MANDALAY RESOURCES

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021

AS OF NOVEMBER 9, 2021

CONTENTS

Cautionary Note Regarding Forward-Looking Information

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed consolidated interim financial statements of Mandalay Resources Corporation ("Mandalay" or the "Company") for the three months and nine months ended September 30, 2021, the Company's Annual Information Form dated March 31, 2021 (the "AIF"), the Company's 2020 audited consolidated financial statements and accompanying 2020 MD&A, as well as other information relating to the Company on file with the Canadian provincial securities regulatory authorities on SEDAR at www.sedar.com. The Company's reporting currency is the United States ("U.S.") dollar and all amounts in this MD&A are expressed in U.S. dollars unless otherwise stated. The Company reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards ("IFRS").

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

Certain statements contained in this document constitute "forward-looking statements". Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressly stated or implied by such forward-looking statements. Such factors include, among others, the following: risks surrounding the current COVID-19 pandemic, mining industry risks; fluctuations in the market price of mineral commodities; project development; expansion targets and operational delays; environmental risks and hazards; requirement of additional financing; health and safety; uncertainty as to calculations of mineral deposit estimates; marketability; licenses and permits; title matters; governmental regulation of the mining industry; current global financial conditions; currency risk; uninsured risks; competition; repatriation of earnings; properties without known mineral reserves; dependence upon key management personnel and executives; dependence on major customers; infrastructure; litigation; potential volatility of market price of common shares; possible conflicts of interest of directors and officers of the Company; risk of dilution; payment obligations relating to properties; instability of political and economic environments; and integration of acquisitions. Specific reference is made to the Annual Information Form for a discussion of some of the factors underlying forward-looking statements. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, the reader is cautioned not to place undue reliance on forward-looking statements.

This MD&A contains references to non-IFRS measures. Please refer to Section 1.14 "Non-IFRS Measures" at the end of this MD&A for the list of these measures and their definitions.

Overview of Mandalay Resources

Mandalay Resources is a Canadian-based natural resource company with producing assets in Australia (Costerfield gold-antimony mine), Sweden (Björkdal gold mine) and Chile (Cerro Bayo gold-silver mine). The Company is focused on growing its production and reducing costs to generate significant positive cashflow. Mandalay is committed to operating safely and in an environmentally responsible manner, while developing a high level of community and employee engagement.

Mandalay's mission is to create shareholder value through the profitable operation and continuing the regional exploration program, at both its Costerfield and Björkdal mines. Currently, the Company's main objectives are to continue mining the high-grade Youle vein at Costerfield, bring online the deeper Shepherd veins, both of which will continue to supply high-grade ore to the processing plant, and to extend Youle Mineral Reserves. At Björkdal, the Company will aim to increase production from the Aurora zone and other higher-grade areas in the coming years, in order to maximize profit margins from the mine. On October 12, 2021, Equus Mining Ltd. exercised its option to purchase the Cerro Bayo mine. This transaction is scheduled to be completed on December 1, 2021.

1.0 FINANCIAL AND OPERATING SUMMARY

Third Quarter 2021 Highlights:

- **Consolidated gold equivalent production of 33,121 ounces** compared to 28,843 ounces in Q2 2021, and 25,664 ounces in Q3 2020. The increase in ounces produced in Q3 2021 compared to Q3 2020 was due to the continued processing of mineralized waste material at Cerro Bayo in 2021 and increased production at Costerfield.

- **Revenue of $52.6 million on gold equivalent sales of 29,509 ounces** compared to $51.4 million on 28,115 ounces in Q2 2021. In Q3 2020, revenue was $49.8 million from 26,001 ounces of gold equivalent sold. This increase in Q3 2021 as compared to Q3 2020 was the result of a 13% increase in gold equivalent ounces sold. The Company's realized gold and antimony prices in Q3 2021 were $1,839 per ounce and $10,229 per tonne, respectively, while in Q3 2020 realized prices were $1,912 per ounce and $5,571 per tonne, respectively.

- **Adjusted EBITDA[1] of $25.1 million** compared to $23.1 million in Q2 2021 and $26.7 million in Q3 2020. Q3 2021 adjusted EBITDA was higher as compared to $23.1 million during Q2 2021 due to lower cost of sales. The decrease in Q3 2021 adjusted EBITDA compared to Q3 2020 relates mainly to increased cost of sales at Björkdal.

- **Adjusted net income[1] of $10.1 million ($0.11 or C$0.14 income per share)** compared to adjusted net income of $11.5 million in Q2 2021 ($0.13 or C$0.15 income per share) and an adjusted net income of $9.8 million ($0.11 or C$0.14 income per share) in Q3 2020. **Consolidated net income in Q3 2021 was $9.3 million ($0.10 or C$0.13 income per share)**, lower than adjusted net income mainly due to a $0.6 million fair value loss related to the gold hedges associated with the Syndicated Facility, compared to a consolidated net income of $4.8 million ($0.05 or C$0.06 income per share) in Q2 2021 and a consolidated net income of $0.6 million ($0.01 or C$0.01 loss per share) in Q3 2020.

- **Consolidated cash cost[1] of $825 and all-in sustaining cost[1] of $1,135 per ounce of saleable gold equivalent production** compared to $960 and $1,342 per ounce, respectively, in Q2 2021. This decrease in consolidated unit cash costs was mainly due to lower costs of sales at Björkdal and increased production at Costerfield. In Q3 2020, these costs were $826 and $1,262 per ounce, respectively. The lower unit costs were driven by higher gold equivalent production in Q3 2021 as compared to Q3 2020.

- **Cash on hand was $29.8 million as of September 30, 2021,** compared to $39.1 million as at June 30, 2021, and $32.9 million as at September 30, 2020. The decrease in Q3 2021 cash on hand as compared to Q2 2021 was the result of a $3.8 million repayment of the Syndicated Facility (leaving $47.7 million owing at quarter end), an income tax payment of $7.0 million and a royalty payment of $2.7 million both relating to Costerfield's revenue and profit from the 2020 year. The Company also paid $5.0 million for reclamation costs at Lupin. We are anticipating a release of $3.5 million during Q4 2021 through the progressive security reduction as part-compensation for work finalized over this year.

- **Free cash flow[1] of $1.3 million** compared to $12.7 million in Q2 2021, and $17.0 million in Q3 2020. The decrease in Q3 2021 compared to Q3 2020 was predominately due to the income tax payment and royalty payment as described above.

- **Consolidated capital expenditures of $12.4 million** compared to $13.6 million in Q2 2021 and $12.1 million in Q3 2020.

1 Adjusted EBITDA, adjusted net income, free cash flow, cash and all-in sustaining costs are non-IFRS performance measures. Refer to Section 1.14 "Non-IFRS Measures" for further information.

Summary of Mandalay Operational and Financial Results

Operating Summary

The following table sets forth a summary of the Company's operational results for the three and nine months ended September 30, 2021 and 2020:

	Three months ended September 30		Nine months ended September 30	
	2021	2020	2021	2020
Björkdal				
Gold produced (oz)	11,250	11,044	34,046	33,044
Gold sold (oz)	11,297	11,511	35,505	34,566
Cash cost per oz gold produced ($)(1)	1,186	1,051	1,235	1,061
All-in sustaining cost1 per oz gold produced ($)	1,440	1,337	1,578	1,368
Costerfield				
Gold produced (oz)	13,315	11,749	34,356	32,722
Antimony produced (t)	860	991	2,550	3,045
Gold equivalent produced (oz)(2)	18,946	14,620	49,222	43,049
Gold sold (oz)	10,717	11,489	32,528	31,177
Antimony sold (t)	677	1,036	2,293	2,829
Gold equivalent sold (oz)(2)	15,150	14,490	45,721	40,627
Cash cost1 per oz gold eq. produced ($)	546	657	608	622
All-in sustaining cost1 per oz gold eq. produced ($)	837	1,088	920	987
Cerro Bayo				
Gold produced (oz)	1,763	-	4,294	-
Silver produced (oz)	85,279	-	216,040	-
Gold equivalent produced (oz)(2)	2,925	-	7,372	-
Gold sold (oz)(3)	1,872	-	3,600	-
Silver sold (oz)(3)	87,396	-	177,420	-
Gold equivalent sold (oz)(2,3)	3,062	-	6,111	-
Cash cost1 per oz gold eq. produced ($)	1,243	-	1,136	-
All-in sustaining cost1 per oz gold eq. produced ($)	1,303	-	1,165	-
Consolidated				
Gold equivalent produced (oz)(2)	33,121	25,664	90,640	76,093
Gold equivalent sold (oz)(2,3)	29,509	26,001	87,337	75,193
Cash cost1 per oz gold eq. ($)	825	826	886	812
All-in sustaining cost1 per oz gold eq. ($)	1,135	1,262	1,230	1,219
Average gold price ($/oz)	1,790	1,907	1,799	1,734
Average silver price ($/oz)	24.38	24.28	25.73	19.20
Average antimony price ($/t)	11,720	5,524	10,486	5,787

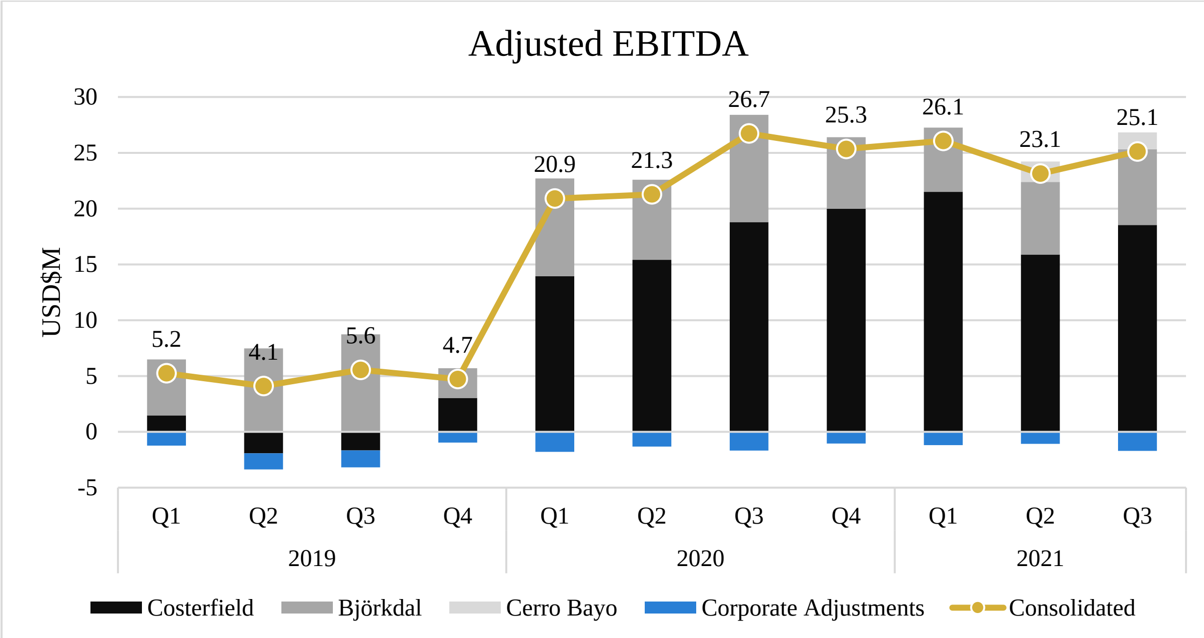
1. The Company has restated consolidated All-in sustaining costs to exclude care and maintenance expenses in the comparative periods. Cash and all-in sustaining costs are non-IFRS measures. Refer to Section 1.14 "Non-IFRS Measures" for further information.
2. Gold equivalent ounces (or "Au Eq. oz") produced/sold is calculated by multiplying the saleable quantities of gold and antimony in the period by the respective average market price of the commodities in the period, adding the two amounts to get "total contained value based on market price", and then dividing that total contained value by the average market price of gold in the period. Average Au price in the period is calculated as the average of the daily LME PM fixes in the period, with price on weekend days and holidays taken from the last business day; average Sb price in the period is calculated as the average of the high and low Rotterdam warehouse prices for all days in the period, with price on weekend days and holidays taken from the last business day. The source for Au and Ag prices is www.transamine.com and Sb price is www.metalbulletin.com.
3. Updated Au oz and Ag oz sold subsequent to the press release dated October 19, 2021.

