

Torex Gold Provides Inaugural Quarterly Update on Media Luna Project

09.02.2023 | [GlobeNewswire](#)

TORONTO, Feb. 09, 2023 - [Torex Gold Resources Inc.](#) (the "Company" or "Torex") (TSX: TXG) provides an inaugural quarterly update on the development of its Media Luna Project ("Media Luna"), for which a Feasibility Study was included as part of an updated Technical Report released on March 31, 2022 ("Technical Report"). Unless otherwise stated, progress and milestones referenced in this press release are as of December 31, 2022.

Jody Kuzenko, President & CEO of Torex, stated:

"Development of Media Luna is well underway with the project tracking to schedule and to budget. At year-end, project completion stood at 15%, with first production still anticipated in late 2024. Capital expenditures are tracking well to the original budget, with 26% of the upfront costs committed at year-end including 14% incurred. Project activity is expected to ramp-up significantly in the months ahead, with 2023 expected to be the peak year of spending.

"During the quarter, procurement activities continued to advance with purchase orders executed for the Guajes conveyor radial stacker, cleaner flotation circuits, hydro cyclones and tailings positive displacement pumps, rock breakers, and electrical transformers and switchgear. Letters of intent were signed for the production mobile equipment fleet in December and support mobile equipment fleet post year-end, with purchase orders (including for battery electric vehicles) nearing completion. The Guajes Tunnel remains on track for breakthrough in Q1 2024, with the tunnel successfully crossing under the Balsas River in December. Approval was also received to increase the power draw at our Morelos Property to 65 megawatts from 45 megawatts, building on approvals received earlier in 2022.

"We are off to a solid start as we continue to de-risk and advance Media Luna. With budget and schedule on track, \$590 million of available liquidity at the end of the third quarter and strong forecast cash flow over the next two years, we are in a strong position to fund the development of the project, continue to invest in value enhancing exploration and drilling, and maintain \$100 million of liquidity on the balance sheet."

CAPITAL EXPENDITURES

Total upfront expenditures related to the development of Media Luna are unchanged at \$874.5 million. As at year-end, the Company had commitments in place for \$229.7 million of project expenditures (approximately 26%), including \$124.7 million of expenditures incurred (approximately 14%). Based on purchase orders and contracts awarded to date, project costs in general are tracking well to the costs outlined in the Technical Report.

Table 1: Media Luna Project - Project Expenditures (April 1, 2022 through December 31, 2022)

	Project To Date Q4 2022
Project expenditures per 2022 Technical Report	\$848.4
Adjustment for underspend in Q1 2022	\$26.1
Total project expenditures	\$874.5
Total project expenditures accrued to date	(\$124.7)
Remaining project expenditures	\$749.8
<i>Committed expenditures (inclusive of total project expenditures accrued to date)</i>	<i>\$229.7</i>
<i>Uncommitted expenditures</i>	<i>\$644.8</i>

- 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 December 31, 2024.
- 3) Excludes borrowing costs capitalized.

Torex expects to incur \$390 to \$440 million of capital expenditures at Media Luna in 2023, which is forecasted to be the peak year of investment. Quarterly expenditures are expected to remain relatively consistent through H1 2024, before declining as development activities wind down ahead of commercial production, which is anticipated in early 2025.

PROJECT COMPLETION

With project completion at 15% as at year-end, Media Luna remains on track for first production in late 2024, following the tie-in of the copper and iron flotation circuits with the existing processing plant.

Table 2: Media Luna Project - Project Completion (April 1, 2022 through December 31, 2022)

	Project To Date Q4 2022
Procurement	24.9%
Engineering	33.7%
Underground development/construction	18.6%
Surface construction	10.2%
Total Project	15.0%

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 December 31, 2024.
- 3) Total Project is weighted average based on activity levels.

Procurement

As noted with the release of Q3 2022 financial results, the procurement phase for high volume, non-schedule critical procurement packages has taken additional time, given the push to expand the pool of vendors with a view to securing competitive pricing.

During the quarter, the Company awarded multiple contracts and issued multiple purchase orders, including the Guajes conveyor radial stacker, cleaner flotation cells, samplers and analyzers, pumps, rock breakers, as well as electrical transformers and switch gear. Letters of intent were signed for the production mobile equipment fleet in December and support mobile equipment fleet post year-end, with purchase orders nearing completion. The upfront costs and delivery windows for both the battery electric vehicle and diesel vehicle portions of the fleet are in line with the lead times assumed in the original project schedule.

