MANDALAY RESOURCES

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE QUARTER ENDED MARCH 31, 2023

AS OF MAY 10, 2023

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Management's Discussion and Analysis for the Three Months Ended March 31, 2023

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed consolidated interim financial statements and notes to the condensed consolidated interim financial statements of Mandalay Resources Corporation ("Mandalay" or the "Company") for the three months ended March 31, 2023, the Company's Annual Information Form, dated March 31, 2023 (the "AIF"), the Company's 2022 audited consolidated financial statements and accompanying 2022 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 consolidated 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 events; 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 antimony-gold 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 at Costerfield are to continue mining the high-grade Youle vein and 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's 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

First Quarter 2023 Highlights:

- **Cash on hand was $34.2 million at quarter end** with debt of $23.5 million resulting in a net cash[1] position of $10.7 million. This compares to $50.4 million of cash and $45.7 million in debt resulting in $4.7 million in net cash as at March 31, 2022.

- **Consolidated gold equivalent production of 19,986 ounces** compared to 29,631 ounces in Q1 2022. The decrease in ounces produced in the current quarter compared to Q1 2022 was due to the following: At Costerfield, performance was hindered by lower than planned mined ore tonnes and grades, predominantly due to non-systemic incidents affecting the quarter. At Björkdal, supply chain challenges delayed delivery of underground equipment, which led to lower grade and ore tonnes. We are addressing these production shortfalls with action plans focused on labour, improved infrastructure, mobile equipment availability and increased definition drilling.

- **Revenue of $42.2 million on 21,769 gold equivalent ounces sold** compared to $54.2 million on 28,280 ounces in Q1 2022. Lower revenue was a result of lower production at both the sites and a lower antimony price.

- **Adjusted EBITDA[1] of $12.9 million** compared to $31.3 million in Q1 2022. Adjusted EBITDA was lower as compared to Q1 2022 due to lower revenue and higher operating costs in the current quarter.

- **Adjusted net income[1] of $0.5 million ($0.01 or C$0.01 per share)** compared to an adjusted net income of $13.9 million ($0.15 or C$0.19 per share) in Q1 2022.

- **Consolidated net income in Q1 2023 was $0.6 million ($0.01 or C$0.01 per share)**, compared to a consolidated net income of $10.5 million ($0.11 or C$0.14 per share) in Q1 2022.

- **Consolidated cash cost[1] of $1,222 per ounce and all-in sustaining cost[1] of $1,596 per ounce of saleable gold equivalent production** compared to $831 and $1,110 per ounce, respectively, in Q1 2022. The higher unit costs were due to lower production in Q1 2023 as compared to Q1 2022.

- **Free cash flow[1] of ($1.2) million** compared to $28.0 million in Q1 2022. The decrease in Q1 2023 as compared to Q1 2022 was mainly due to lower cash flow from operating activities. Cash flow from operating activities of $7.9 million compared to $35.5 million in Q1 2022.

- **96,900 common shares were purchased** for $0.2 million (C$2.48/share) under the Company's normal course issuer bid.

- **Production hedge contract payments of $3.0 million** compared to $1.9 million in Q1 2022. These hedge contracts were entered into in connection with the old, fully repaid Syndicated Facility and will expire in June 2023.

- **Consolidated capital expenditures of $8.8 million** compared to $9.6 million in Q1 2022. Out of this, $3.0 million was spent on exploration at both sites compared to $2.7 million in Q1 2022.

- **Focused on achieving annual production guidance[2] of 105,000 – 118,000 gold equivalent ounces.** Despite a production shortfall in the current quarter due to various, predominantly one-off factors, as mentioned in the production point above, our focus remains on achieving annual guidance.

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1 Adjusted EBITDA, adjusted net income, free cash flow, net 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.

2. Refer to Section Outlook on page 10.

Summary of Mandalay Operational and Financial Results

Operating Summary

The following table sets forth a summary of the Company's operational results for Q1 2023 and 2022:

	Three months ended March 31	
	2023	2022
Björkdal		
Gold produced (oz)	8,969	12,384
Gold sold (oz)	9,521	12,134
Cash cost[1] per oz gold produced ($)	1,592	1,186
All-in sustaining cost[1] per oz gold produced ($)	1,902	1,491
Costerfield		
Gold produced (oz)	7,368	12,197
Antimony produced (t)	544	683
Gold equivalent produced (oz)[2]	11,017	17,247
Gold sold (oz)	8,499	12,249
Antimony sold (t)	559	527
Gold equivalent sold (oz)[2]	12,248	16,146
Cash cost[1] per oz gold eq. produced ($)	921	576
All-in sustaining cost[1] per oz gold eq. produced ($)	1,101	775
Consolidated		
Gold equivalent produced (oz)[2]	19,986	29,631
Gold equivalent sold (oz)[2]	21,769	28,280
Cash cost[1] per oz gold eq. produced ($)	1,222	831
All-in sustaining cost[1] per oz gold eq. produced ($)	1,596	1,110
Average gold price ($/oz)	1,887	1,874
Average antimony price ($/t)	12,656	13,856

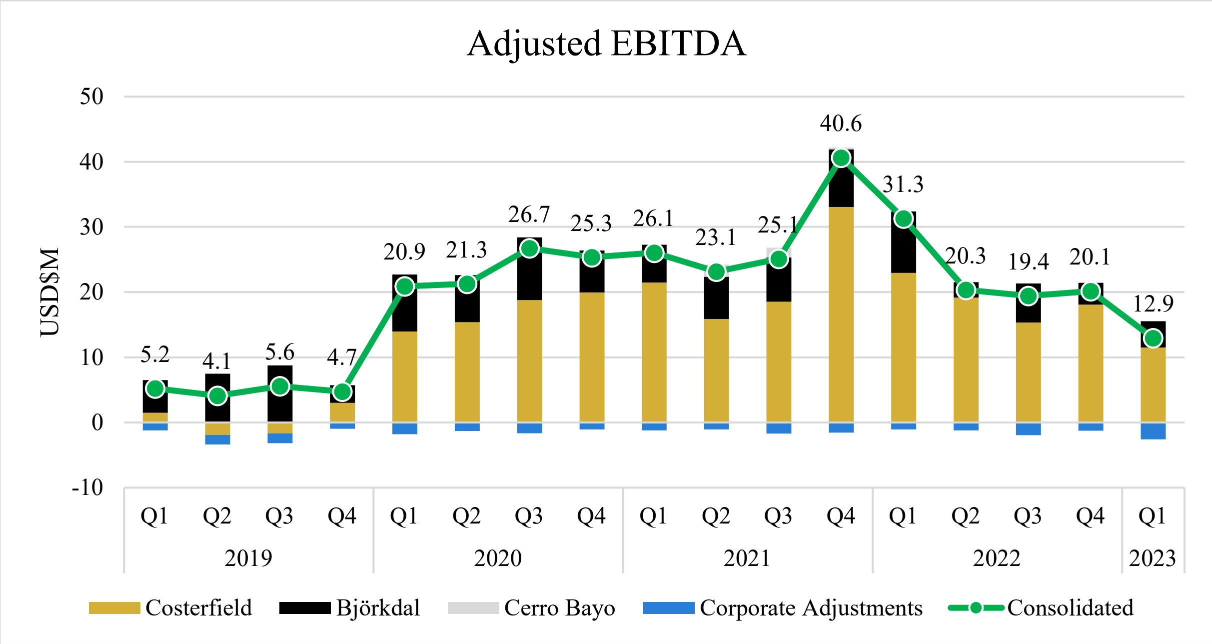
1. Cash cost and all-in sustaining cost are not standardized financial measures under IFRS and might not be comparable to similar financial measures disclosed by other issuers. Refer to Section 1.14, "Non-IFRS Measures", for further information.
2. Gold equivalent ounces (or "Au Eq. oz") produced/sold 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