Financial Summary

The following table sets forth a summary of the Company's financial results for the three and nine months ended September 30, 2021 and 2020:

	Three months ended September 30		Nine months ended September 30	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Revenue	52,567	49,753	156,492	133,654
Cost of sales	25,695	21,418	78,244	59,984
Income from operations (excl. depr. & depletion)(1)	26,872	28,335	78,248	73,670
General and administrative costs	1,757	1,608	3,936	4,769
Adjusted EBITDA(1)	25,115	26,727	74,312	68,901
Depreciation and depletion	10,358	9,101	30,129	26,507
Adjusted EBIT(1)	14,757	17,626	44,183	42,394
Finance costs	2,163	3,478	6,333	12,086
Unrealized loss (gain) on hedges	835	8,677	(12,717)	32,232
Tax, forex and others(2)	2,504	4,836	11,022	3,489
Adjusted net income(1)	10,090	9,823	27,211	22,640
Consolidated net income (loss)	9,255	635	39,545	(5,413)
Adjusted income per share(1)	0.11	0.11	0.30	0.25
Consolidated income (loss) per share	0.10	0.01	0.43	(0.06)
Total assets	301,269	283,379	301,269	283,379
Total liabilities	136,561	173,281	136,561	173,281
Total equity	164,708	110,098	164,708	110,098
Consolidated capital expenditures				
Capital development	5,017	6,481	16,223	17,636
Property, plant and equipment purchases	5,109	3,982	15,161	10,258
Capitalized exploration	2,323	1,620	6,669	4,790
Total	12,449	12,083	38,053	32,684

1. Income from operations (excl. depreciation & depletion), Adjusted EBIT, Adjusted EBITDA and Adjusted net income are non-IFRS performance measures. Refer to Section 1.14 "Non-IFRS Measures" for further information.
2. Others includes such items as share based compensation and write down of assets.



Base Shelf Prospectus

Mandalay received the final receipt for a short form base shelf prospectus on October 25, 2021. The base shelf prospectus qualifies the distribution of up to C$200 million of securities over a 25-month period from the date of the final receipt. The base shelf prospectus provides Mandalay with flexibility to raise capital by way of public offerings in an efficient manner to fund any potential growth opportunities that become available that Mandalay determines are in the best interests of the Company and would contribute to its growth strategy and increase shareholder value. At present, Mandalay has no current offerings under the base shelf prospectus.

Sale of Cerro Bayo

On October 12, 2021, Equus Mining Ltd. exercised its option to purchase the Cerro Bayo mine, including its mining properties, resources and mine infrastructure. Pursuant to the transaction, which is scheduled to be completed on December 1, 2021, Equus will acquire the Cerro Bayo mine, including its mining properties, resources and mine infrastructure as well as a 1,500 tonnes per day processing plant, in exchange for 19% of Equus' share capital and a 2.25% net smelter royalty on production from the Cerro Bayo mining claims once the mine has produced at least 50,000 ounces of gold equivalent, subject to a re-purchase option in favour of Equus. Equus will also assume 50% of approved site closure costs at Cerro Bayo, with Mandalay responsible for the remaining 50%.

At the end of Q3 2021, all of the assets and liabilities of Cerro Bayo are classified as held for sale, we expect to have an improvement in the Company's working capital once the transaction completes and Equus assume half of the closure costs and, adding to this, we will have benefit from the ownership of 19% of Equus shares.

Exploration

At Costerfield during the quarter, the focus of exploration was on the extension and infill of the newly discovered Shepherd Zone. The Brown's prospect drilling program also continued into Q3 where the 2021 phase of drilling was concluded. The Cuffley Deeps drilling campaign was also concluded in Q3. Drilling attention was then diverted to the commencement of the Brunswick Deeps campaign targeting the highly prospective ground where the southern extension of the Youle hosting structures interact with the Brunswick line. The Margaret zone drill testing also commenced in Q3 targeting the geological position of the Augusta orebodies below the historic Margaret mine.

The Shepherd, Margaret and Brunswick drilling programs are scheduled to continue through to year end. The Shepherd drilling will focus on further extending and infilling the high-grade intercepts to the south of Shepherd.

At Björkdal, the focus remained on the eastern and depth extension of the mining area with the commencement of the Central Zone testing and infill programs following the success of the Lake Zone and Main Zone drilling programs. Aurora extension programs also continued through Q3 with drilling focusing on infilling the Upper Aurora portion and the Eastern veining continuation. Drilling targeting Aurora also targeted a number of parallel veining horizons surrounding the Aurora orebody. The Lake Zone Skarn target was also ongoing through Q3 2021 targeting a potential skarn orebody highlighted in the Lake Zone drilling earlier in the year.

Q4 2021 will see the conclusion of the Aurora infill and extension programs alongside the completion of the Lake Zone Skarn program. Drilling to the east and at depth will continue with further infill drilling on the Central Zone target and the commencement of a testing program targeting the area between Central Zone and Lake Zone. A new drilling campaign is also expected to begin in Q4 2021 targeting the depth extension of the Aurora orebody.

COVID-19 Pandemic

The COVID-19 pandemic is present in all countries in which the Company operates, with cases being reported in Canada, Australia, Sweden and Chile. At this time, the Company has activated business continuity practices across all sites. Management will continue to monitor developments across all jurisdictions and will adjust its planning as necessary.

The Company is not able to estimate the duration of the pandemic and potential impact on its business if disruptions or delays in our operations occur or our ability to transfer our products to market. In addition, a severe prolonged economic downturn could result in a variety of risks to the business, including a decreased ability to raise additional capital when needed on acceptable terms, if at all. As the situation continues to evolve, the Company will continue to closely monitor operating conditions in the countries we operate and respond accordingly. The Company has recently been affected by global shipping delays that have been caused, in part, by the pandemic, which have impacted the timing of shipments of its flotation concentrate at Costerfield which is sent overseas from Australia. While Mandalay expects that these delays will be temporary and that they will not affect overall sales volumes, they may impact the Company's sales on a quarterly basis over the short term.

Outlook

Mandalay expects to see continued improvements in production and costs from Costerfield and Björkdal over the remainder of 2021. At Costerfield, the Company expects production increases throughout 2021 as it increases production from the high-grade Youle vein. Mandalay also expects production and cost improvements at Björkdal in 2021, as the higher-grade Aurora zone and surrounding veins increase production allowing for a higher feed grade to be processed.

The Company currently expects its strong operating performance to continue, however, the COVID-19 pandemic creates uncertainties as experienced across the mining industry. At this time, the Company is maintaining its 2021 production guidance, but will continue to closely monitor the situation in both Australia and Sweden and will make adjustments, as necessary.

The Company's 2021 production and cost guidance are below (please see press release dated January 14, 2021), and it should be noted these figures do not include production from Cerro Bayo:

	Björkdal	Costerfield	Consolidated[1]
	2021E		
Gold production (oz)	52,000-57,000	44,000-49,000	96,000-106,000
Antimony production (t)	-	2,700-3,300	2,700-3,300
Gold eq. production (oz)[1]	52,000-57,000	53,000-60,000	105,000-117,000
Cash cost, $/oz gold eq.[2]	900-1,050	675-825	800-1,000
All-in sustaining $/oz gold eq.[2,3]	1,200-1,350	950-1,100	1,100-1,350
Capex, $/million	32-36	16-20	48-56

1. Assumes average metal prices of: Au $1,860/oz, Sb $6,600/t
2. Cash cost and all-in sustaining costs are non-IFRS measures. Refer to Section 1.14 "Non-IFRS measures" for further information.
3. Consolidated costs per Au Eq. oz includes corporate overhead spending, costs associated with the trial processing of waste dumps at Cerro Bayo and total care and maintenance costs.

Mandalay's 2021 production guidance is based on:

- The strengthening Australian Dollar and Swedish Krona relative to the U.S. Dollar, which has had a negative impact on the above guidance as compared to the rates during 2020. This has resulted in an approximate 9% increase in 2021 USD guidance costs compared to 2020 average costs.
  - Average 2020 rates: AUD/USD 0.691 and USD/SEK 9.21
  - Guidance 2021 rates: AUD/USD 0.754 and USD/SEK 8.36
- The expected high capital spend at Björkdal includes $10.8 million of capital works being carried out at the tailings storage facility. This project will allow for tailings capacity through to 2029.
  - Forecast exploration capex is $6.2 million at Costerfield and $4.0 million at Björkdal.

Based on year-to-date production results, Mandalay anticipates consolidated 2021 saleable production (excluding production from Cerro Bayo) will be at the higher end of the production guidance range as stated above. The Company expects Cerro Bayo to contribute 9,000 – 10,000 ounces of gold equivalent by year end.

1.1 RESULTS OF OPERATIONS

Costerfield Gold-Antimony Mine, Victoria, Australia

Costerfield Financial Results

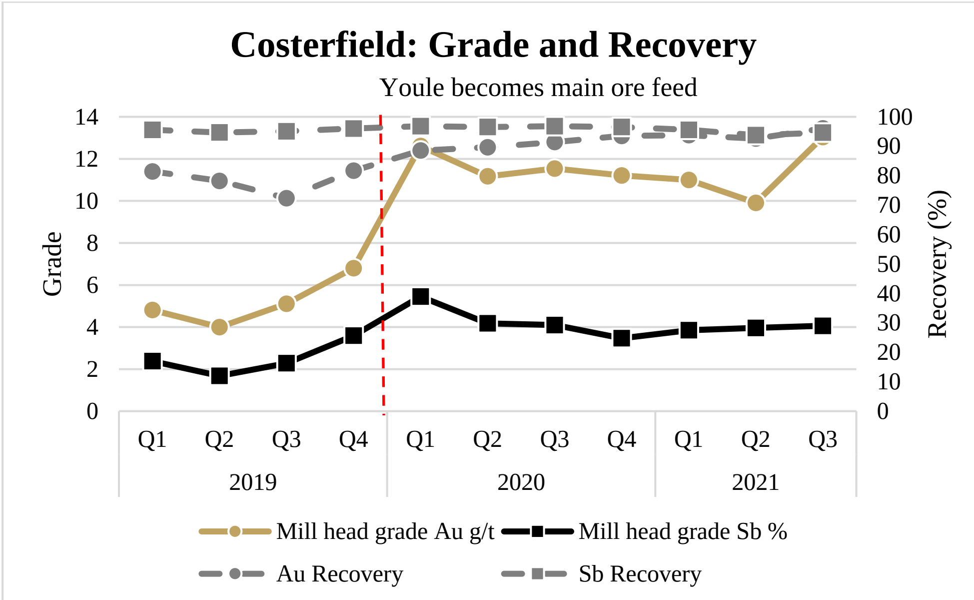
	Three months ended September 30		Nine months ended September 30	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Revenue	27,000	27,883	82,152	71,118
Cost of sales	8,420	9,158	26,176	22,989
Income from operations (excl. depr. & depletion)	18,580	18,725	55,976	48,129
General and administrative costs(1)	219	46	698	502
Adjusted EBITDA(2,3)	18,539	18,791	55,815	48,148
Depreciation & depletion	5,765	5,076	15,774	14,685
Adjusted EBIT(3)	12,596	13,603	39,504	32,942
Unrealized loss (gain) on hedge	2,371	2,410	(2,050)	12,372
Finance costs, forex and others(3,4)	(1,061)	1,915	(1,607)	4,150
Income before tax	11,286	9,278	43,161	16,420
Current tax expense	3,276	3,695	10,910	4,618
Deferred tax expense	210	48	2,302	4,136
Adjusted net income(3)	10,171	7,945	27,899	20,038
Consolidated net income after tax	7,800	5,535	29,949	7,666
Capital development	2,925	3,956	9,011	10,632
Property, plant and equipment purchases	1,648	1,568	3,578	3,065
Capitalized exploration	1,536	1,241	4,343	3,308
Total capital expenditures	6,109	6,765	16,932	17,005

