MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022

AS OF AUGUST 10, 2022

CONTENTS

Management's Discussion and Analysis for the Three and Six Months Ended June 30, 2022

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements and notes to the consolidated financial statements of Mandalay Resources Corporation ("Mandalay" or the "Company") for the year ended December 31, 2021, the Company's Annual Information Form dated March 31, 2022 (the "AIF"), the Company's 2021 audited consolidated financial statements and accompanying 2021 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.

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.

Cautionary Note Regarding Forward-Looking Information

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; cybersecurity event; current global financial conditions including inflation; 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.

Overview of Mandalay Resources

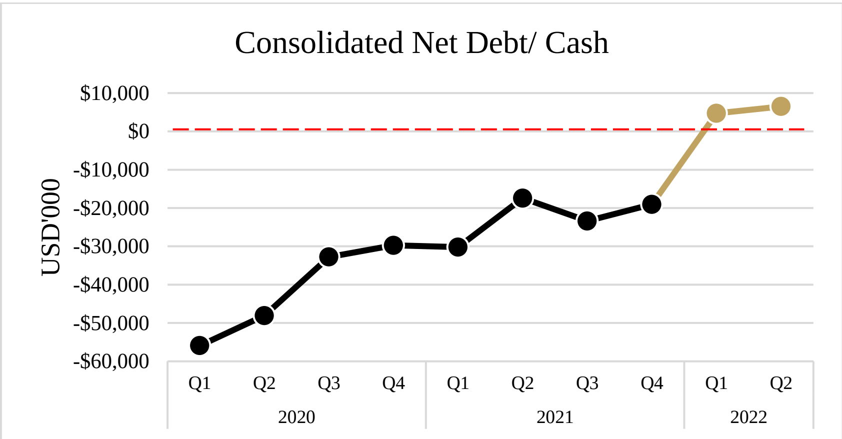
Mandalay Resources is a Canadian-based natural resource company with producing assets in Australia (Costerfield gold-antimony mine) and Sweden (Björkdal gold mine). The Company is focused on growing its production and reducing costs to generate significant positive cashflow. Mandalay is committed to 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 the deeper Shepherd veins into production, both of which are expected to 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.

1.0 FINANCIAL AND OPERATING SUMMARY

Second Quarter 2022 Highlights:

- **Improved net cash[1] position.** Cash on hand was $47.9 million as at June 30, 2022, with debt of $41.5 million. This compares to $50.4 million of cash and $45.7 million in debt as at March 31, 2022, and $39.1 million of cash and $56.5 million in debt as at June 30, 2021.
- **Consolidated gold equivalent production of 23,305 ounces** compared to 28,843 ounces in Q2 2021. The decrease in ounces produced in Q2 2022 compared to Q2 2021 was due to lower grades at Björkdal and the absence of any production from Cerro Bayo in the current quarter due to its sale in December 2021 to Equus Mining Ltd.
- **Revenue of $50.1 million on 26,781 gold equivalent sales of ounces** compared to $51.4 million on 28,115 ounces in Q2 2021. This decrease in revenue in Q2 2022 as compared to Q2 2021 was mainly due to lower ounces sold at Björkdal.
- **Adjusted EBITDA[1] of $20.3 million** compared to $23.1 million in Q2 2021. EBITDA was lower as compared to Q2 2021 due to the decrease in revenue and higher cost of sales in the current quarter.
- **Adjusted net income[1] of $5.4 million ($0.06 or C$0.07 per share)** compared to an adjusted net income of $11.5 million ($0.13 or C$0.15 per share) in Q2 2021.
- **Consolidated net income in Q2 2022 was $2.7 million ($0.03 or C$0.04 per share)**, compared to a consolidated net income of $4.8 million ($0.05 or C$0.06 per share) in Q2 2021.
- **Consolidated cash cost[1] of $1,020 and all-in sustaining cost[1] of $1,399 per ounce of saleable gold equivalent production** compared to $960 and $1,342 per ounce, respectively in Q2 2021. The higher unit costs were due to lower production in Q2 2022 as compared to Q2 2021.
- **Free cash flow[1] of $7.5 million** compared to $12.7 million of cash flow in Q2 2021. The decrease in Q2 2022 as compared to Q2 2021 was mainly due to lower cash flow from operating activities. Cash flow from operating activities of $16.1 million compared to $25.7 million in Q2 2021.
- **Consolidated capital expenditures of $10.9 million** compared to $13.6 million in Q2 2021.



1 Adjusted EBITDA, adjusted net income, free cash flow, net debt/cash, cash and all-in sustaining costs are not standardized financial measures under IFRS and might not be comparable to similar financial measures disclosed by other issuers. 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 six months ended June 30, 2022 and 2021:

	Three months ended June 30		Six months ended June 30	
	2022	2021	2022	2021
Björkdal				
Gold produced (oz)	8,316	10,941	20,700	22,796
Gold sold (oz)	8,976	12,132	21,110	24,208
Cash cost per oz gold produced ($)(1)	1,696	1,338	1,391	1,259
All-in sustaining cost(1) per oz gold produced ($)	2,120	1,766	1,729	1,647
Costerfield				
Gold produced (oz)	11,079	9,959	23,276	21,041
Antimony produced (t)	523	858	1,206	1,690
Gold equivalent produced (oz)(2)	14,989	14,818	32,236	30,276
Gold sold (oz)	12,213	9,287	24,462	21,811
Antimony sold (t)	748	644	1,275	1,616
Gold equivalent sold (oz)(2)	17,805	12,934	33,951	30,571
Cash cost(1) per oz gold eq. produced ($)	646	652	608	646
All-in sustaining cost(1) per oz gold eq. produced ($)	916	1,009	840	972
Cerro Bayo				
Gold produced (oz)	-	1,807	-	2,531
Silver produced (oz)	-	87,062	-	130,761
Gold equivalent produced (oz)(2)	-	3,084	-	4,447
Gold sold (oz)	-	1,728	-	1,728
Silver sold (oz)	-	90,024	-	90,024
Gold equivalent sold (oz)(2)	-	3,049	-	3,049
Cash cost(1) per oz gold eq. produced ($)	-	1,097	-	1,066
All-in sustaining cost(1) per oz gold eq. produced ($)	-	1,110	-	1,075
Consolidated				
Gold equivalent produced (oz)(2)	23,305	28,843	52,936	57,519
Gold equivalent sold (oz)(2)	26,781	28,115	55,061	57,828
Cash cost(1) per oz gold eq. ($)	1,020	960	914	922
All-in sustaining cost(1) per oz gold eq. ($)	1,399	1,342	1,232	1,284
Average gold price ($/oz)	1,875	1,814	1,874	1,804
Average silver price ($/oz)	-	26.61	-	26.42
Average antimony price ($/t)	14,018	10,272	13,937	9,859

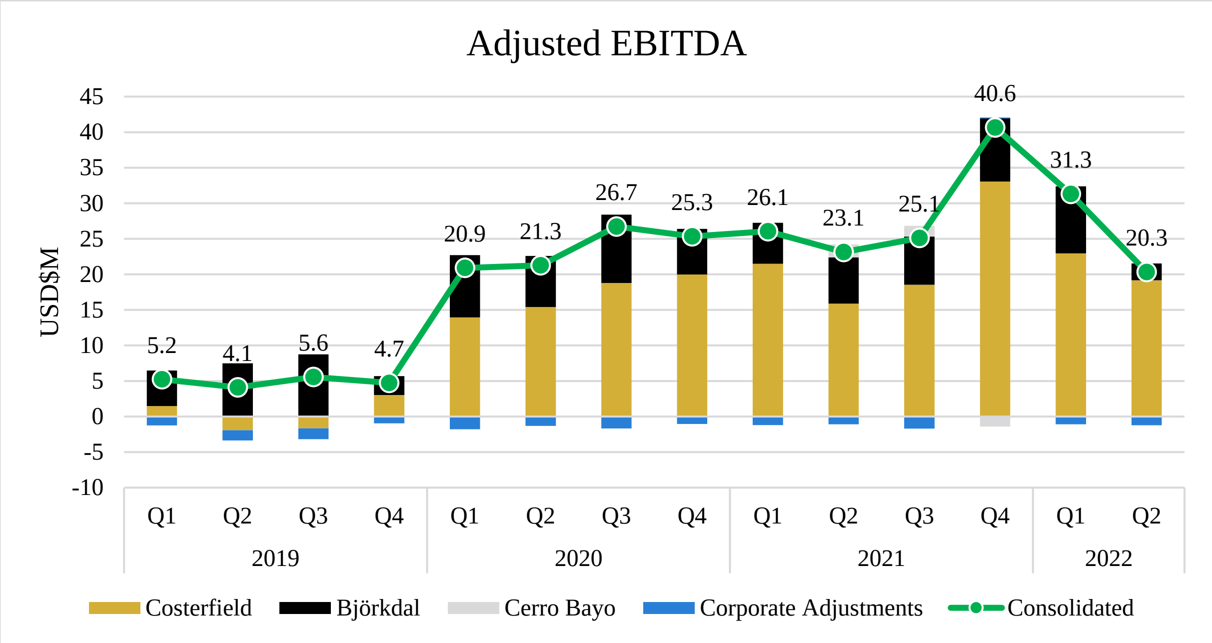
1. Cash and all-in sustaining costs are non-IFRS measures. Refer to Section 1.14 "Non-IFRS Measures" for further information.
2. Gold equivalent ounces (or "Au Eq. oz") produced/sold is calculated by multiplying the saleable quantities of gold and antimony in the period by the respective average market 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.

