

MANDALAY RESOURCES CORPORATION

Management's Discussion and Analysis for the Three and Nine Months Ended September 30, 2018

Björkdal Operating Statistics

The following table summarizes certain aspects of production, sales, costs and capital investment activities at Björkdal.

	Unit	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017	Three months ended March 31, 2018	Three months ended June 30, 2018
Mining Production and Mining Cost							
Operating development	m	1,033	862	2,971	3,517	1,155	783
Mined ore	t	253,503	285,078	857,862	807,207	314,891	289,468
Ore mined Au grade	g/t	1.18	1.52	1.33	1.49	1.43	1.34
Mined contained Au	oz	9,655	13,955	36,598	38,603	14,480	12,463
Mining cost per tonne ore	\$/t	26.26	24.57	26.60	28.73	27.34	26.09
Processing and Processing Cost							
Processed ore	t	325,973	331,748	932,221	957,757	290,456	315,792
Mill head grade Au	g/t	0.94	1.45	1.26	1.51	1.55	1.56
Recovery Au	%	88.27	86.96	95.45	87.90	89.73	89.99
Concentrate produced	dry t	872	1,015	2,303	3,067	1,431	1,431
Concentrate grade Au	g/t	303	405	476	406	276	305
Saleable Au produced	oz	8,504	13,233	35,237	39,993	12,716	14,017
Processing cost per tonne ore	\$/t	6.15	8.00	7.73	7.86	9.68	7.53
Sales							
Concentrate sold	dry t	876	928	3,549	3,158	1,337	1,337
Concentrate Au grade	g/t	369	457	355	389	411	289
Au sold	oz	10,400	13,620	40,505	39,493	17,677	12,428
Benchmark Unit Cost							
Site cash operating cost/ tonne ore processed ⁽¹⁾	\$/t	34.02	34.75	40.00	38.68	47.91	38.90
Site cash operating cost/tonne concentrate produced ⁽¹⁾	\$/t	12,710	11,354	16,189	12,080	9,725	8,585
Adjusted EBITDA/tonne ore milled ⁽¹⁾	\$/t	(2.44)	19.31	11.86	16.15	25.77	13.84
Adjusted EBITDA/tonne concentrate produced ⁽¹⁾	\$/t	(912)	6,308	4,801	5,042	5,231	3,054
Cash cost per Au oz produced ⁽¹⁾⁽²⁾	\$/oz	1,304	871	1,058	926	1,094	876
Site all-in cost per oz Au oz produced ⁽¹⁾⁽³⁾	\$/oz	1,615	1,199	1,350	1,213	1,387	1,155
Capital Spending							
Capital development (Underground)	m	458	477	1,638	1,435	614	566
Capital development (Open pit)	t	279,478	238,797	920,540	1,273,856	387,704	253,358
Capital development cost	\$000	2,027	4,018	7,970	10,103	2,934	3,009
Capital purchases	\$000	3,878	2,684	7,938	5,761	2,975	1,085
Capitalized exploration	\$000	257	561	1,557	1,683	305	994

1 Does not include intercompany transfer pricing recharge costs and business development costs.

2 The cash cost per ounce of gold produced is a non-IFRS performance measures. Refer to Section 1.15 "Non-IFRS Measures" for further information.

3 Site all-in cost per ounce of gold produced is a non-IFRS performance measure. Refer to Section 1.15 "Non-IFRS Measures" for further information.