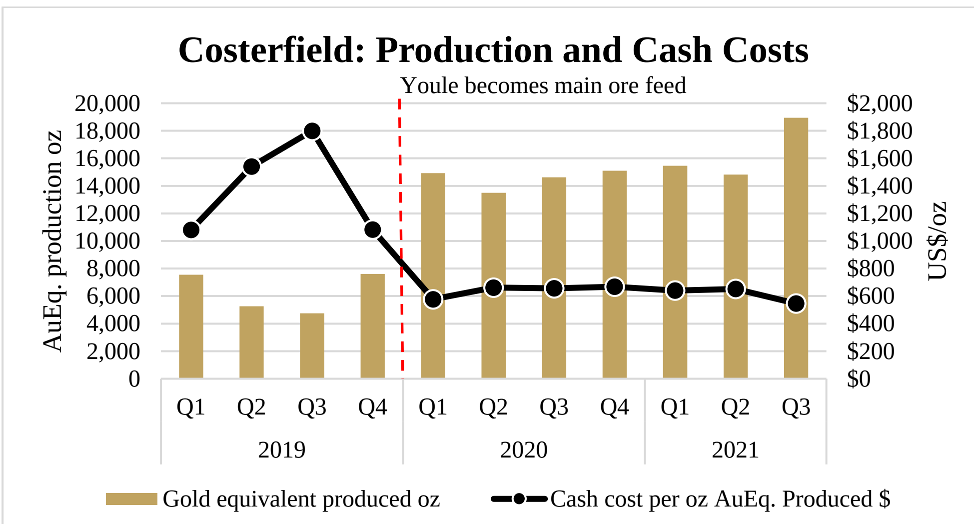
1. Includes intercompany transfer pricing costs of $178,000 and $537,000 in three months and nine months ended September 30, 2021 and $112,000 and $521,000 in the corresponding periods of 2020.
2. Does not include intercompany transfer pricing recharge costs.
3. Adjusted EBITDA, Adjusted EBIT and Adjusted net income (loss) are non-IFRS performance measures. Refer to Section 1.14 "Non-IFRS measures" for further information Finance costs includes realized loss on gold hedge of $136,000 in Q3 2021, and $881,000 in Q3 2020.
4. Others includes such items as gain/loss on disposals of properties and intercompany transfer pricing recharge for marketing fees and stock-based compensation of $537,000 and $1,785,000 for the three and nine months ended September 30, 2021, and $560,000 and $1,433,000 for the corresponding periods in 2020.

Costerfield Operating Results

		Three months ended September 30		Nine months ended September 30	
		2021	**2020**	**2021**	**2020**
Operating development	m	1,150	1,611	3,634	4,708
Mined ore	t	39,554	42,227	124,556	115,656
Mined ore Au grade	g/t	11.87	12.35	10.74	12.50
Mined ore Sb grade	%	3.05	4.65	3.68	4.89
Mined contained Au	oz	15,090	16,769	43,021	46,464
Mined contained Sb	t	1,205	1,965	4,586	5,660
Mining cost per tonne ore	$/t	158	138	147	146
Processed ore	t	35,707	39,136	109,316	109,773
Processed ore mill head grade Au	g/t	13.04	11.54	11.29	11.74
Processed ore mill head grade Sb	%	4.06	4.12	3.96	4.54
Recovery Au	%	96.05	91.41	94.28	89.90
Recovery Sb	%	94.64	96.82	94.65	96.74
Saleable Au produced	oz	13,315	11,749	34.356	32,722
Saleable Sb produced	t	860	991	2,550	3,045
Saleable Au equivalent produced	oz	18,946	14,620	49,222	43,049
Processing cost per tonne ore	$/t	53.38	42.21	45.98	37.87
Au sold in gravity concentrate	oz	7,028	6,190	19,761	17,762
Au sold in floatation concentrate	oz	3,689	5,299	12,767	13,415
Au sold (total)	oz	10,717	11,489	32,528	31,177
Sb sold	t	677	1,036	2,293	2,829
Capital development metres	m	502	739	1,754	2,120
Capital development cost per metre	$/m	5,822	5,355	5,137	5,015
Cash cost per tonne ore processed (1,2)	$/t	290	245	274	244
Adjusted EBITDA per tonne ore processed (1,2)	$/t	519	480	511	439
Cash cost per oz Au equivalent produced (1,2)	$/oz	546	657	608	622
Site all-in sustaining cost per oz Au equivalent produced (1,2)	$/oz	837	1,088	920	987

1. Does not include intercompany transfer pricing recharge costs.
2. Cash and site all-in sustaining costs and Adjusted EBITDA are non-IFRS performance measures. Refer to Section 1.14 "Non-IFRS Measures" for further information.





Costerfield – Three Months Ended September 30, 2021 and 2020

- ***Production*** — Saleable gold production for Q3 2021 was 13,315 ounces, a 13% increase from the 11,749 ounces produced in Q3 2020. Saleable antimony production during Q3 2021 was 860 tonnes, a 13% decrease from the 991 tonnes produced in Q3 2020. Gold equivalent production for Q3 2021 was 18,946 ounces, a 30% increase from the 14,620 gold equivalent ounces produced in Q3 2020. Processed gold grades were higher during Q3 2021 at 13.04 g/t gold as compared to 11.54 g/t gold in Q3 2020. Processed antimony grades were 4.06% during Q3 2021 as compared to 4.12% in Q3 2020.

- ***Revenue*** – Costerfield's revenue for Q3 2021 was $27.0 million, a 3% decrease from $27.9 million in Q3 2020. This was mainly due to ongoing global logistics challenges causing a delay in the September 2021 floatation concentration shipment – postponing the recognition of $5.5 million of revenue from this portion of production until Q4 2021. Gold equivalent ounces sold increased by 5% to 15,150 ounces in Q3 2021, as compared to 14,490 ounces in Q3 2020.

- ***Operating Costs*** – Cost of sales excluding depletion and depreciation at Costerfield was $8.4 million for Q3 2021, compared to $9.2 million during Q3 2020 mainly, lower in the current quarter due to an increase in inventory stock due to a delay in the September monthly shipment.

- ***Income from Operations*** – Income from mine operations before depreciation and depletion at Costerfield during Q3 2021 was $18.6 million, adjusted EBITDA was $18.5 million, adjusted net income was $10.2 million and net income after tax was $7.8 million. Comparable results for Q3 2020 were income from mine operations before depreciation and depletion of $18.7 million, adjusted EBITDA was $18.8 million, adjusted net income was $7.9 million and net income after tax of $5.5 million.

- ***Depletion and Depreciation*** – Depletion and depreciation expense at Costerfield increased to $5.8 million in Q3 2021, compared to $5.1 million for Q3 2020 mainly due to higher unit depletion in Q3 2021.

- ***Cost per Ounce*** – Cash cost per ounce of saleable gold equivalent produced at Costerfield in Q3 2021 was $546 compared to $657 in Q3 2020. All-in sustaining cost per ounce of saleable gold equivalent produced in Q3 2021 was $837 compared to $1,088 in Q3 2020. These per ounce costs were lower as compared to Q3 2020 were due to higher gold equivalent production.

- ***Capital Expenditures*** – Capital expenditures in Q3 2021 totaled $6.1 million ($2.9 million in capital development costs, $1.5 million for exploration, and $1.7 million in property, plant and equipment) as compared to the $6.8 million ($4.0 million in capital development costs, $1.2 million for exploration, and $1.6 million for property, plant and equipment) during Q3 2020. The decreased capital expenditures in Q3 2021 was due to a decrease in capital development activities during Q3 2021.

Costerfield – Nine Months Ended September 30, 2021 and 2020

- ***Production*** — Saleable gold production for the first nine months of 2021 was 34,356 ounces, an increase of 5% from the 32,722 ounces produced in the first nine months of 2020. Saleable antimony production for the nine months ending September 30, 2021, was 2,550 tonnes, a 16% decrease from the 3,045 tonnes produced during the same period in 2020. Gold equivalent production for the nine months ending September 30, 2021, was 49,222 ounces, a 14% increase from the 43,049 gold equivalent ounces produced in the same period in 2020. Processed gold grades were similar during first nine months of 2021 as compared to the same period in 2020 at 11.29 g/t gold and 11.74 g/t gold, respectively. Processed antimony grades were 3.96% during the first nine months of 2021 as compared to 4.54% in the same period in 2020.

- ***Revenue*** – Costerfield's revenue for the nine months ending September 30, 2021, was $82.2 million, a 16% increase from $71.1 million in the nine months ending September 30, 2020. This was mainly due to an increase in gold equivalent ounces sold and higher realized gold and antimony prices. Gold equivalent ounces sold increased by 13% to 45,721 ounces in the nine months ending September 30, 2021, as compared to 40,627 ounces in the nine months ending September 30, 2020.

- ***Operating Costs*** – Cost of sales excluding depletion and depreciation at Costerfield was $26.2 million for the nine months ending September 30, 2021, compared to $23.0 million for the same period of 2020. This increase is mainly due to foreign exchange and an increase in mining costs in the nine months ending September 30, 2021, compared to the same period in 2020.

- ***Income from Operations*** – Income from mine operations before depreciation and depletion at Costerfield during the nine months ending September 30, 2021, was $56.0 million, adjusted EBITDA was $55.8 million, adjusted net income was $27.9 million and net income after tax was $29.9 million. Comparable results for the nine months ending September 30, 2020, were income from mine operations before depreciation and depletion of $48.1 million, adjusted EBITDA was $48.1 million, adjusted net income was $20.0 million and net income after tax of $7.7 million.

- ***Depletion and Depreciation*** – Depletion and depreciation expense at Costerfield increased to $15.8 million in the nine months ending September 30, 2021, compared to $14.7 million for the same period in 2020 mainly due to higher unit depletion in the current period.

- ***Cost per Ounce*** – Cash cost per ounce of saleable gold equivalent produced at Costerfield in the nine months ending September 30, 2021, was $608 compared to $622 in the 2020 period. All-in sustaining cost per ounce of saleable gold equivalent produced in the 2021 period was $920 compared to $987 in the 2020 period. These per ounce costs were lower as compared to the 2020 period due to higher gold equivalent production.

- ***Capital Expenditures*** – Capital expenditures in the first nine months ending September 30, 2021, totaled $16.9 million ($9.0 million in capital development costs, $4.3 million in exploration, and $3.6 million in property, plant and equipment) as compared to $17.0 million ($10.6 million in capital development costs, $3.3 million for exploration, and $3.1 million for property, plant and equipment) during the 2020 period.