Financial Summary

The following table sets forth a summary of the Company's financial results for the three and six months ended June 30, 2022 and 2021:

	Three months ended June 30		Six months ended June 30	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Revenue	50,116	51,352	104,270	103,925
Cost of sales	28,526	27,135	50,242	52,549
Income from operations (excl. depr. & depletion)(1)	21,590	24,217	54,028	51,376
General and administrative costs	1,261	1,082	2,394	2,179
Adjusted EBITDA(1)	20,329	23,135	51,634	49,197
Depreciation and depletion	7,696	8,955	16,892	19,771
Adjusted EBIT(1)	12,633	14,180	34,742	29,426
Finance costs	3,531	1,816	6,657	4,170
Unrealized loss (gain) on financial instruments	(4,425)	6,685	(1,023)	(13,552)
Tax, forex and others(2)	10,824	889	15,920	8,518
Adjusted net income(1)	5,370	11,475	19,257	17,121
Consolidated net income	2,703	4,790	13,188	30,290
Adjusted net income per share(1)	0.06	0.13	0.21	0.19
Consolidated net income per share	0.03	0.05	0.14	0.33
Total assets	306,138	310,841	306,138	310,841
Total liabilities	131,528	151,852	131,528	151,852
Total equity	174,610	158,989	174,610	158,989
Consolidated capital expenditures(3)				
Capital development	3,253	5,835	6,460	11,206
Property, plant and equipment purchases	5,094	5,306	8,797	10,052
Capitalized exploration	2,585	2,437	5,305	4,346
Total	10,932	13,578	20,562	25,604

1. Income from operations (excl. depreciation & depletion), Adjusted EBIT, Adjusted EBITDA and Adjusted net income are not standardized financial measures under IFRS and might not be comparable to similar financial measures disclosed by other issuers. Refer to Section 1.14 "Non-IFRS Measures" for further information.
2. Others includes such items as share based compensation, loss (gain) on sale of assets, revision of reclamation liability and interest income.
3. Includes capitalized spending from non-operating sites.



Quarterly Highlights

Exploration

At Costerfield, drilling continued testing the downward and strike extension of Shepherd as well as infill drilling the inferred portions of the Mineral Resource. Drilling also continued on the Margaret Prospect and Brunswick Deeps Program. The Robinson drilling program commenced late in Q1 and continued through Q2. Initial results of this program were encouraging with initial assays disclosed in June including: 1,780g/t gold over drilled length of 0.17 m intercepted approximately 100 m down and to the west of the historic Robinson Mine, approximately 2 km east of Costerfield.

Also completed during Q2 was the data acquisition and beginnings of interpretive work for the Costerfield seismic traverses.

For Q3, Costerfield will see the continuation of extension and infill programs around Shepherd as well as an augmented drill program on the Robinson Prospect. The initial Margaret Program was completed early in Q3, while the Brunswick Deeps Program will likely be on hold through Q3 with a continuation of the program expected in Q4. The True Blue and West Costerfield Drill testing program will commence in Q3 along with the resumption of the Costerfield Deeps Program later in the quarter.

At Björkdal, drilling was completed on the Lake Zone link program infilling data on the eastern edge of the mine. Drilling continued on the extension and infill of North Zone which is a current Mineral Resource between 100 m and 500 m north of the current underground infrastructure. Significant grades were found in both programs with a highlight in the North Zone of 155 g/t of gold over a drilled length of 0.80 m.

Surface drilling at Björkdal also commenced in Q2 with the first program (Vidmyran Testing) exploring prospective ground to the east of Björkdal.

The North Zone drilling programs will continue through Q3 with drilling recommencing on the Eastern zone with an infill program. The focus of surface regional testing will move to the west of the tenement package where a number of drilling programs with follow up on targets highlighted through geophysics, mapping and sampling programs.

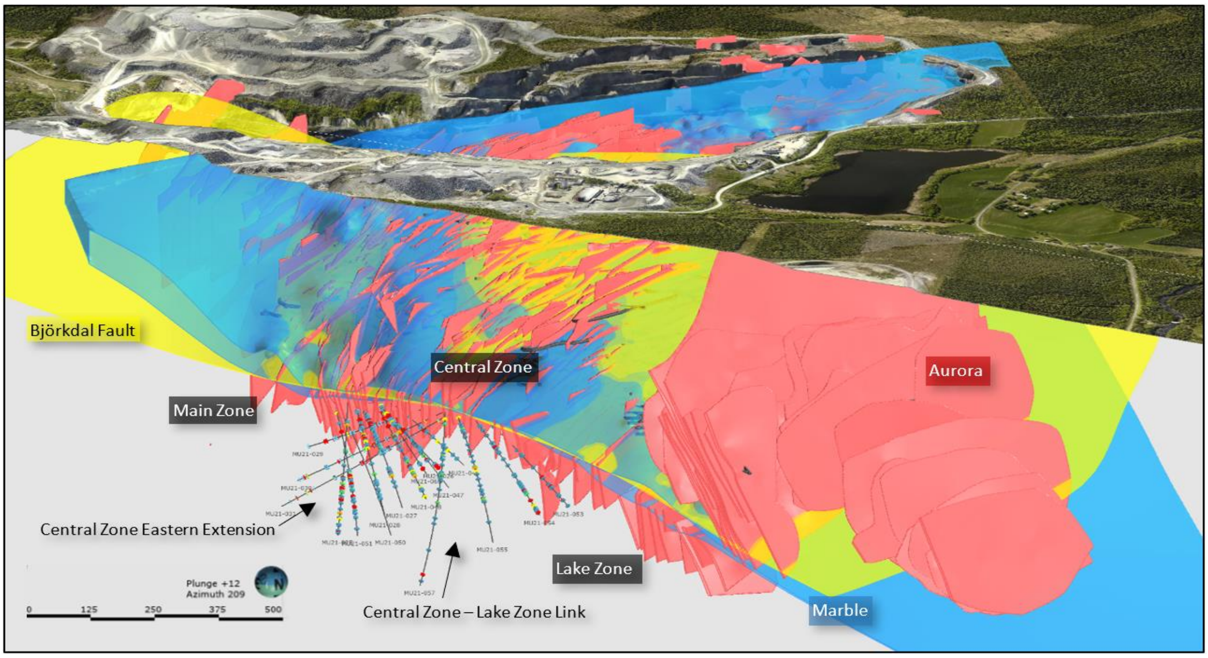


Figure 1: Perspective view of the Björkdal Mine looking towards the SSW highlighting the interaction of the veining (Red) Marble (Blue) and Björkdal fault (Yellow). Drilling of the latest Central Zone extension programs is also shown.

COVID-19 Pandemic and Ukraine Conflict

The COVID-19 pandemic continues to be present in all countries in which the Company operates, with cases being reported in Canada, Australia and Sweden. At this time, the Company has activated business continuity practices across all sites. The duration and full financial effect of the COVID-19 pandemic is unknown at this time, management will continue to monitor developments across all jurisdictions and will adjust its planning as necessary.

The ongoing conflict in Ukraine continued to disrupt supply chains and caused instability in the global economy. The conflict resulted in imposition of economic sanctions, which have had an adverse effect on economic markets, including global supply and pricing of energy, precious metals, raw materials and other commodities and components. The short and long-term implications of the conflict are difficult to predict at this time.

Any estimate of the length and severity of these developments is therefore subject to significant uncertainty, and accordingly estimates of the extent to which the COVID-19 pandemic and conflict in Ukraine may materially and adversely affect the Company's operations, financial results and condition in future periods are also subject to significant uncertainty. Therefore, uncertainty about judgements, estimates and assumptions made by management during the preparation of the Company's unaudited interim condensed consolidated financial statements related to potential impacts of the COVID-19 pandemic and conflict in Ukraine on revenue, expenses, assets, liabilities, and note disclosures could result in a material adjustment to the carrying value of the asset or liability affected in future periods.

As of the date of the issuance of MD&A, there have been no other significant impacts, including impairments, to the Company's operations and financial statements.

Outlook

Mandalay expects to see continued improvements in production and costs from Costerfield and Björkdal over the remainder of 2022. At Costerfield, the Company anticipates an incremental improvement to the production profile during the second half of 2022 as development continues at Youle and with the initiation of production from the high-grade Shepherd gold deposit. Mandalay also expects continued production and cost improvements at Björkdal for the remainder of 2022. The Company anticipates stoping rates within the lower, higher-grade levels of Aurora zone to increase and anticipates higher grades from stopes as dilution control measures continue to be implemented. The operation will also focus on production from higher confidence grade areas for the remainder of 2022.

