MANAGEMENT’S DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023

AS OF AUGUST 9, 2023

CONTENTS

Management's Discussion and Analysis for the Three and Six Months Ended June 30, 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 and six months ended June 30, 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: 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 with the intent 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

Second Quarter 2023 Highlights:

- **Cash on hand was $32.8 million at quarter end** and debt of $24.6 million resulting in a net cash[1] position of $8.2 million. This compares to $47.9 million of cash and $41.5 million in debt resulting in $6.4 million in net cash as at June 30, 2022.

- **Consolidated gold equivalent production of 20,850 ounces** compared to 23,305 ounces in Q2 2022. The decrease in ounces produced in the current quarter compared to Q2 2022 was due to lower production at Costerfield. This reduction at Costerfield was primarily caused by lower gold grade. The drop in grades can be attributed primarily to higher grade areas being mined in the Youle and Shepherd ore bodies during the comparative period.

- **Revenue of $39.7 million on 20,229 gold equivalent ounces sold** compared to $50.1 million on 26,781 ounces in Q2 2022. This decrease in revenue in the current quarter as compared to Q2 2022 was mainly due to lower gold equivalent ounces produced and therefore sold at Costerfield.

- **Adjusted EBITDA[1] of $8.9 million** compared to $20.3 million in Q2 2022. Adjusted EBITDA was lower as compared to Q2 2022 due to lower revenue in the current quarter.

- **Adjusted net loss[1] of $3.2 million (($0.03) or (C$0.05) per share)** compared to an adjusted net income of $5.4 million ($0.06 or C$0.07 per share) in Q2 2022.

- **Consolidated net income in Q2 2023 was $0.5 million ($0.01 or C$0.01 per share)**, compared to a consolidated net income of $2.7 million ($0.03 or C$0.04 per share) in Q2 2022.

- **Consolidated cash cost[1] of $1,159 per ounce and all-in sustaining cost[1] of $1,644 per ounce of saleable gold equivalent production** compared to $1,020 and $1,399 per ounce, respectively, in Q2 2022. The higher unit costs were mainly due to lower production in Q2 2023 as compared to Q2 2022.

- **Free cash flow[1] of $2.9 million** compared to $7.5 million in Q2 2022. The decrease in Q2 2023 as compared to Q2 2022 was mainly due to higher capital expenditures spent. Cash flow from operating activities of $16.2 million compared to $16.1 million in Q2 2022.

- **69,700 common shares were purchased** for $0.1 million (an average of C$2.22/share) under the Company's normal course issuer bid.

- **Production hedge contract payments of $4.4 million** compared to $2.9 million in Q2 2022. These hedge contracts were entered into in connection with the Company's previous Syndicated Facility. The contracts with HSBC were completed and settled as on June 30, 2023. There was one outstanding contract with Macquarie as of June 30, 2023, which was settled on July 4, 2023.

- **Consolidated capital expenditures of $14.1 million** compared to $10.9 million in Q2 2022. Out of this, $3.5 million was spent on exploration at both sites compared to $2.6 million in Q2 2022.

1 Adjusted EBITDA, adjusted net income (loss), 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.

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, 2023 and 2022:

	Three months ended June 30		Six months ended June 30	
	2023	2022	2023	2022
Björkdal				
Gold produced (oz)	10,397	8,316	19,366	20,700
Gold sold (oz)	9,939	8,976	19,460	21,110
Cash cost[(1)] per oz gold produced ($)	1,389	1,696	1,483	1,391
All-in sustaining cost[(1)] per oz gold produced ($)	1,942	2,120	1,923	1,729
Costerfield				
Gold produced (oz)	7,296	11,079	14,664	23,276
Antimony produced (t)	517	523	1,061	1,206
Gold equivalent produced (oz)[(2)]	10,453	14,989	21,470	32,236
Gold sold (oz)	7,261	12,213	15,760	24,462
Antimony sold (t)	496	748	1,055	1,275
Gold equivalent sold (oz)[(2)]	10,290	17,805	22,538	33,951
Cash cost[(1)] per oz gold eq. produced ($)	930	646	925	608
All-in sustaining cost[(1)] per oz gold eq. produced ($)	1,184	916	1,141	840
Consolidated				
Gold equivalent produced (oz)[(2)]	20,850	23,305	40,836	52,936
Gold equivalent sold (oz)[(2)]	20,229	26,781	41,998	55,061
Cash cost[(1)] per oz gold eq. produced ($)	1,159	1,020	1,190	914
All-in sustaining cost[(1)] per oz gold eq. produced ($)	1,644	1,399	1,620	1,232
Average gold price ($/oz)	1,977	1,875	1,932	1,874
Average antimony price ($/t)	12,072	14,018	12,362	13,937

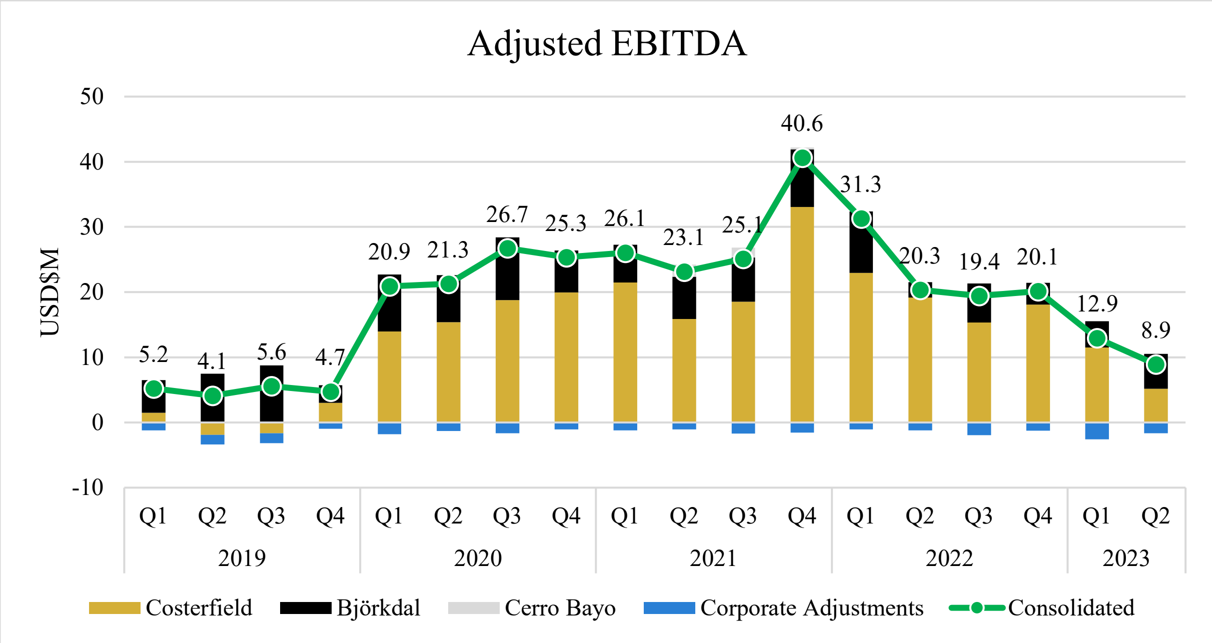
1. Cash cost and all-in sustaining cost are not standardized financial measures under IFRS and might not be comparable to similar financial measures disclosed by other issuers. Refer to Section 1.14, "Non-IFRS Measures", for further information.
2. Gold equivalent ounces (or "Au Eq. oz") produced/sold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

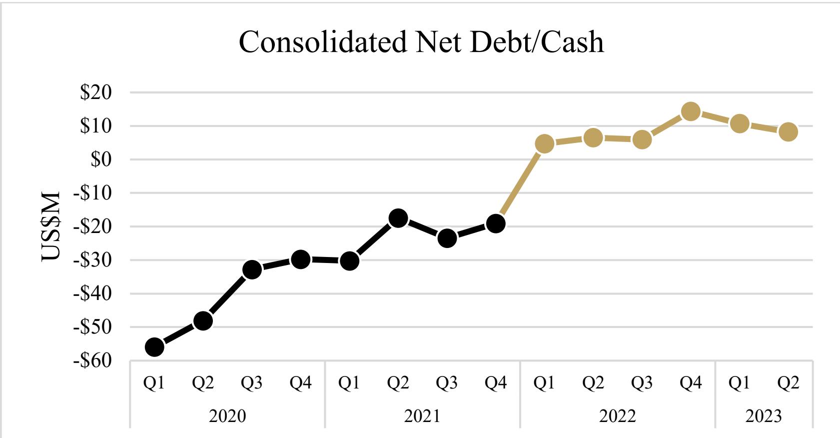
The following table sets forth a summary of the Company's consolidated financial results for the three and six months ended June 30, 2023 and 2022:

	Three months ended June 30		Six months ended June 30	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Revenue	39,670	50,116	81,849	104,270
Cost of sales	29,236	28,526	55,842	50,242
Income from operations (excl. depr. & depletion)(1)	10,434	21,590	26,007	54,028
General and administrative costs	1,544	1,261	4,172	2,394
Adjusted EBITDA(1)	8,890	20,329	21,835	51,634
Depreciation and depletion	7,762	7,696	15,799	16,892
Adjusted EBIT(1)	1,128	12,633	6,036	34,742
Finance costs	5,377	3,531	8,982	6,657
Unrealized gain on financial instruments	(4,247)	(4,425)	(4,283)	(1,023)
Tax, forex and others(2)	(526)	10,824	259	15,920
Adjusted net (loss) income(1)	(3,229)	5,370	(2,711)	19,257
Consolidated net income	524	2,703	1,078	13,188
Adjusted net (loss) income per share(1)	(0.03)	0.06	(0.03)	0.21
Consolidated net income per share	0.01	0.03	0.01	0.14
Total assets	271,324	306,138	271,324	306,138
Total liabilities	91,001	131,528	91,001	131,528
Total equity	180,323	174,610	180,323	174,610
Consolidated capital expenditures(3)				
Capital development	3,744	3,253	6,417	6,460
Property, plant and equipment purchases	6,832	5,094	9,924	8,797
Capitalized exploration	3,519	2,585	6,531	5,305
Total	14,095	10,932	22,872	20,562

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, revision of reclamation liability and interest income.
3. Includes capitalized spending from non-operating sites.



The decrease in EBITDA in Q2 2023 was related predominantly due to non-systemic incidents at Costerfield 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, there were two focuses for near-mine exploration. Extension drilling on the Shepherd orebody continued through Q2 with the focus shifting from a depth extension infill program, to a southern extension program. Alongside this drilling, the Brunswick deeps program re-commenced targeting Youle or Shepherd style mineralization below the recently-producing Brunswick mine.

Regional drill testing was focused approximately 2km east of the mine with the continuation of the True Blue drill program. The first intercepts from this program were released in February this year. Additionally, the West Costerfield drilling program concluded and the Northern Dykes drilling program commenced with the intent of drill testing below historic workings along dyke hosted, gold-antimony mineralization.

Going into Q3, Mandalay expects the drilling programs extending Shepherd and Brunswick at depth will continue. Likewise, the True Blue program is scheduled to continue, with a new drill program designed to start in Q3 testing for Costerfield-style mineralization underneath the historic Robinson mine.

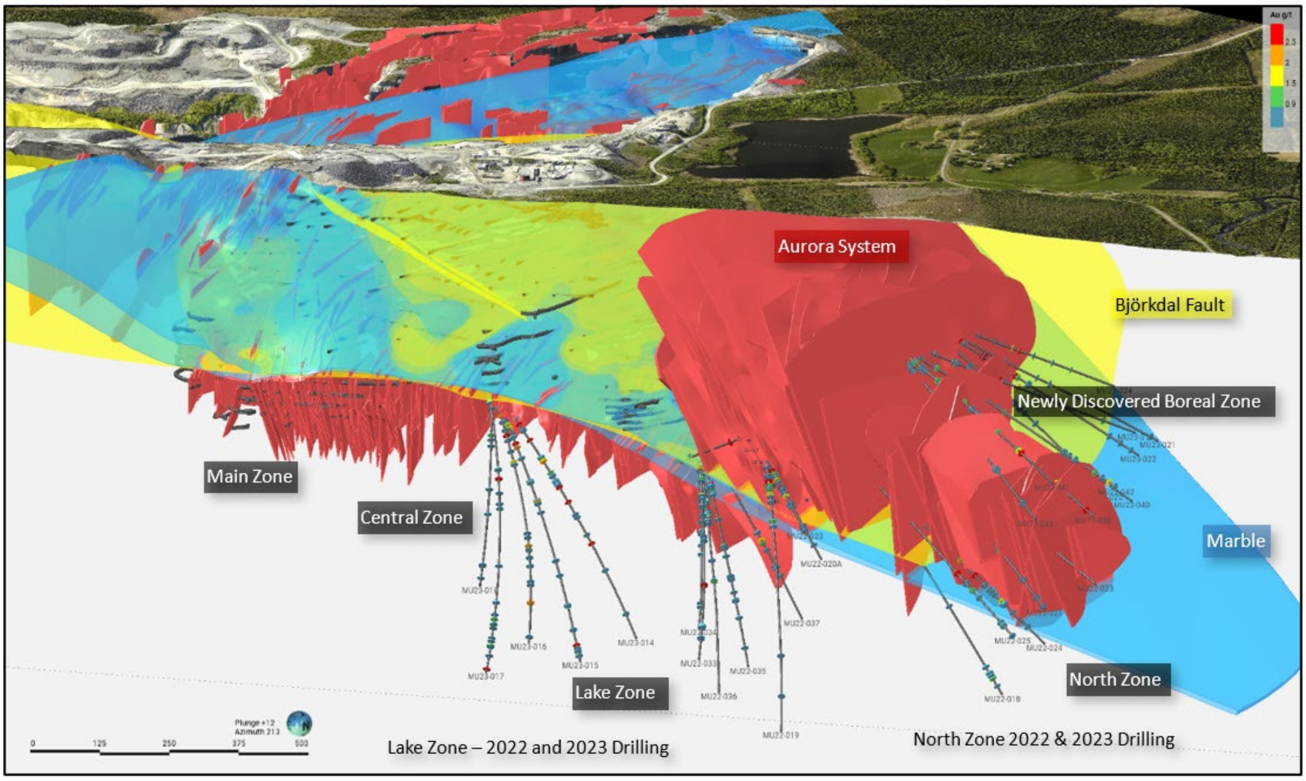
At Björkdal, near mine exploration had three focal points. Firstly, the immediate surrounding areas of the Aurora orebody were targeted with the program continuing into Q3. Secondly, the eastern extension of Lake Zone was drilled and thirdly the North Zone area was tested for dip and strike continuity. Excitingly, within the drilling of North Zone a new area of veining was intercepted approximately 180 metres to the north of the Aurora zone. This new area is called the Boreal Zone and a news release detailing this discovery along with a drilling update from the rest of North Zone and the Lake Zone eastern extension program, was issued in July 2023.

Highlighted drilling results within North Zone and Boreal Zone include:

- 207.0 g/t gold over 0.55 m (Estimated True Width "ETW" 0.45 m) in MU22-040;
- 72.8 g/t gold over 0.45 m (ETW 0.29 m) in MU22-025; and
- 33.6 g/t gold over 0.70 m (ETW 0.61 m) in MU23-022.

Lake Zone Eastern Extension highlights include:

- 116.8 g/t gold over 0.35 m (Estimated True Width "ETW" 0.27 m) in MU23-016;
- 51.3 g/t gold over 0.60 m (ETW 0.52 m); and
- 88.6 g/t gold over 0.45 m (ETW 0.34 m) in MU23-015.



Perspective view of the Björkdal Mine looking towards the SW highlighting the interaction of the veining (Red), marble (Blue) and Björkdal fault (Yellow). Drilling from the 2023 Lake Zone Eastern Extension and the North Zone extension programs are also shown.

Additionally, during Q2, surface drilling was primarily focused on the depth and strike extension drilling of the Storheden mineralization that is situated approximately 500 m to the northeast of the mine. Extensional drilling is aimed at testing the extent of mineralization identified over a strike length of 3.5 km. The secondary focus for surface drilling was the depth testing of the Quartz Mountain target originally mined within the Björkdal open pit.

During Q3 drilling is expected to continue on the newly defined Boreal Zone and conclude on the Aurora surrounds program. New programs are due to commence infilling the eastern extension of Main Zone as well as the eastern extension of the Aurora Zone. Drilling will also re-commence in the southwestern tenements on the Lapptjärn and Tarsnäs targets.

Ukraine Conflict

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.