Björkdal Gold Mine, Sweden

Björkdal Financial Results

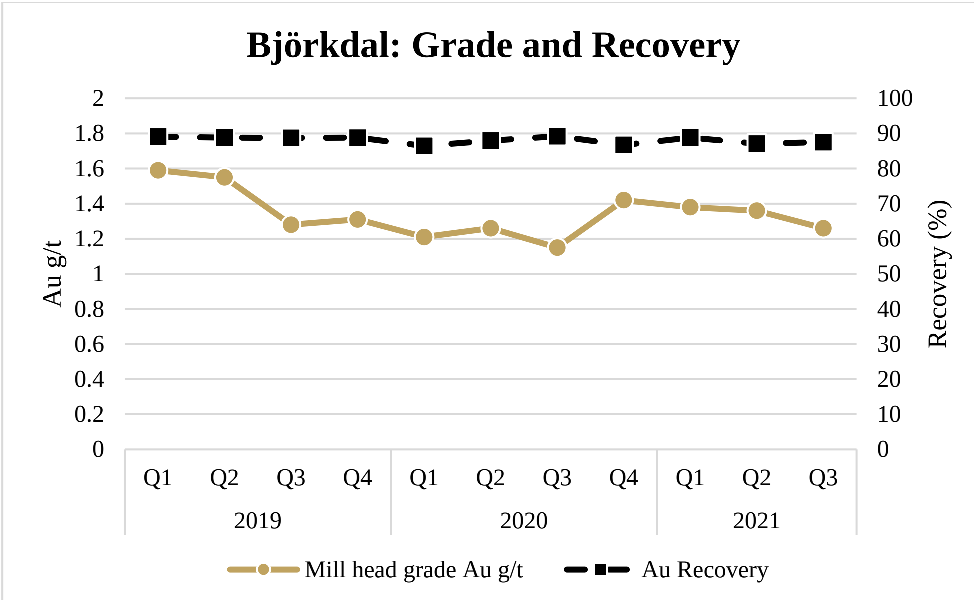
	Three months ended September 30		Nine months ended September 30	
	2021	**2020**	**2021**	**2020**
Revenue	20,524	21,870	63,886	62,536
Cost of sales	13,744	12,260	44,842	36,995
Income from operations (excl. depreciation & depletion)	6,780	9,610	19,044	25,541
General and administrative costs (1)	124	108	432	653
Adjusted EBITDA (2,4)	6,780	9,610	19,044	25,538
Depreciation & depletion	4,593	3,884	14,355	11,299
Adjusted EBIT (4)	2,063	5,618	4,257	13,589
Unrealized loss (gain) on hedge	(1,725)	6,267	(11,224)	19,860
Finance costs, foreign exchange and others(3)	3,004	715	8,480	(27)
Income (loss) before tax	784	(1,364)	7,001	(6,244)
Current tax expense	-	974	-	2,309
Deferred tax expense	141	177	1,424	352
Adjusted net income (loss) after tax and before special items (4)	(1,082)	3,752	(5,647)	10,955
Consolidated net income (loss) after tax	643	(2,515)	5,577	(8,905)
Capital development cost	2,092	2,525	7,212	7,004
Capital purchases	3,461	2,414	11,583	7,193
Capitalized exploration	566	359	1,624	1,343
Total capital expenditure (5)	6,119	5,298	20,419	15,540

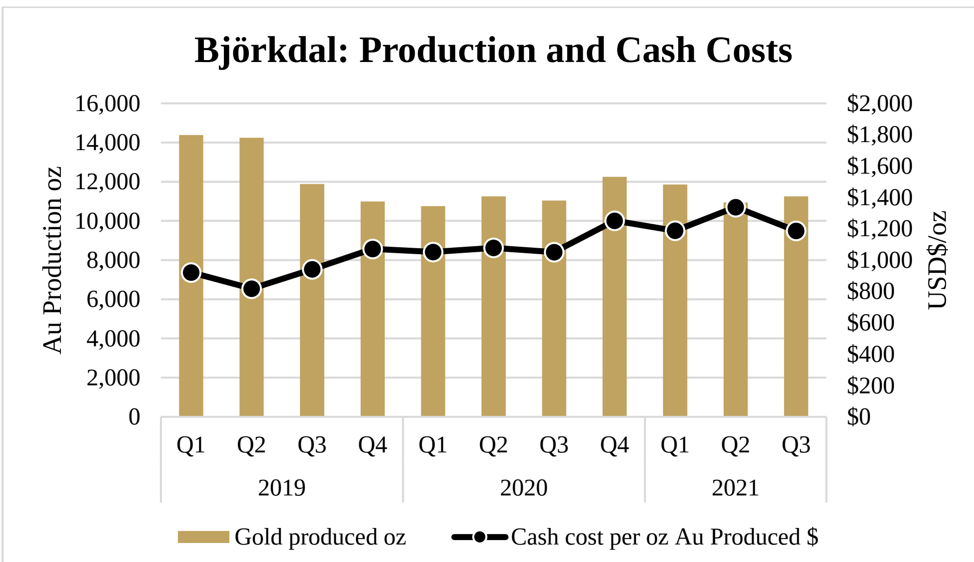
1. Includes intercompany transfer pricing recharge costs of $124,000 and $432,000 for three and nine months ended September 30, 2021 and $108,000 and $622,000 for the same periods of 2020.
2. Does not include intercompany transfer pricing recharge costs.
3. Finance costs includes realized loss on gold hedge of $1,092,000 for Q3 2021, compared to $1,204,000 in 2020. Others includes such items as intercompany transfer pricing recharge for marketing fees and stock-based compensation of $421,000 and $1,304,000 for the three and nine months ending September 30, 2021, and $441,000 and $1,117,000 for the corresponding periods of 2020.
4. Income from operations (excl. depreciation & depletion) and Adjusted EBITDA, Adjusted EBIT and Adjusted net income are non-IFRS performance measures. Refer to Section 1.14 "Non-IFRS measures" for further information.
5. Includes capitalized depreciation on equipment.

Björkdal Operating Results

		Three months ended September 30		Nine months ended September 30	
		2021	**2020**	**2021**	**2020**
Underground mining					
Operating development	m	1,333	1,448	4,386	4,070
Mined ore	t	255,865	271,343	795,580	758,408
Mined ore Au grade	g/t	1.43	1.29	1.42	1.40
Mined contained Au	oz	11,761	11,296	36,232	34,204
Mining cost per tonne ore	$/t	28.10	21.99	26.43	22.46
Processed ore	t	325,048	342,371	951,845	990,933
Processed ore mill head grade Au	g/t	1.26	1.15	1.30	1.24
Recovery Au	%	87.53	89.20	87.77	88.10
Saleable Au produced	oz	11,250	11,044	34,046	33,044
Processing cost per tonne ore	$/t	8.58	7.18	9.77	7.66
Au sold	oz	11,297	11,511	35,505	34,566
Capital development (underground)	m	633	825	2,262	2,501
Capital development cost per metre	$/m	2,890	2,746	2,950	2,595
Cash operating cost per tonne ore processed(1)	$/t	41.04	33.90	44.17	35.37
Adjusted EBITDA per tonne ore processed(1,2)	$/t	20.86	28.07	20.01	25.77
Cash cost per oz Au produced(1,2)	$/oz	1,186	1,051	1,235	1,061
Site all-in sustaining cost per oz Au produced(1,2)	$/oz	1,440	1,337	1,578	1,368

1. Does not include intercompany transfer pricing recharge costs.
2. Adjusted EBITDA, cash and site all-in sustaining costs are non-IFRS performance measures. Refer to Section 1.14 "Non-IFRS Measures" for further information.





Björkdal - Three Months Ended September 30, 2021 and 2020

- ***Production*** – Saleable gold production at Björkdal in Q3 2021 was 11,250 ounces, a 2% increase from the 11,044 ounces produced in Q3 2020 due to improved processed ore grade.

- ***Revenue*** – Björkdal's revenue for Q3 2021 was $20.5 million, a decrease of 6% from the $21.9 million generated in Q3 2020. This decrease was due to less gold ounces sold with 11,297 ounces in Q3 2021 as compared to 11,511 gold ounces in Q3 2020 and a decline in realized gold prices during the same period.

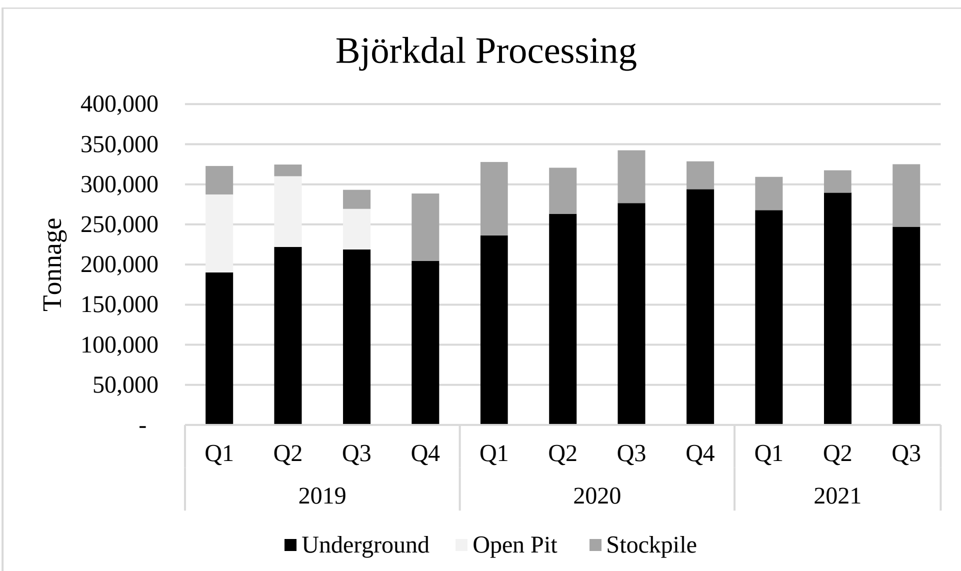
- ***Operating Costs*** – Cost of sales excluding depletion and amortization at Björkdal was $13.7 million in Q3 2021, higher than $12.3 million for Q3 2020. The increase in operating costs was mainly due to foreign exchange movements.

- ***Income from Operations*** – Income from mine operations before depreciation and depletion at Björkdal for Q3 2021 was $6.8 million, adjusted EBITDA was $6.8 million, adjusted net loss was $1.1 million and net income after tax was $0.6 million. Comparable results for Q3 2020 were income from mine operations before depreciation and depletion of $9.6 million, adjusted EBITDA of $9.6 million, adjusted net income of $3.8 million and net loss after tax of $2.5 million.

- ***Depletion and Depreciation*** – Depletion and depreciation expense at Björkdal increased to $4.6 million in Q3 2021, compared to $3.9 million for the same period in 2020 mainly due to an increase in unit costs in the current period.

- ***Cost per Ounce*** – Cash cost per ounce of saleable gold produced at Björkdal for Q3 2021 was $1,186, 13% higher as compared to Q3 2020 of $1,051. All-in sustaining cost per ounce of saleable gold produced for Q3 2021 was $1,440, 8% higher than the $1,337 during Q3 2020. These per ounce costs were higher in Q3 2021 as compared to Q3 2020, primarily due to higher costs of production and strengthening Swedish Krona against the U.S. Dollar. We expect to see a decrease of these higher unit costs in the coming quarters as we ramp up stoping in the higher grade lower-levels in the Aurora zone.

- ***Capital Expenditures*** – Capital expenditures at Björkdal for Q3 2021 totaled $6.1 million ($2.1 million in mine development costs, $0.6 million for exploration, and $3.4 million in property, plant and equipment) compared with $5.3 million ($2.5 million in mine development costs, $0.4 million for exploration, and $2.4 million for property, plant and equipment) during Q3 2020.



Björkdal – Nine months ended September 30, 2021 and 2020

- ***Production*** – Saleable gold production at Björkdal for the nine months ending September 30, 2021, was 34,046 ounces, an increase from the 33,044 ounces produced during the same period in 2020. This was predominately due to the improved processed head grades in 2021 as compared to 2020. The Company continues its focus on increasing the underground's contribution of ore tonnage as a percentage of overall mill feed.