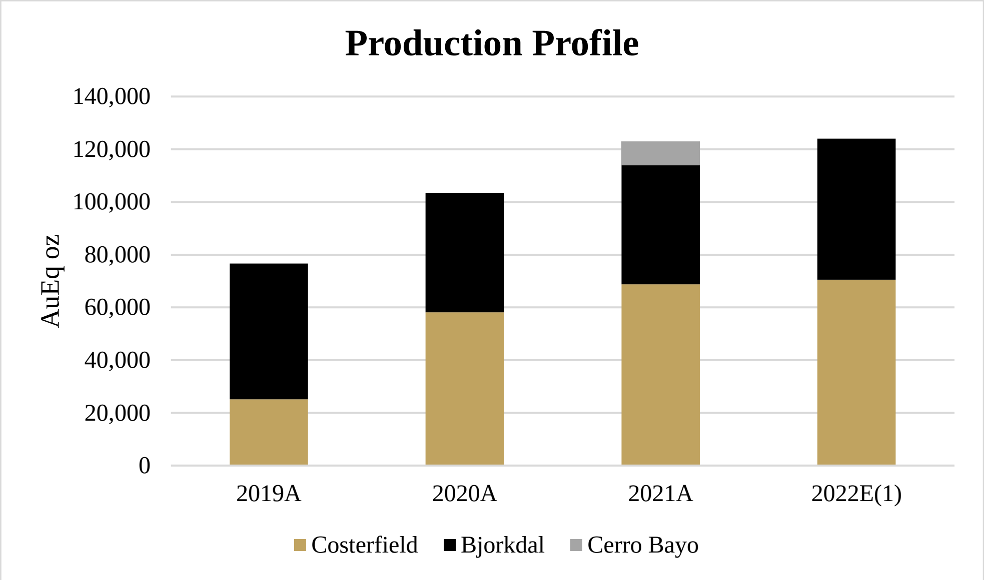
The Company's 2022 production and cost guidance remains unchanged and is below (please see press release dated January 13, 2022). Given the completion of the sale of Cerro Bayo in December 2021, the Company's 2022 production does not include any production from Cerro Bayo.

	Björkdal	Costerfield	Consolidated(1)
	2022E		
Gold production (oz)	51,000-56,000	50,000-55,000	101,000-111,000
Antimony production (t)	-	2,100-2,700	2,100-2,700
Gold eq. production (oz)(1)	51,000-56,000	67,000-74,000	118,000-130,000
Cash cost, $/oz gold eq.(2)	980-1,130	560-710	700-900
All-in sustaining $/oz gold eq.(2,3)	1,400-1,550	830-980	1,100-1,300
Capex, $/million	29-33	21-25	50-58

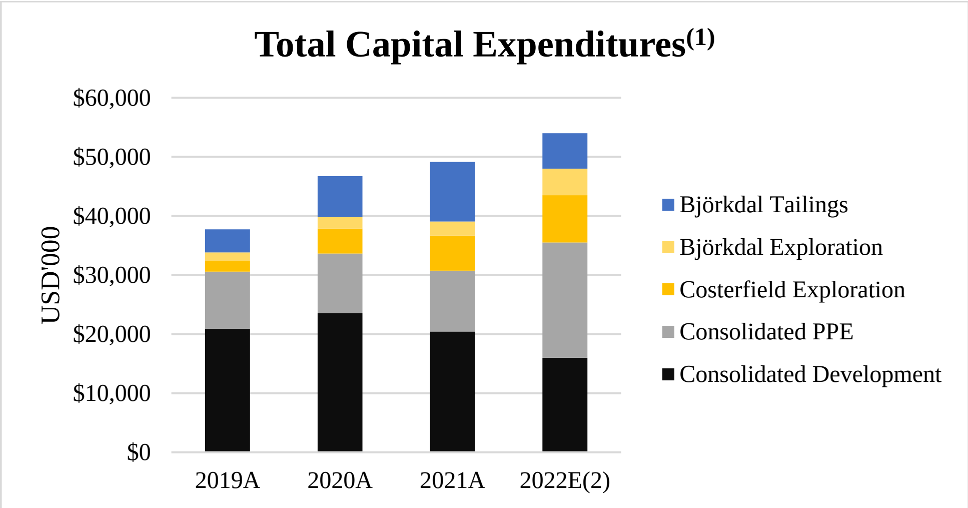
1. Assumes average metal prices of: Au $1,750/oz, Sb $13,000/t
2. Cash cost and all-in sustaining costs are non-IFRS measures. Refer to Section 1.14 "Non-IFRS measures" for further information.
3. Consolidated costs per Au Eq. oz includes corporate overhead spending.

Mandalay's 2022 cost guidance takes into account the following factors and assumptions:

- The value of the Australian dollar and Swedish krona relative to the US dollar and overall country cost inflation has impacted 2022 guidance relative to 2021. A comparison of actual and assumed rates is shown below:
  - Average 2021 rates: AUD/USD 0.751 and USD/SEK 8.58
  - Guidance 2022 rates: AUD/USD 0.73 and USD/SEK 8.79
- Significant capital spending at Björkdal, including continued work on the tailings storage facility expansion project. This project will allow for tailings capacity through the current life of mine.
- Capital exploration spending is as follows:
  - Björkdal: $4-5 million
  - Costerfield: $7-9 million



1. 2022E average production graphed.



1. Excludes Cerro Bayo capital expenditures spending.
2. 2022E average CAPEX graphed.

1.1 RESULTS OF OPERATIONS

Costerfield Gold-Antimony Mine, Victoria, Australia

Costerfield Financial Results

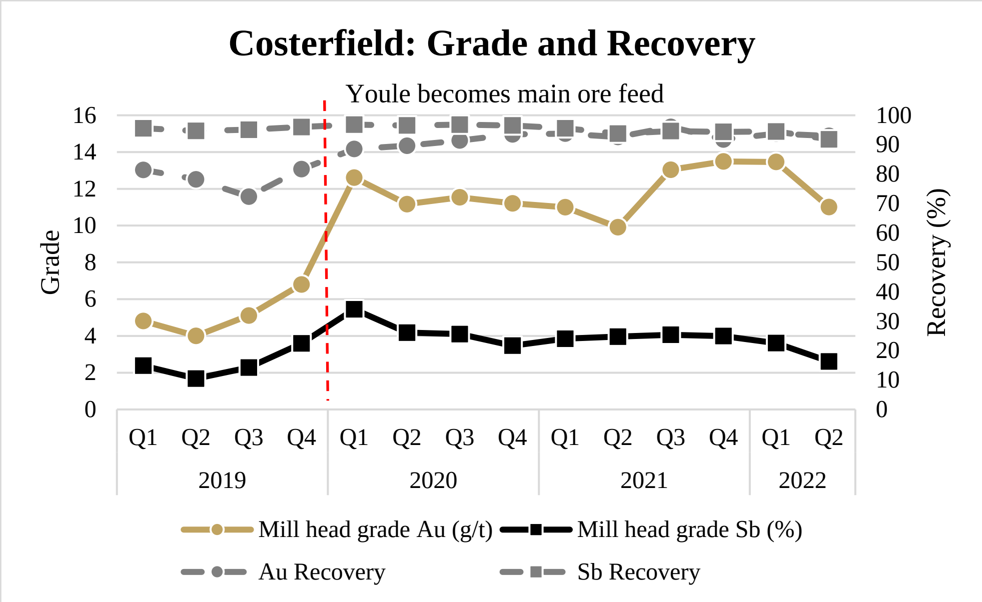
	Three months ended June 30		Six months ended June 30	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Revenue	32,406	23,394	62,848	55,151
Cost of sales	13,186	7,513	20,629	17,757
Income from operations (excl. depr. & depletion)	19,220	15,881	42,219	37,394
General and administrative costs[1]	232	275	482	479
Adjusted EBITDA[2,3]	19,172	15,780	42,118	37,274
Depreciation & depletion	3,308	4,179	7,265	10,009
Adjusted EBIT[3]	15,680	11,427	34,472	26,906
Unrealized loss (gain) on hedge	(962)	4,714	856	(4,420)
Finance costs, forex and others[3,4]	(5,162)	(604)	(1,358)	(547)
Income before tax	21,804	7,317	34,974	31,873
Current tax expense	5,553	4,423	9,429	7,634
Deferred tax expense (recovery)	1,296	(2,138)	1,232	2,092
Adjusted net income[3]	13,993	9,746	25,169	17,727
Consolidated net income after tax	14,955	5,032	24,313	22,147
Capital development	892	3,108	1,638	6,086
Property, plant and equipment purchases	2,216	1,029	4,028	1,930
Capitalized exploration	1,487	1,583	3,174	2,807
Total capital expenditures	4,595	5,720	8,840	10,823

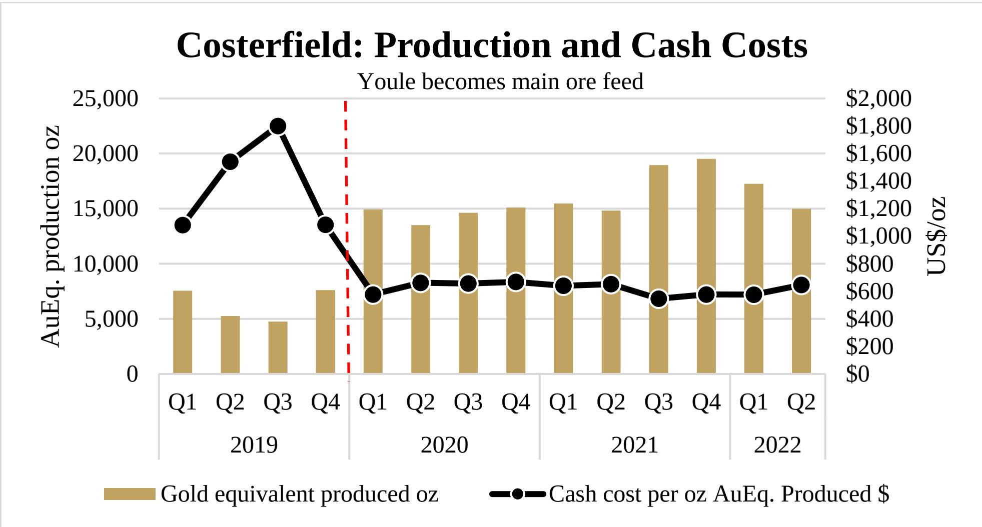
1. Includes intercompany transfer pricing costs of $184,000 and $381,000 in three months and six months ended June 30, 2022 and $174,000 and $359,000 in the corresponding period of 2021.
2. Does not include intercompany transfer pricing recharge costs.
3. Adjusted EBITDA, Adjusted EBIT and Adjusted net 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 $1,067,000 and $1,752,000 in three months and six months ended June 30, 2022 and gain of $431,000 and $353,000 in the corresponding period of 2021.
4. Others includes such items as gain/loss on disposals of properties and intercompany transfer pricing recharge for marketing fees of $648,000 and $1,257,000 for the three and six months ended June 30, 2022, and $671,000 and $1,248,000 for the corresponding periods in 2021.

