MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE QUARTER ENDED
MARCH 31, 2024 and 2023

AS OF MAY 8, 2024

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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE QUARTER ENDED MARCH 31, 2024

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, 2024, the Company's Annual Information Form, dated March 31, 2024 (the "AIF"), the Company's 2023 audited consolidated financial statements and accompanying 2023 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-GAAP measures. Please refer to the "Non-GAAP Measures" section 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.

Where we say "we," "us," "our," the "Company" or "Mandalay" we mean Mandalay Resources Corporation and/or one or more or all of its subsidiaries, as it may apply. The following abbreviations are used to describe the periods under review throughout this MD&A:

Abbreviation	Period	Abbreviation	Period
FY 2024	January 1, 2024 - December 31, 2024	**FY 2023**	January 1, 2023 - December 31, 2023
Q1 2024	January 1, 2024 - March 31, 2024	**Q1 2023**	January 1, 2023 - March 31, 2023

OUR BUSINESS

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

Mandalay's mission is to create shareholder value through the profitable operation and regional exploration programs, at both its Costerfield and Björkdal mines. Currently, the Company's main objectives are to continue mining the high-grade Youle and Shepherd veins at Costerfield, and to extend Mineral Reserves. At Björkdal, the Company will aim to increase production from the Eastern Extension area and other higher-grade areas in the coming years, in order to maximize profit margins from the mine.

Q1 2024 FINANCIAL & OPERATING SUMMARY

(Expressed in $ thousands, except where indicated)	Three months ended March 31,	
	2024	2023
Financial Data		
Revenue	**55,511**	42,179
Operating costs	**27,031**	26,606
Depreciation and depletion	**10,708**	8,037
Gross profit	**17,772**	7,536
Net income	**5,888**	554
Per share ("EPS")	**0.06**	0.01
Adjusted net income[1]	**12,152**	518
Adjusted net income per share[1]	**0.13**	0.01
Adjusted EBITDA[1,2]	**26,735**	12,945
Adjusted EBITDA per share[1,2]	**0.29**	0.14
Cash operating costs per ounce gold eq. produced ($)[1]	**1,039**	1,222
All-in sustaining costs per ounce gold eq. produced ($)[1 3]	**1,430**	1,612
Average realized gold price ($ per ounce)[1]	**2,200**	1,943
Average realized antimony price ($ per tonne)[1]	**13,823**	12,823
Cash generated from operating activities	**29,475**	7,875
Sustaining capital expenditures[1]	**5,931**	5,637
Non-sustaining capital expenditures[1]	**7,214**	3,139
Total capital expenditure	**13,145**	8,776
Free cash flow[1]	**16,067**	(1,151)
Free cash flow per ounce gold eq. sold ($)[1]	**636**	(53)

[1] Average realized gold and average realized antimony price, sustaining and non-sustaining capital expenditures, cash operating costs and all-in sustaining costs, free cash flow, EBITDA and adjusted net income are non-GAAP financial performance measures with no standard definition under IFRS. Refer to the Non-GAAP Financial Performance Measures section of the MD&A.

[2] Adjusted EBITDA excludes non-cash items such as impairment, foreign exchange,stock-based compensation and write off. For more details refer to the Non-GAAP Performance Measures section of the MD&A.

[3] All-in sustaining costs in the current year includes tailings dam amortization, accordingly the 2023 comparative figures have been updated.

	Three months ended March 31,	
	2024	2023
Consolidated Operating Data		
Gold equivalent produced (ounces)	**24,936**	19,986
Gold produced (ounces)	**22,346**	16,337
Antimony produced (tonnes)	**404**	544
Gold equivalent sold (ounces)	**25,277**	21,769
Gold sold (ounces)	**23,187**	18,020
Antimony sold (tonnes)	**326**	559
Capital development (meters)	**976**	887
Capital exploration drilling (meters)	**13,502**	18,127

FINANCIAL AND OPERATIONAL DISCUSSION

Revenue, Gold Production, Operating Costs and Net Income

- Revenue for Q1 2024 increased by 32% to $55.5 million, compared with $42.2 million in Q1 2023. This was due to an increase in gold production contributing to higher gold equivalent ounces sold of 25,277 ounces in Q1 2024 as compared to 21,769 ounces in Q1 2023, together with higher average realized prices: $2,200 per ounce for gold and 13,823 per tonne for antimony in Q1 2024 compared to $1,943 per ounce and 12,823 per tonne in Q1 2023.

- Consolidated gold equivalent production increased by 25% to 24,936 ounces in Q1 2024, compared to 19,986 ounces in Q1 2023 mainly due to an increase in throughput at Björkdal and an increased milled gold head grade at Costerfield.

- Operating costs totaled $27.0 million, an increase of 2% compared to $26.6 million in Q1 2023. The increase came predominantly from higher personnel costs in Q1 2024 as the company faced staffing issues in Q1 2023 and also coupled with annual salary increases in Q1 2024. In addition, there were higher processing costs at both sites during Q1 2024 compared to Q1 2023 due to higher throughput at Björkdal and higher costs for tailings and water management at Costerfield, however the increased costs were partially offset by lower net change of gold inventory in Q1 2024 compared to Q1 2023.

- Net income of $5.9 million for Q1 2024, representing an 883% increase over net income of $0.6 million in Q1 2023. The increase was primary due to a $13.3 million increase in revenue, a $2.8 million decrease in finance cost due to $3 million in losses on gold derivative contracts under the Company's previous senior secured credit facility (the "Prior Facility") in Q1 2023, partly offset by a $2.7 million increase in depreciation and depletion expenses due to higher production during Q1 2024 compared to Q1 2023, a $6.0 million loss on financial instruments due to losses on the new foreign exchange and gold derivative contracts and a $2.7 million increase in income tax expense due to higher net income before tax in Q1 2024 compared to Q1 2023.

Cash Operating Costs per Ounce Produced[1], All-In Sustaining Costs ("AISC")[1], Operating Cash Flow, Capital Expenditures and Free Cash Flow[1]

- Cash operating costs per ounce of gold equivalent produced decreased 15% to $1,039 per ounce in Q1 2024 compared to $1,222 in Q1 2023 due to a 25% increase of gold equivalent production in Q1 2024 with 24,936 ounces produced compared to 19,986 ounces in Q1 2023, partly offset by a 6% increase in cash operating costs mainly due to increased personnel costs at both operating sites.

- All-in sustaining costs decreased to $1,430 per ounce of gold equivalent produced in Q1 2024, compared to $1,612 in Q1 2023, mainly due to the decrease in cash operating costs per ounce of gold equivalent produced, as discussed above.

- Operating cash flow was $29.5 million for Q1 2024, compared to $7.9 million in Q1 2023, mainly due to the increase in revenue and positive working capital movement including the conversion of trade receivables during the quarter for delayed receipt of shipments at Costerfield as at December 31, 2023.

[1] This is a non-GAAP financial performance measure with no standard definition under IFRS. For more details, refer to the Non-GAAP Performance Measures section of the MD&A.

- Consolidated capital expenditures of $13.1 million in Q1 2024, compared to $8.8 million in Q1 2023, mainly due to $4.7 million spent on equipment purchases for Lupin reclamation activities.

- Free cash flow in Q1 2024 was $16.1 million and $636 per ounce of gold equivalent sold compared to ($1.2) million and ($53) per ounce of gold equivalent sold in Q1 2023.