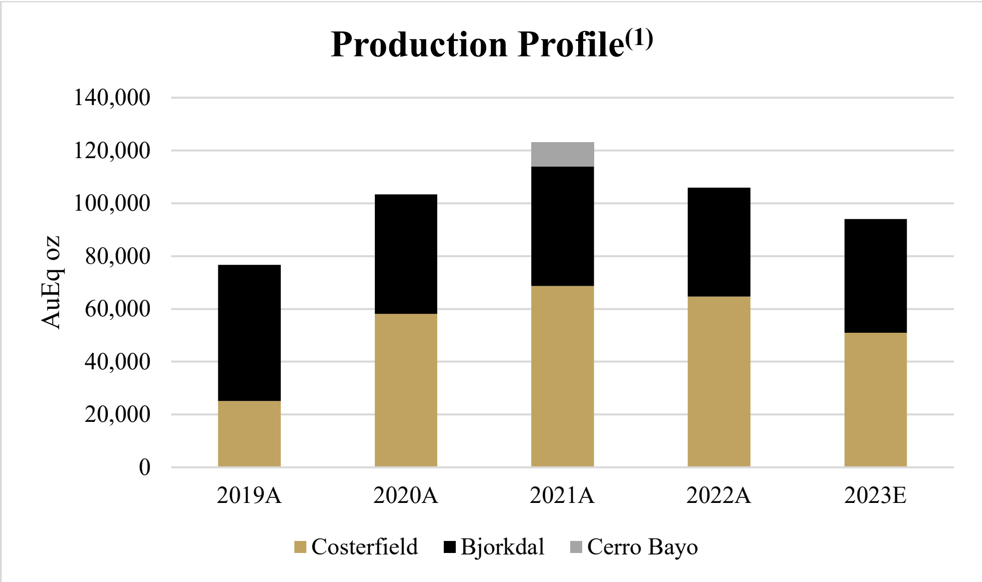
Outlook

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 Shepherd deposit will ramp up. At Björkdal, work will continue around improving dilution controls and implementing improved contingencies regarding staffing protocols. Additionally, development in several higher-grade areas of the Eastern Deeps central zone will begin and now stoping can commence as the mining permit extension has been granted.

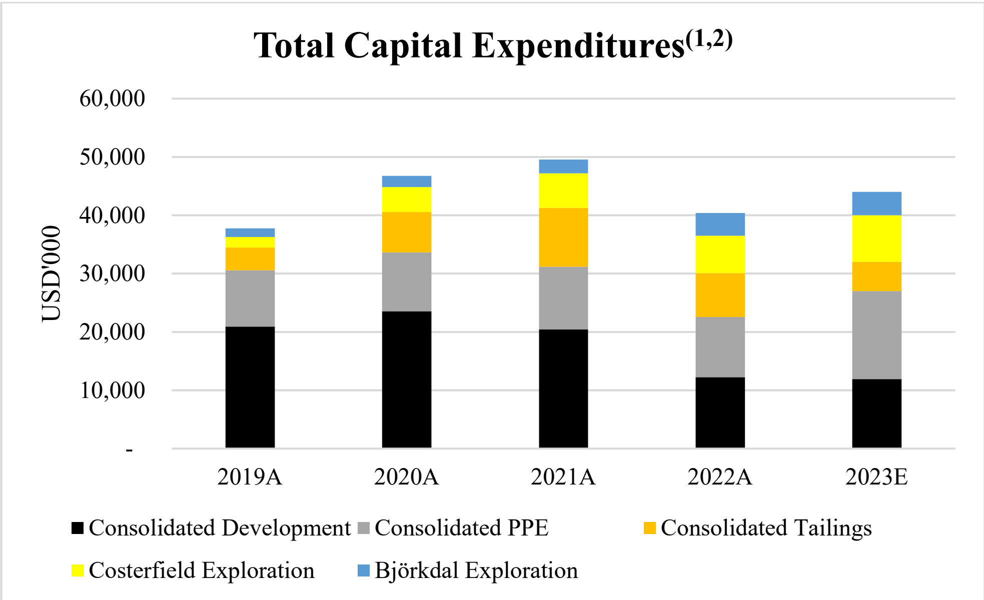
The Company's 2023 production and cost guidance was revised as presented in the table below (disclosed in the Company's July 13, 2023 press release). The original 2023 full-year guidance was disclosed in the Company´s January 13, 2023 press release.

	Björkdal	Costerfield	Consolidated
	2023E		
Gold production (oz)	41,000 – 45,000	35,000 – 40,000	76,000 – 85,000
Antimony production (t)	-	1,850 – 2,400	1,850 – 2,400
Gold eq. production (oz)(1)	41,000 – 45,000	47,000 – 55,000	88,000 – 100,000
Cash cost, $/oz gold eq.(2)	1,270 – 1,410	810 – 960	1,010 – 1,170
All-in sustaining $/oz gold eq.(2,3)	1,630 – 1,810	1,040 – 1,240	1,370 – 1,580
Capex, $ million	25 – 29	16 – 20	41 – 49

1. Assumes average metal prices of: Au $1,927/oz, Sb $12,107/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.
4. Revised 2023 guidance assumes foreign exchange rates of: AUD/USD 0.68 and USD/SEK 10.55



1. 2023E average revised 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

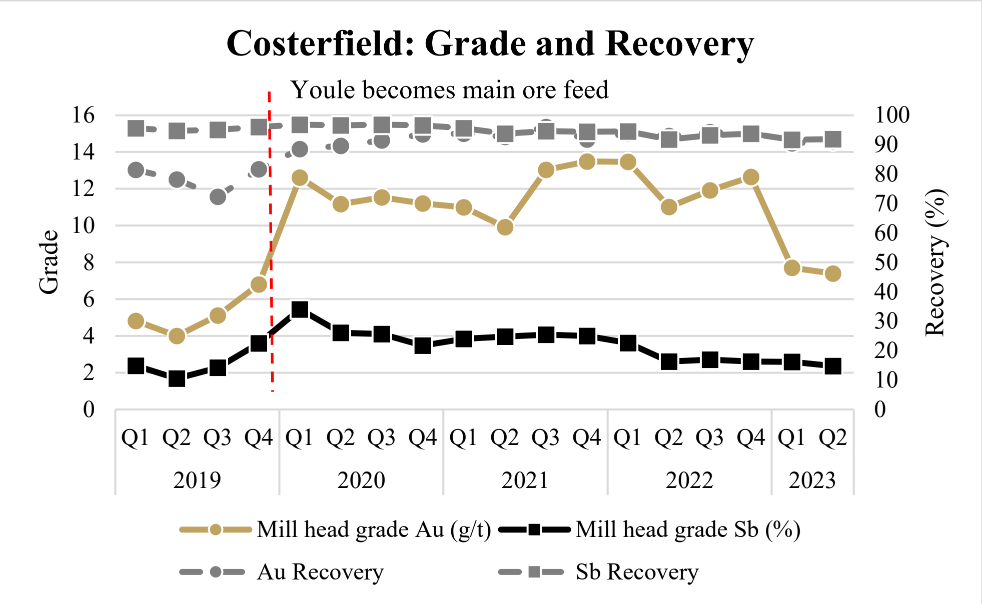
	Three months ended June 30		Six months ended June 30	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Revenue	20,544	32,406	43,820	62,848
Cost of sales	15,476	13,186	27,234	20,629
Income from operations (excl. depr. & depletion)[3]	5,068	19,220	16,586	42,219
General and administrative costs[1]	147	232	1,300	482
Adjusted EBITDA[2,3]	5,159	19,172	16,650	42,118
Depreciation & depletion	3,037	3,308	6,274	7,265
Adjusted EBIT[3]	1,884	15,680	9,012	34,472
Unrealized (gain) loss on hedge	(2,316)	(962)	(2,234)	856
Finance costs, forex and others[3,4]	2,856	(5,162)	3,955	(1,358)
Income before tax	1,344	21,804	7,291	34,974
Current tax (recovery) expense	(618)	5,553	2,312	9,429
Deferred tax expense	1,143	1,296	91	1,232
Adjusted net (loss) income[3]	(1,003)	13,993	3,148	25,169
Consolidated net income after tax	819	14,955	4,888	24,313
Capital development	983	892	1,848	1,638
Property, plant and equipment purchases	1,089	2,216	1,597	4,028
Capitalized exploration	1,968	1,487	4,120	3,174
Total capital expenditures	4,040	4,595	7,565	8,840