Costerfield Operating Results

		Three months ended June 30		Six months ended June 30	
		2022	2021	2022	2021
Operating development	m	961	1,203	1,975	2,484
Mined ore	t	35,512	40,524	73,914	85,001
Mined ore Au grade	g/t	10.68	9.43	11.42	10.22
Mined ore Sb grade	%	2.12	3.98	2.66	3.98
Mined contained Au	oz	12,198	12,291	27,137	27,931
Mined contained Sb	t	752	1,613	1,964	3,381
Mining cost per tonne ore	$/t	152	145	148	142
Processed ore	t	36,517	37,548	68,724	73,609
Processed ore mill head grade Au	g/t	11.01	9.91	12.16	10.44
Processed ore mill head grade Sb	%	2.61	3.96	3.08	3.91
Recovery Au	%	93.01	92.62	93.41	93.21
Recovery Sb	%	91.83	93.77	93.30	94.65
Saleable Au produced	oz	11,079	9,959	23,276	21,041
Saleable Sb produced	T	523	858	1,206	1,690
Saleable Au equivalent produced	oz	14,989	14,818	32,236	30,276
Processing cost per tonne ore	$/t	53.76	42.08	56.56	42.39
Au sold in gravity concentrate	oz	7,367	5,686	16,099	12,734
Au sold in floatation concentrate	oz	4,846	3,601	8,364	9,077
Au sold (total)	oz	12,213	9,287	24,462	21,811
Sb sold	t	748	644	1,275	1,616
Capital development metres	m	149	562	299	1,252
Capital development cost per metre	$/m	5,983	5,527	5,487	4,861
Cash cost per tonne ore processed [1,2]	$/t	265	257	285	266
Adjusted EBITDA per tonne ore processed [1,2]	$/t	525	420	613	506
Cash cost per oz Au eq. produced [1,2]	$/oz	646	652	608	646
Site all-in sustaining cost per oz Au eq. produced [1,2]	$/oz	916	1,009	840	972

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 June 30, 2022 and 2021

- ***Production*** — Saleable gold production for Q2 2022 was 11,079 ounces, an 11% increase from the 9,959 ounces produced in Q2 2021. Saleable antimony production during Q2 2022 was 523 tonnes, a 39% decrease from the 858 tonnes produced in Q2 2021. Gold equivalent production for Q2 2022 was 14,989 ounces, a slight increase from the 14,818 gold equivalent ounces produced in Q2 2021. Processed gold grades were higher during Q2 2022 at 11.01 g/t gold as compared to 9.91 g/t gold in Q2 2021. Processed antimony grades were lower at 2.61% during Q2 2022 as compared to 3.96% in Q2 2021.

- ***Revenue*** – Costerfield's revenue for Q2 2022 was $32.4 million, a 39% increase from $23.4 million in Q2 2021. This was mainly due to higher gold equivalent ounces sold during the current quarter. Gold equivalent ounces sold increased by 38% to 17,805 ounces in Q2 2022, as compared to 12,934 ounces in Q2 2021.

- ***Operating Costs*** – Cost of sales excluding depletion and depreciation at Costerfield was $13.2 million for Q2 2022, compared to $7.5 million during Q2 2021, an increase in the current quarter due to higher production and a decrease in inventory stock during the quarter.

- ***Income from Operations*** – Income from mine operations before depreciation and depletion at Costerfield during Q2 2022 was $19.2 million, adjusted EBITDA was $19.2 million, adjusted net income was $14.0

million and net income after tax was $15.0 million. Comparable results for Q2 2021 were income from mine operations before depreciation and depletion of $15.9 million, adjusted EBITDA was $15.8 million, adjusted net income was $9.7 million and net income after tax was $5.0 million. The increase in income from operations is mainly due to an increase in revenue during Q2 2022.

- ***Depletion and Depreciation*** – Depletion and depreciation expense at Costerfield decreased to $3.3 million in Q2 2022, compared to $4.2 million for Q2 2021 mainly due to an update to the reserves balance made in Q1 2022 resulting in a lower per ounce depletion rate.

- ***Cost per Ounce*** – Cash cost per ounce of saleable gold equivalent produced at Costerfield in Q2 2022 was $646 compared to $652 in Q2 2021. All-in sustaining cost per ounce of saleable gold equivalent produced in Q2 2022 was $916 compared to $1,009 in Q2 2021. These per ounce costs were lower as compared to Q2 2021 due to higher production and lower sustaining capital expenditure.

- ***Capital Expenditures*** – Capital expenditures in Q2 2022 totaled $4.6 million ($0.9 million in capital development costs, $1.5 million for exploration, and $2.2 million in property, plant and equipment) as compared to the $5.7 million ($3.1 million in capital development costs, $1.6 million for exploration, and $1.0 million for property, plant and equipment) during Q2 2021. The decrease in capital expenditures in Q2 2022 was due to a decrease in capital development activities during the current quarter.

Costerfield – Six Months Ended June 30, 2022 and 2021

- ***Production*** — Saleable gold production for the first half year of 2022 was 23,276 ounces, an 11% increase from the 21,041 ounces produced during the same period last year. Saleable antimony production for the six months ended June 30, 2022, was 1,206 tonnes, a 29% decrease from the 1,690 tonnes produced during the first half of 2021. Gold equivalent production for the six months ended June 30, 2022, was 32,236 ounces, a 6% increase from the 30,276 gold equivalent ounces produced in the same period in 2021. Processed gold grades were higher during first half of 2022 at 12.16 g/t gold as compared to 10.44 g/t gold during the same period in 2021. Processed antimony grades were 3.08% during the first half of 2022 as compared to 3.91% in the same period in 2021.

- ***Revenue*** – Costerfield's revenue for the six months ended June 30, 2022, was $62.8 million, a 14% increase from $55.2 million in the six months ended June 30, 2021. This was due to an increase in gold equivalent ounces sold and from the support of higher realized gold and antimony prices. Gold equivalent ounces sold increased by 11% to 33,951 ounces in the six months ended June 30, 2022, as compared to 30,571 ounces in the six months ended June 30, 2021.

- ***Operating Costs*** – Cost of sales excluding depletion and depreciation at Costerfield was $20.6 million for the six months ended June 30, 2022, compared to $17.8 million for the same period of 2021. This increase was mainly due to higher production and a decrease in the value of inventory build-up during the first half year of 2022 as compared to same period in 2021.

- ***Income from Operations*** – Income from mine operations before depreciation and depletion at Costerfield during the six months ended June 30, 2022, was $42.2 million, adjusted EBITDA was $42.1 million, adjusted net income was $25.2 million and net income after tax was $24.3 million. Comparable results for the six months ended June 30, 2021, were income from mine operations before depreciation and depletion of $37.4 million, adjusted EBITDA was $37.3 million, adjusted net income was $17.7 million and net income after tax of $22.1 million.

- ***Depletion and Depreciation*** – Depletion and depreciation expense at Costerfield decreased to $7.3 million in the six months ended June 30, 2022, compared to $10.0 million for the same period in 2021 mainly due to a lower unit depletion rate during first half of the current year.

- ***Cost per Ounce*** – Cash cost per ounce of saleable gold equivalent produced at Costerfield in the six months ended June 30, 2022, was $608 compared to $646 in the six months ended June 30, 2021. All-in sustaining cost per ounce of saleable gold equivalent produced in the six months ended June 30, 2022, was $840 compared to $972 in the six months ended June 30, 2021. These per ounce costs were lower as compared to Q2 2021 due to higher production and lower sustaining capital expenditures.

- ***Capital Expenditures*** – Capital expenditures in the first six months ended June 30, 2022 totalled $8.8 million ($1.6 million in capital development costs, $3.2 million for exploration, and $4.0 million in property, plant and equipment) as compared to the $10.8 million ($6.1 million in capital development costs, $2.8 million for exploration, and $1.9 million for property, plant and equipment) during the first six months of 2021. The decreased capital expenditures were due to decrease in capital development activities in the current period.