Cash Position and Working Capital [1]

- As of March, 31, 2024, the Company had a cash and cash equivalents position of $47.1 million, compared to $26.9 million on December 31, 2023, mainly due to increased cash flows from operating activities.

- As of March, 31, 2024, working capital was $51.9 million, compared to $47.9 million on December 31, 2023. The 8% increase in working capital is due to the increase in cash from operations, partially offset by the decrease in trade receivables and an increase in current liabilities mainly due to foreign exchange and gold derivative liabilities.

- In April 2024, the Company completed the sale of 3,095,500 shares of Aftermath Silver Limited, which generated proceeds of $0.7 million. After the sale of shares, the Company is still holding 1,602,800 shares valued at $0.3 million.

Outlook

Mandalay anticipates improvements to its production profile in 2024 at both operating sites. At Costerfield, stoping will continue at the higher-grade central area of the Youle deposit and production from the Shepherd deposit will ramp up. At Björkdal, work will continue around implementing improved mining efficiency protocols and the commissioning of the mill conversion will ramp up targeting completion in early Q2 2024. Additionally, increased production from the higher-grade Eastern Extension zone at Björkdal is expected to continue in 2024.

FY 2024 Guidance

The Company's 2024 production and cost guidance is set out below (see press release dated January 16, 2024).

	Björkdal	Costerfield	Consolidated
		2024E	
Gold production (oz)	43,000 – 47,000	41,000 – 44,000	84,000 – 91,000
Antimony production (t)	-	1,100 – 1,500	1,110 – 1,500
Gold eq. production (oz)[1]	43,000 – 47,000	47,000 – 53,000	90,000 – 100,000
Cash cost, $/oz gold eq.[2]	1,270 – 1,390	850 – 970	1,050 – 1,170
All-in sustaining $/oz gold eq.[2,3]	1,690 – 1,850	1,080 – 1,260	1,450 – 1,580
Capex, $ million	20 – 24	21 – 25	41 – 49

[1]Assumes average metal prices of: Au $1,900/oz, Sb $11,000/t
[2]Cash operating costs and All-in sustaining costs are non-GAAP financial performance measures with no standard definition under IFRS. Refer to the Non-GAAP Financial Performance Measures section of the MD&A.
[3]Consolidated all-in sustaining costs per Au Eq. oz includes corporate overhead spending.

Mandalay's 2024 cost guidance takes into account the following factors and assumptions:

Foreign exchange:
- Average 2023 rates: AUD/USD 0.665 and USD/SEK 10.61
- Guidance 2024 rates: AUD/USD 0.670 and USD/SEK 10.30

For 2024, the Company expects to produce approximately 90,000 to 100,000 gold equivalent ounces at an all-in sustaining cost range of $1,450 to $1,580 per ounce. During Q1 2024, the Company produced 24,936 gold equivalent ounces at an all-in sustaining cost of $1,430 which puts the Company on a stable path towards meeting the annual production target.

[1] This is a non-GAAP financial performance measure with no standard definition under IFRS. For more details, refer to the Non-GAAP Performance Measures section of the MD&A.

REVIEW OF OPERATING AND FINANCIAL RESULTS

Costerfield Gold-Antimony Mine

Costerfield Financial Results

($ thousands)	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Revenue	**30,606**	28,466	19,074	20,544	**23,276**	25,767	28,188	32,406
Operating cost	**(11,947)**	(11,247)	(11,399)	(15,476)	**(11,757)**	(7,678)	(12,846)	(13,186)
Depreciation & Depletion	**(4,635)**	(3,369)	(2,937)	(3,037)	**(3,238)**	(3,076)	(4,107)	(3,308)
Gross profit	**14,024**	13,850	4,738	2,031	**8,281**	15,013	11,235	15,912
General & administrative costs	**(495)**	(346)	(163)	(147)	**(1,154)**	(191)	(259)	(232)
Income tax (expenses) recovery	**(4,046)**	(2,882)	(1,382)	(525)	**(1,879)**	(2,841)	(5,159)	(6,849)
Net income	**10,012**	9,288	3,464	819	**4,068**	7,162	11,732	14,955
Cash flows from operating activities	**22,609**	8,100	3,584	9,939	**5,739**	15,045	5,197	13,124

Costerfield Quarterly Production

	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Operating development (m)	**769**	801	925	940	**710**	739	818	961
Tonnes of ore mined (t)	**31,259**	33,710	35,783	33,035	**26,285**	30,430	33,119	35,512
Mined ore Au grade (g/t)	**14.02**	11.51	10.30	7.01	**8.42**	11.75	16.47	10.68
Mined ore Sb grade (t)	**2.25**	1.94	1.90	2.15	**2.14**	3.56	2.79	2.12
Mined Contained Au (oz)	**14,086**	12,477	11,849	7,443	**7,112**	11,496	17,541	12,198
Mined Contained Sb (t)	**703**	653	681	709	**563**	1,083	923	752
Processed ore (t)	**32,872**	33,866	30,848	35,990	**35,382**	32,996	36,765	36,517
Processed ore - milled head grade Au (g/t)	**12.41**	13.14	9.56	7.39	**7.71**	12.65	11.91	11.01
Processed ore - milled head grade Sb (%)	**2.21**	2.06	2.18	2.36	**2.59**	2.60	2.71	2.61
Recovery Au (%)	**95.10**	94.81	94.48	91.15	**90.48**	94.23	94.25	93.01
Recovery Sb (%)	**91.04**	92.02	92.52	91.90	**91.69**	93.77	93.19	91.83
Au produced (oz)	**11,976**	13,016	8,377	7,296	**7,368**	12,085	12,526	11,079
Sb produced (t)	**404**	404	395	517	**544**	504	582	523
Au equivalent produced (oz)	**14,566**	15,383	10,808	10,453	**11,017**	15,427	16,996	14,989
Au sold (oz)	**12,426**	11,743	7,355	7,261	**8,499**	11,703	12,272	12,213
Sb sold (t)	**326**	454	400	496	**559**	484	557	748
Au equivalent sold (oz)	**14,516**	14,403	9,817	10,290	**12,248**	14,913	16,550	17,805
Cash operating cost ($ per tonne)[1]	**346**	335	342	270	**287**	284	309	265
Cash operating cost ($ per oz. eq. produced)[1]	**780**	738	975	930	**921**	608	669	646
All-in sustaining cost ($ per oz. eq. produced)[1]	**1,005**	920	1,265	1,184	**1,101**	800	838	916

[1]Cash operating costs and All-in sustaining costs are non-GAAP financial performance measures with no standard definition under IFRS. Refer to the Non-GAAP Financial Performance Measures section of the MD&A.

During Q1 2024, Costerfield produced 11,976 ounces of gold compared to 7,368 ounces in Q1 2023, an increase of 63% or 4,608 ounces. The increase in ounces produced was a result of an increase in the average milled gold head grade from 7.71 g/t in Q1 2023 to 12.41 g/t in Q1 2024. The higher gold mill head grade is expected to continue in 2024 with a tapering off in the latter half of the year, as production in Q1 2023 was adversely affected by a higher volume of low-grade stockpile material required to supplement less mined tonnes. Antimony production during Q1 2024 was 404 tonnes, a 26% decrease from the 544 tonnes produced in Q1 2023. This was mainly due to a decrease in the average milled antimony head grade from 2.59% in Q1 2023 to 2.21% in Q1 2024 due to an increased mill feed of ore from Shepard which carries less antimony than ore from Youle. The cash operating cost per ounce produced for Q1 2024 decreased by 15%, or $141, compared to Q1 2023 as a result of the increase in production.