- ***Revenue*** – Björkdal's revenue for the nine months ending September 30, 2021, was $63.9 million, higher than the $62.5 million generated in the same period of 2020. This was due to higher sales and higher realized gold prices in 2021 as compared to 2020.

- ***Operating Costs*** – Cost of sales excluding depletion and amortization at Björkdal was $44.8 million for the nine months ending September 30, 2021, higher than $37.0 million during the same period of 2020. The increase in operating costs were mainly due to the relative strengthening of the Swedish Krona against the U.S. Dollar between the comparative periods.

- ***Income from Operations*** – Income from mine operations before depreciation and depletion at Björkdal for the nine months ending September 30, 2021, was $19.0 million, adjusted EBITDA was $19.0 million, adjusted net loss was $5.6 million and net income after tax was $5.6 million. Comparable results for the same period of 2020 were income from mine operations before depreciation and depletion of $25.5 million, adjusted EBITDA of $25.5 million, adjusted net income of $11.0 million and net loss after tax of $8.9 million.

- ***Depletion and Depreciation*** – Depletion and depreciation expense at Björkdal increased to $14.4 million in the nine months ending September 30, 2021, compared to $11.3 million for the same period in 2020 due to an increase in per unit depletion rate in 2021 compared to 2020.

- ***Cost per Ounce*** – Cash cost per ounce of gold produced at Björkdal for the nine months ending September 30, 2021, was $1,235, 16% higher than the cash cost per ounce of gold produced in the same period of 2020 of $1,061. All-in sustaining cost per ounce of gold produced for the nine months ending September 30, 2021, was $1,578, 15% higher than the all-in sustaining cost per ounce of gold produced in the same period of 2020 of $1,368. These per ounce costs were higher in 2021 compared to 2020 primarily due to increases in the costs of production and the relative strengthening of the Swedish Krona against the U.S Dollar.

- ***Capital Expenditures*** – Capital expenditures at Björkdal for the nine months ending September 30, 2021, totaled $20.4 million ($7.2 million in mine development costs, $1.6 million for exploration, and $11.6 million in property, plant and equipment) compared with $15.5 million ($7.0 million in mine development costs, $1.3 million for exploration, and $7.2 million for property, plant and equipment) during the same period of 2020. The increase in capital expenditures was due to more spent on mining equipment and tailings.

Non-Core Properties

Cerro Bayo

On October 8, 2019, the Company entered into a binding option agreement with Equus Mining for the sale of the Cerro Bayo mine in Chile. See press release dated October 8, 2019 for further details. On October 12, 2021, Equus Mining Ltd. exercised its option to purchase the Cerro Bayo mine. This transaction is scheduled to close on December 1, 2021. As of September 30, 2021, the Company is holding this asset as held for sale.

In 2020, a sampling program was carried out to establish areas within the waste dumps that contain sufficiently graded mineralization that could be processed profitably. During Q1 2021, the Company restarted the processing facility at Cerro Bayo and commenced the trial processing of mineralized waste dump materials. The first sale of concentrate occurred at the start of April 2021, and the Company intends to continue with the processing at Cerro Bayo until the scheduled completion of the sale to Equus Mining.

Cerro Bayo Financial Results

	Three months ended September 30,		Nine months ended September 30,	
	2021	**2020**	**2021**	**2020**
Revenue	5,043	-	10,454	-
Cost of sales	3,531	-	7,226	-
Income from operations (excl. depreciation & depletion) (4)	1,512	-	3,228	-
General and administrative costs (1)	11	43	42	128
Adjusted EBITDA (2,4)	1,512	-	3,271	8
Depreciation & depletion	-	136	-	448
Adjusted EBIT (4)	1,501	(179)	3,186	(576)
Care and maintenance	-	511	383	1,604
Revision of reclamation liability	-	-	-	(5,783)
Finance costs, foreign exchange and others(3)	(1,224)	607	(1,473)	1,130
Income (loss) before tax	2,725	(1,297)	4,276	2,473
Current tax expense	-	-	-	5
Adjusted net income (loss) after tax and before special items (4)	2,725	(786)	4,659	(1,711)
Consolidated net income (loss) after tax	2,725	(1,297)	4,276	2,468
Total capital expenditure (Capital purchases)	175	-	214	26

1. Includes intercompany transfer pricing recharge costs of $11,000 and $85,000 for three and nine months ended September 30, 2021 and $43,000 and $136,000 for the same periods of 2020.
2. Does not include intercompany transfer pricing recharge costs.
3. Others includes such items as intercompany transfer pricing recharge for marketing fees and stock-based compensation of $109,000 and $219,000 for the three and nine months ending September 30, 2021, and $nil for the corresponding periods of 2020.
4. Income from operations (excl. depreciation & depletion) and Adjusted EBITDA, Adjusted EBIT and Adjusted net income are non-IFRS performance measures. Refer to Section 1.14 "Non-IFRS measures" for further information.

Cerro Bayo Operating Results

		Three months ended September 30		Nine months ended September 30	
		2021	**2020**	**2021**	**2020**
Processed ore	t	127,571	-	310,600	-
Processed ore mill head grade Au	g/t	0.52	-	0.52	-
Processed ore mill head grade Ag	g/t	27.73	-	28.94	-
Recovery Au	%	83.03	-	83.21	-
Recovery Ag	%	74.97	-	76.86	-
Saleable Au produced	oz	1,763	-	4,295	-
Saleable Ag produced	oz	85,279	-	216,040	-
Saleable Au equivalent produced	oz	2,925	-	7,372	-
Processing cost per tonne ore	$/t	16.48	-	16.65	-
Au sold (1)	oz	1,872	-	3,600	-
Ag sold (1)	oz	87,396	-	177,420	-
Au equivalent sold (1)	oz	3,062	-	6,111	-

1. Updated Au oz and Ag oz sold subsequent to the press release dated October 19, 2021.

During Q3 2021, the Company did not have care and maintenance spend at Cerro Bayo as it was in production, compared to $0.5 million in Q3 2020.

Challacollo

On November 12, 2019, the Company announced that it had entered into a definitive agreement with Aftermath Silver Ltd. ("Aftermath") in respect of the previously announced transaction in which Aftermath will acquire Minera Mandalay Challacollo Limitada ("MMC"), which currently owns the Challacollo silver-gold project located in Region I (Tarapaca) of Chile. Pursuant to the terms of the transaction, Aftermath will purchase 100% of MMC in exchange for total consideration of up to C$10.5 million, consisting of C$7.5 million in non-contingent consideration (the "Non-Contingent Consideration") plus a 3% net smelter returns royalty on production at Challacollo, capped at C$3.0 million.

The Non-Contingent Consideration is payable as follows:

- C$1.0 million in cash payable on or before December 30, 2019 (received in Q4 2019);
- C$1.0 million in cash payable on or before December 30, 2020 (received in Q4 2020); and
- C$5.5 million in cash or shares payable on or before April 30, 2021, or, at Aftermath's option, an additional C$3.0 million in cash or shares payable on or before April 30, 2021, plus an additional C$3.0 million in cash or shares payable on or before April 30, 2022.

Aftermath exercised its option to pay C$3.0 million in cash and shares by April 30, 2021, with Mandalay receiving C$1.5 million in cash and 2,054,794 shares of Aftermath with a fair value of C$0.73 per share. Aftermath is expected to complete the acquisition by April 30, 2022, by paying Mandalay C$3.0 million in cash or shares at their option. During Q3 2021, 60,000 shares were sold at an average price of C$0.57 per share. As at September 30, 2021, the Company has classified the assets and liabilities at Challacollo as held for sale.

Lupin

The Company had $0.2 million care and maintenance spending at Lupin during Q3 2021 and less than $0.1 million for Q3 2020. Reclamation spending at Lupin was $6.4 million during Q3 2021 and $7.5 million for the nine months to September 30, 2021, compared to $0.5 million and $5.8 million, respectively for the corresponding periods of 2020. Lupin is currently in the process of final closure and reclamation activities funded by progressive security reductions. Restricted cash as of September 30, 2021, of $11.5 million stands as a deposit against, and in excess of, the present value of reclamation cost obligations of $2.6 million. The Company expects the release of $3.5 million during Q4 2021 as part-compensation for work finalized over this year.

La Quebrada

The Company continues to evaluate options for this non-core asset. Care and maintenance spending at La Quebrada was less than $0.1 million during Q3 2021, which was similar for the comparative period in 2020.

1.2 THIRD QUARTER FINANCIAL RESULTS

Summary Financial Performance

	Three months ended September 30		Nine months ended September 30	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Revenue	52,567	49,753	156,492	133,654
Cost of sales	25,695	21,418	78,244	59,984
Income from operations (excl. depr. and depletion)	26,872	28,335	78,248	73,670
Depreciation and depletion	10,358	9,101	30,129	26,507
Income from mining operations	16,514	19,234	48,119	47,163
General and administrative costs	1,757	1,608	3,936	4,769
Adjusted EBITDA(1)	25,115	26,727	74,312	68,901
Finance costs	2,163	3,478	6,333	12,086
Unrealized (gain) loss on hedge	835	8,677	(12,717)	32,232
Tax, forex and others(2)	(1,123)	(58)	(3,614)	(7,932)
Consolidated income before tax	12,882	5,529	54,181	6,008
Current tax expense	3,276	4,669	10,910	6,933
Deferred tax expense	351	225	3,726	4,488
Adjusted net income (1)	10,090	9,823	27,211	22,640
Consolidated net income (loss)	9,255	635	39,545	(5,413)
Adjusted income per share(1)	0.11	0.11	0.30	0.25
Consolidated income (loss) per share	0.10	0.01	0.43	(0.06)
Total assets	301,269	283,379	301,269	283,379
Total liabilities	136,561	173,281	136,561	173,281
Total equity	164,708	110,098	164,708	110,098
Capital expenditures – Consolidated(3)				
Underground capital development	5,017	6,481	16,223	17,636
Property, plant and equipment purchases	5,109	3,982	15,161	10,258
Capitalized exploration	2,323	1,620	6,669	4,790
Total capital expenditures	12,449	12,083	38,053	32,684

1. Adjusted EBITDA, adjusted net income and adjusted income per share are non-IFRS performance measures. Refer to Section 1.14 "Non-IFRS Measures" for further information.
2. Others includes such items as share based compensation and (loss)/gain on financial instruments, if any.
3. Includes capitalized spend from non-operating sites.