Björkdal Gold Mine, Sweden

Björkdal Financial Results

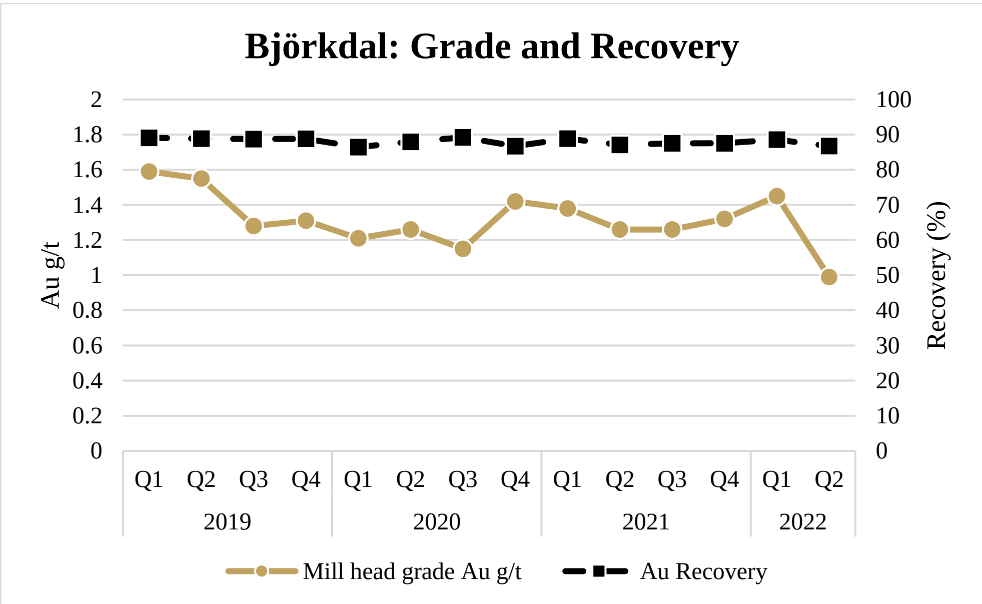
	Three months ended June 30		Six months ended June 30	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Revenue	17,710	22,547	41,422	43,363
Cost of sales	15,340	16,046	29,613	31,097
Income from operations (excl. depreciation & depletion)	2,370	6,501	11,809	12,266
General and administrative costs (1)	159	140	325	308
Adjusted EBITDA (2,4)	2,370	6,501	11,809	12,266
Depreciation & depletion	4,388	4,776	9,627	9,762
Adjusted EBIT (4)	(2,177)	1,585	1,857	2,196
Unrealized loss (gain) on hedge	(5,453)	1,603	(2,972)	(9,500)
Finance costs, foreign exchange and others (3)	6,270	1,224	9,827	5,476
Income (loss) before tax	(2,994)	(1,242)	(4,998)	6,220
Current tax (recovery) expense	(210)	-	11	-
Deferred tax (recovery) expense	(437)	(162)	(1,098)	1,283
Adjusted net income (loss) (4)	(7,800)	523	(6,883)	(4,563)
Consolidated net income (loss) after tax	(2,347)	(1,080)	(3,911)	4,937
Capital development cost	2,361	2,727	4,822	5,120
Capital purchases	2,878	4,277	4,769	8,122
Capitalized exploration	1,066	601	1,821	1,058
Total capital expenditure (5)	6,305	7,605	11,412	14,300

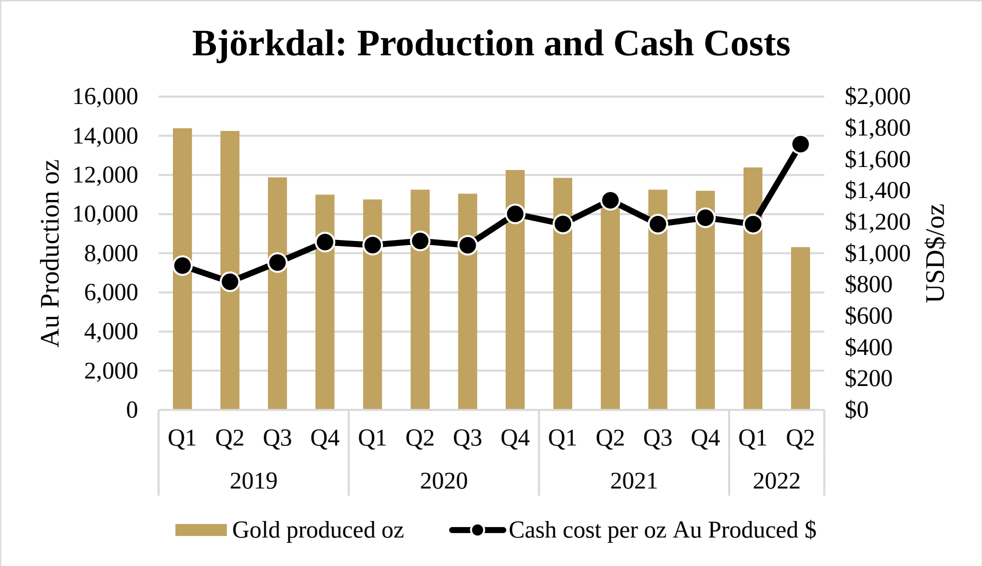
1. Includes intercompany transfer pricing recharge costs of $159,000 and $325,000 for the three and six months ended June 30, 2022 and $140,000 and $308,000 for the same periods in 2021.
2. Does not include intercompany transfer pricing recharge costs.
3. Finance costs includes realized loss on gold hedge of $1,637,000 and $3,272,000 for the three and six months ended June 30, 2022 compared to loss of $1,248,000 and $2,398,000 for the same periods in 2021. Others includes such items as gain/loss on disposals of properties and intercompany transfer pricing recharge for marketing fees and stock-based compensation of $368,000 and $855,000 for the three and six months ended June 30, 2022 and $459,000 and $882,000 for the corresponding periods of 2021.
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 June 30		Six months ended June 30	
		2022	2021	2022	2021
Underground mining					
Operating development	m	1,340	1,563	2,789	3,053
Mined ore	t	275,992	270,954	592,363	539,715
Mined ore Au grade	g/t	1.04	1.36	1.24	1.41
Mined contained Au	oz	9,243	11,822	23,625	24,430
Mining cost per tonne ore	$/t	28.64	25.25	26.13	25.63
Processed ore	t	308,759	317,505	616,311	626,797
Processed ore mill head grade Au	g/t	0.99	1.26	1.22	1.32
Recovery Au	%	86.74	87.09	87.80	87.94
Saleable Au produced	oz	8,316	10,941	20,700	22,796
Processing cost per tonne ore	$/t	10.02	10.54	10.26	10.39
Au sold	oz	8,976	12,132	21,110	24,208
Capital development (underground)	m	888	854	1,756	1,629
Capital development cost per metre	$/m	2,598	2,969	2,666	2,973
Cash operating cost per tonne ore processed[1]	$/t	45.69	46.09	46.73	45.79
Adjusted EBITDA per tonne ore processed[1,2]	$/t	7.68	20.48	19.16	19.57
Cash cost per oz Au produced[1,2]	$/oz	1,696	1,338	1,391	1,259
Site all-in sustaining cost per oz Au produced[1,2]	$/oz	2,120	1,766	1,729	1,647

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 June 30, 2022 and 2021

- ***Production*** – Saleable gold production at Björkdal in Q2 2022 was 8,316 ounces, a 24% decrease from the 10,941 ounces produced in Q2 2021 due to lower throughput levels, feed grades and recoveries at the processing plant.

- ***Revenue*** – Björkdal's revenue for Q2 2022 was $17.7 million, a decrease of 21% from the $22.5 million generated in Q2 2021. This decline was due to the decrease in gold ounces sold during the current quarter.

- ***Operating Costs*** – Cost of sales excluding depletion and amortization at Björkdal was $15.3 million in Q2 2022, lower than $16.0 million for Q2 2021. This decrease was mainly due to lower production during the current quarter.

- ***Income from Operations*** – Income from mine operations before depreciation and depletion at Björkdal for Q2 2022 was $2.4 million, adjusted EBITDA was $2.4 million, adjusted net loss was $7.8 million and net loss after tax was $2.3 million. Comparable results for Q2 2021 were income from mine operations before depreciation and depletion of $6.5 million, adjusted EBITDA of $6.5 million, adjusted net income of $0.5 million and net loss after tax of $1.1 million.

- ***Depletion and Depreciation*** – Depletion and depreciation expense at Björkdal decreased to $4.4 million in Q2 2022, compared to $4.8 million for the same period in 2021 mainly due to a lower production in the current period.

- ***Cost per Ounce*** – Cash cost per ounce of saleable gold produced at Björkdal for Q2 2022 was $1,696 27% higher compared to $1,338 during Q2 2021. All-in sustaining cost per ounce of saleable gold produced for Q2 2022 was $2,120, 20% higher than the $1,766 during Q2 2021. These per ounce costs were higher mainly due to lower production during the current period.

- ***Capital Expenditures*** – Capital expenditures at Björkdal for Q2 2022 totaled $6.3 million ($2.4 million in mine development costs, $1.0 million for exploration, and $2.9 million in property, plant and equipment) compared with $7.6 million ($2.7 million in mine development costs, $0.6 million for exploration, and $4.3 million for property, plant and equipment) during Q2 2021.

Björkdal – Six Months Ended June 30, 2022 and 2021

- ***Production*** – Saleable gold production at Björkdal for the six months ended June 30, 2022 was 20,700 ounces, a 9% decrease from the 22,796 ounces produced during the same period in 2021 due to lower tonnes and grades processed.