Costerfield Capital Expenditures

($ thousands, except where indicated)	Three months ended March 31,	
	2024	2023
Sustaining capital[1]		
Capital development	**854**	865
Infill exploration	**141**	-
Property, plant and equipment sustaining	**853**	508
Total sustaining capital[1]	**1,848**	1,373
Property, plant and equipment non-sustaining	**-**	-
Exploration cost	**1,807**	2,151
Total non-sustaining capital[1]	**1,807**	2,151
Total capital expenditures	**3,655**	3,524
Capital development meters (m)	**131**	165
Capital development cost per meter ($/m)	**6,524**	5,239
Capital exploration drilling meters (m)	**8,522**	9,961
Capital exploration drilling cost per meter ($/m)	**229**	216

[1] Sustaining and non-sustaining capital are non-GAAP financial measures with no standard definition under IFRS. Refer to the non-GAAP Financial Performance Measures section of the MD&A. Sustaining capital expenditures are included in the calculation of all-in sustaining costs.

Mining

Costerfield mined 31,259 ore tonnes in Q1 2024, which represents an increase of 19% compared to 26,285 tonnes in Q1 2023. The lower mining tonnes in Q1 2023 was due to several unique non-systemic issues including a seven-day power outage at the start of 2023 (due to the failure of an incoming power cable feeding the underground, resulting in a temporary loss of power) and a mobile loader catching fire that led to the loss of that equipment in the same quarter.

Q1 2024 total capital development of 131 meters was 21% lower than the 165 meters from Q1 2023. In Q1 2024 some rehabilitation work took priority over capital development advance. As a result, the capital development cost per meter was higher in Q1 2024 compared to Q1 2023.

Processing

Costerfield processed 32,872 ore tonnes in Q1 2024, which represents a decrease of 7% compared to 35,382 tonnes Q1 2023. Processing in Q1 2024 was negatively affected by inclement weather (which caused temporary outages due to flooding) and site access issues as well as Shepherd ore which is inherently harder material than Youle ore impacted processing rates.

Processed gold grades were higher during Q1 2024 at 12.41 g/t gold as compared to 7.71 g/t gold in Q1 2023. Processed antimony grades were lower at 2.21% during Q1 2024 as compared to 2.59% in Q1 2023. In Q1 2023, low-grade stockpile material was processed to make up for the shortfall of mine tonnes to fill the plant capacity.

Björkdal Gold Mine

Björkdal Financial Results

($ thousands)	**Q1 2024**	Q4 2023	Q3 2023	Q2 2023	**Q1 2023**	Q4 2022	Q3 2022	Q2 2022
Revenue	**24,905**	22,122	21,833	19,126	**18,903**	15,614	17,860	17,710
Operating cost	**(15,084)**	(14,589)	(12,846)	(13,760)	**(14,849)**	(12,294)	(11,844)	(15,340)
Depreciation & Depletion	**(6,073)**	(5,616)	(5,488)	(4,725)	**(4,799)**	(5,131)	(4,667)	(4,388)
Gross profit	**3,748**	1,917	3,499	641	**(745)**	(1,811)	1,349	(2,018)
General & administrative costs	**(367)**	(130)	(201)	(233)	**(829)**	(135)	(173)	(159)
Income tax (expenses) recovery	**(115)**	(960)	(420)	740	**621**	981	(182)	647
Net (loss) income[1]	**(583)**	3,490	2,138	(2,946)	**(2,683)**	(1,431)	(606)	(2,347)
Cash flows from operating activities	**5,370**	12,462	858	3,305	**3,884**	8,332	4,145	3,021

Net loss of $0.6 million in Q1 2024 includes a $2.9 million intercompany foreign exchange loss and $0.8 million intercompany interest expenses, compared to $2.7 million net loss in Q1 2023 which includes $1.7 million settlement of gold hedges, $0.5 million of fair value gain on gold hedge, $0.5 million intercompany foreign exchange gain and $0.7 million intercompany interest expenses.

Björkdal Quarterly Production

	Q1 2024	Q4 2023	Q3 2023	Q2 2023	**Q1 2023**	Q4 2022	Q3 2022	Q2 2022
Operating development (m)	**1,426**	1,508	1,343	1,325	**1,163**	1,337	1,370	1,340
Tonnes of ore mined (t)	**247,843**	288,256	264,095	300,264	**240,533**	246,042	261,836	275,992
Mined ore Au grade (g/t)	**1.31**	1.42	1.46	1.26	**1.19**	1.36	1.32	1.04
Mined Contained Au (oz)	**10,447**	13,163	12,395	12,201	**9,185**	10,725	11,090	9,243
Processed ore (t)	**343,146**	306,741	318,917	296,213	**317,543**	311,576	321,463	308,759
Processed ore - milled head grade Au (g/t)	**1.15**	1.36	1.35	1.23	**1.05**	1.21	1.18	0.99
Recovery Au (%)	**86.22**	86.33	88.13	86.96	**86.63**	87.06	86.80	86.74
Au produced (oz)	**10,370**	11,558	11,224	10,397	**8,969**	10,256	10,291	8,316
Au sold (oz)	**10,761**	11,458	10,751	9,939	**9,521**	9,569	10,001	8,976
Cash operating cost ($ per tonne)[1]	**42**	49	42	49	**45**	45	36	46
Cash operating cost ($ per oz. eq. produced)[1]	**1,403**	1,299	1,189	1,389	**1,592**	1,362	1,139	1,696
All-in sustaining cost ($ per oz. eq. produced)[1 2]	**1,868**	1,664	1,474	1,978	**1,937**	1,810	1,397	2,156

[1] Cash operating costs, average realized cost and All-in sustaining costs are non-GAAP financial performance measures with no standard definition under IFRS. Refer to the Non-GAAP Financial Performance Measures section of the MD&A.

[2] All-in sustaining costs in the current year includes tailings dam amortization, accordingly the 2023 and 2022 comparative figures have been updated.

During Q1 2024, Björkdal produced 10,370 ounces of gold compared to 8,969 ounces in Q1 2023, an increase of 16% or 1,401 ounces, mainly due to the 8% increase in the tonnes of ore processed from 317,543 in Q1 2023 to 343,146 in Q1 2024, combined with an 10% increase in the average head grade from 1.05 g/t in Q1 2023 to 1.15 g/t in Q1 2024. The gold mill head grade is expected to improve during 2024 as more material will be mined from higher-grade underground areas coupled with a greater focus on geotechnical considerations to reduce dilution. The cash operating cost per ounce produced for Q1 2024 decreased by 12% compared to Q1 2023 as a result of the increased gold production.

Björkdal Capital Expenditures

($ thousands, except where indicated)	Three months ended March 31,	
	2024	2023
Sustaining capital[1]		
Capital development	**2,681**	1,809
Infill exploration	**5**	200
Property, plant and equipment sustaining	**1,397**	2,255
Total sustaining capital[1]	**4,083**	4,264
Property, plant and equipment non-sustaining	**11**	328
Exploration cost	**594**	594
Total non-sustaining capital[1]	**605**	922
Total capital expenditures	**4,688**	5,186
Capital development meters (m)	**845**	722
Capital development cost per meter ($/m)	**3,172**	2,506
Capital exploration drilling meters (m)	**4,980**	8,166
Capital exploration drilling cost per meter ($/m)	**120**	97

[1]Sustaining and non-sustaining capital are non-GAAP financial measures with no standard definition under IFRS. Refer to the non-GAAP Financial Performance Measures section of the MD&A. Sustaining capital expenditures are included in the calculation of all-in sustaining costs.