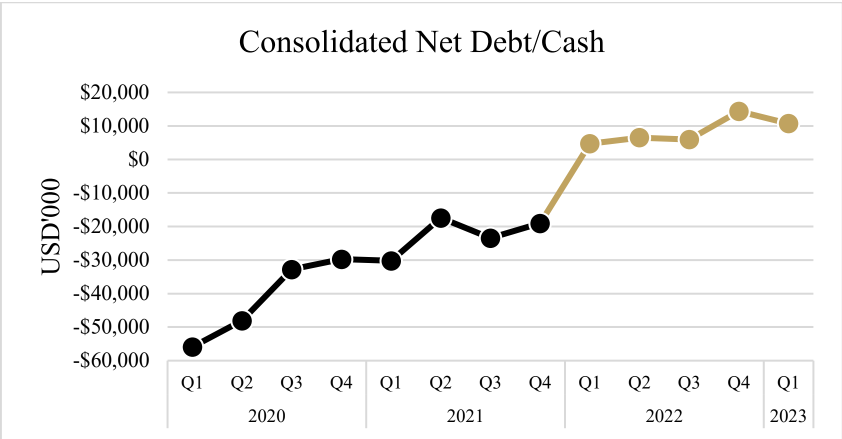
The following table sets forth a summary of the Company's consolidated financial results for Q1 2023 and 2022:

	Three months ended March 31	
	2023	**2022**
	$'000	**$'000**
Revenue	42,179	54,154
Cost of sales	26,606	21,716
Income from operations (excl. depr. & depletion)(1)	15,573	32,438
General and administrative costs	2,628	1,133
Adjusted EBITDA(1)	12,945	31,305
Depreciation and depletion	8,037	9,196
Adjusted EBIT(1)	4,908	22,109
Finance costs	3,605	3,126
Unrealized (gain) loss on financial instruments	(36)	3,402
Tax, forex and others(2)	785	5,096
Adjusted net income(1)	518	13,887
Consolidated net income	554	10,485
Adjusted net income per share(1)	0.01	0.15
Consolidated net income per share	0.01	0.11
Total assets	279,413	324,600
Total liabilities	94,907	138,776
Total equity	184,506	185,824
Consolidated capital expenditures(3)		
Capital development	2,674	3,206
Property, plant and equipment purchases	3,091	3,702
Capitalized exploration	3,011	2,722
Total	8,776	9,630

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



The Q1 2023 decrease in EBITDA was related predominantly due to non-systemic incidents affecting production, and in turn revenue. These factors are described in more detail for both sites in *Section 1.1 Results of Operations*.



Quarterly Exploration Highlights

At Costerfield, drilling concluded on the Costerfield Deeps hole targeting prospective ground underneath Cuffley. The Sub King Cobra program then started, targeting a norther extension of the resource. However, after significant faulting halted drilling, the program was put on hold pending a program redesign. The Brunswick Deeps program continued through Q1 with two underground drill rigs returning to the Shepherd depth drilling from a newly developed drill drive, in late March.

On surface, the Margaret north drill testing program concluded targeting extensions to the Margaret mineralisation approximately 1km to the south of the Augusta Mine. The drilling focus moved to the True Blue and West Costerfield testing programs targeting prospective veining approximately 2km to the west of Youle.

On February 28, 2023, the Company provided an update from its Costerfield regional testing programs including a summary of the 2022 Robinsons follow-up testing program and the newly discovered depth extension to the True Blue historic mine with intercepts of comparable grades to those mined from the Augusta Mine.

Q2 exploration at Costerfield will focus on the continuation of drilling below Shepherd and Brunswick as well as continued drilling on the True Blue and West Costerfield programs. Drill testing of prospective ground to the north of the mine will also commence in Q2.

At Björkdal, underground exploration focused on the extending veining into the eastern flank of the mine with extensional drilling of Lake Zone and Aurora. An identified zone of skarn, also within Lake Zone, was targeted. To the north of the mine, a drill program targeted the western extension of the emerging resource of North Zone.

On February 22, 2023, the Company released an update on underground drilling at Björkdal, highlighting the continued extension drilling on the Eastern Plunge as well as an update on significant veining found in the upper eastern extensions to the Aurora system.

Moving into Q2, underground drilling at Björkdal will focus on the Aurora System where high-grade veining has been interpreted within a hangingwall western extension and a footwall eastern extension. Surface drilling will also recommence at Björkdal where the first program will test the strike and depth continuation of the Storheden mineralization.

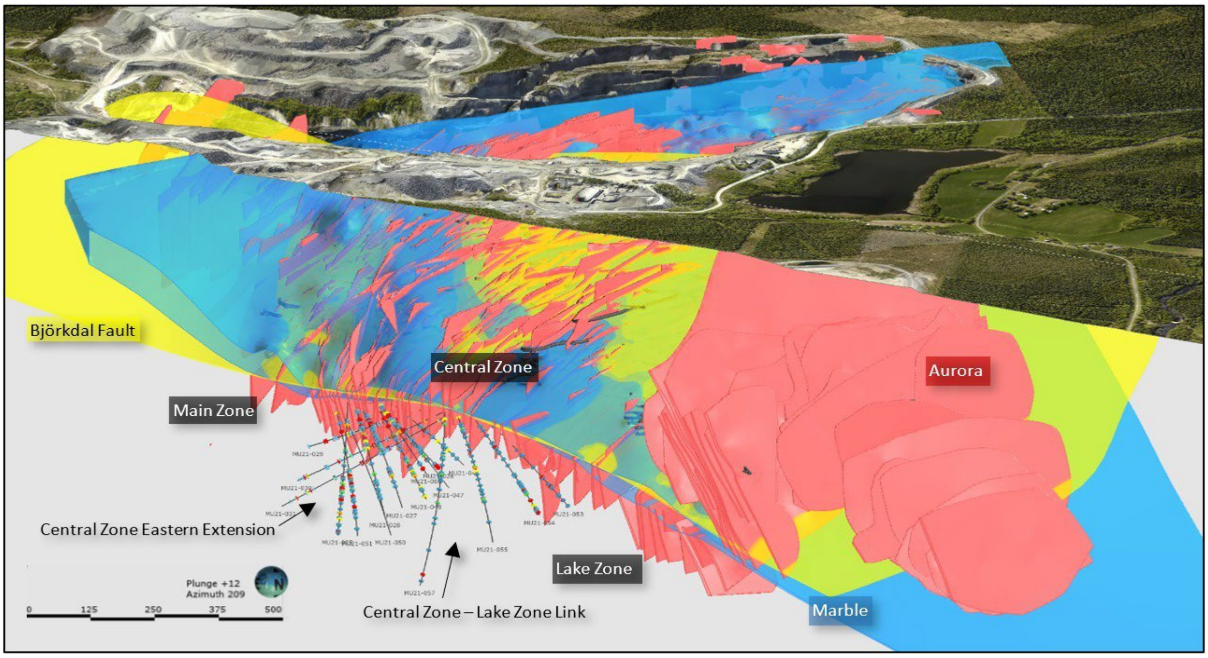


Figure 1: Perspective view of the Björkdal Mine looking towards the SSW highlighting the interaction of the veining (Red) Marble (Blue) and Björkdal fault (Yellow). Drilling of the latest Eastern Extension program is also shown.

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. 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.

Outlook

Mandalay anticipates incremental improvements to its production profile over the rest of 2023 at both operating sites. At Costerfield, stoping will continue within the Youle deposit and production from the high-grade Shepherd deposit will ramp up. At Björkdal, work will continue around improving dilution controls and implementing better contingencies regarding staffing protocols. Additionally, development in several higher-grade areas of the Eastern Deeps central zone will begin and stoping can commence once the mining permit extension is granted.

Despite a challenging first quarter to the year, Mandalay is addressing these production shortfalls with action plans focused on labour, improved infrastructure, mobile equipment availability and increased definition drilling. Therefore, the Company's 2023 production and cost guidance remains unchanged and is below (please see January 13, 2023, press release).