- ***Revenue*** – Björkdal's revenue for the six months ended June 30, 2022, was $41.4 million, lower than the $43.4 million generated in the same period of 2021. This was due to lower gold ounces sold during the first half of 2022 compared to 2021.

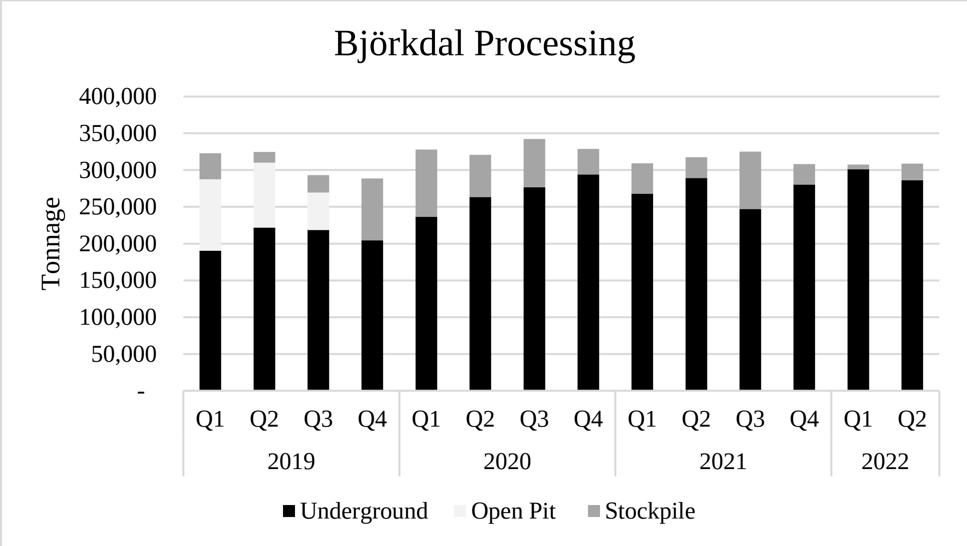
- ***Operating Costs*** – Cost of sales excluding depletion and amortization at Björkdal was $29.6 million for the six months ended June 30, 2022, lower than the $31.1 million during the same period of 2021. The decrease in operating costs were mainly due to lower production during current period.

- ***Income from Operations*** – Income from mine operations before depreciation and depletion at Björkdal for the six months ended June 30, 2022, was $11.8 million, adjusted EBITDA was $11.8 million, adjusted net loss was $6.9 million and net loss after tax was $3.9 million. Comparable results for the same period of 2021 were income from mine operations before depreciation and depletion of $12.3 million, adjusted EBITDA of $12.3 million, adjusted net loss of $4.6 million and net income after tax was $4.9 million.

- ***Depletion and Depreciation*** – Depletion and depreciation expense at Björkdal decreased to $9.6 million in the six months ended June 30, 2022, compared to $9.8 million for the same period in 2021 due to lower production during the first half of the year.

- ***Cost per Ounce*** – Cash cost per ounce of gold produced at Björkdal for the six months ended June 30, 2022, was $1,391, 10% higher than the cash cost per ounce of gold produced in the same period of 2021 of $1,259. All-in sustaining cost per ounce of gold produced for the six months ended June 30, 2022, was $1,729, 5% higher than the all-in sustaining cost per ounce of gold produced in the same period of 2021 of $1,647. These per ounce costs were higher in 2022 compared to 2021 primarily due to lower production.

- ***Capital Expenditures*** – Capital expenditures at Björkdal for the six months ended June 30, 2022, totalled $11.4 million ($4.8 million in mine development costs, $1.8 million for exploration, and $4.8 million in property, plant and equipment) compared with $14.3 million ($5.1 million in mine development costs, $1.1 million for exploration, and $8.1 million for property, plant and equipment) during the same period of 2021. The decrease in capital expenditures was primarily due to lower amounts spent on mining equipment and tailings spend.



Non-Core Properties

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$11.0 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 US$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);
- C$3.0 million in cash or shares payable on or before April 30, 2021 (received in Q2 2021);
- C$1.5 million in shares and $1.0 million in cash payable upon the final closing of the transaction; and
- C$0.5 million in cash payables on or before December 31, 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. The Company expects to complete the sale transaction of Challacollo to Aftermath during Q3 2022. For the year ended December 31, 2021, 678,794 shares were sold at an average price of C$0.57 per share. As at June 30, 2022, the Company has classified Challacollo's assets and liabilities as held for sale and the Company completed the sale of Challacollo to Aftermath on August 10, 2022.

Lupin

The Company spent less than $0.1 million on care and maintenance at Lupin during Q2 2022 and Q2 2021. Reclamation expenditures at Lupin was $3.3 million and $3.5 million for the three and six months ended June 30, 2022 respectively, compared to $0.8 million and $1.1 million for the corresponding periods of 2021. Lupin is currently in the process of final closure and reclamation activities mainly funded by progressive security reductions. As of June 30, 2022, $11.3 million in restricted cash stands as a deposit against the present value of reclamation cost obligations of $11.6 million. Subsequent to June 30, 2022, the Company received C$3.1 million from its restricted cash as a part-compensation for work completed to date. As a result of a review of the remaining reclamation costs, the reclamation liability was revised by $7.1 million as at June 30, 2022.

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 Q2 2022, which was similar to the comparative period in 2021.

1.2 SECOND QUARTER FINANCIAL RESULTS

Summary Financial Performance

	Three months ended June 30		Six months ended June 30	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Revenue	50,116	51,352	104,270	103,925
Cost of sales	28,526	27,135	50,242	52,549
Income from operations (excl. depr. and depletion)	21,590	24,217	54,028	51,376
Depreciation and depletion	7,696	8,955	16,892	19,771
Income from mining operations	13,894	15,262	37,136	31,605
General and administrative costs	1,261	1,082	2,394	2,179
Adjusted EBITDA(1)	20,329	23,135	51,634	49,197
Finance costs	3,531	1,816	6,657	4,170
Unrealized loss (gain) on financial instruments	(4,425)	6,685	(1,023)	(13,552)
Forex and others(2)	4,622	(1,234)	6,346	(2,491)
Consolidated income before tax	8,905	6,913	22,762	41,299
Current tax expense	5,343	4,423	9,440	7,634
Deferred tax expense (recovery)	859	(2,300)	134	3,375
Adjusted net income (1)	5,370	11,475	19,257	17,121
Consolidated net income	2,703	4,790	13,188	30,290
Adjusted income per share(1)	0.06	0.13	0.21	0.19
Consolidated income per share	0.03	0.05	0.14	0.33
Total assets	306,138	310,841	306,138	310,841
Total liabilities	131,528	151,852	131,528	151,852
Total equity	174,610	158,989	174,610	158,989
Capital expenditures – Consolidated(3)				
Underground capital development	3,253	5,835	6,460	11,206
Property, plant and equipment purchases	5,094	5,306	8,797	10,052
Capitalized exploration	2,585	2,437	5,305	4,346
Total capital expenditures	10,932	13,578	20,562	25,604

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, loss (gain) on sale of assets, revision of reclamation liability and interest income.
3. Includes capitalized spending from non-operating sites.

Summary Balance Sheet

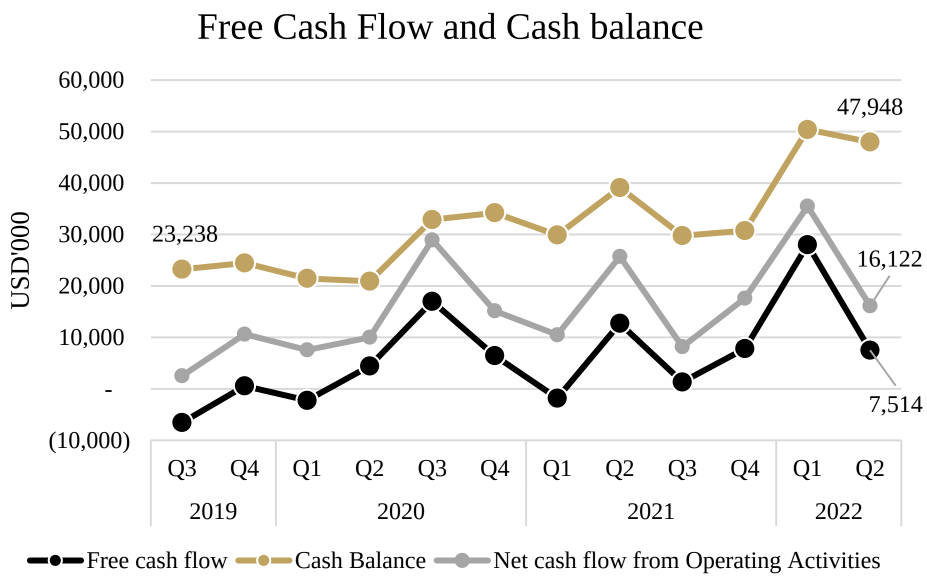
	As at June 30, 2022	As at December 31, 2021
	$'000	$'000
Cash and cash equivalents	47,948	30,738
Inventories, accounts rec. and other current assets	63,167	82,691
Assets held for sale	1,161	906
Total current assets	**112,276**	**114,335**
Property, plant and equipment	181,948	193,731
Reclamation deposits and other non-current assets	11,914	9,777
Total assets	**306,138**	**317,843**
Syndicated Facility – *current*	35,627	15,111
Other current liabilities	61,528	62,816
Liabilities held for sale	613	478
Total current liabilities	**97,768**	**78,405**
Syndicated Facility – *non-current*	-	27,658
Non-current liabilities	33,760	35,093
Equity attributable to common shareholders	174,610	176,687
Total equity and liability	**306,138**	**317,843**