Mining

Open pit mining at Björkdal has been halted since 2019 and but may restart as a small mill feed proportion in 2027, however this could be pushed out in the event of additional underground reserves being identified.

Björkdal mined 247,843 ore tonnes in Q1 2024, which represents an increase of 3% compared to 240,533 tonnes in Q1 2023.

Q1 2024 total capital development of 845 meters was 17% higher than the 722 meters from Q1 2023. The lower capital development meters advanced in Q1 2023 was mainly due to timing and issues with staffing.

Processing

Björkdal processed 343,146 ore tonnes in Q1 2024, which represents an increase of 8% compared to 317,543 tonnes in Q1 2023. The main reason for the increase was the completion of the mill conversion to increase throughput for which commissioning was ongoing through Q1 2024.

Processed gold grades were higher during Q1 2024 at 1.15 g/t gold as compared to 1.05 g/t gold in Q1 2023. Mining in the Eastern extension that carries higher grade, which had not been permitted in Q1 2023, was taking place during Q1 2024.

CONSOLIDATED FINANCIAL RESULTS

Quarterly Financial Review – Consolidated

($ thousands)	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Revenue	**55,511**	50,588	40,907	39,670	**42,179**	41,381	46,048	50,116
Operating cost	**(27,031)**	(25,836)	(24,245)	(29,236)	**(26,606)**	(19,972)	(24,690)	(28,526)
Depreciation	**(10,708)**	(8,986)	(8,425)	(7,762)	**(8,037)**	(8,207)	(8,775)	(7,696)
Gross profit	**17,772**	15,766	8,237	2,672	**7,536**	13,202	12,583	13,894
General & administrative costs	**(1,745)**	(1,681)	(1,240)	(1,544)	**(2,628)**	(1,272)	(1,950)	(1,261)
Finance costs	**(778)**	(718)	(1,418)	(5,377)	**(3,605)**	(2,916)	(2,305)	(3,531)
(Loss) gain on financial instruments	**(5,974)**	(273)	438	4,247	**36**	(711)	4,935	4,425
Other non-operating income (expense)	**544**	(6,537)	(147)	311	**473**	(5,400)	1,354	(4,622)
Income tax (expenses) recovery	**(3,931)**	(3,842)	(1,802)	215	**(1,258)**	(1,860)	(5,342)	(6,202)
Net income	**5,888**	2,715	4,068	524	**554**	1,043	9,275	2,703
Cash flows from operating activities	**29,475**	14,854	4,404	16,161	**7,875**	20,928	7,494	16,122

Revenue

($ thousands, except where indicated)	Three months ended March 31,		
	2024	2023	Change
Revenue	**55,511**	42,179	32%
Gold ounces sold (oz)	**23,187**	18,020	29%
Antimony tonnes sold (t)	**326**	559	(42%)
Gold Sales Equivalent (oz)	**25,277**	21,769	16%
Average realized gold price ($/oz)[1]	**$ 2,200**	$ 1,943	13%
Average market gold price ($/oz)[1]	**$ 2,074**	$ 1,887	10%
Average realized antimony price ($/oz)[1]	**$ 13,823**	$ 12,823	8%
Average market antimony price ($/oz)[1]	**$ 13,298**	$ 12,656	5%

[1] Average realized gold and average realized antimony price and average maket gold and average market antimony price are a non-GAAP financial performance measure with no standard definition under IFRS. For further information, refer to the non-GAAP Financial Performance Measures section of the MD&A.

Revenue for Q1 2024 increased 32% to $55.5 million, compared with $42.2 million in Q1 2023, due to an increase in ounces produced, which resulted in higher ounces of gold sold of 25,277 in Q1 2024 as compared to 21,769 ounces in Q1 2023, and together with higher average realized prices: $2,200 per ounce for gold and 13,823 per tonne for antimony in Q1 2024 compared to $1,943 per ounce and 12,823 per tonne in Q1 2023. For Q1 2024, gold and antimony traded at an average market price of $2,074 per ounce and $13,298 per tonne, respectively, varying between $1,985 and $2,214 per ounce for gold and $11,800 and 13,600 per tonne for antimony, gold closed at $2,214 per ounce and antimony closed at 13,400 per tonne on March 31, 2024. The Company's average realized gold and average realized antimony prices are in line with the average market prices for the quarter.

Consolidated Production Costs

($ thousands)	Three months ended March 31,		
	2024	2023	Change
Direct mining and processing cost			
Mining	**15,838**	15,176	4%
Processing	**6,149**	4,866	26%
G&A and others	**4,749**	4,994	(5%)
Inventory movement	**295**	1,570	(81%)
Cost of sales, excluding depletion and depreciation	**27,031**	26,606	2%
Depreciation & Depletion	**10,708**	8,037	33%
Total cost of operation	**37,739**	34,643	9%

Total cost of sales, excluding depletion and depreciation expenses increased 2% from $26.6 million in Q1 2023 to $27.0 million in Q1 2024. The increase came predominantly from higher personnel costs at both operations in Q1 2024 as the company faced staffing issues in Q1 2023 coupled with annual salary increases in Q1 2024. In addition, there were higher processing costs at both sites during Q1 2024 compared to Q1 2023 due to higher throughput at Björkdal and higher costs for tailings and water management at Costerfield. The depreciation and depletion cost increased mainly due to higher production and increased depletion rates per unit during the current quarter compared to Q1 2023.

General and Administration Expenses

General and administration ("G&A") expenses exclude mine-site administrative costs that are charged directly to operations and include legal, accounting, costs to maintain offices and personnel both in Toronto, Canada and all NEOs, and other corporate costs associated with being a publicly traded Company.

($ thousands)	Three months ended March 31,		
	2024	2023	Change
Salaries, short-term incentives, and other benefits	**729**	1,939	(62%)
Legal and accounting	**224**	254	(12%)
Administrative and office	**304**	191	59%
Travel	**168**	104	62%
Other	**320**	140	129%
Total G&A expenses	**1,745**	2,628	(34%)

For Q1 2024, total G&A expenses decreased by 34% compared to Q1 2023 mainly due to higher personnel costs in Q1 2023 as there were certain one-off severance payments in the comparative quarter.

Finance Costs

($ thousands)	Three months ended March 31,		
	2024	2023	Change
Loan Facility			
Interest on Revolver Credit Facility	**491**	450	9%
Realized loss on gold derivative contracts under Syndicated Facility	**-**	2,991	(100%)
Other			
Interest on other borrowings and other charges	**46**	54	(15%)
Accretion of reclamation and site closure costs	**241**	110	119%
Total finance cost	**778**	3,605	(78%)

For Q1 2024, the finance costs decreased compared to Q1 2023 mainly due to due to $3 million in realized losses on gold derivative contracts under the Syndicated Facility in Q1 2023.