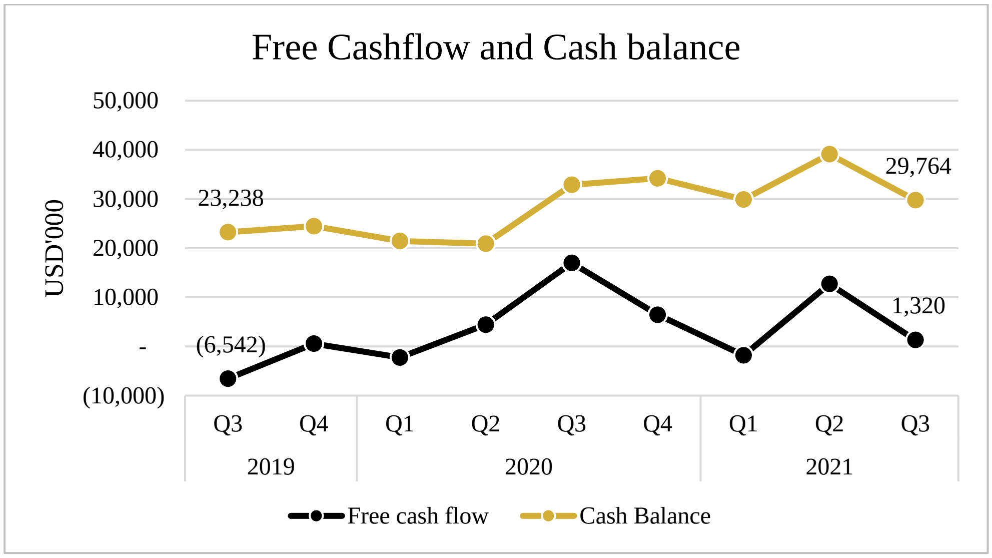
Summary Balance Sheet

	As at September 30, 2021	As at December 31, 2020
	$'000	**$'000**
Cash and cash equivalents	29,764	34,206
Inventories, accounts rec. and other current assets	50,233	51,403
Assets held for sale	7,524	-
Total current assets	**87,521**	**85,609**
Property, plant and equipment	194,552	197,614
Reclamation deposits and other non-current assets	19,196	18,061
Total assets	**301,269**	**301,284**
Syndicated Facility – *current*	15,111	15,111
Other current liabilities	49,000	59,168
Liabilities held for sale	13,174	-
Total current liabilities	**77,285**	**74,279**
Syndicated Facility – *non-current*	31,178	41,647
Non-current liabilities	28,098	49,579
Equity attributable to common shareholders	164,708	135,779
Total equity and liability	**301,269**	**301,284**

Summary Cash flow

The table below summarizes the Company's cash flow for the three and nine months ended September 30, 2021 and 2020 and reconciles free cash flow to reported net cash flows from operating activities for those periods. See Section 1.14 "Non-IFRS Measures" for more information.

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
	$'000	**$'000**	**$'000**	**$'000**
Net cash flows from operating activities	**8,189**	**28,936**	**44,410**	**46,504**
Add: Reclamation expenditures	5,007	497	6,082	5,796
Capital expenditures	(11,543)	(11,709)	(36,891)	(31,685)
Lease payments	(333)	(727)	(1,369)	(1,427)
Free cash flow	**1,320**	**16,997**	**12,232**	**19,188**
Net receipt (payment) from reclamation deposits	(5,007)	(497)	(3,937)	50
Proceeds from sale of non-core assets	-	-	1,847	-
Net repayment on borrowings	(4,118)	(3,233)	(10,961)	(8,668)
Payment of gold derivative contracts	(1,352)	(2,085)	(3,411)	(2,085)
Shares issued for cash	22	-	46	16
Effects of exchange rate changes	(214)	792	(258)	(74)
Net cash flow	(9,349)	11,974	(4,442)	8,427
Cash/cash equivalents, end of period	**29,764**	**32,889**	**29,764**	**32,889**



Adjusted EBITDA, Adjusted EBIT and Adjusted Net Income Reconciliation to Net Income

The table below reconciles adjusted EBITDA, adjusted EBIT and adjusted net income to reported net income for the three and nine months ended September 30, 2021 and 2020. See Section 1.14 "Non-IFRS Measures" for more information.

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
	$'000	$'000	$'000	$'000
Consolidated net income (loss)	9,255	635	39,545	(5,413)
Add: Special items				
Reversal of reclamation liability	-	-	-	(5,783)
Fair value loss (gain) on fin. instruments – hedging	835	8,677	(12,717)	32,232
Care and maintenance costs	-	511	383	1,604
Adjusted net income	**10,090**	**9,823**	**27,211**	**22,640**
Add/less: Non-cash and finance costs				
Depletion and depreciation	10,358	9,101	30,129	26,507
(Gain) loss on disposal of PPE	(31)	(5)	(602)	3
Share based compensation expense	95	196	532	563
Interest and finance charges	2,163	3,478	6,333	12,086
Fair value adjustments gain	-	-	-	(4,077)
Current tax expense	3,276	4,669	10,910	6,933
Deferred tax expense	351	225	3,726	4,488
Foreign exchange (gain) loss	(1,085)	(646)	(3,647)	222
Interest and other income	(102)	(114)	(280)	(464)
Adjusted EBITDA	**25,115**	**26,727**	**74,312**	**68,901**
Depletion and depreciation	10,358	9,101	30,129	26,507
Adjusted EBIT	**14,757**	**17,626**	**44,183**	**42,394**

Cash Cost and All-in Sustaining Cost Reconciliation to Cost of Sales:

The table below reconciles cash cost, all-in sustaining cost to reported cost of sales for the three and nine months ended September 30, 2021 and 2020. Refer to Section 1.14 "Non-IFRS Measures" for further information.

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
	$'000	$'000	$'000	$'000
Cost of sales, excluding depletion and depreciation	**25,695**	**21,418**	**78,244**	**59,984**
Add:				
General and administrative costs	41	(66)	118	(19)
Less:				
Change in inventory	2,293	654	4,231	3,792
Royalties	(713)	(799)	(2,272)	(1,951)
Total cash cost	**27,316**	**21,207**	**80,321**	**61,806**
Saleable Au equivalent produced (oz)	33,121	25,664	90,640	76,093
Cash cost per oz gold produced ($)	**825**	**826**	**886**	**812**

	Three months ended September 30, 2021	Three months ended September 30, 2020(1)	Nine months ended September 30, 2021	Nine months ended September 30, 2020(1)
	$'000	$'000	$'000	$'000
Total Cash cost	**27,316**	**21,207**	**80,321**	**61,806**
Add:				
General and administrative costs	1,709	1,674	3,812	4,784
Capital development	5,017	6,481	16,223	17,637
Capital purchases – sustaining	2,513	2,118	7,571	6,082
Capital exploration – infill drilling	308	58	1,226	216
Royalties	713	799	2,272	1,951
Accretion on rehabilitation provisions	1	53	29	284
All-in sustaining cost	**37,578**	**32,390**	**111,454**	**92,760**
Saleable Au equivalent produced (oz)	33,121	25,664	90,640	76,093
All-in sustaining cost per oz Au prod. ($)	**1,135**	**1,262**	**1,230**	**1,219**

1. The Company has restated consolidated All-in sustaining costs to exclude care and maintenance expenses in the comparative periods. Cash and all-in sustaining costs are non-IFRS measures. Refer to Section 1.14 "Non-IFRS Measures" for further information.

Consolidated Financial Results - Three Months Ended September 30, 2021 and 2020

- ***Revenue*** – Consolidated revenue for Q3 2021 was $52.6 million, 6% higher than the $49.8 million in Q3 2020. Consolidated gold equivalent ounces sold increased to 29,509 ounces in Q3 2021 compared to 26,001 ounces in Q3 2020. This increase was due to higher gold equivalent ounces sold and stronger realized antimony prices between the comparative quarters.

- ***Operating Costs*** – Consolidated cost of sales excluding depletion and amortization was $25.7 million for Q3 2021 compared to $21.4 million for Q3 2020. The increase in Q3 2021 costs were mainly due to relative foreign exchange movements, increased mining rates at both sites and the restarted processing at Cerro Bayo.

- ***Income from Operations*** – Consolidated income from mine operations before depreciation and depletion for Q3 2021 was $26.9 million, adjusted EBITDA was $25.1 million, adjusted net income was $10.1 million and net income after tax was $9.3 million. Comparable results for Q3 2020 were income from mine operations before depreciation and depletion of $28.3 million, adjusted EBITDA of $26.7 million, adjusted net profit of $9.8 million and a net income after tax of $0.6 million.

- ***Depletion and Depreciation*** – Depletion and depreciation expense in Q3 2021 was $10.4 million compared to $9.1 million in Q3 2020.

- ***Cost per Ounce*** – Consolidated cash cost per ounce of saleable gold equivalent produced for Q3 2021 was $825, same as Q3 2020 of $826. Consolidated all-in sustaining cost per ounce of saleable gold equivalent produced for Q3 2021 was $1,135, 10% higher than Q3 2020 of $1,262. These per ounce cash costs were higher in Q3 2021 as compared to Q3 2020 due to higher costs of production and the relative strengthening of both local currencies to the U.S. Dollar.

- ***Capital Expenditures*** – Consolidated capital expenditures for Q3 2021, totaled $12.4 million ($6.1 million occurred at Costerfield and $6.1 million at Björkdal). By comparison, total capital expenditures, including capitalized depreciation and exploration, in Q3 2020 was $12.1 million ($6.8 million at Costerfield, $5.3 million at Björkdal). The increase in capital expenditures was due to increased mining equipment at Björkdal.

Consolidated Financial Results - Nine Months Ended September 30, 2021 and 2020

- ***Revenue*** – Consolidated revenue for the nine months ending September 30, 2021 was $156.5 million, a 17% increase from $133.7 million in the nine months ending September 30, 2020, mainly due to increase in gold equivalent ounces sold along with higher realized gold and antimony prices. Consolidated gold equivalent ounces sold increased by 16% to 87,337 ounces in the nine months ending September 30, 2021 compared to 75,193 ounces in the nine months ending September 30, 2020.

- ***Operating Costs*** – Consolidated cost of sales excluding depletion and amortization was $78.2 million for the nine months ending September 30, 2021, compared to $60.0 million for the same period of 2020. The 30% increase were due to foreign exchange movements, increased mining rates at both sites and the commencement of the processing at Cerro Bayo ($7.2 million).

- ***Income from Operations*** – Consolidated income from mine operations before depreciation and depletion for the nine months ending September 30, 2021, was $78.2 million, adjusted EBITDA was $74.3 million, adjusted net income was $27.2 million and net income after tax was $39.5 million. Comparable results for the nine months ended September 30, 2020, were income from mine operations before depreciation and depletion of $73.7 million, adjusted EBITDA of $68.9 million, adjusted net income was $22.6 million and net loss after tax of $5.4 million.

- ***Depletion and Depreciation*** – Depletion and depreciation expense for the Company increased to $30.1 million in the nine months ending September 30, 2021, compared to $26.5 million for the same period in 2020 mainly due to higher production.

- ***Cost per Ounce*** – Consolidated cash cost per ounce of gold equivalent produced for the nine months ending September 30, 2021, was $886, 9% higher than the cash cost per ounce of gold equivalent produced in the nine months ending September 30, 2020 of $812. Consolidated all-in sustaining cost per ounce of gold equivalent produced for the nine months ending September 30, 2021, was $1,230, higher than the all-in sustaining cost per ounce of gold equivalent produced in the nine months ending September 30, 2020 of $1,219. The per ounce cost was higher in the nine months ending September 30, 2021, as compared to the same period in 2020 due to higher cost at Björkdal.

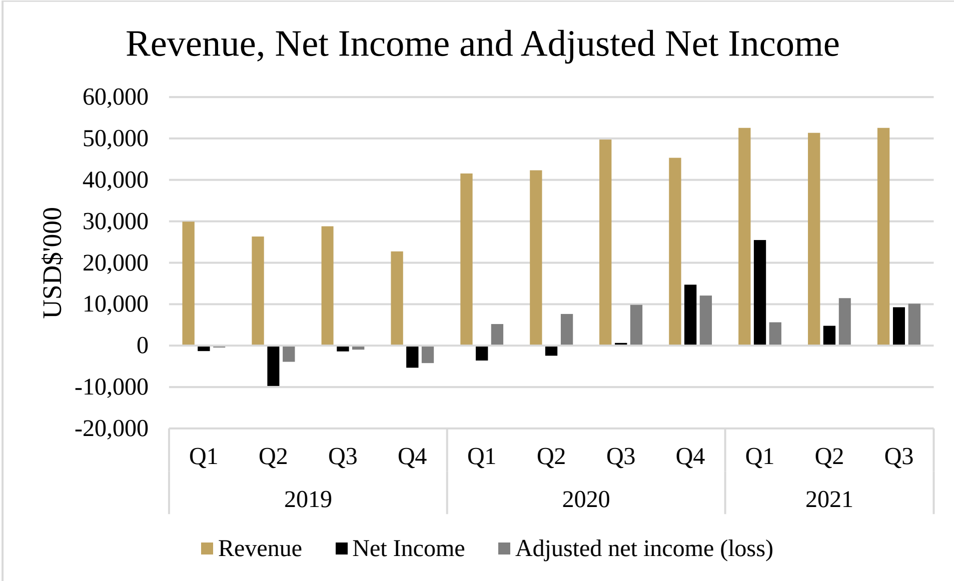
- ***Capital Expenditures*** – Consolidated capital expenditures for the nine months ending September 30, 2021, totaled $38.1 million ($16.9 million occurred at Costerfield and $20.4 million at Björkdal). By comparison, total capital expenditures, including capitalized depreciation and exploration, in the nine months ending September 30, 2020, was $32.7 million ($17.0 million occurred at Costerfield and $15.5 million at Björkdal). The increase in capital expenditures was primarily due to increased capital spending at Björkdal.