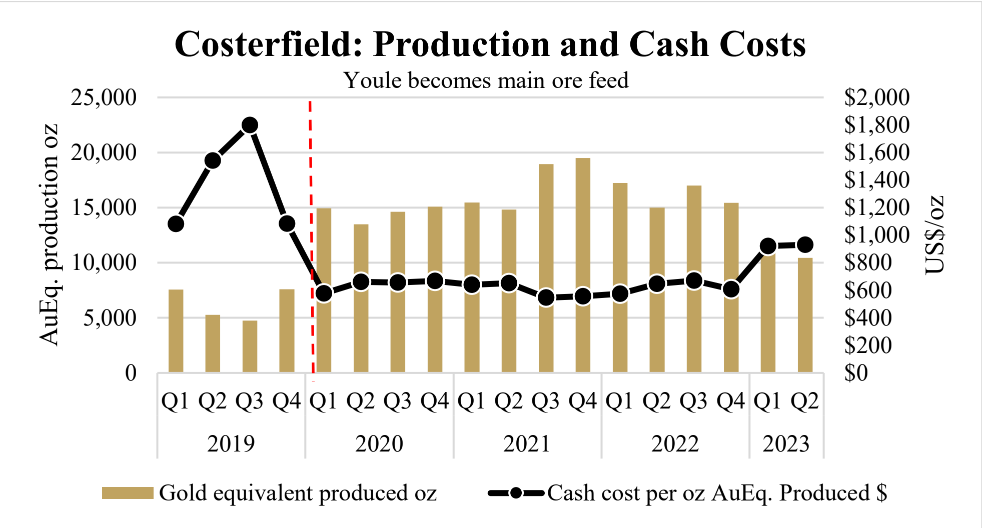
1. Includes intercompany transfer pricing costs of $238,000 and $1,364,000 in three months and six months ended June 30, 2023 and $184,000 and $381,000 in the corresponding period of 2022.
2. Does not include intercompany transfer pricing recharge costs.
3. Income from operations (excl. depreciation & 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 settlement of gold hedge of $2,329,000 and $3,623,000 in three months and six months ended June 30, 2023 and loss of $1,067,000 and $1,752,000 in the corresponding period of 2022.
4. Others includes such items as write-down of assets, gain/loss on disposals of properties and intercompany transfer pricing recharge for marketing fees and stock-based compensation. The intercompany transfer pricing recharge for marketing fees and stock-based compensation was $420,000 and $889,0000 for the three and six months ended June 30, 2023, compared to $648,000 and $1,257,000 for the corresponding periods in 2022.

Costerfield Operating Results

		Three months ended June 30		Six months ended June 30	
		2023	2022	2023	2022
Operating development	m	940	961	1,651	1,975
Mined ore	t	33,035	35,512	59,320	73,914
Mined ore Au grade	g/t	7.01	10.68	7.63	11.42
Mined ore Sb grade	%	2.15	2.12	2.15	2.66
Mined contained Au	oz	7,443	12,198	14,557	27,137
Mined contained Sb	t	709	752	1,273	1,964
Mining cost per tonne ore	$/t	181	152	198	148
Processed ore	t	35,990	36,517	71,371	68,724
Processed ore mill head grade Au	g/t	7.39	11.01	7.55	12.16
Processed ore mill head grade Sb	%	2.36	2.61	2.47	3.08
Recovery Au	%	91.15	93.01	90.81	93.41
Recovery Sb	%	91.90	91.83	91.79	93.30
Saleable Au produced	oz	7,296	11,079	14,664	23,276
Saleable Sb produced	t	517	523	1,061	1,206
Saleable Au equivalent produced	oz	10,453	14,989	21,470	32,236
Processing cost per tonne ore	$/t	49.57	53.76	54.66	56.56
Au sold in gravity concentrate	oz	4,829	7,367	10,286	16,099
Au sold in floatation concentrate	oz	2,432	4,846	5,474	8,364
Au sold (total)	oz	7,261	12,213	15,760	24,462
Sb sold	t	496	748	1,055	1,275
Capital development metres	m	143	149	308	299
Capital development cost per metre	$/m	6,889	5,983	6,004	5,487
Cash cost per tonne ore processed [1,2]	$/t	270	265	278	285
Adjusted EBITDA per tonne ore processed [1,2]	$/t	143	525	233	613
Cash cost per oz Au eq. produced [1,2]	$/oz	930	646	925	608
Site all-in sustaining cost per oz Au eq. produced[1,2]	$/oz	1,184	916	1,141	840

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 June 30, 2023 and 2022

- ***Production*** – Saleable gold production for Q2 2023 was 7,296 ounces, 34% decrease from the 11,079 ounces produced in Q2 2022. Saleable antimony production during Q2 2023 was 517 tonnes, 1% decrease from the 523 tonnes produced in Q2 2022. Gold equivalent production for Q2 2023 was 10,453 ounces, 30% decrease from the 14,989 gold equivalent ounces produced in Q2 2022. The decrease in ounces produced in the current quarter compared to Q2 2022 was primarily caused by lower mined ore tonnes and grades. The shortfall in mined tonnes was due to supply chain issues that resulted in a delay in receiving a remote underground loader. The drop in grades can be attributed primarily to a delay in stope progression into the higher-grade core of the Youle orebody and ongoing normal course geology model reconciliation work. Processed gold grades were lower during Q2 2023 at 7.39 g/t gold as compared to 11.01 g/t gold in Q2 2022 Processed antimony grades were lower at 2.36% during Q2 2023 as compared to 2.61% in Q2 2022.

- ***Revenue*** – Costerfield's revenue for Q2 2023 was $20.5 million, 37% decrease from $32.4 million in Q2 2022. This was mainly due to lower gold equivalent ounces sold during the current quarter as compared to Q2 2022. Gold equivalent ounces sold decreased by 42% to 10,290 ounces in Q2 2023 as compared to 17,805 ounces in Q2 2022.

- ***Operating Costs*** – Cost of sales, excluding depletion and depreciation at Costerfield, was $15.5 million for Q2 2023, compared to $13.2 million during Q2 2022. The increase in the current quarter is mainly due to a decrease in inventory as compared to Q2 2022.

- ***Income from Operations*** – Income from mine operations before depreciation and depletion at Costerfield during Q2 2023 was $5.1 million, adjusted EBITDA was $5.2 million, adjusted net loss was $1.0 million and net income after tax was $0.8 million. Comparable results for Q2 2022 were income from mine operations before depreciation and depletion of $19.2 million, adjusted EBITDA of $19.2 million, adjusted net income of $14.0 million and net income after tax of $15.0 million. The decrease in income from operations is due to a decrease in revenue and increased cost of sales during Q2 2023.

- ***Depletion and Depreciation*** – Depletion and depreciation expense at Costerfield decreased to $3.0 million in Q2 2023, compared to $3.3 million for Q2 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 Q2 2023 was $930 compared to $646 in Q2 2022. All-in sustaining cost per ounce of saleable gold equivalent produced in Q2 2023 was $1,184 compared to $916 in Q2 2022. These per ounce costs were higher mainly due to lower gold equivalent production as compared to Q2 2022.

- ***Capital Expenditures*** – Capital expenditures in Q2 2023 totaled $4.1 million ($1.0 million in capital development costs, $2.0 million for exploration, and $1.1 million in property, plant and equipment) as compared to the $4.6 million ($0.9 million in capital development costs, $1.5 million for exploration, and $2.2 million for property, plant and equipment) during Q2 2022.

Costerfield – Six Months Ended June 30, 2023 and 2022

- ***Production*** — Saleable gold production for the first half year of 2023 was 14,664 ounces, 37% decrease from the 23,276 ounces produced during the same period last year. Saleable antimony production for the six months ended June 30, 2023 was 1,061 tonnes, 12% decrease from the 1,206 tonnes produced during the first half of 2022. Gold equivalent production for the six months ended June 30, 2023, was 21,470 ounces, 33% decrease from the 32,236 gold equivalent ounces produced in the same period in 2022. This was due to both reduced mobile equipment availability due to the Q1 loader fire damage and a one-off production interruption due to water inundation in part of the underground. Both issues have since been rectified. Processed gold grades were lower during first half of 2023 at 7.55 g/t gold as compared to 12.16 g/t gold during the same period in 2022 due to timing of stope and ore development and geology model reconciliation work. Processed antimony grades were 2.47% during the first half of 2023 as compared to 3.08% in the same period in 2022.

- ***Revenue*** – Costerfield's revenue for the six months ended June 30, 2023 was $43.8 million, 30% decrease from $62.8 million in the six months ended June 30, 2022. This was mainly due to decrease in gold equivalent ounces sold during the first half year of 2023 as compared to same period last year. Gold equivalent ounces sold decrease by 34% to 22,538 ounces in the six months ended June 30, 2023, as compared to 33,951 ounces in the six months ended June 30, 2022.

- ***Operating Costs*** – Cost of sales excluding depletion and depreciation at Costerfield was $27.2 million for the six months ended June 30, 2023, compared to $20.6 million for the same period of 2022. The increase in the current quarter is mainly due to a decrease in inventory and higher mining cost as compared to Q2 2022.

- ***Income from Operations*** – Income from mine operations before depreciation and depletion at Costerfield during the six months ended June 30, 2023, was $16.6 million, adjusted EBITDA was $16.7 million, adjusted net income was $3.1 million and net income after tax was $4.9 million. Comparable results for the six months ended June 30, 2022, were income from mine operations before depreciation and depletion of $42.2 million, adjusted EBITDA was $42.1 million, adjusted net income was $25.2 million and net income after tax of $24.3 million.

- ***Depletion and Depreciation*** – Depletion and depreciation expense at Costerfield decreased to $6.3 million in the six months ended June 30, 2023, compared to $7.3 million for the same period in 2022 mainly due to lower production 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, 2023 was $925 compared to $608 in the six months ended June 30, 2022. All-in sustaining cost per ounce of saleable gold equivalent produced in the six months ended June 30, 2023 was $1,141 compared to $840 in the six months ended June 30, 2022. These per ounce costs were higher due to lower gold equivalent production during first half of the current year.