Non-Operating Expenses (Recoveries)

($ thousands)	Three months ended March 31,		
	2024	2023	Change
Foreign exchange gain	**(698)**	(504)	38%
Financial instruments loss (gain)	**5,974**	(36)	NA
Interest and other income	**(487)**	(301)	62%
Non-operating expenses (recoveries)	**4,789**	(841)	NA

For Q1 2024 non-operating expenses increased to $4.8 million compared to a recovery of $0.8 million in Q1 2023, mainly due to the $6.0 million loss on financial instruments consisting principally of unrealized losses on the new foreign exchange and gold derivative contracts compared to less than $0.1 million gain in Q1 2023. $0.6 million out of the losses were realized during the quarter, please refer to the Contractual Obligations and Commitments section in this MD&A for more information.

Income Tax Expense

($ thousands)	Three months ended March 31,		
	2024	2023	Change
Current income tax expense	**3,040**	2,930	4%
Deferred income tax expense (recovery)	**891**	(1,672)	NA
Income tax expense	**3,931**	1,258	212%

For Q1 2024, total income tax expense increased by $2.7 million. $2.2 million of increase is related to Costerfield, and is due to an increase of profit before tax at Costerfield site in Q1 2024 compared to Q1 2023.

Non-Core Properties

Lupin

The Company spent less than $0.1 million on care and maintenance at Lupin during Q1 2024 and Q1 2023. Reclamation spending at Lupin was $0.1 million during Q1 2024 and Q1 2023. Lupin is currently in the process of final closure and reclamation activities which are partly funded by progressive security reductions. There will be increased reclamation spending over the balance of 2024 relative to 2023, but the majority of this reclamation work to achieve the majority of closure obligations is expected to take place in the 2025 calendar year. As at March 31, 2024, $8.5 million in restricted cash stands as a deposit against the present value of certain reclamation cost obligations.

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 2024, which was similar to the comparative period in 2023.

REVIEW OF FINANCIAL CONDITION

Outstanding Debt, Liquidity and Cash Flow

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 previous 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.

On May 7, 2024, the Company extended the maturity date of the Revolving Credit Facility from December 1, 2025, to December 31, 2026, at which point the principal amount of the facility will be reduced to $20.0 million with an expiry date of June 30, 2027.

($ thousands)	March 31, 2024	December 31, 2023
Cash and cash equivalents	**47,112**	26,855
Non-cash working capital		
Other current assets:		
Trade receivables and other assets	**18,930**	26,238
Inventory	**22,330**	22,715
Marketable securities	**1,720**	1,922
Prepaid expenses and advances	**1,400**	2,104
Current liabilities:		
Accounts payable and accrued liabilities	**(19,824)**	(21,727)
Borrowings	**(1,751)**	(631)
Lease liabilities	**(938)**	(1,221)
Reclamation provisions	**(7,793)**	(4,238)
Other provision	**(3,429)**	(3,437)
Financial instruments	**(5,897)**	(651)
Working capital[1]	**51,860**	**47,928**

[1] This is a non-GAAP financial performance measure with no standard definition under IFRS.

The Company had cash and cash equivalents of $47.1 million as at March 31, 2024, as compared to $26.9 million on December 31, 2023.

As at March 31, 2024, the Company's working capital was $51.9 million compared to $47.9 million on December 31, 2023. The increase of 8% in working capital is due to higher cash balance generated from operating activities during Q1 2024 compared to Q1 2023, partially offset by the conversion of trade receivables, a partial reclassification of the reclamation liability at Lupin from non-current liabilities to current liabilities and the increased derivative liabilities during the quarter.

The use of funds during the three months ended March 31, 2024, is outlined as follows:

($ thousands)	Three months ended March 31,	
	2024	2023
Cash provided by operating activities before interest and income taxes	**32,066**	10,961
Net interest and bank charges paid	**5**	(231)
Income taxes paid	**(2,596)**	(2,855)
Net cash provided by operating activities	**29,475**	7,875
Investing activities		
Expenditures on property, plant and equipment	**(13,145)**	(8,624)
Receipt (Deposit) from reclamation deposits	**79**	-
Proceeds from sale of marketable securities	**-**	77
Net cash (used in) investing activities	**(13,066)**	(8,547)
Financing activities		
Proceeds from borrowings	**4,966**	-
Repayments of borrowings	**(221)**	(110)
Lease payments	**(368)**	(466)
Payment of gold derivative contracts	**-**	(2,977)
Purchase of common shares for cancellation	**-**	(178)
Shares issued for cash	**18**	6
Net cash (used in) financing activities	**4,395**	(3,725)
Effect of exchange rate changes on cash balances	**(547)**	232
Net (decrease) in cash and cash equivalents	**20,257**	(4,165)

Net cash generated by operating activities was $29.5 million for Q1 2024, compared to $7.9 million in Q1 2023, mainly due to the increase in revenue and positive working capital movement.

Net cash flows used in investing activities increased to $13.1 million in Q1 2024, compared to $8.5 million in Q1 2023, mainly to equipment purchase for Lupin reclamation activities. This equipment was purchased using debt financing and the initial value of the equipment is therefore disclosed in the cash flow statement under financing activities as proceeds from borrowing.

This led to a net increase in cash during Q1 2024 of $20.3 million compared to a net decrease of $4.2 million in Q1 2023.

NCIB

On February 23, 2024, the Toronto Stock Exchange (the “TSX”) approved the Company’s notice of intention to make a normal course issuer bid (“NCIB”) for a portion of the Company’s common share. Purchases under the NCIB will be made in accordance with the requirements of the TSX.

For the three months ended March 31, 2024, no NCIB transactions were executed by the Company. Any purchases made under the NCIB are made at the discretion of the Company and the shares acquired under the NCIB are cancelled upon purchase.

Contractual Obligations and Commitments

The Company's contractual obligations as of March 31, 2024, are summarized as follows:

($ thousands)	Less than 1 year	1 - 3 years	4 - 5 years	More than 5 years	Total
Financial Liabilities					
Revolving Credit Facility	-	20,000	-	-	**20,000**
Accounts payable and accrued liabilities	19,824	-	-	-	**19,824**
Equipment loan obligation	1,751	4,331	-	-	**6,082**
Lease liabilities	938	1,055	-	-	**1,993**
Reclamation provisions	7,793	15,267	7,046	5,141	**35,247**
Derivative liabilities	5,897	-	-	-	**5,897**
Total	**36,203**	**40,653**	**7,046**	**5,141**	**89,043**

Revolving Credit Facility and Financial Covenants

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 purposes.

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, 2024, 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. 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 9.40%. Nominal interest rate of SOFR as at March 31, 2024 was 5.32% plus 2.85% margin.

As at March 31, 2024, the Company has $20.0 million outstanding principal value for the Revolving Credit Facility, with $15.0 million undrawn.

Foreign exchange derivative contracts

On December 20, 2023, Mandalay entered into foreign exchange derivative contracts with the Scotiabank. These consist of (i) AUD/USD contracts where Mandalay sells $3.4 million per month, buys AUD within a 0.6795 by 0.7000 costless collar and (ii) USD/SEK contracts where Mandalay sells $3.4 million per month, buys SEK within a 9.50 x 10.25 costless collar, with monthly average rate settlements until December 2024. These derivatives are measured at fair value through profit or loss at the end of each reporting period. The Company recorded an unrealized fair value loss of $1.9 million for the three months ended March 31, 2024. During the three months ended March 31, 2024, the Company incurred a realized loss of $0.5 million for settlement of expired Foreign exchange derivatives contracts. The fair value of these liabilities as at March 31, 2024, was $2.6 million.