Summary Cash Flow

The table below summarizes the Company's cash flow for the three and six months ended June 30, 2022 and 2021 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 June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
	$'000	$'000	$'000	$'000
Net cash flows from operating activities	**16,122**	**25,726**	**51,620**	**36,222**
Reclamation expenditures	2,528	849	5,265	1,075
Capital expenditures	(10,451)	(13,351)	(19,923)	(25,351)
Lease payments	(685)	(501)	(1,441)	(1,035)
Free cash flow[1]	**7,514**	**12,723**	**35,521**	**10,911**
Net reclamation expenditures	(2,528)	(849)	(5,265)	1,070
Proceeds from sale of non-core assets	-	1,403	-	1,847
Net repayment on borrowings	(3,734)	(3,619)	(7,189)	(6,843)
Payment of gold derivative contracts	(2,898)	(573)	(4,842)	(2,059)
Shares issued for cash	84	12	181	24
Effects of exchange rate changes	(893)	125	(1,196)	(43)
Net cash flow	(2,455)	9,222	17,210	4,907
Cash/cash equivalents, end of period	**47,948**	**39,113**	**47,948**	**39,113**

1 Free cash flow is a non-IFRS performance measures. Refer to Section 1.14 "Non-IFRS Measures" for further information



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 six months ended June 30, 2022 and 2021. See Section 1.14 "Non-IFRS Measures" for more information.

	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
	$'000	$'000	$'000	$'000
Consolidated net income	2,703	4,790	13,188	30,290
Add: Special items				
Revision of reclamation liability	7,092	-	7,092	-
Fair value loss (gain) on fin. instruments	(4,425)	6,685	(1,023)	(13,552)
Care and maintenance costs	-	-	-	383
Adjusted net income	**5,370**	**11,475**	**19,257**	**17,121**
Add/less: Non-cash and finance costs				
Depletion and depreciation	7,696	8,955	16,892	19,771
Loss (gain) on disposal of PPE	(3)	(127)	318	(571)
Share based compensation expense	294	177	765	437
Finance charges	3,531	1,816	6,657	4,170
Current tax expense	5,343	4,423	9,440	7,634
Deferred tax expense (recovery)	859	(2,300)	134	3,375
Foreign exchange gain	(2,624)	(1,159)	(1,619)	(2,562)
Interest and other income	(137)	(125)	(210)	(178)
Adjusted EBITDA	**20,329**	**23,135**	**51,634**	**49,197**
Depletion and depreciation	7,696	8,955	16,892	19,771
Adjusted EBIT	**12,633**	**14,180**	**34,742**	**29,426**

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 six months ended June 30, 2022 and 2021. Refer to Section 1.14 "Non-IFRS Measures" for further information.

	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
	$'000	$'000	$'000	$'000
Cost of sales, excluding depletion and depreciation	**28,526**	**27,135**	**50,242**	**52,549**
Add:				
General and administrative costs	49	101	101	77
Less:				
Change in inventory	(3,841)	1,286	(108)	1,938
Royalties	(952)	(837)	(1,831)	(1,559)
Total cash cost	**23,782**	**27,685**	**48,404**	**53,005**
Saleable Au equivalent produced (oz)	23,305	28,843	52,936	57,519
Cash cost per oz gold produced ($)	**1,020**	**960**	**914**	**922**

	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
	$'000	$'000	$'000	$'000
Total Cash cost	**23,782**	**27,685**	**48,404**	**53,005**
Add:				
General and administrative costs	1,202	982	2,268	2,103
Capital development	3,253	5,835	6,459	11,207
Capital purchases – sustaining	3,149	2,645	5,727	5,058
Capital exploration – infill drilling	213	696	437	918
Royalties	952	837	1,831	1,559
Accretion on rehabilitation provisions	52	25	65	27
All-in sustaining cost	**32,602**	**38,705**	**65,191**	**73,877**
Saleable Au equivalent produced (oz)	23,305	28,843	52,936	57,519
All-in sustaining cost per oz Au prod. ($)	**1,399**	**1,342**	**1,232**	**1,284**

Consolidated Financial Results - Three Months Ended June 30, 2022 and 2021

- ***Revenue*** – Consolidated revenue for Q2 2022 was $50.1 million, 2% lower than the $51.4 million in Q2 2021. Consolidated gold equivalent ounces sold decreased to 26,781 ounces in Q2 2022 as compared to 28,115 ounces sold in Q2 2021. The decrease in revenue as compared to Q2 2021 was mainly due to lower sales at Björkdal.

- ***Operating Costs*** – Consolidated cost of sales excluding depletion and amortization was $28.5 million for Q2 2022 compared to $27.1 million for Q2 2021. The increase in Q2 2022 costs was mainly due to a decrease in inventory.

- ***Income from Operations*** – Consolidated income from mine operations before depreciation and depletion for Q2 2022 was $21.6 million, adjusted EBITDA was $20.3 million, adjusted net income was $5.4 million and net income after tax was $2.7 million. Comparable results for Q2 2021 were income from mine operations before depreciation and depletion of $24.2 million, adjusted EBITDA of $23.1 million, adjusted net profit of $11.5 million and net income after tax of $4.8 million.

- ***Depletion and Depreciation*** – Depletion and depreciation expense in Q2 2022 was $7.7 million compared to $9.0 million in Q2 2021.

- ***Cost per Ounce*** – Consolidated cash cost per ounce of saleable gold equivalent produced for Q2 2022 was $1,020, a 6% increase compared to $960 during Q2 2021. Consolidated all-in sustaining cost per ounce of saleable gold equivalent produced for Q2 2022 was $1,399, 4% higher than Q2 2021 of $1,342. These per ounce cash costs were higher in Q2 2022 as compared to Q2 2021 due to higher operating costs combined with lower production.

- ***Capital Expenditures*** – Consolidated capital expenditures for Q2 2022, totaled $10.9 million ($4.6 million occurred at Costerfield and $6.3 million at Björkdal). By comparison, total capital expenditures, including capitalized depreciation and exploration, in Q2 2021 were $13.6 million ($5.7 million at Costerfield, $7.6 million at Björkdal).

Consolidated Financial Results - Six Months Ended June 30, 2022 and 2021

- ***Revenue*** – Consolidated revenue for the six months ended June 30, 2022 was $104.3 million, a slight increase from $103.9 million during the six months ended June 30, 2021, mainly due to higher realized gold and antimony prices. Consolidated gold equivalent ounces sold decreased by 5% to 55,061 ounces in the six months ended June 30, 2022, compared to 57,828 ounces in the six months ended June 30, 2021.

- ***Operating Costs*** – Consolidated cost of sales excluding depletion and amortization was $50.2 million for the six months ended June 30, 2022, compared to $52.5 million for the same period of 2021. The decrease in costs were mainly due to lower production.

- ***Income from Operations*** – Consolidated income from mine operations before depreciation and depletion for the six months ended June 30, 2022 was $54.0 million, adjusted EBITDA was $51.6 million, adjusted net income was $19.3 million and net income after tax was $13.2 million. Comparable results for the six months ended June 30, 2021 were income from mine operations before depreciation and depletion of $51.4 million, adjusted EBITDA of $49.2 million, adjusted net profit of $17.1 million and a net income after tax of $30.3 million.

- ***Depletion and Depreciation*** – Depletion and depreciation expense was decreased to $16.9 million in the six months ended June 30, 2022 compared to $19.8 million for the same period in 2021.

- ***Cost per Ounce*** – Consolidated cash cost per ounce of gold equivalent produced for the six months ended June 30, 2022, was $914, slightly lower than the cash cost per ounce of gold equivalent produced in the six months ended June 30, 2021 of $922. Consolidated all-in sustaining cost per ounce of gold equivalent produced for the six months ended June 30, 2022, was $1,232, 4% lower than the all-in sustaining cost per ounce of gold equivalent produced in the six months ended June 30, 2021 of $1,284. These per ounce costs were lower in the first half of 2022 compared to the same period in 2021 due to lower operating cost and lower capital expenditures.