- ***Capital Expenditures*** – Capital expenditures in the first six months ended June 30, 2023 totalled $7.5 million ($1.8 million in capital development costs, $4.1 million for exploration, and $1.6 million in property, plant and equipment) as compared to the $8.8 million ($1.6 million in capital development costs, $3.2 million for exploration, and $4.0 million for property, plant and equipment) during the first six months of 2022. The decrease in capital expenditures were due to lower amounts spent on mining equipment during first half of the current year.

Björkdal Gold Mine, Sweden

Björkdal Financial Results

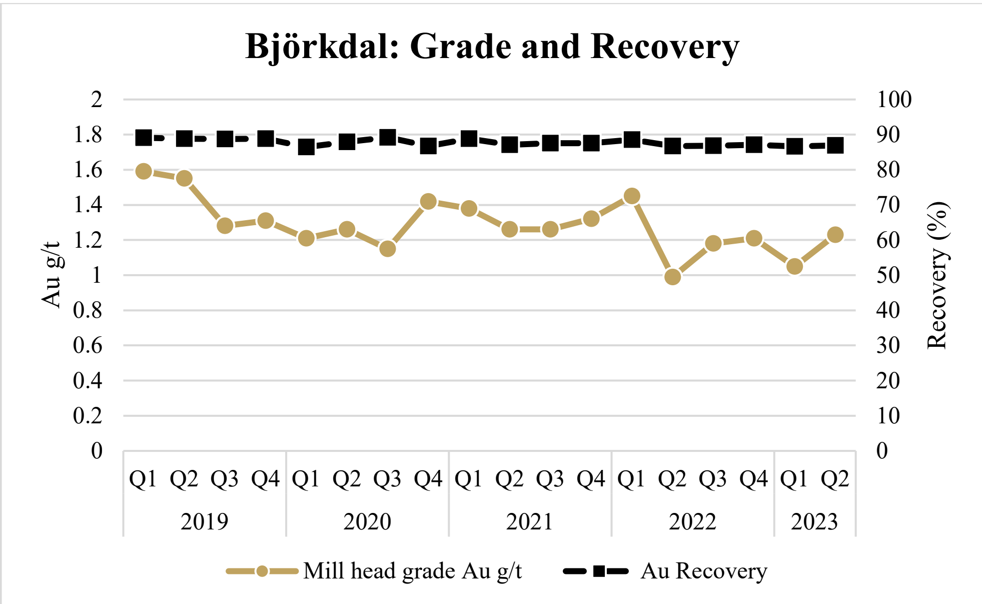
	Three months ended June 30		Six months ended June 30	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Revenue	19,126	17,710	38,029	41,422
Cost of sales	13,760	15,340	28,608	29,613
Income from operations (excl. depreciation & depletion) (4)	5,366	2,370	9,421	11,809
General and administrative costs (1)	233	159	1,063	325
Adjusted EBITDA (2,4)	5,366	2,370	9,421	11,809
Depreciation & depletion	4,725	4,388	9,525	9,627
Adjusted EBIT (4)	408	(2,177)	(1,167)	1,857
Unrealized gain on hedge	(2,257)	(5,453)	(2,803)	(2,972)
Finance costs, forex and others (3)	6,351	6,270	8,626	9,827
Loss before tax	(3,686)	(2,994)	(6,990)	(4,998)
Current tax (recovery) expense	-	(210)	-	11
Deferred tax recovery	(740)	(437)	(1,360)	(1,098)
Adjusted net loss (4)	(5,203)	(7,800)	(8,433)	(6,883)
Consolidated net loss after tax	(2,946)	(2,347)	(5,630)	(3,911)
Capital development cost	2,761	2,361	4,569	4,822
Capital purchases	5,743	2,878	8,327	4,769
Capitalized exploration	1,551	1,066	2,344	1,821
Total capital expenditure (5)	10,055	6,305	15,240	11,412

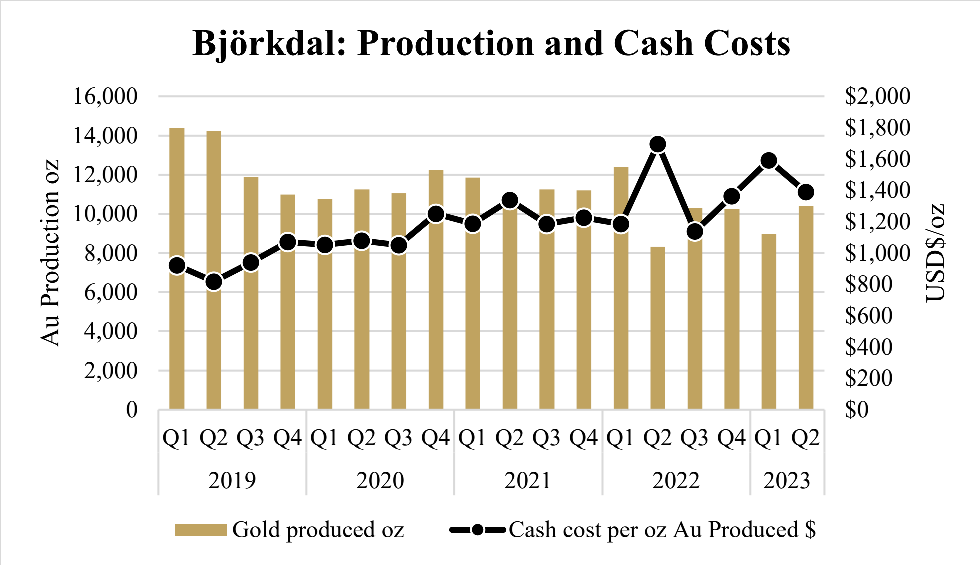
1. Includes intercompany transfer pricing recharge costs of $233,000 and $1,063,000 for the three and six months ended June 30, 2023 and $159,000 and $325,000 for the same periods in 2022.
2. Does not include intercompany transfer pricing re charge costs.
3. Finance costs includes the settlement of gold hedges of $2,281,000 and $3,979,000 for the three and six months ended June 30, 2023 compared to loss of $1,637,000 and $3,272,000 for the same periods in 2022. Others includes such items as gain/loss on disposals of properties and intercompany transfer pricing recharge for marketing fees and stock-based compensation. The intercompany transfer pricing recharge for marketing fees and stock-based compensation was $398,000 and $798,000 for the three and six months ended June 30, 2023, compared to $368,000 and $855,000 for the corresponding periods 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 June 30		Six months ended June 30	
		2023	**2022**	**2023**	**2022**
Underground mining					
Operating development	M	1,325	1,340	2,488	2,789
Mined ore	t	300,264	275,992	540,797	592,363
Mined ore Au grade	g/t	1.26	1.04	1.23	1.24
Mined contained Au	oz	12,201	9,243	21,387	23,625
Mining cost per tonne ore	$/t	27.13	28.64	30.44	26.13
Processed ore	t	296,213	308,759	613,756	616,311
Processed ore mill head grade Au	g/t	1.23	0.99	1.14	1.22
Recovery Au	%	86.96	86.74	86.63	87.80
Saleable Au produced	oz	10,397	8,316	19,366	20,700
Processing cost per tonne ore	$/t	8.74	10.02	8.70	10.26
Au sold	oz	9,939	8,976	19,460	21,110
Capital development (underground)	m	715	888	1,437	1,756
Capital development cost per metre	$/m	3,861	2,598	3,179	2,666
Cash operating cost per tonne ore processed(1)	$/t	48.75	45.69	46.79	46.73
Adjusted EBITDA per tonne ore processed(1,2)	$/t	18.12	7.68	15.35	19.16
Cash cost per oz Au produced(1,2)	$/oz	1,389	1,696	1,483	1,391
Site all-in sustaining cost per oz Au produced(1,2)	$/oz	1,942	2,120	1,923	1,729

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 June 30, 2023 and 2022__

- ***Production*** – Saleable gold production at Björkdal in Q2 2023 was 10,397 ounces, 25% increase from the 8,316 ounces produced in Q2 2022 primarily due to higher feed grade of 1.23 g/t compared to 0.99 g/t in Q2 2022 through the processing plant and in addition, higher mined tonnes of 300,264 t compared to 275,992 t in Q2 2022.

- ***Revenue*** – Björkdal's revenue for Q2 2023 was $19.1 million, an increase of 8% from $17.7 million generated in Q2 2022. This was due to an increase in gold equivalent ounces sold with 9,939 ounces in Q2 2023 as compared to 8,976 gold ounces in Q2 2022.