Gold derivative contracts

On February 12, 2024, the Company entered into gold derivative contracts with the Macquarie Bank Ltd. for a total of 25,008 ounces of gold over the period March 2024 to December 2024. These contracts are costless collar hedges with a floor price of $1,980.00 per ounce and a ceiling of $2,121.50 per ounce. These derivatives are measured at fair value through profit or loss at the end of each reporting period. The Company recorded an unrealized fair value loss of $3.3 million for the three months ended March 31, 2024. The fair value of these liabilities as at March 31, 2024, was $3.3 million.

During the three months ended March 31, 2024, the Company incurred a realized loss of $0.1 million for settlement of expired gold derivatives contracts.

On April 11, 2024, the Company restructured certain gold derivative contracts entered into on February 12, 2024, with Macquarie Bank Ltd by rolling forward the contracts originally set to mature in April, May, and June 2024. The rolled forward contracts of a total of 7,498 ounces of gold are set to mature in January, February and March 2025, these contracts are costless collar hedges with a floor price of $1,980.00 per ounce and a ceiling of $2,189 per ounce.

NON-GAAP PERFORMANCE MEASURES

Non-GAAP performance measures are included in this MD&A because the Company believes these are useful indicators to discuss to understand the 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-GAAP 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 the Company's ability to meet short and long-term financial objectives.

Reconciliation of Cash Operating Costs and All-In Sustaining Costs per Ounce Produced

($ thousands, except where indicated)	Three months ended March 31,	
	2024	2023
Cost of sales, excluding depletion and depreciation	**27,031**	26,606
Administration expenses	**34**	28
Change in inventory	**(295)**	(1,570)
Royalty	**(852)**	(645)
Cash operating costs	**25,918**	24,419
Overhead expenses	**1,479**	2,600
Sustaining capital expenditures[1]	**5,931**	5,637
Less: Tailings dam cash expenditure	**(172)**	(1,520)
Add: Tailings dam amortisation	**1,398**	318
Reclamation - accretion	**241**	110
Royalty	**852**	645
All-in sustaining costs	**35,647**	32,210
Gold equivalent produced	**24,936**	19,986
Cash operating costs per ounce gold eq. produced[2]	**$ 1,039**	$ 1,222
All-in sustaining costs per ounce gold eq. produced[2]	**$ 1,430**	$ 1,612
Average realized gold price per ounce	**$ 2,200**	$ 1,943
Cash operating margin per ounce produced	**$ 1,161**	$ 721
All-in sustaining margin per ounce produced	**$ 770**	$ 331

[1] Capital expenditures are included in our calculation of all-in sustaining costs.

[2] Cash operating costs and all-in sustaining costs are non-GAAP financial performance measures with no standard definition under IFRS.

Site cash cost per ounce of gold equivalent produced – For all sites, the cash cost per ounce of gold equivalent equals the total cash operating cost associated with the production of equivalent ounces produced in the period divided by the equivalent gold ounces produced. The cash cost excludes royalty expenses.

Site all-in sustaining cost per ounce of gold equivalent produced – Site all-in sustaining costs include total cash operating costs, sustaining mining capital, royalty expense, accretion of reclamation provision and tailings dam amortization. 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 gold equivalent in a period equals the all-in sustaining cost divided by the equivalent gold ounces produced in the period.

Consolidated cash cost per ounce of gold equivalent produced – The corporate cash cost per 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 gold equivalent ounces produced in the period. The cash cost excludes royalty and corporate level general and administrative expenses.

Consolidated all-in sustaining cost per ounce of gold equivalent produced – The corporate all-in sustaining cost per 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 and tailings dam amortization, divided by the total gold equivalent ounces produced in the period.

Reconciliation of Sustaining Capital and Non-Sustaining Capital Expenditures

($ thousands)	Three months ended March 31,	
	2024	2023
Sustaining capital[1]		
Capital development	**3,535**	2,674
Infill exploration	**146**	200
Property, plant and equipment sustaining	**2,250**	2,763
Total sustaining capital[1]	**5,931**	5,637
Non-sustaining capital		
Property, plant and equipment non-sustaining[2]	**4,757**	328
Exploration cost	**2,457**	2,811
Total non-sustaining capital[1]	**7,214**	3,139
Total capital expenditures	**13,145**	8,776

[1] Sustaining and non-sustaining capital are non-GAAP financial measures with no standard definition under IFRS. Refer to the non-GAAP Financial Performance Measures section of the MD&A. Sustaining capital expenditures are included in the calculation of all-in sustaining costs.

[2] includes equipments purchased for reclamation activities at non-operating site.

Reconciliation of Free Cash Flow

($ thousands, except where indicated)	Three months ended March 31,	
	2024	2023
Cash generated from operating activities	**29,475**	7,875
Adjustments		
Expenditure against Asset Retirement Obligation	**105**	64
Sustaining capital expenditures[1]	**(5,931)**	(5,485)
Non-sustaining capital expenditures[1]	**(7,214)**	(3,139)
Lease payments	**(368)**	(466)
Free cash flow[2]	**16,067**	(1,151)
Ounces of gold equivalent sold[2]	**25,277**	21,769
Free cash flow per ounce sold[2]	**$ 636**	$ (53)

[1] Further detail on the sustaining capital expenditures composition can be found on the reconciliation of sustaining capital and non-sustaining capital expenditures in the non-GAAP reconciliation.

[2] This is a non-GAAP financial performance measure with no standard definition under IFRS.

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.

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

($ thousands, except where indicated)	Three months ended March 31,	
	2024	2023
Net Income	**5,888**	554
Special items		
Write-off of assets	**290**	-
Loss/(Gain) on financial instrument	**5,974**	(36)
Adjusted Net Income before special items[1]	**12,152**	518
Add/less: Non-cash and finance costs		
Depletion and depreciation	**10,708**	8,037
Gain on disposal of property, plant and equipment	**(40)**	(4)
Share based compensation	**391**	336
Interest and finance charges	**778**	3,605
Current tax	**3,040**	2,930
Deferred tax expense (recovery)	**891**	(1,672)
Foreign exchange gain	**(698)**	(504)
Less: Interest and other income	**(487)**	(301)
Adjusted EBITDA[1]	**26,735**	12,945
Weighted average outstanding shares ('000)	**92,924**	92,561
Adjusted EBITDA per share[1]	**0.29**	0.14
Depletion and depreciation	**10,708**	8,037
Adjusted EBIT[1]	**16,027**	4,908

[1] This is a non-GAAP financial performance measure with no standard definition under IFRS.

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.

Adjusted EBITDA per share – The company defines adjusted EBITDA per share as adjusted EBITDA divided by weighted average number of shares outstanding.

Adjusted EBIT – The Company defines Adjusted EBIT as Adjusted EBITDA less depletion and depreciation

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.

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.

Other Non-GAAP Performance Measures

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.

Average realized gold per ounce sold and Average realized antimony per tonne sold – Average realized metal price per relevant unit sold is intended to assist investors and management in understanding and evaluating the revenue received per relevant unit in each reporting period.

Gold equivalent ounces – Gold equivalent ounces is calculated by multiplying the 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.

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.

Working Capital – Working Capital is a common measure of near-term liquidity and is calculated by deducting current liabilities from current assets as reported in the Company's consolidated statement of financial position.

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).