	Björkdal	Costerfield	Consolidated
	2023E		
Gold production (oz)	49,000 – 54,000	44,000 – 49,000	93,000 – 103,000
Antimony production (t)	-	1,800 – 2,400	1,800 – 2,400
Gold eq. production (oz)(1)	49,000 – 54,000	56,000 – 64,000	105,000 – 118,000
Cash cost, $/oz gold eq.(2)	975 – 1,125	650 – 825	800 – 975
All-in sustaining $/oz gold eq.(2,3)	1,325 – 1,475	925 – 1,075	1,150 – 1,325
Capex, $ million	24 – 28	20 – 24	44 – 52

1. Assumes average metal prices of: Au $1,797/oz, Sb $10,805/t
2. Cash cost and all-in sustaining cost 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.
3. Consolidated costs per Au Eq. oz includes corporate overhead spending.

Mandalay's 2023 cost guidance takes into account the following factors and assumptions:

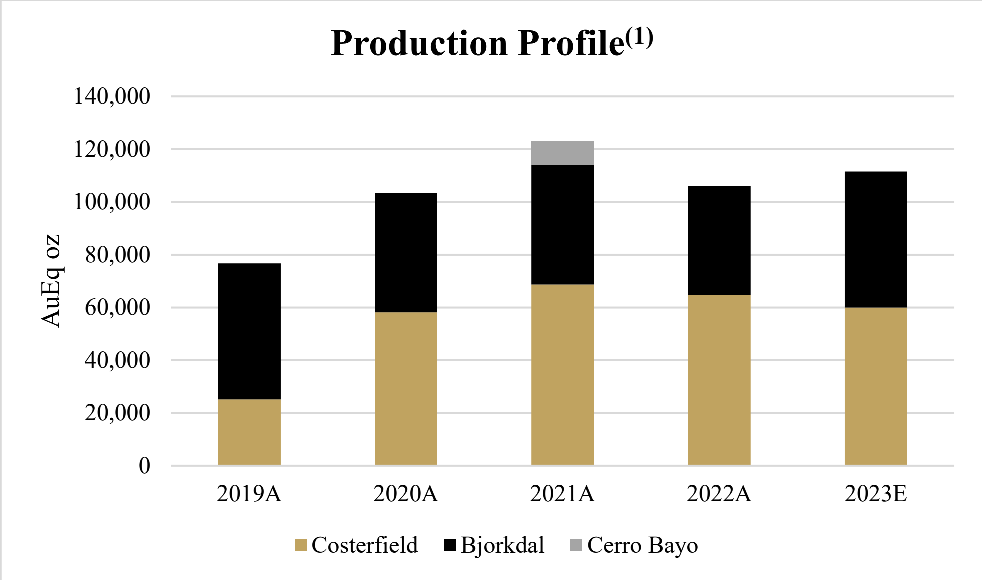
Foreign exchange:

- Average 2022 rates: AUD/USD 0.695 and USD/SEK 10.12
- Guidance 2023 rates: AUD/USD 0.675 and USD/SEK 10.39

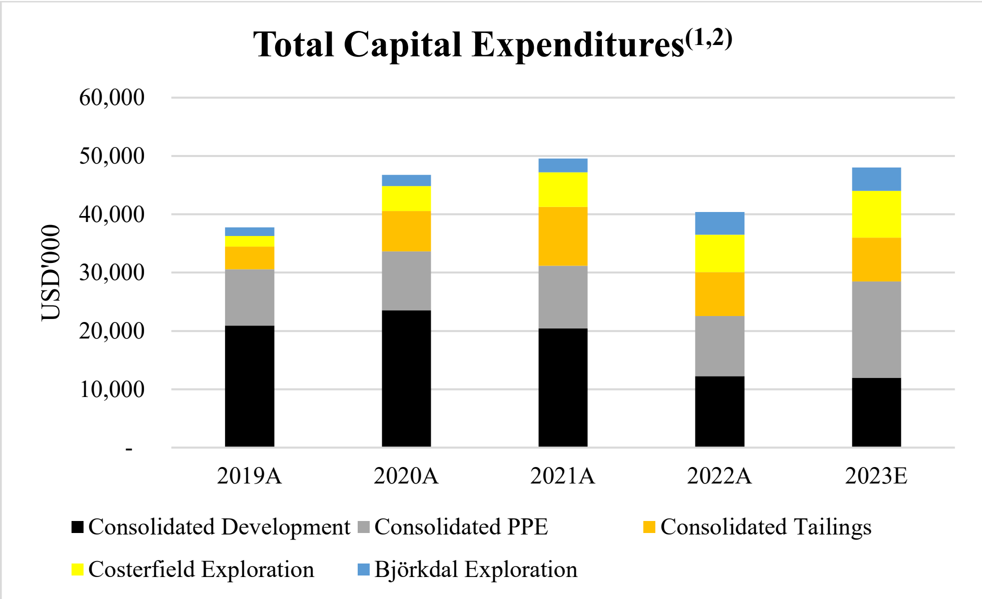
Included in the Capex total in the table above, is capitalized exploration spending of:

- Björkdal: $3-5 million
- Costerfield: $7-9 million

Also included in the Capex total in the table above is $6-8 million in spending on the tailings storage facilities at both Costerfield and Björkdal.



1. 2023E average production graphed.



1. Excludes Cerro Bayo capital expenditures spending.
2. 2023E average CAPEX graphed

1.1 RESULTS OF OPERATIONS

Costerfield Gold-Antimony Mine, Victoria, Australia

Costerfield Financial Results

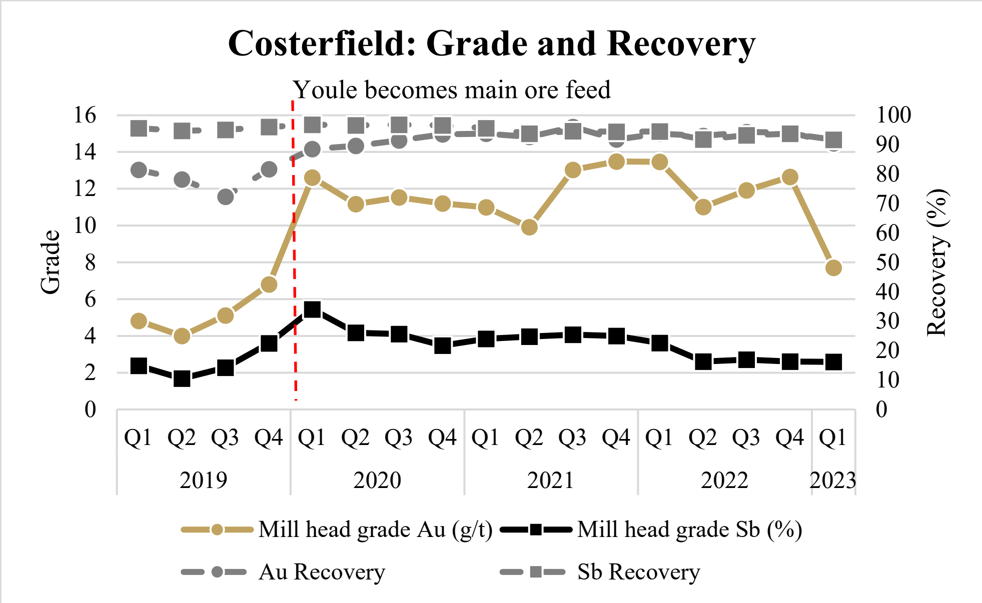
	Three months ended March 31	
	2023	2022
	$'000	$'000
Revenue	23,276	30,442
Cost of sales	11,757	7,442
Income from operations (excl. depr. & depletion)(3)	11,519	23,000
General and administrative costs(1)	1,154	250
Adjusted EBITDA(2,3)	11,491	22,947
Depreciation & depletion	3,238	3,957
Adjusted EBIT(3)	7,127	18,793
Unrealized (gain) loss on hedge	82	1,818
Finance costs, forex and others(3,4)	1,098	3,806
Income before tax	5,947	13,169
Current tax expense	2,930	3,876
Deferred tax recovery	(1,051)	(63)
Adjusted net income(3)	4,150	11,174
Consolidated net income after tax	4,068	9,356
Capital development	865	746
Property, plant and equipment purchases	508	1,812
Capitalized exploration	2,151	1,687
Total capital expenditures	3,524	4,245