- ***Operating Costs*** – Cost of sales, excluding depreciation and depletion, at Björkdal was $13.8 million in Q2 2023, lower than $15.3 million for Q2 2022. This decrease was mainly due to an increase in inventory.

- ***Income from Operations*** – Income from mine operations before depreciation and depletion at Björkdal for Q2 2023 was $5.4 million, adjusted EBITDA was $5.4 million, adjusted net loss was $5.2 million and net loss after tax was $2.9 million. Comparable results for Q2 2022 were income from mine operations before depreciation and depletion of $2.4 million, adjusted EBITDA of $2.4 million, adjusted net loss of $7.8 million and net loss after tax of $2.3 million.

- ***Depletion and Depreciation*** – Depletion and depreciation expense at Björkdal was $4.7 million in Q2 2023, compared to $4.4 million for the same period in 2022. This increase was mainly due to higher production.

- ***Cost per Ounce*** – Cash cost per ounce of saleable gold produced at Björkdal for Q2 2023 was $1,389, 18% lower as compared to $1,696 during Q2 2022. All-in sustaining cost per ounce of saleable gold produced for Q2 2023 was $1,942, 8% lower than the $2,120 during Q2 2022. These per unit costs were lower due to higher comparative production.

- ***Capital Expenditures*** – Capital expenditures at Björkdal for Q2 2023 totaled $10.1 million ($2.8 million in mine development costs, $1.6 million for exploration, and $5.7 million in property, plant and equipment) compared with $6.3 million ($2.4 million in mine development costs, $1.0 million for exploration, and $2.9 million for property, plant and equipment) during Q2 2022.

Björkdal – Six Months Ended June 30, 2023 and 2022

- ***Production*** – Saleable gold production at Björkdal for the six months ended June 30, 2023 was 19,366 ounces, 6% decrease from the 20,700 ounces produced during the same period in 2022 primarily due to lower mined tonnes from the underground caused by a lack of available trucks and shortage in skilled personnel.

- ***Revenue*** – Björkdal's revenue for the six months ended June 30, 2023, was $38.0 million, lower than the $41.4 million generated in the same period of 2022. This was due to lower gold ounces sold during the first half of 2023 compared to 2022.

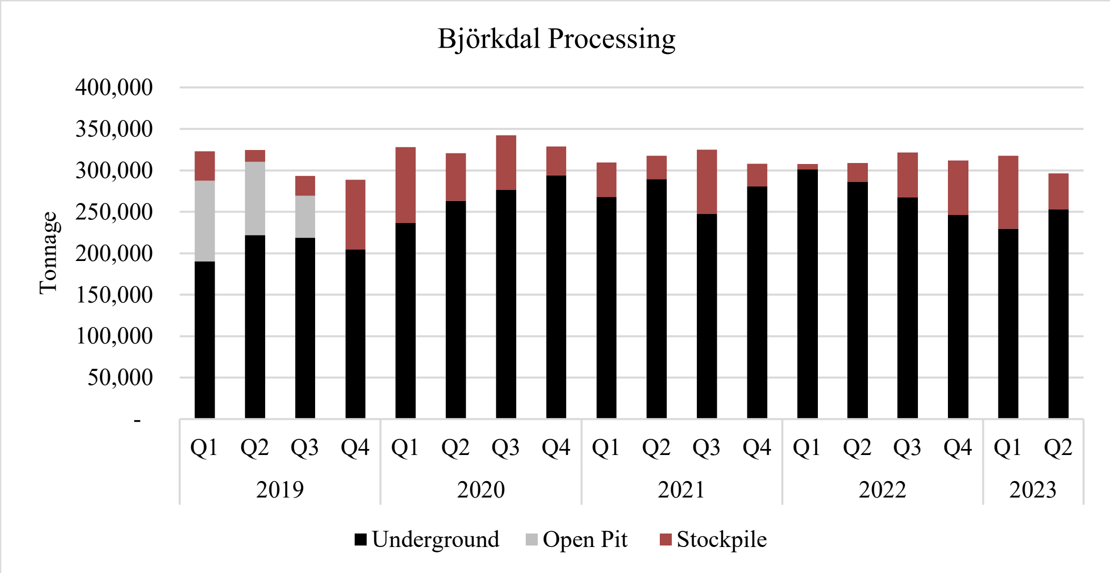
- ***Operating Costs*** – Cost of sales excluding depletion and amortization at Björkdal was $28.6 million for the six months ended June 30, 2023, lower than the $29.6 million during the same period of 2022. This decrease was mainly due to an increase in inventory.

- ***Income from Operations*** – Income from mine operations before depreciation and depletion at Björkdal for the six months ended June 30, 2023 was $9.4 million, adjusted EBITDA was $9.4 million, adjusted net loss was $8.4 million and net loss after tax was $5.6 million. Comparable results for the same period of 2022 were income from mine operations before depreciation and depletion of $11.8 million, adjusted EBITDA of $11.8 million, adjusted net loss of $6.9 million and net loss after tax was $3.9 million.

- ***Depletion and Depreciation*** – Depletion and depreciation expense at Björkdal decreased to $9.5 million in the six months ended June 30, 2023, compared to $9.6 million for the same period in 2022 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, 2023 was $1,483, 7% higher than the cash cost per ounce of gold produced in the same period of 2022 of $1,391. All-in sustaining cost per ounce of gold produced for the six months ended June 30, 2023 was $1,923, 11% higher than the all-in sustaining cost per ounce of gold produced in the same period of 2022 of $1,729. These per ounce costs were higher in 2023 compared to 2022 primarily due to lower production.

- ***Capital Expenditures*** – Capital expenditures at Björkdal for the six months ended June 30, 2023 totalled $15.2 million ($4.6 million in mine development costs, $2.3 million for exploration, and $8.3 million in property, plant and equipment) compared with $11.4 million ($4.8 million in mine development costs, $1.8 million for exploration, and $4.8 million for property, plant and equipment) during the same period of 2022. The increase in capital expenditures for property, plant and equipment was primarily due to higher amounts spent on mining equipment and tailings spend.



Non-Core Properties

Lupin

The Company spent less than $0.1 million on care and maintenance at Lupin during Q2 2023 and Q2 2022. Reclamation spending at Lupin was less than $0.1 million for the three and six months ended June 30, 2023, compared to $2.5 million and $5.3 million respectively for the corresponding periods of 2022. Lupin is currently in the process of final closure and reclamation activities mainly funded by progressive security reductions. The majority of this reclamation work is expected to take place in the 2024 calendar year. As at June 30, 2023, $8.7 million in restricted cash stands as a deposit against the present value of reclamation cost obligations of $13.3 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 Q2 2023, which was similar to the comparative period in 2022.

1.2 SECOND QUARTER FINANCIAL RESULTS

Summary Financial Performance

	Three months ended June 30		Six months ended June 30	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Revenue	39,670	50,116	81,849	104,270
Cost of sales	29,236	28,526	55,842	50,242
Income from operations (excl. depr. and depletion) (1)	10,434	21,590	26,007	54,028
Depreciation and depletion	7,762	7,696	15,799	16,892
Income from mining operations	2,672	13,894	10,208	37,136
General and administrative costs	1,544	1,261	4,172	2,394
Adjusted EBITDA(1)	8,890	20,329	21,835	51,634
Finance costs	5,377	3,531	8,982	6,657
Unrealized gain on financial instruments	(4,247)	(4,425)	(4,283)	(1,023)
Forex and others(2)	(311)	4,622	(784)	6,346
Consolidated income before tax	309	8,905	2,121	22,762
Current tax (recovery) expense	(618)	5,343	2,312	9,440
Deferred tax expense (recovery)	403	859	(1,269)	134
Adjusted net (loss) income (1)	(3,229)	5,370	(2,711)	19,257
Consolidated net income	524	2,703	1,078	13,188
Adjusted net (loss) income per share(1)	(0.03)	0.06	(0.03)	0.21
Consolidated net income per share	0.01	0.03	0.01	0.14
Total assets	271,324	306,138	271,324	306,138
Total liabilities	91,001	131,528	91,001	131,528
Total equity	180,323	174,610	180,323	174,610
Capital expenditures – Consolidated(3)				
Underground capital development	3,744	3,253	6,417	6,460
Property, plant and equipment purchases	6,832	5,094	9,924	8,797
Capitalized exploration	3,519	2,585	6,531	5,305
Total capital expenditures	14,095	10,932	22,872	20,562