1.3 SUMMARY OF QUARTERLY RESULTS

The following information is derived from the Company's quarterly financial statements for the past eight quarters:

	Quarter 3 2021	**Quarter 2 2021**	**Quarter 1 2021**	**Quarter 4 2020**
	$'000	**$'000**	**$'000**	**$'000**
Revenue	52,567	51,352	52,573	45,320
Adjusted net income	10,090	11,475	5,646	12,065
Net income	9,255	4,790	25,500	14,722
Adjusted net income per share – Basic	0.11	0.13	0.06	0.13
Net income per share – Basic and diluted	0.10	0.05	0.28	0.16

	Quarter 3 2020	**Quarter 2 2020**	**Quarter 1 2020**	**Quarter 4 2019**
	$'000	**$'000**	**$'000**	**$'000**
Revenue	49,753	42,335	41,566	22,737
Adjusted net income (loss)	9,823	7,632	5,186	(4,223)
Net income (loss)	635	(2,439)	(3,608)	(5,328)
Adjusted net loss per share – Basic	0.11	0.08	0.06	(0.05)
Net income (loss) per share – Basic and diluted	0.01	(0.03)	(0.04)	(0.07)



Financial results are impacted by the amounts of gold and antimony production, the costs associated with that production, and the prices received for metal in concentrate. Metal prices are determined using prevailing international prices for gold and antimony. The Company's products are priced in U.S. Dollars, whereas the majority of mine costs are in Australian Dollars (at Costerfield), Swedish Krona (at Björkdal) and Chilean Pesos (at Cerro Bayo). The Company's results will be impacted by exchange rate variations during the reporting periods.

Increasing in revenue and earnings over the past two years is due to the combined impact of changes in production volumes, fluctuations in metal prices and timing of concentrate shipments.

1.4 MARKETS – CURRENCY EXCHANGE RATES

The average currency exchange rates for the reporting periods are summarized in the table below:

Currency	Average Rate July 1, 2021 – September 30, 2021	Average Rate July 1, 2020 – September 30, 2020	Average Rate January 1, 2021 – September 30, 2021	Average Rate January 1, 2020 – September 30, 2020
1A$ = C$	0.9254	0.9526	0.9496	0.9196
1 A$ = US$	0.735	0.715	0.7591	0.6767
1 US$ = C$	1.2591	1.3323	1.2510	1.3589
1 US$ = Chilean Peso	773	781	738	802
1 US$ = SEK	8.6477	8.8728	8.4878	9.2815

Markets – Commodity Prices

Realized and market prices of gold were lower in Q3 2021 as compared to Q3 2020, whereas, the prices for antimony were higher. The average market and realized commodity prices for the reporting period are summarized in the table below:

Commodity	Prices July 1, 2021 September 30, 2021	Prices July 1, 2020 September 30, 2020	Prices January 1, 2021 September 30, 2021	Prices January 1, 2020 September 30, 2020
Realized gold US$/oz[1]	1,839	1,912	1,798	1,787
Average gold US$/oz – London PM close (Transamine)	1,790	1,907	1,799	1,734
Realized antimony US$/tonne[1]	10,229	5,571	10,316	5,712
Average antimony US$/tonne – Rotterdam Warehouse (Metal Bulletin)	11,720	5,524	10,486	5,787
Realized silver US$/oz[1]	19.66	-	22.92	-
Average silver US$/oz – London PM close (Transamine)	24.38	24.28	25.73	19.20

1. Includes the effect of prior period smelter revenue adjustment on sales revenue and realized prices for the periods

1.5 LIQUIDITY, SOLVENCY AND USES OF CASH

As at September 30, 2021, the Company's working capital was $10.2 million compared to $11.3 million at December 31, 2020. The Company had cash and cash equivalents of $29.8 million as at September 30, 2021, as compared to $34.2 million at December 31, 2020.

On March 17, 2020, the Company entered into a credit agreement with HSBC and Macquarie providing for (i) a senior secured revolving credit facility in an aggregate amount of up to US$25 million and (ii) a senior secured term credit facility in an aggregate amount of up to US$40 million (the "Syndicated Facility"). The Syndicated Facility amends and restates the Company's previous US$40 million revolving credit facility with HSBC, which was scheduled to mature on July 24, 2020 (the "Prior Credit Facility"). The initial drawdown under the Syndicated Facility was used to repay the Prior Credit Facility in full and to fund the repurchase or redemption of the outstanding Gold Bonds. The Syndicated Facility has a term of three years and the Company repaid $6.0 million of this facility in the second half of 2020, $3.8 million in Q1, Q2 and Q3 of 2021. In addition to repaying the Existing Facility and repurchasing or redeeming Gold Bonds, proceeds from the Syndicated Facility will be used for general corporate and working capital purposes. As at September 30, 2021, the Company was in compliance with all covenants of its Syndicated Facility. For more details, please refer to Section 1.6 "Contractual commitments and contingencies".

During Q1 2020, in conjunction with the Syndicated Facility, Mandalay entered into two separate hedging programs with HSBC and Macquarie for a total of 150,000 ounces of saleable gold over the Syndicated Facility's three-year term commencing monthly in July 2020, or 50,000 ounces of saleable gold a year. This consists of a zero-cost collar U.S Dollar hedge for 75,000 ounces of saleable gold with a floor price of $1,550 per ounce and a ceiling of $1,617 per ounce; and an Australian Dollar gold forward contract for the remaining 75,000 ounces of salable gold at AU$2,390 per ounce. During Q3 2021 the Company paid $1.4 million as settlement of expired gold derivatives contracts as compared to $2.1 million in Q3 2020.

1.6 CONTRACTUAL COMMITMENTS AND CONTINGENCIES

$65 Million Syndicated Facility

On March 17, 2020, the Company entered into the Syndicated Facility, which consists of:

1. A senior secured Revolver Credit Facility in an aggregate amount of up to $25.0 million; and

2. A senior secured Term Credit Facility in an aggregate amount of up to $40.0 million.

The initial drawdown under the Syndicated Facility was used to repay the Prior Credit Facility in full and to fund the repurchase or redemption of the outstanding Gold Bonds.

The Syndicated Facility has the following financial covenants:

- Debt Service Coverage Ratio of
  - not less than 1.25:1:00 for the Rolling periods (two quarters) ending March 31, 2020, June 30, 2020, September 30, 2020 and December 31, 2020, and
  - not less than 1.50:1:00 for the Rolling periods (two quarters) ending March 31, 2021 and thereafter;
- Leverage Ratio of not more than 3.00:1.00 at all times;
- Adjusted Tangible Net Worth of not less than $95.0 million plus 50% of net income (cumulative) earned after Closing Date, less any write-downs related to non-core assets and add/less any fair value loss/gain related to the gold derivative contracts; and
- the aggregate of the Company's unrestricted cash shall not be less than $10.0 million at any time.

As at September 30, 2021, the Company was in compliance with all financial covenants on the Syndicated Facility.

The Syndicated Facility has a three-year term and the Term Credit Facility shall be reduced by $3.0 million each quarter commencing September 30, until December 31, 2020, and thereafter repaid in eight equal quarterly installments of $3.8 million starting March 31, 2021, with the final payment of $28.8 million on the maturity date, March 16, 2023, which includes repayment of the Revolver Credit Facility in full. The Syndicated Facility allows for early repayments with no associated penalties and holds security over the Company's material assets. The Syndicated Facility has an effective interest rate of 6.81%. The nominal interest rate at September 30, 2021, was 4.25%+LIBOR. On September 30, 2021, the Company made a $3.8 million debt repayment, leaving an outstanding principal value of the Syndicated Facility of $47.7 million.

In conjunction with the Syndicated Facility, Mandalay entered into two separate hedging programs with HSBC and Macquarie for a total of 150,000 ounces of saleable gold over the Syndicated Facility's three-year term commencing monthly in July 2020, or 50,000 ounces of saleable gold per year. This consists of a zero-cost U.S Dollar collar hedge for 75,000 ounces of saleable gold with a floor price of $1,550 per ounce and a ceiling of $1,617 per ounce; and an Australian Dollar gold forward contract for the remaining 75,000 ounces of saleable gold at AU$2,390 per ounce. The Company recognized an unrealized fair value loss of $0.6 million and fair value gain of $13.3 million for the three and nine months ending September 30, 2021, respectively, relating to these hedges. As the gain or loss from the valuation of these hedges can be volatile due to the valuation methods involved, as well as the long-term nature of the hedge and the price of gold from time to time, the Company has classified the valuation as a special item.

During the three and nine months ended September 30, 2021, the Company paid $1.4 million and $3.4 million, respectively, as settlement of expired gold derivatives contracts as compared to $2.1 million in both corresponding periods of 2020. Depending on certain factors, mainly the price of gold, the Company may be required to settle gold derivative contracts in the future.

Marketable securities

On April 30, 2021, the Company received 2,054,794 shares of Aftermath with a fair value of C$0.73 per share as part of the compensation under Challacollo sale agreement. The value of securities as at September 30, 2021 is $0.6 million, recorded in trade receivables and other assets. These securities are stated at fair value with any resulting gain or loss recognized in the income statement. The Company recorded fair value measurement losses of $0.2 million and $0.6 million for the three and nine months ended September 30, 2021, respectively, using Level 1 assumptions.

Contractual Obligations as at September 30, 2021

Contractual obligations	Payments due by year ($ '000)			Total ($ '000)
	Less than 1 year	1-3 years	4-5 years	
Syndicated Facility	15,111	32,555	-	**47,666**
Lease obligations	2,374	3,058	237	**5,669**
Other equipment loan obligations	68,	515	-	**1,196**
Total contractual obligations	**18,168**	**36,128**	**237**	**54,531**

1.7 OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

1.8 TRANSACTIONS WITH RELATED PARTIES

Kingsdale Advisors ("Kingsdale") is a shareholder services and strategic advisory firm which provided the Company with corporate advisory services in the amount of $25,000 during the year ended December 31, 2020. Amy Freedman is Chief Executive Officer of Kingsdale and is on the Board of Directors of Mandalay.

1.9 FINANCIAL INSTRUMENTS

General

The Company's financial instruments consist of cash and cash equivalents, trade receivables and other assets, reclamation and other deposits, derivative financial instruments, trade and other payables. The Company also periodically uses financial instruments to protect itself against future downward fluctuations in the prices of gold and antimony and against currency exchange rate fluctuations (see gold hedging programs in Section 1.6 Contractual Commitments and Contingencies).

The Company has exposure to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives for growth and shareholder returns. The Company has credit risk which is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations and arises principally from the Company's accounts receivable and derivative financial instruments. The Company closely monitors extensions of credit and has not experienced significant credit losses in the past. As at September 30, 2021, the Company had no past overdue trade receivables.