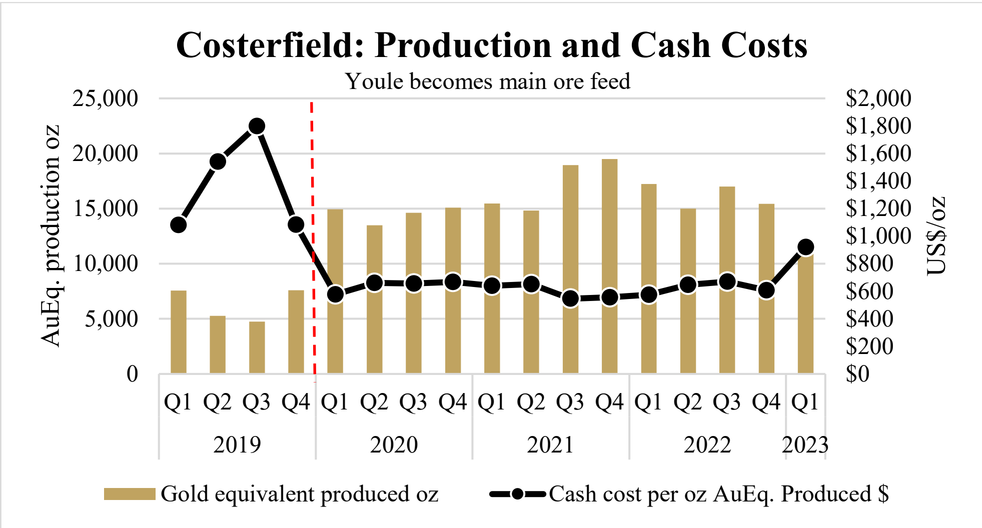
1. Includes intercompany transfer pricing costs of $1,126,000 in Q1 2023 and $197,000 in the corresponding period of 2022.
2. Does not include intercompany transfer pricing recharge costs.
3. Income from operations (excl. depreciation & depletion), Adjusted EBITDA, Adjusted EBIT and Adjusted net income 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. Finance costs includes realized loss on gold hedge of $1,293,000 in Q1 2023 and loss of $685,000 in the corresponding period of 2022.
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 $470,000 in Q1 2023 and $609,000 for the corresponding period in 2022.

Costerfield Operating Results

		Three months ended March 31	
		2023	2022
Operating development	m	710	1,014
Mined ore	t	26,285	38,401
Mined ore Au grade	g/t	8.42	12.10
Mined ore Sb grade	%	2.14	3.15
Mined contained Au	oz	7,112	14,939
Mined contained Sb	t	563	1,211
Mining cost per tonne ore	$/t	218	143
Processed ore	t	35,382	32,206
Processed ore mill head grade Au	g/t	7.71	13.46
Processed ore mill head grade Sb	%	2.59	3.61
Recovery Au	%	90.48	93.77
Recovery Sb	%	91.69	94.50
Saleable Au produced	oz	7,368	12,197
Saleable Sb produced	t	544	683
Saleable Au equivalent produced	oz	11,017	17,247
Processing cost per tonne ore	$/t	59.80	59.74
Au sold in gravity concentrate	oz	5,456	8,732
Au sold in floatation concentrate	oz	3,043	3,517
Au sold (total)	oz	8,499	12,249
Sb sold	t	559	527
Capital development metres	m	165	149
Capital development cost per metre	$/m	5,239	4,993
Cash cost per tonne ore processed (1,2)	$/t	287	308
Adjusted EBITDA per tonne ore processed (1,2)	$/t	325	712
Cash cost per oz Au eq. produced (1,2)	$/oz	921	576
Site all-in sustaining cost per oz Au eq. produced (1,2)	$/oz	1101	775

1. Does not include intercompany transfer pricing recharge costs.
2. Cash and site all-in sustaining costs and adjusted EBITDA 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.





Costerfield – Three Months Ended March 31, 2023 and 2022

- ***Production*** – Saleable gold production for Q1 2023 was 7,368 ounces, a 40% decrease from the 12,197 ounces produced in Q1 2022. Saleable antimony production during Q1 2023 was 544 tonnes, a 20% decrease from the 683 tonnes produced in Q1 2022. Gold equivalent production for Q1 2023 was 11,017 ounces, a 36% decrease from the 17,247 gold equivalent ounces produced in Q1 2022. Processed gold grades were lower during Q1 2023 at 7.71 g/t gold as compared to 13.46 g/t gold in Q1 2022 and were adversely affected by a higher volume of low-grade stockpile material required to supplement less mined tonnes during the quarter. The lower mining tonnes were the main reason for the production shortfall and unit cost overrun. These were due to several unique non-systemic issues including: a seven-day power outage at the start of the year, due to the failure of an incoming power cable feeding the underground, resulting in a temporary loss of power, and a mobile loader caught fire that lead to the loss of that equipment. All these issues related to ground support, mobile equipment availability and electrical infrastructure have since or will soon be repaired. Separately, the past systemic issue of higher than usual turnover of skilled staff over the last few quarters is being addressed through further investments in staff training and new permanent and contractor labour hires. Occasional gold grade variations, while not unusual, will be better determined by increased infill drilling in the newly accessed Shepherd orebody. Processed antimony grades were lower at 2.59% during Q1 2023 as compared to 3.61% in Q1 2022. Gold recoveries were lower during Q1 2023 at 90.5% compared to 93.8% in Q1 2022. Antimony recoveries were lower at 91.7% during Q1 2023 as compared to 94.5% in Q1 2022. The recoveries were lower mainly due to lower comparative head grades as noted above.

- ***Revenue –*** Costerfield's revenue for Q1 2023 was $23.3 million, a 23% decrease from $30.4 million in Q1 2022. This was due to lower gold ounces sold and a decline in realized antimony price during the current quarter as compared to Q1 2022. Gold equivalent ounces sold decreased by 24% to 12,248 ounces in Q1 2023 as compared to 16,146 ounces in Q1 2022.

- ***Operating Costs –*** Cost of sales, excluding depletion and depreciation at Costerfield, was $11.8 million for Q1 2023, compared to $7.4 million during Q1 2022. The increase in the current quarter is mainly due to a decrease in inventory as compared to Q1 2022.

- ***Income from Operations –*** Income from mine operations before depreciation and depletion at Costerfield during Q1 2023 was $11.5 million, adjusted EBITDA was $11.5 million, adjusted net income was $4.2 million and net income after tax was $4.1 million. Comparable results for Q1 2022 were income from mine operations before depreciation and depletion of $23.0 million, adjusted EBITDA of $22.9 million, adjusted net income of $11.2 million and net income after tax of $9.4 million. The decrease in income from operations is due to a decrease in revenue and increased cost of sales during Q1 2023.

- ***Depletion and Depreciation –*** Depletion and depreciation expense at Costerfield decreased to $3.2 million in Q1 2023, compared to $4.0 million for Q1 2022 mainly due to a lower production in the current period.

- ***Cost per Ounce –*** Cash cost per ounce of saleable gold equivalent produced at Costerfield in Q1 2023 was $921 compared to $576 in Q1 2022. All-in sustaining cost per ounce of saleable gold equivalent produced in Q1 2023 was $1,101 compared to $775 in Q1 2022. These per ounce costs were higher due to higher operating costs as well as lower gold equivalent production as compared to Q1 2022.

- ***Capital Expenditures –*** Capital expenditures in Q1 2023 totaled $3.6 million ($0.9 million in capital development costs, $2.2 million for exploration, and $0.5 million in property, plant and equipment) as compared to the $4.2 million ($0.7 million in capital development costs, $1.7 million for exploration, and $1.8 million for property, plant and equipment) during Q1 2022.

