

MANDALAY RESOURCES CORPORATION

Management's Discussion and Analysis for the Three Months and Year Ended December 31, 2018

Björkdal Operating Statistics

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

	Unit	Three months ended December 31, 2018	Three months ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2017
Mining Production and Mining Cost					
Operating development	m	1,258	1,073	4,229	4,589
Mined ore	t	267,266	323,526	871,625	1,130,733
Ore mined Au grade	g/t	1.32	1.76	1.37	1.57
Mined contained Au	oz	11,344	18,283	38,288	57,185
Mining cost per tonne ore	\$/t	32.33	22.52	28.46	26.95
Processing and Processing Cost					
Processed ore	t	319,232	304,046	1,251,453	1,261,803
Mill head grade Au	g/t	1.17	2.53	1.30	1.76
Recovery Au	%	89.56	90.65	88.93	88.39
Concentrate produced	dry t	1,080	1,431	2,511	4,498
Concentrate grade Au	g/t	302	479	566	429
Saleable Au produced	oz	10,482	22,035	45,721	62,028
Processing cost per tonne ore	\$/t	8.22	9.20	7.85	8.19
Sales					
Concentrate sold	dry t	929	1,337	3,602	4,495
Concentrate Au grade	g/t	320	432	432	402
Au sold	oz	9,557	18,565	50,061	58,058
Benchmark Unit Cost					
Site cash operating cost/ tonne ore processed ⁽¹⁾	\$/t	49.16	44.70	33.48	40.13
Site cash operating cost/tonne concentrate produced ⁽¹⁾	\$/t	14,528	9,498	16,683	11,258
Adjusted EBITDA/tonne ore milled ^{(1) (4)}	\$/t	(5.92)	35.15	7.33	20.73
Adjusted EBITDA/tonne concentrate produced ^{(1) (4)}	\$/t	(1,750)	7,468	3,652	5,814
Cash cost per Au oz produced ⁽¹⁾⁽²⁾	\$/oz	1,497	617	1,159	816
Site all-in cost per oz Au oz produced ⁽¹⁾⁽³⁾	\$/oz	1,794	848	1,452	1,083
Capital Spending					
Capital development (Underground)	m	497	495	2,135	1,930
Capital development (Open pit)	t	225,557	250,980	1,146,097	1,524,836
Capital development cost	\$000	2,229	4,502	10,199	14,499
Capital purchases	\$000	7,906	3,902	15,844	9,699
Capitalized exploration	\$000	266	140	1,823	1,823

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 1.16 "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 1.16 "Non-IFRS Measures" for further information.

4 Adjusted EBITDA, operating net income (loss) after tax and adjusted net income (loss) are non-IFRS performance measures. Refer to Section 1.16 "Non-IFRS measures" for further information.