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

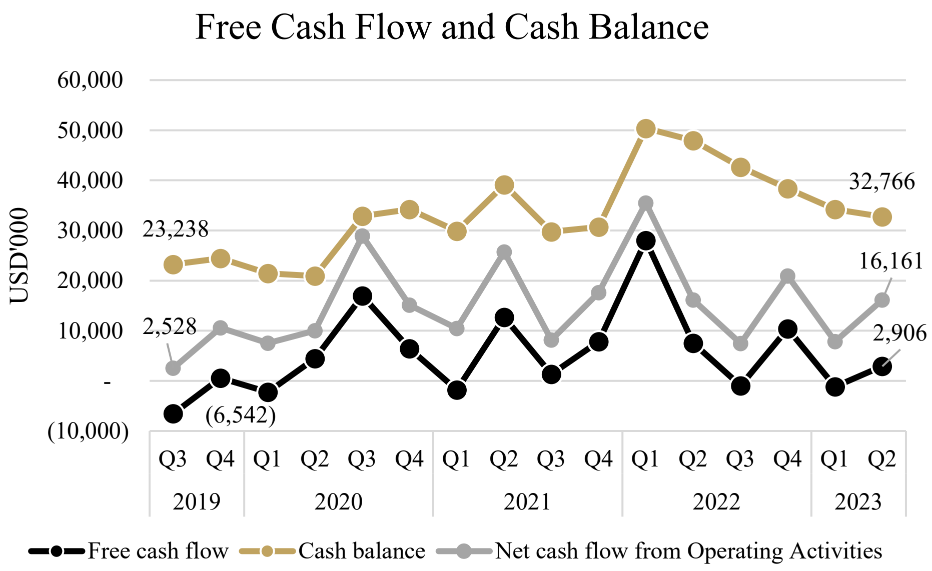
	As at June 30, 2023	As at December 31, 2022
	$'000	$'000
Cash and cash equivalents	32,766	38,377
Inventories, accounts rec. and other current assets	36,572	45,908
Total current assets	**69,338**	**84,285**
Property, plant and equipment	185,909	183,908
Reclamation deposits and other non-current assets	16,077	14,031
Total assets	**271,324**	**282,224**
Other current liabilities	35,850	37,225
Total current liabilities	**35,850**	**37,225**
Revolving Credit Facility – *non-current*	19,523	19,562
Non-current liabilities	35,628	41,283
Equity attributable to common shareholders	180,323	184,154
Total equity and liability	**271,324**	**282,224**

Summary Cash Flow

The table below summarizes the Company's cash flow for the three and six months ended June 30, 2023 and 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 June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
	$'000	$'000	$'000	$'000
Net cash flows from operating activities	**16,161**	**16,122**	**24,036**	**51,620**
Reclamation expenditures	1	2,528	65	5,265
Capital expenditures	(12,805)	(10,451)	(21,429)	(19,923)
Lease payments	(451)	(685)	(950)	(1,441)
Free cash flow[1]	**2,906**	**7,514**	**1,722**	**35,521**
Net reclamation expenditures	(1)	(2,528)	(65)	(5,265)
Net repayment on borrowings	396	(3,734)	319	(7,189)
Payment of gold derivative contracts	(4,448)	(2,898)	(7,425)	(4,842)
Purchase of common shares for cancellation	(115)	-	(293)	-
Proceeds from sale of marketable securities	44	-	121	-
Shares issued for cash	-	84	6	181
Effects of exchange rate changes	(228)	(893)	4	(1,196)
Net cash flow	(1,446)	(2,455)	(5,611)	17,210
Cash/cash equivalents, end of period	**32,766**	**47,948**	**32,766**	**47,948**

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 the three and six months ended June 30, 2023 and 2022. See Section 1.14, "Non-IFRS Measures", for more information.

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
	$'000	**$'000**	**$'000**	**$'000**
Consolidated net income	524	2,703	1,078	13,188
Add/less: Special items				
Write down of assets	494	-	494	-
Revision of reclamation liability	-	7,092	-	7,092
Fair value gain on fin. Instruments	(4,247)	(4,425)	(4,283)	(1,023)
Adjusted net (loss) income	**(3,229)**	**5,370**	**(2,711)**	**19,257**
Add/less: Non-cash and finance costs				
Depletion and depreciation	7,762	7,696	15,799	16,892
(Gain) loss on disposal of PPE	(3)	(3)	(7)	318
Share based compensation expense	311	294	647	765
Finance charges	5,377	3,531	8,982	6,657
Current tax (recovery) expense	(618)	5,343	2,312	9,440
Deferred tax expense (recovery)	403	859	(1,269)	134
Foreign exchange gain	(604)	(2,624)	(1,108)	(1,619)
Interest and other income	(509)	(137)	(810)	(210)
Adjusted EBITDA	**8,890**	**20,329**	**21,835**	**51,634**
Depletion and depreciation	7,762	7,696	15,799	16,892
Adjusted EBIT	**1,128**	**12,633**	**6,036**	**34,742**

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

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
	$'000	**$'000**	**$'000**	**$'000**
Cost of sales, excluding depletion and depreciation	**29,236**	**28,526**	**55,842**	**50,242**
Add:				
General and administrative costs	(91)	49	(64)	101
Less:				
Change in inventory	(4,417)	(3,841)	(5,987)	(108)
Royalties	(569)	(952)	(1,214)	(1,831)
Total cash cost	**24,159**	**23,782**	**48,577**	**48,404**
Saleable Au equivalent produced (oz)	20,850	23,305	40,836	52,936
Cash cost per oz gold produced ($)	**1,159**	**1,020**	**1,190**	**914**

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
	$'000	**$'000**	**$'000**	**$'000**
Total Cash cost	**24,159**	**23,782**	**48,577**	**48,404**
Add:				
General and administrative costs	1,559	1,202	4,159	2,268
Capital development	3,744	3,253	6,417	6,459
Capital purchases – sustaining	3,945	3,149	5,189	5,727
Capital exploration – infill drilling	44	213	244	437
Royalties	569	952	1,214	1,831
Accretion on rehabilitation provisions	256	52	366	65
All-in sustaining cost	**34,276**	**32,602**	**66,166**	**65,191**
Saleable Au equivalent produced (oz)	20,850	23,305	40,836	52,936
All-in sustaining cost per oz Au prod. ($)	**1,644**	**1,399**	**1,620**	**1,232**

Consolidated Financial Results - Three Months Ended June 30, 2023 and 2022

- ***Revenue*** – Consolidated revenue for Q2 2023 was $39.7 million, 21% lower than the $50.1 million in Q2 2022. Consolidated gold equivalent ounces sold decreased to 20,229 ounces in Q2 2023 as compared to 26,781 ounces sold in Q2 2022. This decrease in revenue in the current quarter as compared to Q2 2022 was mainly due to lower gold equivalent ounces sold at Costerfield.

- ***Operating Costs*** – Consolidated cost of sales, excluding depreciation and depletion, was $29.2 million for Q2 2023 compared to $28.5 million for Q2 2022. The increase in costs during Q2 2023 was due to higher cost of sales at Costerfield compared to Q2 2022 due to a decrease in inventory.

- ***Income from Operations*** – Consolidated income from mine operations before depreciation and depletion for Q2 2023 was $10.4 million, adjusted EBITDA was $8.9 million, adjusted net loss was $3.2 million and net income after tax was $0.5 million. Comparable results for Q2 2022 were income from mine operations before depreciation and depletion of $21.6 million, adjusted EBITDA of $20.3 million, adjusted net income of $5.4 million and net income after tax of $2.7 million.

- ***Depletion and Depreciation*** – Depletion and depreciation expense in Q2 2023 was $7.8 million compared to $7.7 million in Q2 2022.

- ***Cost per Ounce*** – Consolidated cash cost per ounce of saleable gold equivalent produced for Q2 2023 was $1,159, 14% increase compared to $1,020 during Q2 2022. Consolidated all-in sustaining cost per ounce of saleable gold equivalent produced for Q2 2023 was $1,644, 18% higher than Q2 2022 of $1,399. The higher unit costs in Q2 2023 were due to increased sustaining capital expenditures combined with lower production compared to Q2 2022.

- ***Capital Expenditures*** – Consolidated capital expenditures for Q2 2023, totaled $14.1 million ($4.0 million occurred at Costerfield and $10.1 million at Björkdal). By comparison, total capital expenditures, including capitalized depreciation and exploration, in Q2 2022 were $10.9 million ($4.6 million at Costerfield, $6.3 million at Björkdal).

Consolidated Financial Results - Six Months Ended June 30, 2023 and 2022

- ***Revenue*** – Consolidated revenue for the six months ended June 30, 2023 was $81.8 million, 22% decrease from $104.3 million during the six months ended June 30, 2022, mainly due to lower gold equivalent ounces sold at both the operating sites. This was largely driven by fewer mined underground tonnes at Costerfield due to fleet availability and production interruption issues as well as lower mined grades at Costerfield due to timing and geology model reconciliation issues. Consolidated gold equivalent ounces sold decreased by 24% to 41,998 ounces in the six months ended June 30, 2023, compared to 55,061 ounces in the six months ended June 30, 2022.