Björkdal Gold Mine, Sweden

Björkdal Financial Results

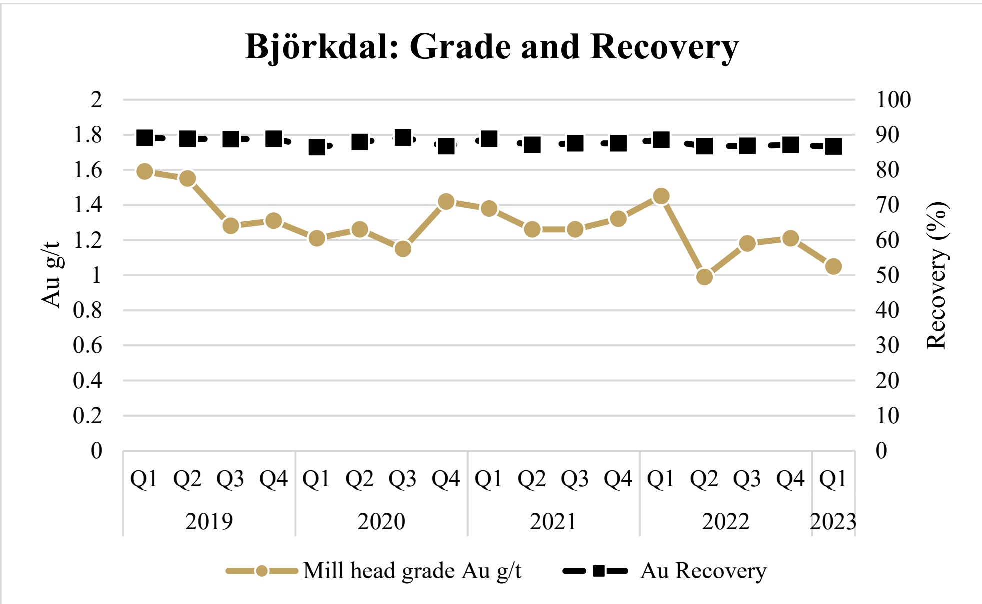
	Three months ended March 31	
	2023	2022
	$'000	$'000
Revenue	18,903	23,711
Cost of sales	14,849	14,273
Income from operations (excl. depreciation & depletion) [4]	4,054	9,438
General and administrative costs [1]	829	166
Adjusted EBITDA [2,4]	4,054	9,438
Depreciation & depletion	4,799	5,239
Adjusted EBIT [4]	(1,574)	4,033
Unrealized (gain) loss on hedge	(546)	2,481
Finance costs, forex and others [3]	2,276	3,556
Loss before tax	(3,304)	(2,004)
Current tax expense	-	222
Deferred tax recovery	(621)	(662)
Adjusted net (loss) income [4]	(3,229)	917
Consolidated net loss after tax	(2,683)	(1,564)
Capital development cost	1,809	2,460
Capital purchases	2,583	1,890
Capitalized exploration	794	755
Total capital expenditure [5]	5,186	5,105

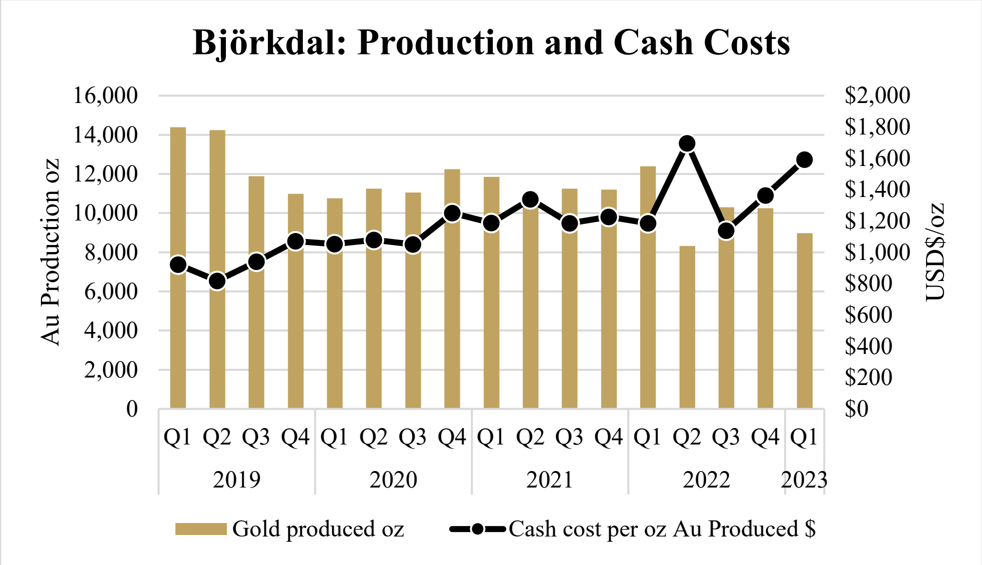
1. Includes intercompany transfer pricing recharge costs of $829,000 in Q1 2023 and $166,000 for the same period in 2022.
2. Does not include intercompany transfer pricing recharge costs.
3. Finance costs includes realized loss on gold hedge of $1,698,000 for Q1 2023 compared loss of $1,635,000 in Q1 2022. Others includes such items as intercompany transfer pricing recharge for marketing fees and stock-based compensation of $400,000 in Q1 2023 and $487,000 for the corresponding period of 2022.
4. Income from operations (excl. depreciation & depletion), Adjusted EBITDA, Adjusted EBIT 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.
5. Includes capitalized depreciation on equipment.

Björkdal Operating Results

		Three months ended March 31	
		2023	2022
Underground mining			
Operating development	m	1,163	1,449
Mined ore	t	240,533	316,371
Mined ore Au grade	g/t	1.19	1.41
Mined contained Au	oz	9,185	14,380
Mining cost per tonne ore	$/t	34.57	23.94
Processed ore	t	317,543	307,552
Processed ore mill head grade Au	g/t	1.05	1.45
Recovery Au	%	86.63	88.57
Saleable Au produced	Oz	8,969	12,384
Processing cost per tonne ore	$/t	8.66	10.49
Au sold	oz	9,521	12,134
Capital development (underground)	m	722	868
Capital development cost per metre	$/m	2,505	2,736
Cash operating cost per tonne ore processed[1]	$/t	44.95	47.77
Adjusted EBITDA per tonne ore processed[1,2]	$/t	12.77	30.69
Cash cost per oz Au produced[1,2]	$/oz	1,592	1,186
Site all-in sustaining cost per oz Au produced[1,2]	$/oz	1,902	1,491

1. Does not include intercompany transfer pricing recharge costs.
2. Adjusted EBITDA, cash and site 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.





Björkdal – Three Months Ended March 31, 2023 and 2022

- ***Production*** – Saleable gold production at Björkdal in Q1 2023 was 8,969 ounces, a 28% decrease from the 12,384 ounces produced in Q1 2022 primarily due to lower mined tonnes from the underground caused by a shortage in skilled personnel and a delay in the scheduled replacement of the haulage fleet reducing truck availability.

- ***Revenue*** – Björkdal's revenue for Q1 2023 was $18.9 million, a decrease of 20% from $23.7 million generated in Q1 2022. This decrease was due to fewer gold ounces sold with 9,521 ounces in Q1 2023 as compared to 12,134 gold ounces in Q1 2022.