CAPITAL STRUCTURE

The capital structure of the Company as of March 31, 2024, is as follows:

All amounts in $ thousands, except number of common shares		**As at March 31, 2024**
Cash and cash equivalents		**47,112**
Less: Bank indebtedness	(19,662)	
Less: Equipment loan	(6,082)	
Less: Leasing Liabilities	(1,993)	
Total debt		**(27,737)**
Total net cash and cash equivalents balance[1]		**19,375**
Number of common shares outstanding		93 million

[1] Net cash and cash equivalents balance is a non-GAAP Performance Measure and is defined as total indebtedness excluding unamortized transaction costs and premiums or discounts associated with debt, less cash and cash equivalents. The Company reduces cash and cash equivalents balance by gross indebtedness on the basis to identify the net cash and cash equivalents balance.

OFF-BALANCE SHEET ITEMS

The Company does not have any off-balance sheet investment or debt arrangements.

RELATED PARTY TRANSACTIONS

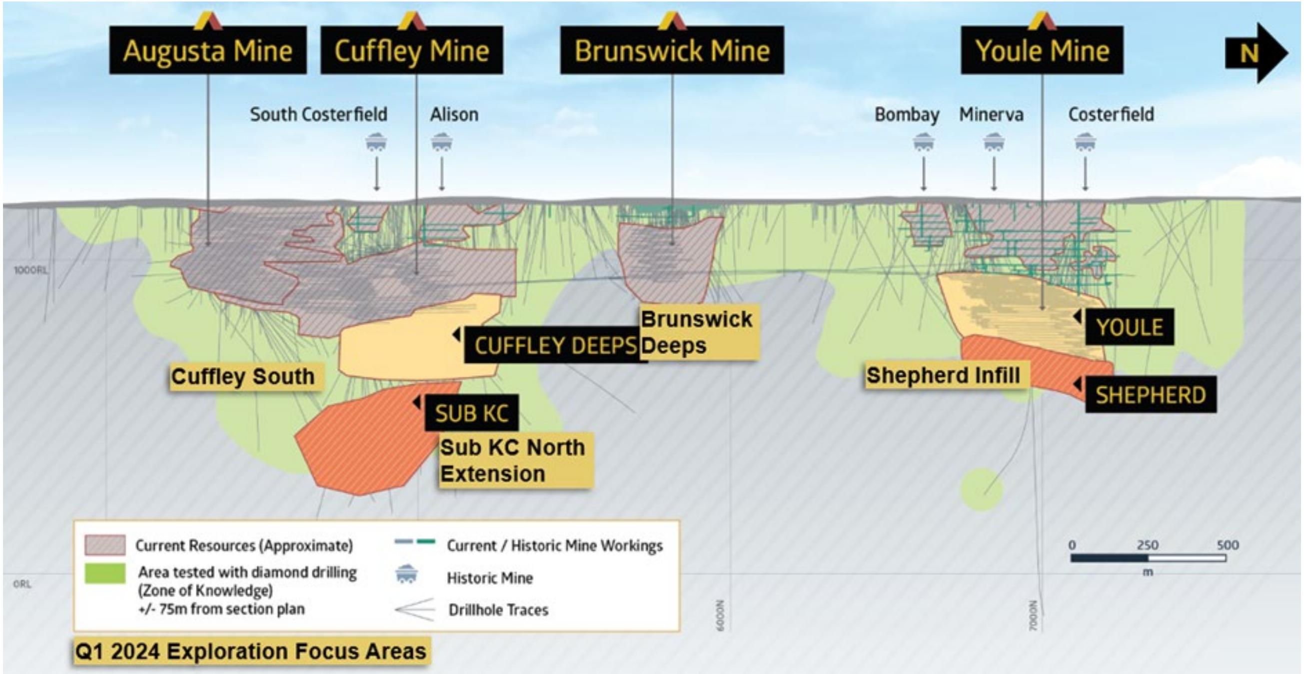
The Company has not entered into any material transactions with related parties during current and comparative periods.

QUARTERLY EXPLORATION HIGHLIGHTS

Costerfield

At Costerfield during Q1 2024 drilling was focused on building near mine resources and drill testing regional targets. There were four near mine areas active during the quarter. Closest to development was the Shepherd Infill drilling that focused on westerly veining of the system. Towards the center of the field, drilling was also ongoing on the Brunswick depth testing program and to the South of the field, two drilling programs tested the depth extension of the Cuffley deposit. At depth and further below the Cuffley deposit, a program was also ongoing to test the northern extension of the Sub-King Cobra veining.

Costerfield district long section showing areas of exploration focus during 2024 Q1



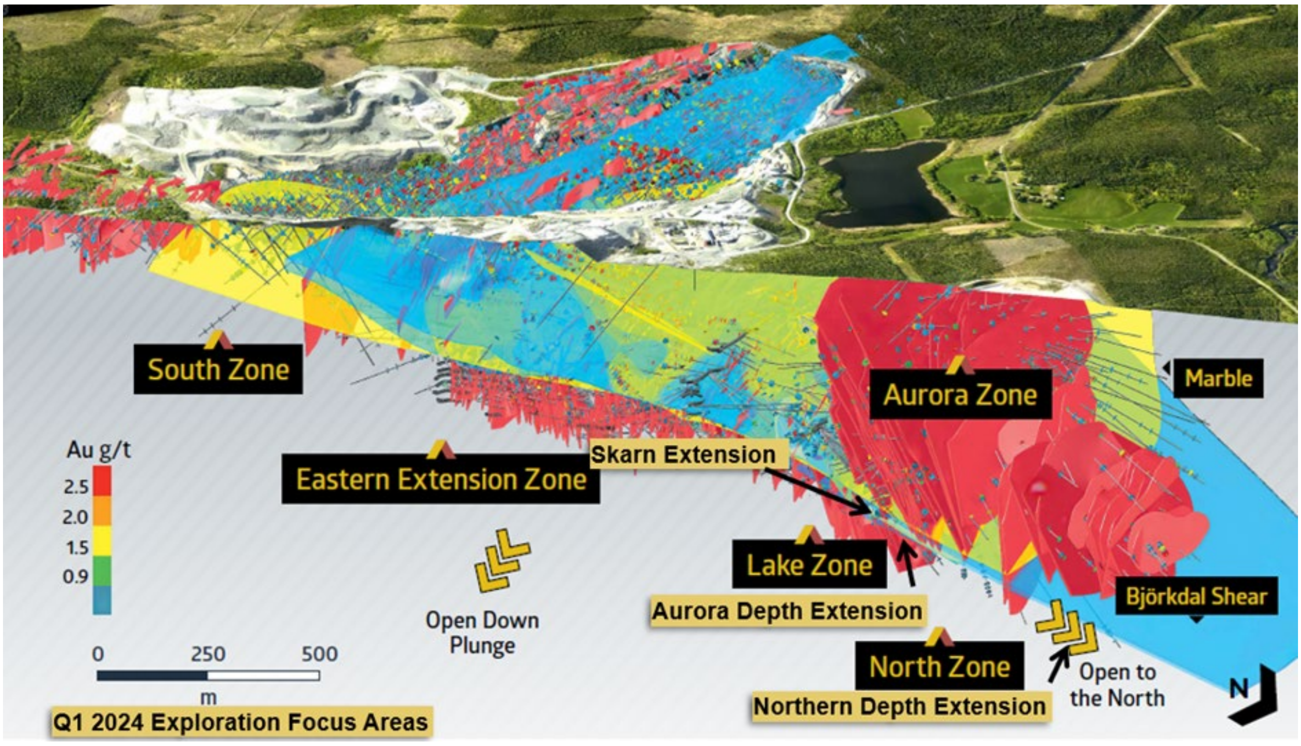
Heading into Q2 2024, near mine exploration will focus on the Cuffley Deeps Programs and the Shepherd infill programs. A third focus area is the link between the Shepherd veining and the Brunswick deposit where a connection is interpreted through a currently non-tested ground.