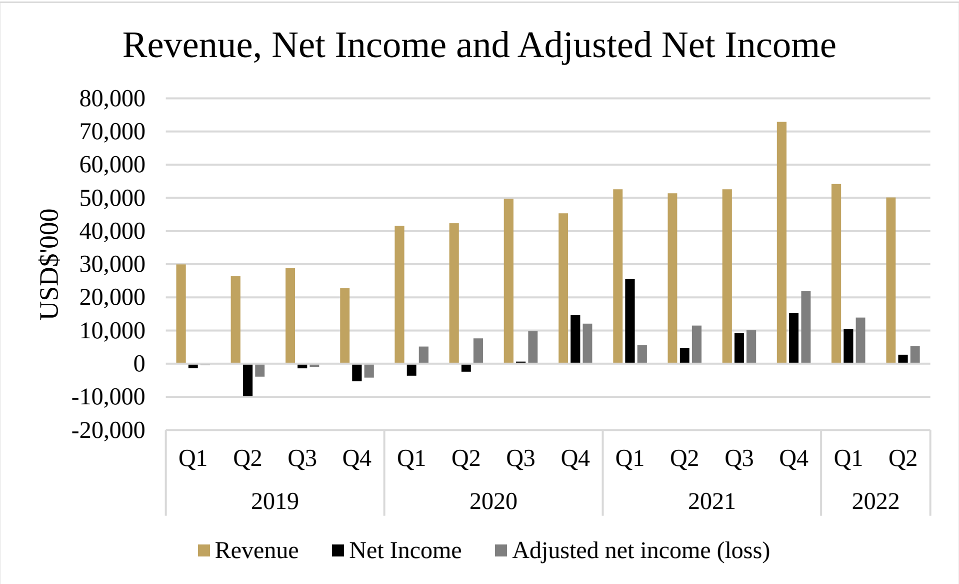
- ***Capital Expenditures*** – Consolidated capital expenditures for the six months ended June 30, 2022, totalled $20.6 million ($8.8 million occurred at Costerfield and $11.4 million at Björkdal). By comparison, total capital expenditures, including capitalized depreciation and exploration, in the six months ended June 30, 2021 were $25.6 million ($10.8 million occurred at Costerfield and $14.3 million 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 2 2022	Quarter 1 2022	Quarter 4 2021	Quarter 3 2021
	$'000	$'000	$'000	$'000
Revenue	50,116	54,154	72,904	52,567
Adjusted net income	5,370	13,887	21,992	10,090
Net income	2,703	10,485	15,334	9,255
Adjusted net income per share – Basic	0.06	0.15	0.24	0.11
Net income per share – Basic and diluted	0.03	0.11	0.17	0.10

	Quarter 2 2021	Quarter 1 2021	Quarter 4 2020	Quarter 3 2020
	$'000	$'000	$'000	$'000
Revenue	51,352	52,573	45,320	49,753
Adjusted net income	11,475	5,646	12,065	9,823
Net income	4,790	25,500	14,722	635
Adjusted net income per share – Basic	0.13	0.06	0.13	0.11
Net income per share – Basic and diluted	0.05	0.28	0.16	0.01



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) and Swedish Krona (at Björkdal). The Company's results will be impacted by exchange rate variations during the reporting periods.

The increase in revenue and earnings over recent years is due to the combined impact of changes in production volumes, increases 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 April 1, 2022 – June 30, 2022	Average Rate April 1, 2021 – June 30, 2021	Average Rate January 1, 2022 – June 30, 2022	Average Rate January 1, 2021 – June 30, 2021
1A$ = C$	0.9121	0.9455	0.9147	0.9617
1 A$ = US$	0.7145	0.7698	0.7194	0.7712
1 US$ = C$	1.2765	1.2282	1.2715	1.2470
1 US$ = Chilean Peso	843	716	826	720
1 US$ = SEK	9.8341	8.4181	9.5891	8.4079

Markets – Commodity Prices

Realized and market prices of gold as well as antimony were higher in Q2 2022 as compared to Q2 2021. The average market and realized commodity prices for the reporting period are summarized in the table below:

Commodity	Prices April 1, 2022 June 30, 2022	Prices April 1, 2021 June 30, 2021	Prices January 1, 2022 June 30, 2022	Prices January 1, 2021 June 30, 2021
Realized gold US$/oz[1]	1,901	1,793	1,908	1,777
Average gold US$/oz – London PM close (Transamine)	1,875	1,814	1,874	1,804
Realized antimony US$/tonne[1]	13,164	11,671	13,592	10,352
Average antimony US$/tonne – Rotterdam Warehouse (Metal Bulletin)	14,018	10,272	13,937	9,859

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 June 30, 2022, the Company's working capital was $14.5 million compared to $35.9 million at December 31, 2021. The Company had cash and cash equivalents of $47.9 million as at June 30, 2022, as compared to $30.7 million at December 31, 2021.

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 each in Q1, Q2, Q3 and Q4 of 2021, and Q1 and Q2 of 2022. In addition to repaying the Existing Facility and repurchasing or redeeming Gold Bonds, proceeds from the Syndicated Facility were used for general corporate and working capital purposes. As at June 30, 2022, 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 consisted 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 Q2 2022 the Company paid $2.9 million as settlement of expired gold derivatives contracts as compared to $0.6 million in Q2 2021.

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) ended 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) ended 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 June 30, 2022, 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 and was 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, as at June 30, 2022 the Syndicated Facility is treated as a current liability. 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 7.13%. The nominal interest rate at June 30, 2022, was 4.25%+LIBOR. As at June 30, 2022, the Company made a total of $28.7 million debt repayment, leaving an outstanding principal value of the Syndicated Facility of $36.3 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 consisted 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. As at June 30, 2022, 25,000 ounces of saleable gold and 27,084 ounces of saleable gold contracts are yet to be matured for hedging programs with HSBC and Macquarie respectively. The Company recognized an unrealized fair value gain of $6.4 million and $2.1 million for the three and six months ended June 30, 2022 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 six months ended June 30, 2022, the Company paid $2.9 million and $4.8 million respectively, as settlement of expired gold derivatives contracts as compared to $0.6 million and $2.1 million in the corresponding period of 2021. 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 May 5, 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. During the year ended December 31, 2021, the Company has sold 678,794 Aftermath shares at an average of C$0.57 per share. The value of securities as at June 30, 2022 is $0.2 million. These securities are stated at fair value with any resulting gain or loss recognized in income statement. The Company recorded an unrealized fair value loss of $0.16 million and $0.18 million respectively for the three and six months ended June 30, 2022, using Level 1 assumptions.

On December 18, 2021, the Company received 29,375,121 shares (after consolidation of 20 shares into 1 share) of Equus Mining Ltd with a fair value of A$0.18 per share as part of the compensation under Cerro Bayo sale agreement. The value of securities as at June 30, 2022 is $2.0 million. Both Aftermath and Equus securities are stated at fair value with any resulting gain or loss recognized in income statement. The Company recorded an unrealized fair value loss of $1.8 million and $0.9 million respectively for the three and six months ended June 30, 2022, using Level 1 assumptions.

Contractual Obligations as at June 30, 2022

Contractual obligations	**Payments due by year ($ '000)**		**Total ($ '000)**
	Less than 1 year	**1-3 years**	
Syndicated Facility	36,333	-	**36,333**
Lease obligations	2,300	2,661	**4,961**
Other equipment loan obligations	476	390	**866**
Total contractual obligations	**39,109**	**3,051**	**42,160**

1.7 OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

1.8 TRANSACTIONS WITH RELATED PARTIES

The Company has not entered into any transactions with related parties during current and comparative periods.

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 June 30, 2022, 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 92,242,836 common shares issued and outstanding. The weighted average number of shares outstanding during Q2 2022 used for the calculation of per share results were 92,187,718.

In Q2 2022, 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.

Stock options issued and outstanding as at June 30, 2022 are as follows:

Exercise Price C$	As of June 30, 2022	As of August 10, 2022	Expiry Date
2.65	295,175	295,175	30 June, 2029
2.14	304,173	304,173	30 June, 2028
0.61	741,333	741,333	30 June, 2027
1.10	333,334	333,334	30 June, 2026
2.00	199,500	199,500	30 June, 2025
6.00	140,000	140,000	30 June, 2024
Total	**2,013,515**	**2,013,515**	

During Q2 2022, 96,667 options were exercised, compared to 13,333 options in corresponding period of 2021. There were 2,013,515 options outstanding as of June 30, 2022.

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 or a cash payment equal to the market value of such shares at the time of vesting, which is based on vesting over three years. Each RSU is equivalent in value 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 June 30, 2022, is as follows:

	Number of RSU Awards
Balance, December 31, 2020	**673,192**
Granted	168,025
Redeemed	(285,047)
Forfeited	(80,212)
Balance, December 31, 2021	**475,958**
Granted	118,337
Redeemed	(203,850)
Forfeited	-
Balance, June 30, 2022	**390,445**
Redeemed	(9,259)
Outstanding as at August 10, 2022	**381,186**

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 or a cash payment equal to the market value of such shares upon the achievement of certain performance goals at the time of vesting, which is based on vesting over three years subject to the Company's three-year Total Shareholder Return performance against VanEck Vectors Junior Gold Miners ETF, on a sliding scale payout. Each PSU is equivalent in value to one common share. The PSUs issued and outstanding as at June 30, 2022 is as follows:

	Number of PSU Awards
Balance, December 31, 2020	**-**
Granted	336,049
Redeemed	(40,000)
Balance, December 31, 2021	**296,049**
Granted	236,673
Redeemed	(43,574)
Balance, June 30, 2022	**489,148**

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. The DSUs vest immediately on grant date. Those directors granted DSUs will receive the Company's common shares at no cost or a cash payment equal to the market value of such shares following their departure from the board. Each DSU entitles the holder to one common share. The DSUs issued and outstanding as at June 30, 2022 is as follows:

	Number of DSU Awards
Balance, December 31, 2020	-
Granted	150,148
Balance, December 31, 2021	**150,148**
Granted	136,044
Redeemed	(23,364)
Balance, June 30, 2022	**262,828**

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

The sale of Challacollo to Aftermath was completed on August 10, 2022. The detail of this transaction can be found in Section 1.1 Financial and Operating Summary.

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.
12. *Net Debt/Cash* – The Company defines net debt/cash as total cash less total debt as per the balance sheet as at reporting date. Total debt excludes any derivative liabilities held by the Company.