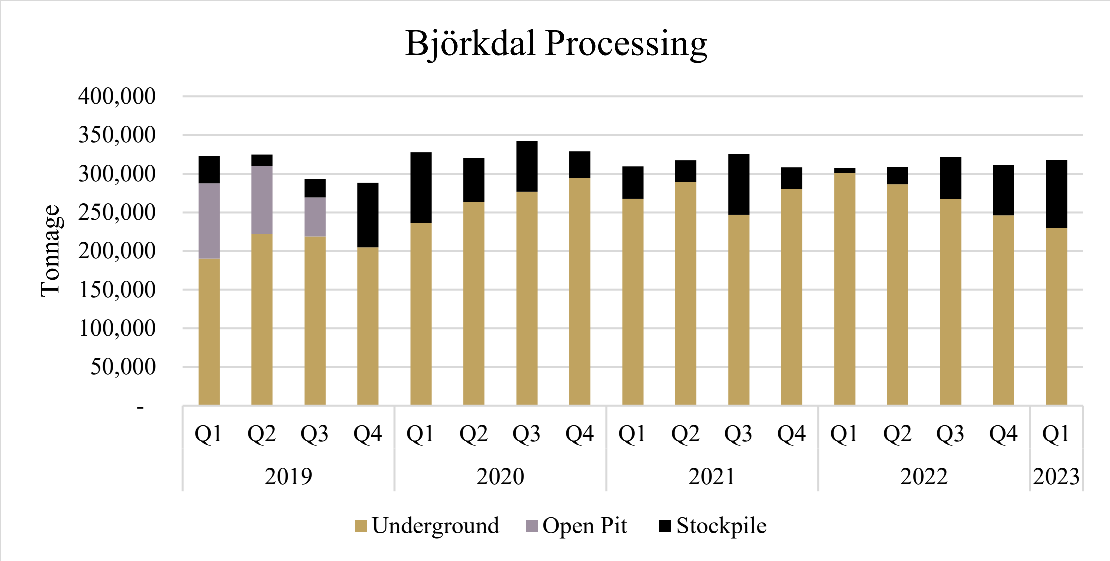
- ***Operating Costs*** – Cost of sales, excluding depreciation and depletion at Björkdal, was $14.8 million in Q1 2023, higher than $14.3 million for Q1 2022. This increase was mainly due to higher mining cost and a decrease in inventory during the current quarter.

- ***Income from Operations*** – Income from mine operations before depreciation and depletion at Björkdal for Q1 2023 was $4.1 million, adjusted EBITDA was $4.1 million, adjusted net loss was $3.2 million and net loss after tax was $2.7 million. Comparable results for Q1 2022 were income from mine operations before depreciation and depletion of $9.4 million, adjusted EBITDA of $9.4 million, adjusted net income of $0.9 million and net loss after tax of $1.6 million.

- ***Depletion and Depreciation*** – Depletion and depreciation expense at Björkdal was $4.8 million in Q1 2023, compared to $5.2 million for the same period in 2022. This decrease was mainly due to lower production.

- ***Cost per Ounce*** – Cash cost per ounce of saleable gold produced at Björkdal for Q1 2023 was $1,592, 34% higher as compared to $1,186 during Q1 2022. All-in sustaining cost per ounce of saleable gold produced for Q1 2023 was $1,902, 28% higher than the $1,491 during Q1 2022. These per unit costs were higher mainly due to lower comparative production.

- ***Capital Expenditures*** – Capital expenditures at Björkdal for Q1 2023 totaled $5.2 million ($1.8 million in mine development costs, $0.8 million for exploration, and $2.6 million in property, plant and equipment) compared with $5.1 million ($2.5 million in mine development costs, $0.8 million for exploration, and $1.9 million for property, plant and equipment) during Q1 2022.



Non-Core Properties

Lupin

The Company spent less than $0.1 million on care and maintenance at Lupin during Q1 2023 and $0.1 million for Q1 2022. Reclamation spending at Lupin was $0.1 million during Q1 2023 compared to $2.7 million for the corresponding period of 2022. Lupin is currently in the process of final closure and reclamation activities mainly funded by progressive security reductions. As at March 31, 2023, $8.5 million in restricted cash stands as a deposit against the present value of reclamation cost obligations of $12.9 million.

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 Q1 2023, which was similar to the comparative period in 2022.

1.2 FIRST QUARTER FINANCIAL RESULTS

Summary Financial Performance

	Three months ended March 31	
	2023	2022
	$'000	$'000
Revenue	42,179	54,154
Cost of sales	26,606	21,716
Income from operations (excl. depr. and depletion) (1)	15,573	32,438
Depreciation and depletion	8,037	9,196
Income from mining operations	7,536	23,242
General and administrative costs	2,628	1,133
Adjusted EBITDA(1)	12,945	31,305
Finance costs	3,605	3,126
Unrealized (gain) loss on financial instruments	(36)	3,402
Forex and others(2)	(473)	1,724

Consolidated income before tax	1,812	13,857
Current tax expense	2,930	4,097
Deferred tax recovery	(1,672)	(725)
Adjusted net income [1]	518	13,887
Consolidated net income	554	10,485
Adjusted income per share[1]	0.01	0.15
Consolidated income per share	0.01	0.11
Total assets	279,413	324,600
Total liabilities	94,907	138,776
Total equity	184,506	185,824
Capital expenditures – Consolidated[3]		
Underground capital development	2,674	3,206
Property, plant and equipment purchases	3,091	3,702
Capitalized exploration	3,011	2,722
Total capital expenditures	8,776	9,630

1. Income from operations (excl. depreciation & depletion), adjusted EBITDA, adjusted net income and adjusted income per share 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 and interest income.
3. Includes capitalized spending from non-operating sites.

Summary Balance Sheet

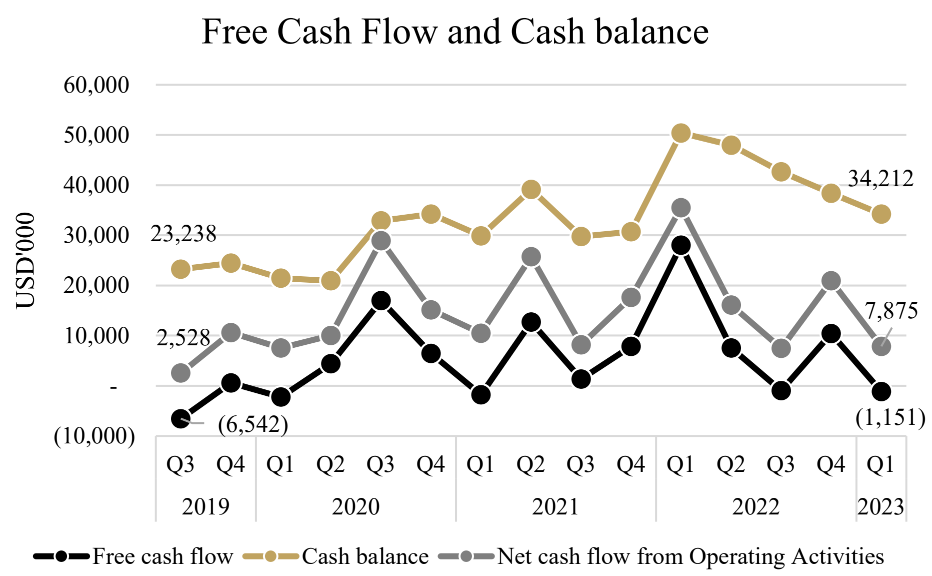
	As at March 31, 2023	As at December 31, 2022
	$'000	**$'000**
Cash and cash equivalents	34,212	38,377
Inventories, accounts rec. and other current assets	44,787	45,908
Total current assets	**78,999**	**84,285**
Property, plant and equipment	184,335	183,908
Reclamation deposits and other non-current assets	16,079	14,031
Total assets	**279,413**	**282,224**
Other current liabilities	36,834	37,225
Total current liabilities	**36,834**	**37,225**
Revolving Credit Facility – *non-current*	19,473	19,562
Non-current liabilities	38,600	41,283
Equity attributable to common shareholders	184,506	184,154
Total equity and liability	**279,413**	**282,224**

Summary Cash Flow

The table below summarizes the Company's cash flow for the Q1 2023, Q4 2022 and Q1 2022 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 March 31, 2023	Three months ended December 31, 2022	Three months ended March 31, 2022
	$'000	$'000	$'000
Net cash flows from operating activities	**7,875**	**20,928**	**35,497**
Reclamation expenditures	64	963	2,737
Capital expenditures	(8,624)	(10,845)	(9,472)
Lease payments	(466)	(659)	(756)
Free cash flow[1]	**(1,151)**	**10,387**	**28,006**
Net reclamation expenditures	(64)	(963)	(2,737)
Net repayment on borrowings	(110)	(13,390)	(3,455)
Payment of gold derivative contracts	(2,977)	(1,038)	(1,944)
Purchase of common shares for cancellation	(178)	-	-
Proceeds from sale of marketable securities	77	303	-
Shares issued for cash	6	65	97
Effects of exchange rate changes	232	366	(302)
Net cash flow	(4,165)	(4,270)	19,665
Cash/cash equivalents, end of period	**34,212**	**38,377**	**50,403**

1 Free cash flow is not standardized financial measure 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.



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 Q1 2023 and 2022. See Section 1.14, "Non-IFRS Measures", for more information.

