<sup>2</sup>

- The Company announced the results from 57 holes, from its in-fill and step-out drilling programs in the Sub-Sill zone. Highlighted intercepts include 30.2g/t Au over 8.1m in borehole SST-101, 48.9g/t Au over 3.6m in borehole SST-118 and 34.4g/t Au over 4.6m in borehole SSUG-059. The deposit remains open in several directions.

#### Muckahi<sup>3</sup>

- Initial components have arrived on site and significant testing of the Muckahi Mining System (&ldquo;Muckahi&rdquo;) is expected to be completed by the end of 2019.

#### Financial results

- Record gold sold for the year was 347,640 ounces for total proceeds of \$438.3 million at an average realized gold price<sup>4</sup> of \$1,261 per ounce. Gold sold for the quarter was 104,169 ounces for proceeds of \$128.6 million at an average realized gold price<sup>4</sup> of \$1,235 per ounce.
- Revenue was \$130.7 million and cost of sales was \$96.5 million, or \$926 per ounce of gold sold for the quarter. Revenue was \$442.9 million and cost of sales was \$334.7 million, or \$963 per ounce of gold sold for the year.
- Earnings from mine operations were \$34.2 million for the quarter, and \$108.2 million for the year.
- Income before income tax was \$20.4 million for the quarter, and \$60.4 million for the year.
- Net income after current and deferred income tax expense was \$1.4 million or \$0.02 per share on a basic and diluted basis for the quarter, and \$23.2 million, or \$0.27 per share on a basic and diluted basis for the year. The weakening of the peso adversely impacted deferred tax expense for the quarter.
- Adjusted net earnings<sup>4</sup>, which excludes, amongst other items, foreign exchange gains and losses, totalled \$13.9 million, or \$0.16 per share on a basic and diluted basis for the quarter, and \$19.7 million, or \$0.23 per share on a basic and diluted basis for the year.
- Cash flow from operations totalled \$59.3 million for the quarter, and \$226.8 million for the year.
- Cash balances as at December 31, 2018 totalled \$149.0 million (including restricted cash of \$26.8 million).
- Total cash costs<sup>4</sup> per ounce of gold sold of \$627 for the quarter, and \$646 for the year ended December 31, 2018.
- All-in sustaining costs<sup>4</sup> per ounce of gold sold of \$926 for the quarter, and \$964 for the year ended December 31, 2018.
- Principal repayments of \$15.0 million in the quarter and \$56.3 million in the year were made to reduce the Debt Facility to \$333.5 million.
- Passed the operating covenants for the six months ended December 31, 2018. There are no further operating covenants under the Debt Facility, which makes it less constricted, and provides the Company with alternatives for redirecting the restricted cash balance.

#### Qualified Persons

Scientific and technical information contained in this news release has been reviewed and approved by Clifford Lafleur, P.Eng., Director Technical Services of [Torex Gold Resources Inc.](#) and a Qualified Person under NI 43-101 &ndash; *Standards of Disclosure for Mineral Projects*.

#### Conference Call

The Company will host a conference call today at 9:00 am (ET) where senior management will discuss the

2018 operational and financial results. Access the conference call as follows:

*Webcast access: A live audio webcast of the conference call will be available on the Company's website at [www.torexgold.com](http://www.torexgold.com).*

*Telephone access: Please call the numbers below approximately ten minutes prior to the scheduled start of the call. Toronto local or international 1 (416) 915-3239*

*Toll-Free (North America) 1 800-319-4610*

*Toll-Free (France) 0 800-900-351*

*Toll-Free (Switzerland) 0-800-802-457*

*Toll-Free (United Kingdom) 0 808-101-2791*

*The webcast will be archived on the Company's website.*

## About Torex

Torex is an intermediate gold producer based in Canada, engaged in the exploration, development and operation of its 100% owned Morelos Gold Property, an area of 29,000 hectares in the highly prospective Guerrero Gold Belt located 180 kilometers southwest of Mexico City. The Company's principal assets are the El Limón Guajes mining complex (the "ELG Mine Complex"), comprised of the El Limón, Guajes and El Limón Sur open pits, the El Limón Guajes underground mine including zones referred to as Sub-Sill and El Limón Deep, and the processing plant and related infrastructure, which is in the commercial production stage as of April 1, 2016, and the Media Luna deposit, which is an early stage development project, and for which the Company issued an updated preliminary economic assessment in September 2018. The property remains 75% unexplored.

For further information, please contact:

### [Torex Gold Resources Inc.](#)

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## CAUTIONARY NOTES

### PRELIMINARY ECONOMIC ASSESSMENT

The Company prepared a technical report (the "Technical Report") on Morelos Property entitled "NI 43-101 Technical Report ELG Mine Complex Life of Mine Plan and Media Luna Preliminary Economic Assessment", which has an effective date of March 31, 2018, has been filed with SEDAR and posted on the Company's website.