The main focus of regional exploration has been the True Blue deposit with one program extending the Inferred Mineral Resource and another program testing the mineralized corridor up to a kilometer further South. Towards the end of the quarter, two additional drill programs commenced testing of the northern and southern strike extents of the Brunswick mineralized corridor.

Björkdal

At Björkdal drilling was ongoing on the depth testing of the system with programs dedicated to the depth and eastern extension of Aurora and the northern and depth continuation of veining below the marble horizon. Towards the end of the quarter, drilling commenced on a skarn extension project designed to extend the known limits of this mineralization envelope from which high grades have been mined in the past.

Björkdal mine perspective view looking to the southwest showing areas of exploration focus during Q1 2024



Within Q2 2024, the main focus for near mine exploration will be on the continued programs testing the northern depth extension and the skarn of the extension as well as a new program infill drilling the eastern extension of the Björkdal veining.

There was no surface drilling underway in Q1 2024, however work was ongoing on the interpretation of results from the 2023 drilling programs.

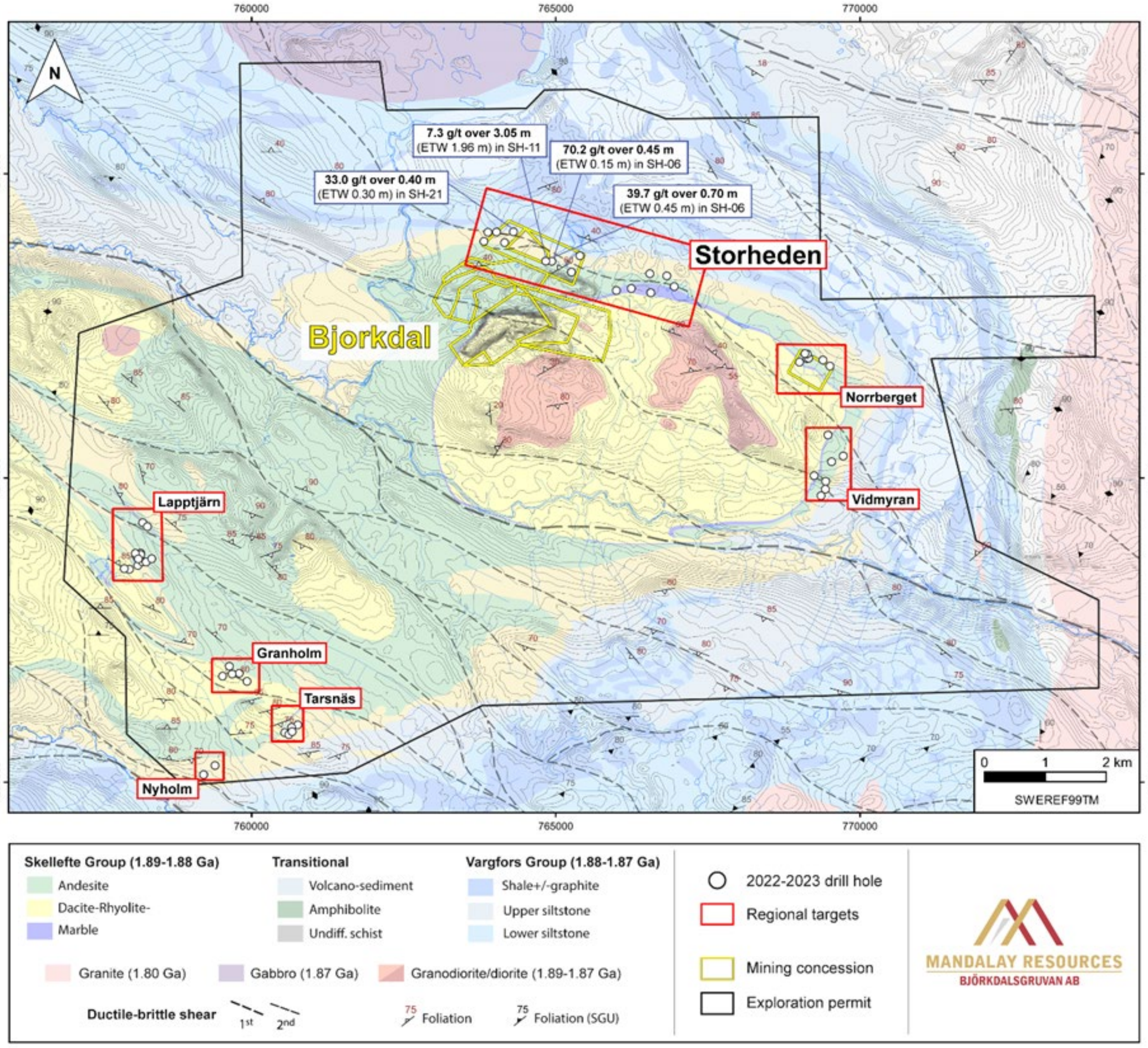
To that end Mandalay released, in April, the exciting results from the Storheden extension and confirmation drilling undertaken in 2023. This program was undertaken with the intention of confirming previously drilled mineralization providing structural context and testing the depth of the system. The Company was pleased to report that the system is now known to have a strike extent of 1.6 kilometers and a depth extent of at least 200 meters below surface. The Storheden deposit is situated 600 meters to the northeast of Björkdal current mining activities and is interpreted to be part of the same mineralizing system.

Assay highlights of the release include:

- 70.2 g/t gold over 0.45 m (ETW 0.15 m) in SH-06 at 136 m;
- 39.7 g/t gold over 0.70 m (ETW 0.45 m) in SH-06 at 120 m;
- 7.3 g/t gold over 3.05 m (ETW 1.96 m) in SH-11 at 225 m; and
- 33.0 g/t gold over 0.40 m (ETW 0.26m) in SH-21 at 90 m.

For further details, including information as to applicable QA/QC procedures, please refer to Mandalay's April 24, 2024 press release.

Geological map centered on Mandalay´s exploration tenement holdings highlighting the location of exploration drilling described in this release. Highlighted assays results are annotated.



Surface drilling will again commence in Q2 2024 and will focus on further depth and strike extension of the Storheden system

QUALIFIED PERSON

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).

OUTSTANDING SHARE DATA

The following are the issued and outstanding common shares and numbers of shares issuable under share-based compensation and warrants:

	As at March 31, 2024
Issued and outstanding common shares	93,044,551
Stock options	3,324,271
Restricted share units	1,072,814
Performance stock units	547,776
Deferred share units	667,225
Total	**98,656,637**

FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Financial Instruments

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.

Financial Risk Management

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, 2024, the Company had no past overdue trade receivables of significance.

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.

Currency	Average Rate Jan 1, 2024 March 31, 2024	Average Rate Jan 1, 2023 March 31, 2023
1A$ = C$	**0.8870**	0.9249
1 A$ = US$	**0.6576**	0.6836
1 US$ = C$	**1.3488**	1.3530
1 US$ = Chilean Peso	**947**	811
1 US$ = SEK	**10.4025**	10.4566

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

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.

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.

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.