	Three months ended March 31, 2023	Three months ended March 31, 2022
	$'000	**$'000**
Consolidated net income	554	10,485
Add/less: Special items		
Fair value (gain) loss on fin. Instruments	(36)	3,402
Adjusted net income	**518**	**13,887**
Add/less: Non-cash and finance costs		
Depletion and depreciation	8,037	9,196
(gain) loss on disposal of PPE	(4)	321
Share based compensation expense	336	471
Finance charges	3,605	3,126
Current tax expense	2,930	4,097
Deferred tax recovery	(1,672)	(725)
Foreign exchange (gain) loss	(504)	1,005
Interest and other income	(301)	(73)
Adjusted EBITDA	**12,945**	**31,305**
Depletion and depreciation	8,037	9,196
Adjusted EBIT	**4,908**	**22,109**

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 Q1 2023 and 2022. Refer to Section 1.14, "Non-IFRS Measures", for further information.

	Three months ended March 31, 2023	Three months ended March 31, 2022
	$'000	**$'000**
Cost of sales, excluding depletion and depreciation	**26,606**	**21,716**
Add:		
General and administrative costs	28	53
Less:		
Change in inventory	(1,570)	3,734
Royalties	(645)	(879)
Total cash cost	**24,419**	**24,624**
Saleable Au equivalent produced (oz)	19,986	29,631
Cash cost per oz gold produced ($)	**1,222**	**831**

	Three months ended March 31, 2023	Three months ended March 31, 2022
	$'000	**$'000**
Total Cash cost	**24,419**	**24,624**
Add:		
General and administrative costs	2,600	1,067
Capital development	2,673	3,206
Capital purchases – sustaining	1,243	2,578
Capital exploration – infill drilling	200	529
Royalties	645	879
Accretion on rehabilitation provisions	110	14
All-in sustaining cost	**31,890**	**32,897**
Saleable Au equivalent produced (oz)	19,986	29,631
All-in sustaining cost per oz Au prod. ($)	**1,596**	**1,110**

Consolidated Financial Results - Three Months Ended March 31, 2023 and 2022

- ***Revenue*** – Consolidated revenue for Q1 2023 was $42.2 million, 22% lower than the $54.2 million in Q1 2022. Consolidated gold equivalent ounces sold decreased to 21,769 ounces in Q1 2023 as compared to 28,280 ounces sold in Q1 2022. Lower revenue was as a result of lower production due to lower mined tonnes and grades at both sites.

- ***Operating Costs*** – Consolidated cost of sales, excluding depreciation and depletion, was $26.6 million for Q1 2023 compared to $21.7 million for Q1 2022. The increase in Q1 2023 costs were mainly due to higher mining cost and decrease in inventory at both operating sites as compared to Q1 2022.

- ***Income from Operations*** – Consolidated income from mine operations before depreciation and depletion for Q1 2023 was $15.6 million, adjusted EBITDA was $12.9 million, adjusted net income was $0.5 million and net income after tax was $0.6 million. Comparable results for Q1 2022 were income from mine operations before depreciation and depletion of $32.4 million, adjusted EBITDA of $31.3 million, adjusted net income of $13.9 million and net income after tax of $10.5 million.

- ***Depletion and Depreciation*** – Depletion and depreciation expense in Q1 2023 was $8.0 million compared to $9.2 million in Q1 2022. The decrease in Q1 2023 was mainly due to reduced production.

- ***Cost per Ounce*** – Consolidated cash cost per ounce of saleable gold equivalent produced for Q1 2023 was $1,222, a 47% increase compared to $831 during Q1 2022. Consolidated all-in sustaining cost per ounce of saleable gold equivalent produced for Q1 2023 was $1,596, 44% higher than Q1 2022 of $1,110. The higher unit costs were due to lower production in Q1 2023 as compared to Q1 2022.

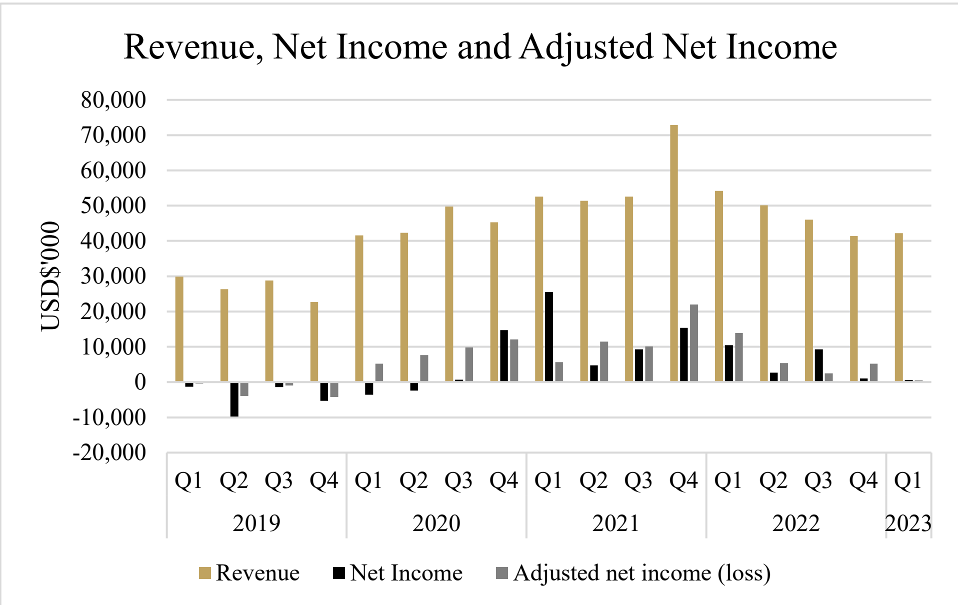
- ***Capital Expenditures*** – Consolidated capital expenditures for Q1 2023, totaled $8.8 million ($3.6 million occurred at Costerfield and $5.2 million at Björkdal). By comparison, total capital expenditures, including capitalized depreciation and exploration, in Q1 2022 were $9.6 million ($4.2 million at Costerfield, $5.1 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 1 2023	Quarter 4 2022	Quarter 3 2022	Quarter 2 2022
	$'000	$'000	$'000	$'000
Revenue	42,179	41,381	46,048	50,116
Adjusted net income	518	5,202	2,512	5,370
Net income	554	1,043	9,275	2,703
Adjusted net income per share – Basic	0.01	0.06	0.03	0.06
Net income per share – Basic and diluted	0.01	0.01	0.10	0.03

	Quarter 1 2022	Quarter 4 2021	Quarter 3 2021	Quarter 2 2021
	$'000	$'000	$'000	$'000
Revenue	54,154	72,904	52,567	51,352
Adjusted net income	13,887	21,992	10,090	11,475
Net income	10,485	15,334	9,255	4,790
Adjusted net income per share – Basic	0.15	0.24	0.11	0.13
Net income per share – Basic and diluted	0.11	0.17	0.10	0.05



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 the mining 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.