The Company is subject to interest rate risk on its cash and cash equivalents and believes that its results of operations, financial position and cash flows would not be significantly affected by a sudden change in market interest rates relative to the investment interest rates due to the short-term nature of the investments. Excess cash is invested in highly rated investment securities at fixed interest rates with varying terms to maturity but generally with maturities of three months or less from the date of purchase.

The Company reports its financial statements in U.S. Dollars. However, the Company's operations are located in Australia, Sweden, and Chile, where local costs are at least partially incurred in local currencies. As a consequence, the financial results of the Company's operations as reported in U.S. Dollars are subject to changes in the value of the U.S. Dollar relative to the Australian Dollar, Chilean Peso and Swedish Krona. The Company has at times entered into foreign exchange hedges to limit exposure to exchange rate fluctuations. The Company's management assesses the Company's strategy towards its foreign exchange rate risk as needed, depending on market conditions.

1.10 OTHER MD&A REQUIREMENTS

INTERNAL CONTROLS OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS

I. Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported on a timely basis to senior management, so that appropriate decisions can be made regarding public disclosure.

II. Internal Controls and Financial Reporting

The Company’s management, with the participation of its Chief Executive Officer and Chief Financial Officer, are responsible for establishing and maintaining adequate internal control over financial reporting. The Company evaluates the design and operational effectiveness of its internal controls over financial reporting as defined under NI 52-109 on a regular basis. The Company’s controls include policies and procedures that:

- relate to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of the Company are being made only in accordance with authorizations of the Company’s management and directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company’s assets that could have a material effect on the annual financial statements or interim financial statements.

There has been no change in the Company's design of internal controls and procedures over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting during the period covered by this MD&A.

III. Limitation of Controls and Procedures

The Company’s management, including its Chief Executive Officer and Chief Financial Officer, believe that any disclosure controls and procedures or internal control over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur due to simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

1.11 OUTSTANDING SHARES

As of the date of this MD&A, the Company had 91,728,214 common shares issued and outstanding. The weighted average number of shares outstanding during Q3 2021 used for the calculation of per share results were 91,572,833.

In Q3 2021, the following events occurred with, or added to the total amount, of outstanding shares, stock options and restricted share units of the Company:

Omnibus Equity Incentive Plan

On May 20, 2020, the shareholders of the Company approved a rolling Omnibus Equity Incentive Plan (the "Omnibus Plan") which provides flexibility to the Company to grant equity-based incentive awards in the form of stock options, restricted share units, performance share units and deferred share units as described in the Company's Management Information Circular dated April 3, 2020. The Omnibus Plan replaced the Company's Stock Option Plan and Restricted Share Unit Plan which remain in effect with respect to stock options and restricted share units issued prior to the adoption of the Omnibus Plan, but no further stock options and restricted share units will be issued thereunder. The total number of common shares reserved for issuance pursuant to awards granted under the Omnibus Plan and all other security-based compensation outstanding under the Stock Option Plan and RSU Plan shall not exceed 10% of the issued and outstanding common shares from time to time.

Stock Options

Prior to the Omnibus Plan, during 2013, the Company had established a "rolling" stock option plan (the "Option Plan") in compliance with the TSX's policy for granting stock options. The exercise price of each stock option shall not be less than the market price of the Company's stock at the date of grant. Options generally vest over three years. Options issued until December 31, 2016, had a maximum term of five years, and thereafter have a maximum term of up to seven years.

The stock options issued and outstanding as at September 30, 2021, is as follows:

Exercise Price C$	As of September 30, 2021	As of November 9, 2021	Expiry Date
2.14	328,173	328,173	30 June, 2028
0.61	880,667	794,667	30 June, 2027
1.10	408,667	395,334	30 June, 2026
2.00	264,500	264,500	30 June, 2025
6.00	140,000	140,000	30 June, 2024
Total	**2,022,007**	**1,922,674**	

During Q3 2021, 41,000 options were exercised, while none were exercised in the comparative quarter of 2020. There were 2,022,007 options outstanding as of September 30, 2021, which could result in the issuance of shares.

Restricted Share Units

Prior to the Omnibus Plan, during 2013, the Company adopted a Restricted Share Unit Plan (the "RSU Plan") and granted Restricted Share Units ("RSUs") to certain directors. Under the RSU Plan, those directors granted RSUs receive the Company's common shares at no cost at the end of vesting periods. Each RSU entitles the holder to one common share. Commencing in 2021, non-executive directors will be granted part of their compensation in the form of DSUs, rather than RSUs, pursuant to the Omnibus Plan. The RSUs issued and outstanding as at September 30, 2021, is as follows:

	Number of RSU Awards
Balance, December 31, 2019	**316,883**
Granted	491,802
Redeemed	(135,493)
Balance, December 31, 2020	**673,192**
Granted	168,025
Redeemed	**(264,215)**
Forfeited	(80,212)
Balance, September 30, 2021	**496,790**
Redeemed	20,833
Balance, November 9, 2021	**475,957**

PSUs

The Company grants PSUs to certain employees pursuant to the Omnibus Plan. Those employees granted PSUs will receive the Company's common shares at no cost upon the achievement of certain performance goals during such performance period. Each PSU entitles the holder to one common share. The PSUs issued and outstanding as at September 30, 2021 is as follows:

	Number of PSU Awards
Balance, December 31, 2020	**-**
Granted	336,049
Redeemed	(40,000)
Balance, September 30, 2021	**296,049**
Redeemed	-
Balance, November 9, 2021	**296,049**

DSUs

Commencing in 2021, non-executive directors will be granted part of their compensation in the form of DSUs, rather than RSUs, pursuant to the Omnibus Plan. Those directors granted DSUs will receive the Company's common shares at no cost following their departure from the board. Each DSU entitles the holder to one common share. The DSUs issued and outstanding as at September 30, 2021 is as follows:

	Number of DSU Awards
Balance, December 31, 2020	**-**
Granted	140,187
Balance, September 30, 2021	**140,187**
Redeemed	**-**
Balance, November 9, 2021	**140,187**

1.12 QUALIFIED PERSONS

Disclosures of a scientific or technical nature in this MD&A in respect of each of the Company's material mineral resource properties were prepared by, or under the supervision of, Chris Davis (VP of Operational Geology & Exploration, MAusIMM CP (Geo), and a "qualified person" (as that term is defined in National Instrument 43-101).

1.13 SUBSEQUENT EVENTS

On October 12, 2021, Equus Mining Ltd. exercised its option to purchase the Cerro Bayo mine, including its mining properties, resources and mine infrastructure. The transaction is scheduled to be completed on December 1, 2021.

1.14 NON-IFRS MEASURES

Non-IFRS performance measures are included in this MD&A because the Company believes these are useful indicators to discuss and understand performance of the Company and its operations. These performance measures do not have a meaning within IFRS and, therefore, amounts presented may not be comparable to similar data presented by other mining companies. These non-IFRS performance measures should not be considered in isolation as a substitute for measures of performance in accordance with IFRS.

Management uses adjusted EBITDA, adjusted EBIT, adjusted net income and free cash flow as measures of operating performance to assist in assessing the Company's ability to generate liquidity through operating cash flow in order to fund future working capital needs and to fund future capital expenditures, as well as in measuring financial performance from period to period on a consistent basis. Management uses adjusted net income in order to facilitate an understanding of the Company's financial performance prior to the impact of non-recurring or special items. The Company believes that these measures are used by and are useful to investors and other users of the Company's financial statements in evaluating the Company's operating and cash performance because they allow for analysis of its financial results without regard to special, non-cash and other non-core items, which can vary substantially from company to company and over different periods.

The Company presents "cash cost" and "all-in sustaining costs" metrics for its gold and antimony production because it believes that these measures assist investors and other users of the Company's financial statements in understanding the economics of the Company's gold and antimony mining activities. Management also uses these metrics to assess Company's ability to meet short and long-term financial objectives.

1. *Income from operations (excl. depreciation & depletion)* – The Company defines Income from operations (excl. depreciation & depletion) as revenue net of cost of sales excluding depreciation, depletion and any write down of assets.
2. *Adjusted EBITDA* – The Company defines adjusted EBITDA as income from mine operations, net of General and administrative, and business development costs, and before interest, taxes, non-cash charges/(income), intercompany charges and finance costs. Refer to Section 1.2 for a reconciliation between adjusted EBITDA and net income.
3. *Adjusted EBIT* – The Company defines Adjusted EBIT as Adjusted EBITDA less depletion and depreciation.
4. *Adjusted net income* – The Company defines adjusted net income as net income before special items. Special items are items of income and expense that are presented separately due to their nature and, in some cases, expected infrequency of the events giving rise to them. Starting in the first quarter of 2020, adjusted net income was calculated by excluding the impact of any loss or gain on financial instruments associated with gold hedging programs. This is because this amount can be volatile from the valuation

methods involved, as well as the long-term nature of the hedge and the price of gold from time to time. Refer to Section 1.2 for a reconciliation between adjusted net income and net income.

5. *Adjusted net income per share* – The company defines adjusted net income per share as adjusted net income divided by weighted average number of shares outstanding.
6. *Gold equivalent ounces* - Gold equivalent ounces is calculated by multiplying the saleable quantities of gold and antimony in the period by the respective average market price of the commodities in the period, adding the two amounts to get "total contained value based on market price", and then dividing that total contained value by the average market price of gold in the period. Average Au price in the period is calculated as the average of the daily LME PM fixes in the period, with price on weekend days and holidays taken from the last business day; average Sb price in the period is calculated as the average of the high and low Rotterdam warehouse prices for all days in the period, with price on weekend days and holidays taken from the last business day, with price on weekend days and holidays taken from the last business day. The source for all prices is www.metalbulletin.com.
7. *Site cash cost per ounce of saleable gold equivalent produced* – For all sites, the cash cost per ounce of saleable gold equivalent equals the total cash operating cost associated with the production of saleable equivalent ounces produced in the period divided by the saleable equivalent gold ounces produced. The cash cost excludes royalty expenses.
8. *Site all-in sustaining cost per ounce of saleable gold equivalent produced* – Site all-in sustaining costs include total cash operating costs, sustaining mining capital, royalty expense and accretion of reclamation provision. Sustaining capital reflects the capital required to maintain each site's current level of operations. For all sites, the all-in sustaining cost per ounce of saleable gold equivalent in a period equals the all-in sustaining cost divided by the saleable equivalent gold ounces produced in the period.
9. *Consolidated cash cost per ounce of gold equivalent produced* – The corporate cash cost per saleable ounce gold equivalent produced in the period equals the sum of cash costs associated with the production of the gold equivalent ounces at all operating sites in the period plus operating site overhead expense in the period divided by the total saleable gold equivalent ounces produced in the period. The cash cost excludes royalty and corporate level general and administrative expenses. This definition was updated this quarter to exclude corporate G&A expenses to better align with industry standard.
10. *Consolidated all-in sustaining cost per ounce of saleable gold equivalent produced* – The corporate all-in sustaining cost per saleable ounce gold equivalent produced in the period equals the sum of cash costs associated with the production of gold equivalent ounces at all operating sites in the period plus corporate overhead expense in the period plus sustaining mining capital, royalty expense, accretion of reclamation provision, divided by the total saleable gold equivalent ounces produced in the period. Refer to Section 1.2 for a reconciliation between consolidated cash cost per ounce and consolidated all-in sustaining cost per ounce, on the one hand, and cost of sales and consolidated cash cost per ounce, on the other hand.
11. *Free cash flow* – The Company defines free cash flow as a measure of the Corporation's ability to generate and manage liquidity. It is calculated starting with the net cash flows from operating activities (as per IFRS) and then adding capital expenditures and lease payments. Refer to Section 1.2 for a reconciliation between free cash flow and net cash flows from operating activities.