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Letter to Shareholders:

It is sometimes said - "it takes a village to raise a child". In fiscal 2010, the same could be said for our fledgling exploration company Torex Gold. Through the support of the investment community at large, and the commitment of the board, staff, and many others, we have seen a year of monumental growth both for the project and team. Throughout the year the achievement of many milestones has set the stage for an excellent 2011. It is worth taking a moment to reflect back on these milestones, before turning our attention to the future.

We started fiscal 2010 as a shell company with newly acquired mineral rights and little else. Today we have strong teams at the executive level, and at the field level with exploration, logistics, and development. Pre-existing land access challenges have been resolved, a camp has been developed, suppliers have been sourced and brought on line, all of which has culminated in an 11 rig, +100,000 meter exploration drilling program. This program is well underway, delivering excellent results, which in turn is powering the rise in the share price.

Turning our attention to the future, it is clear that the foundations built in 2010 will provide the platform for solid results in 2011. The technical milestones for the year will be driven by the drill program which will continue to deliver monthly exploration results. These results, plus further development of the geological model, will contribute to a new resource estimate in the fall. For this resource estimate, we have an internal target of 5 million measured and indicated ounces of gold. After the resource estimate is complete, we will finish a pre-feasibility prior to the end of December. While North of the river resource development work is progressing we continue to be very excited about the green field exploration potential in the region South of the river. This will be our focus for the discovery of future deposits.

2011 will also bring progress on the social / political milestones. These include negotiating permanent land tenure, applying for development permits, effective social engagement with our local stakeholders, and sorting out recent security concerns. These issues, while a little less predictable than those of a technical nature, are all quite manageable given the alignment of stakeholder interests in getting them brought to a successful conclusion. We are all aligned in the belief that the time is now to advance the Morelos Project toward production and an operation that will bring benefits to all stakeholders in the midst of social harmony.

In closing I want to take this opportunity to thank the Board of Directors for their continued support and advice. For the management team and staff a special thank you for your commitment to our corporate goals and values, as well as for your willingness to go the extra mile to do what has to be done. Finally to the larger 'village' out there, the team appreciates the many times that you have stepped in to help and support the team and company. Together we are going to make 2011 a success and not far down the road we're going to build a world class mine and gold mining company that we can all be proud to be a part of!

Sincerely,


Fred Stamford
President & CEO