Normal Course Issuer Bid ("NCIB")

On January 16, 2023, the TSX approved the Company's notice of intention to make a normal course issuer bid ("NCIB"). Pursuant to the NCIB, the Company may purchase for cancellation up to 4,622,835 common shares at prevailing market prices in the 12-month period commencing January 18, 2023 and ending on January 17, 2024. The purchase price for any shares purchased pursuant to the NCIB is financed from the Company's working capital.

During the three months ended March 31, 2023, the Company repurchased 96,900 common shares at an average price of C$2.48 at a cost of C$240,576 under the NCIB.

1.4 MARKETS – CURRENCY EXCHANGE RATES

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

Currency	Average Rate January 1, 2023 – March 31, 2023	Average Rate January 1, 2022 – March 31, 2022
1A$ = C$	0.9249	0.9173
1 A$ = US$	0.6836	0.7242
1 US$ = C$	1.3530	1.2666
1 US$ = Chilean Peso	811	808
1 US$ = SEK	10.4566	9.3441

Markets – Commodity Prices

Realized price of gold was higher and antimony was lower in Q1 2023 as compared to Q1 2022. The average market and realized commodity prices for the reporting period are summarized in the table below:

Commodity	Prices January 1, 2023 – March 31, 2023	Prices January 1, 2022 – March 31, 2022
Realized gold US$/oz[1]	1,943	1,914
Average gold US$/oz – London PM close (Transamine)	1,887	1,874
Realized antimony US$/tonne[1]	12,823	14,200
Average antimony US$/tonne – Rotterdam Warehouse (Metal Bulletin)	12,656	13,856

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 March 31, 2023, the Company's working capital was $42.2 million compared to $47.1 million at December 31, 2022. The Company had cash and cash equivalents of $34.2 million as at March 31, 2023, as compared to $38.4 million at December 31, 2022.

On December 1, 2022, the Company entered into a credit agreement with the Bank of Nova Scotia ("Scotia"), providing for a senior secured revolving credit facility in an aggregate amount up to $35.0 million (the "Revolving Credit Facility"). The initial drawdown under the Revolving Credit Facility was used to repay the Company's existing syndicated facility with the HSBC Bank Canada and Macquarie Bank Limited (the "Existing Facility"), which had $32.6 million outstanding before repayment. The residual proceeds from the Revolving Credit Facility will be used for general corporate and working capital purposes.

During Q1 2020, 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. As at March 31, 2023, 6,250 ounces of saleable gold and 8,334 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 $0.5 million for Q1 2023 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 Q1 2023, the Company paid $3.0 million as settlement of expired gold derivatives contracts as compared to $1.9 million in Q1 2022. The hedge arrangements entered into in connection with the old, fully repaid Syndicated Facility will remain in place until their expiry in June 2023.

1.6 CONTRACTUAL COMMITMENTS AND CONTINGENCIES

Revolving Credit Facility

On December 1, 2022, the Company entered into a credit agreement with the Bank of Nova Scotia ("Scotiabank"), providing for a senior secured revolving credit facility in an aggregate amount up to $35.0 million (the "Revolving Credit Facility").

The initial drawdown under the Revolving Credit Facility was used to repay the Company's existing syndicated facility with the HSBC Bank Canada and Macquarie Bank Limited (the "Existing Facility") which had $32.6 million outstanding before repayment. The residual proceeds from the Revolving Credit Facility will be used for general corporate and working capital purposed.

The Revolving Credit Facility has the following financial covenants:

- Interest Coverage Ratio of not less than 4.00:1.00 at all times;
- Total Net Leverage Ratio of not more than 3.50:1.00 at all times;
- Adjusted Tangible Net Worth of not less than $135,739,000 plus 50% of net income (cumulative) earned after the Closing Date, less any write-downs related to non-core assets (including La Quebrada and Lupin) and add/less any fair value loss/gain related to the gold derivative contracts

As at March 31, 2023, the Company was in compliance with all financial covenants under the Revolving Credit Facility.

The Revolving Credit Facility has a term of three years with no hedging requirements and has a maturity date of December 1, 2025. The Company may cancel any unused portion of the Revolving Credit Facility without penalty at any time and may also repay any portion of the loan without penalty, subject to certain exceptions. The Company can repay the outstanding principal amount on or before maturity date. In connection with the Revolving Credit Facility, Scotiabank will hold security over the majority of the Company's material assets.

The Revolving Credit Facility has an effective interest rate of 8.73%. Nominal interest rate of SOFR as at March 31, 2023 was 4.66% plus 2.85% margin.

The Company has $20.0 million outstanding principal value as at March 31, 2023.

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. On August 10, 2022, the Company received additional 6,122,448 shares of Aftermath with a fair value of C$0.245 per share as a part of sale consideration on closing. During the three months ended March 31, 2023, the Company has sold 400,500 Aftermath shares at an average of C$0.27 per share. The value of securities as at March 31, 2023 is $1.3 million. These securities are stated at fair value with any resulting gain or loss recognized in the income statement. The Company recorded an unrealized fair value gain of $0.2 million for the three months ended March 31, 2023, 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 the Cerro Bayo sale agreement. The value of securities as at March 31, 2023 is $1.0 million. Equus securities are stated at fair value with any resulting gain or loss recognized in the income statement. The Company recorded an unrealized fair value loss of $0.6 million for the three months ended March 31, 2023, using Level 1 assumptions.

Contractual Obligations as at March 31, 2023

Contractual obligations	**Payments due by year ($ '000)**		**Total ($ '000)**
	Less than 1 year	**1-3 years**	
Revolving Credit Facility	-	20,000	**20,000**
Lease obligations	1,939	1,591	**3,530**
Other equipment loan obligations	284	170	**454**
Total contractual obligations	**2,223**	**21,761**	**23,984**

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 material 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 March 31, 2023, 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, consolidated 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 92,943,125 common shares issued and outstanding. The weighted average number of shares outstanding during Q1 2023 used for the calculation of per share results were 92,561,404.

In Q1 2023, 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 Toronto Stock Exchange'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 March 31, 2023 are as follows:

Exercise Price C$	As of March 31, 2023	As of May 10, 2023	Expiry Date
2.63	252,688	252,688	30 June, 2030
2.65	295,175	295,175	30 June, 2029
2.14	294,747	294,747	30 June, 2028
0.61	714,666	714,666	30 June, 2027
1.10	280,000	280,000	30 June, 2026
2.00	199,500	199,500	30 June, 2025
6.00	140,000	140,000	30 June, 2024
Total	**2,176,776**	**2,176,776**	

During Q1 2023, 13,334 options were exercised, compared to 59,000 options in the corresponding period of 2022. There were 2,176,776 options outstanding as of March 31, 2023.

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 began receiving part of their compensation in the form of DSUs, rather than RSUs, pursuant to the Omnibus Plan. The RSUs issued and outstanding as at March 31, 2023 are as follows:

	Number of RSU Awards
Balance, December 31, 2021	**475,958**
Granted	118,337
Redeemed	(240,664)
Balance, December 31, 2022	**353,631**
Granted	95,425
Redeemed	(88,728)
Forfeited	**-**
Balance, March 31, 2023	**360,329**
Redeemed	**109,292**
Outstanding as at May 10, 2023	**251,037**

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 March 31, 2023 are as follows:

	Number of PSU Awards
Balance, December 31, 2021	**296,049**
Granted	236,673
Redeemed	(98,683)
Balance, December 31, 2022	**434,039**
Granted	190,850
Redeemed	(177,574)
Balance, March 31, 2023	**447,315**
Redeemed	**-**
Balance, May 10, 2023	**447,315**

DSUs

Non-executive directors receive 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 March 31, 2023 are as follows:

	Number of DSU Awards
Balance, December 31, 2021	**150,148**
Granted	136,044
Redeemed	(23,364)
Balance, December 31, 2022	**262,828**
Granted	159,999
Redeemed	-
Balance, March 31, 2023	**159,999**
Redeemed	**-**
Balance, May 10, 2023	**159,999**

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

There were no material events subsequent to the quarter end.

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 Company'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.