Engineering

Detailed engineering is tracking ahead of procurement activity. All critical path engineering is on track. Surface engineering during the period focused on finalization of key process equipment sizing and specifications as well as continued detailing of the new flotation plant. Underground engineering advanced layout work related to infrastructure such as maintenance bays, refuge stations, west vent adit, as well as ore and waste handling systems.

Underground Development and Construction

Steady progress was made in advancing the Guajes Tunnel and South Portals. Breakthrough of the Guajes Tunnel on the south side of the Balsas River remains on track for Q1 2024, which is expected to provide ample time to hang the conveyor (approximately four months) and ensure all services are in place to connect Media Luna with the upgraded processing plant on the north side of the Balsas River.

Daily advance rates in the Guajes Tunnel averaged 6.4 metres during Q4 2022, including a record average daily advance rate of 7.2 metres during December. As at year-end, the Guajes Tunnel had advanced approximately 3,250 metres (3,455 metres as of end of January 2023), and successfully crossed under the

Balsas River with no issues related to ground conditions or water. At South Portal Lower, development of the main lower ramp has commenced, with the main tunnel drive recently completed. Steady progress was made on ventilation during the quarter, with Guajes Tunnel ventilation raise bore advancing (70 metres of 180 metres completed) and additional vent fans installed at both South Portal Upper and Lower.

Figure 1: Breakthrough of Guajes Tunnel on schedule for Q1 2024 (advance rates as at end of January)

Surface Construction

During the quarter, multiple surface construction projects were advanced, including slope stabilization along the access road to South Portal Lower, pad preparation for the paste plant and back-up generators adjacent to South Portal Upper, and development of the Mazapa bypass road. Key projects that kicked off in Q4 include construction of settling and decant ponds, and expansion of the MML construction camp.

Operational Readiness

In parallel with development and construction activities, the surface and underground operational readiness teams have been staffed, and planning is progressing. These 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, the 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 Q1 2025.

PROJECT EXECUTION PLAN

Based on progress to date as well as refreshed assumptions following the completion of the Technical Report last year, the Company has refined the project execution plan accordingly.

Key adjustments to the project execution plan include:

- Engineering and procurement phase has been extended six months to June 2024, mainly related to non-schedule critical procurement packages.
- Early installation of the iron sulphide (FeS) concentrator and the water treatment plant pushed back by four months, with completion dates well ahead of commissioning the process plant in October 2024.
- Breakthrough of the Guajes Tunnel advanced two months to early January 2024, resulting in the anticipated installation of Guajes conveyor a month earlier than originally scheduled.
- Completion of the paste plant pushed out three months to October 2024, reflecting additional time taken for a peer review and subsequent refinements to the original design.

Figure 2: Refined project execution plan for Media Luna

The updated plan reflects the Company's latest estimates for the completion of key project deliverables, which have not impacted the overall project schedule given the original plan had assumed the potential for adjustments within the schedule and potential supply chain disruptions.

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 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.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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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

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: development of Media Luna is well underway with the project tracking to schedule and to budget; total upfront expenditures related to the development of Media Luna are unchanged; at year-end, first production for the project is still anticipated in late 2024; capital expenditures tracking well to the original budget; expectation of project activity to ramp-up significantly in the months ahead, with 2023 expected to be the peak year of spending; the Guajes Tunnel remains on track for breakthrough in Q1 2024; the Company to continue to de-risk and advance Media Luna; the Company is in a strong position to fund the development of the project, continue to invest in value enhancing exploration and drilling, and maintain \$100 million of liquidity on the balance sheet; project costs in general are tracking well to the costs outlined in the Technical Report; expected capital expenditures at Media Luna in 2023; forecast that 2023 to be the peak year of investment in Media Luna; expectation of quarterly expenditures remaining relatively consistent through H1 2024, before declining as development activities wind down ahead of commercial production anticipated in early 2025; Media Luna remains on track for first production in late-2024; all critical path engineering is on track; breakthrough of the Guajes Tunnel on the south side of the Balsas River remains on track for Q1 2024, which is expected to provide ample time to hang the conveyor (approximately four months) and ensure all services are in place to connect Media Luna with the upgraded processing plant on the north side of the Balsas River; and the Company's key strategic objectives are to optimize and extend production from the ELG Mining 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. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "expects", "plan", "strategy" 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.

Figures accompanying this announcement are available at

<https://www.globenewswire.com/NewsRoom/AttachmentNg/cc7e3db6-fd7b-4b8c-b67e-d38ff0ff46b1>

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Die URL für diesen Artikel lautet:

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