- ***Operating Costs*** – Consolidated cost of sales excluding depletion and amortization was $55.8 million for the six months ended June 30, 2023, compared to $50.2 million for the same period of 2022. The increase in cost was due to higher cost of sales at Costerfield during the first half year of 2023.

- ***Income from Operations*** – Consolidated income from mine operations before depreciation and depletion for the six months ended June 30, 2023 was $26.0 million, adjusted EBITDA was $21.8 million, adjusted net loss was $2.7 million and net income after tax was $1.1 million. Comparable results for the six months ended June 30, 2022 were income from mine operations before depreciation and depletion of $54.0 million, adjusted EBITDA of $51.6 million, adjusted net profit of $19.3 million and a net income after tax of $13.2 million.

- ***Depletion and Depreciation*** – Depletion and depreciation expense was decreased to $15.8 million in the six months ended June 30, 2023 compared to $16.9 million for the same period in 2022.

- ***Cost per Ounce*** – Consolidated cash cost per ounce of gold equivalent produced for the six months ended June 30, 2023, was $1,190, 30% higher than the cash cost per ounce of gold equivalent produced in the six months ended June 30, 2022 of $914. Consolidated all-in sustaining cost per ounce of gold equivalent produced for the six months ended June 30, 2023, was $1,620, 31% higher than the all-in sustaining cost per ounce of gold equivalent produced in the six months ended June 30, 2022 of $1,232. These per ounce costs were higher in the first half of 2023 compared to the same period in 2022 primarily due to lower production.

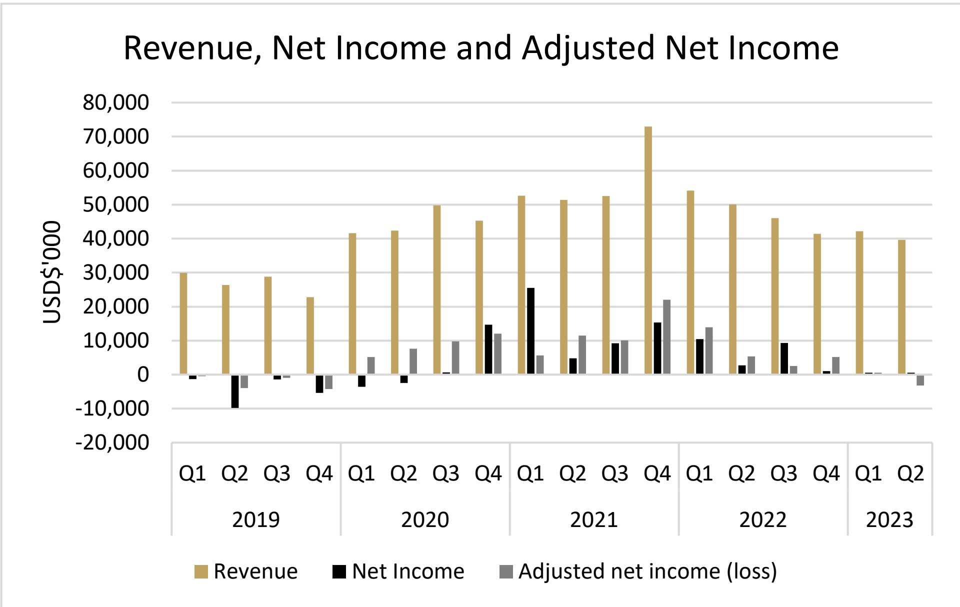
- ***Capital Expenditures*** – Consolidated capital expenditures for the six months ended June 30, 2023, totalled $22.8 million ($7.6 million occurred at Costerfield and $15.2 million at Björkdal). By comparison, total capital expenditures, including capitalized depreciation and exploration, in the six months ended June 30, 2022 were $20.6 million ($8.8 million occurred at Costerfield and $11.4 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 2023	Quarter 1 2023	Quarter 4 2022	Quarter 3 2022
	$'000	$'000	$'000	$'000
Revenue	39,670	42,179	41,381	46,048
Adjusted net (loss) income	(3,229)	518	5,202	2,512
Net income	524	554	1,043	9,275
Adjusted net (loss) income per share – Basic	(0.03)	0.01	0.06	0.03
Net income per share – Basic and diluted	0.01	0.01	0.01	0.10

	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



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.

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.

Under the NCIB, the Company repurchased 69,700 common shares at an average price of C$2.22 at a cost of C$0.2 million during the three months ended June 30, 20233. The Company repurchased 166,600 common shares at an average price of C$2.37 at a cost of C$0.4 million during the six months ended June 30, 2023.

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, 2023 – June 30, 2023	Average Rate April 1, 2022 – June 30, 2022	Average Rate January 1, 2023 – June 30, 2023	Average Rate January 1, 2022 – June 30, 2022
1A$ = C$	0.8982	0.9121	0.9116	0.9147
1 A$ = US$	0.6681	0.7145	0.6759	0.7194
1 US$ = C$	1.3444	1.2765	1.3487	1.2715
1 US$ = Chilean Peso	800	843	806	826
1 US$ = SEK	10.5326	9.8341	10.4946	9.5891

Markets – Commodity Prices

Realized price of gold was higher and antimony was lower in Q2 2023 as compared to Q2 2022. The average market and realized commodity prices for the reporting period are summarized in the table below:

Commodity	Prices April 1, 2023 – June 30, 2023	Prices April 1, 2022 – June 30, 2022	Prices January 1, 2023 – June 30, 2023	Prices January 1, 2022 – June 30, 2022
Realized gold US$/oz[1]	1,949	1,901	1,946	1,908
Average gold US$/oz – London PM close (Transamine)	1,977	1,875	1,932	1,874
Realized antimony US$/tonne[1]	12,406	13,164	12,627	13,592
Average antimony US$/tonne – Rotterdam Warehouse (Metal Bulletin)	12,072	14,018	12,362	13,937

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, 2023, the Company's working capital was $33.5 million compared to $47.1 million at December 31, 2022. The Company had cash and cash equivalents of $32.8 million as at June 30, 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 "Prior 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 Prior 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 June 30, 2023, 2,084 ounces of saleable gold contracts were yet to be matured for hedging programs with Macquarie, however this was settled on July 4, 2023. The US dollar contracts with HSBC was completed as on June 30, 2023, hence there were no contracts open as on June 30, 2023. The Company recognized an unrealized fair value gain of $4.6 million and $5.0 million for the three and six months ended June 30, 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 the three and six months ended June 30 2023, the Company paid $4.4 million and $7.4 million respectively, as settlement of expired gold derivatives contracts as compared to $2.9 million and $4.8 million in corresponding period of 2022.

1.6 CONTRACTUAL COMMITMENTS AND CONTINGENCIES

Revolving Credit Facility

The initial drawdown under the Revolving Credit Facility was used to repay the Prior 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 June 30, 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 annual interest rate of 9.22%. Nominal interest rate of SOFR as at June 30, 2023 was 5.17% plus 2.85% margin.

The Company has $20.0 million outstanding principal value as at June 30, 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 and six months ended June 30, 2023, the Company has sold 377,548 and 778,048 Aftermath shares at an average of C$0.23 per share and C$0.24 per share respectively. The value of securities as at June 30, 2023 is $0.9 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 loss of $0.3 million and $0.1 million respectively for the three and six months ended June 30, 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 June 30, 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 $0.03 million and $0.6 million for the three and six months ended June 30, 2023, using Level 1 assumptions.

Contractual Obligations as at June 30, 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	2,134	2,098	**4,232**
Other equipment loan obligations	410	414	**824**
Total contractual obligations	**2,544**	**22,512**	**25,056**

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 June 30, 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 92,883,925 common shares issued and outstanding. The weighted average number of shares outstanding during Q2 2023 used for the calculation of per share results were 92,904,629.

In Q2 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 June 30, 2023 are as follows:

Exercise Price C$	As of June 30, 2023	As of August 9, 2023	Expiry Date
2.43	88,043	88,043	30 June, 2030
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	**2,264,819**	**2,264,819**	

During Q2 2023, no options were exercised, compared to 96,667 options in the corresponding period of 2022. There were 2,264,819 options outstanding as of June 30, 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 June 30, 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	153,752
Redeemed	(225,343)
Balance, June 30, 2023	**282,040**
Redeemed	-
Outstanding as at August 9, 2023	**282,040**

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, 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	532,503
Redeemed	(177,574)
Balance, June 30, 2023	**788,968**
Redeemed	-
Balance, August 9, 2023	**788,968**

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 June 30, 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, June 30, 2023	**422,827**
Redeemed	-
Balance, August 9, 2023	**422,827**

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.
13. *SOFR* – The Secured Overnight Financing Rate is a benchmark interest rate for dollar-denominated derivatives and loans that replaced the London Interbank Offered Rate (LIBOR).