The Technical Report includes a preliminary economic assessment ("PEA") on the Media Luna Project. A preliminary economic assessment should not be considered a prefeasibility study or feasibility study, as the economics and technical viability of the Media Luna Project have not been demonstrated at this time. The PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. It cannot be assumed that all or any part of the inferred mineral resources will ever be upgraded to a higher category. Furthermore, there is no certainty that the conclusions or results as reported in the Media Luna PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

The Media Luna PEA includes information on Muckahi. It is important to note that Muckahi is experimental in nature and has not been tested in an operating mine. Many aspects of the system are conceptual, and proof of concept has not been demonstrated. Drill and blast fundamentals, standards and best practices for underground hard rock mining are applied in the Muckahi, where applicable. The proposed application of a

monorail system for underground transportation for mine development and production mining is unique to underground hard rock mining. There are existing underground hard rock mines that use a monorail system for transportation of materials and equipment, however not in the capacity described in the Technical Report. Aspects of Muckahi mining equipment are currently in the design stage. The mine design, equipment performance and cost estimations are conceptual in nature, and do not demonstrate technical or economic viability. The Company expects to complete the development and test the concept by the end of 2019 for the mine development activities and up to five years for the mine production activities (approx. second quarter 2023). Further studies would be required to verify the viability of Muckahi. Muckahi is not intended as a "trade off study" but is shown in the PEA to merely demonstrate the potential benefits Muckahi may have using the Media Luna deposit as an example. It includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary economic assessment will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

## FORWARD LOOKING STATEMENTS

This press release contains "forward-looking statements" and "forward-looking information" within the meaning of applicable Canadian securities legislation. Notwithstanding the Company's efforts, there can be no guarantee that the Company will not face unforeseen delays or further disruptions of its operations including without limitation, delays caused by blockades limiting access to the ELG Mine Complex and the Media Luna Project or by blockades or trespassers impacting the Company's ability to operate. Forward-looking information also includes, but is not limited to, the expected successful completion of the ramp-up of the processing plant, the completion and timing of the drilling program on Media Luna, plans to further examine the potential of the new mining technology (Muckahi) including the expected timing and completion of the testing of the first prototype and the testing of the completed system, the expectation that Muckahi, if proven, will be game changing technology and will reduce the costs of future underground mining on the Morelos Property and will provide the Company with a competitive advantage when bidding on potential acquisitions and pursuing other options for commercial deployment, and plans to continue in the interim to continue to add value with drilling programs optimizing processes, generating free cash flow from the open pits, and continued development of the safety culture, the exploration potential of the Morelos Property, plans to conduct brownfields exploration and expectation any new deposits could utilize the current infrastructure at the ELG Mine Complex and continued safety and security, plans to diversify the Company's single asset risk, and the Company's alternatives for redirecting restricted cash balance under the Debt Facility. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects", "estimates", "intends", "anticipates", "believes" or "potential" or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", or "will be taken", "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, without limitation, uncertainty as a result of the preliminary nature of the PEA and the Company's ability to realize the results of the PEA, uncertainty regarding the inclusion of inferred mineral resources in the mineral resource estimate, uncertainty involving resource estimates and the ability to extract those resources economically, or at all, risks associated with skarn deposits, uncertainty involving drilling programs and the Company's the regulatory process and actions, the success of the Muckahi mining system, the ability to fund the development and testing of Muckahi, the ability to finance the Media Luna Project on reasonable terms, the uncertainty of diversifying the Company's single asset risk, the possibility of amendments to the restrictions in the Debt Facility, and those risk factors identified in the Technical Report and the Company's annual information form and management's discussion and analysis. Forward-looking information are based on the assumptions discussed in the Technical Report and such other reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and perception of trends, current conditions and expected developments, 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.

<sup>1</sup> For more information on the drill results, see the Company's news release titled "Torex Reports Initial Results from the Media Luna In-fill Diamond Drilling Program"; issued on October 25, 2018, and filed on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.torexgold.com](http://www.torexgold.com).

<sup>2</sup> For more information on the drill results, see the Company's news release titled "Torex Reports Continued Exploration Success In the Sub-Sill Zone"; issued on November 20, 2018, and filed on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.torexgold.com](http://www.torexgold.com).

<sup>3</sup> The Media Luna PEA (as defined below) is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. The Media Luna PEA includes information on Muckahi (as defined below). The PEA economics for the Media Luna Project in the Technical Report (as defined below) are based on conventional mining methods. In addition, Muckahi, a Torex proprietary mining method, is introduced and described in the Technical Report. The Technical Report uses the Media Luna Project as a platform for comparison to demonstrate the potential benefits that could be possible if the Muckahi method is proven and ultimately applied to the Media Luna Project, or any other deposit that does not employ caving methods. It is important to note that Muckahi is experimental in nature and has not been tested in an operating mine. Many aspects of the systems are conceptual, and proof of concept has not been demonstrated.

<sup>4</sup> Refer to "Non-IFRS Financial Performance Measures" in the Company's December 31, 2018 Management's Discussion and Analysis for further information and a detailed reconciliation.

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