

MANDALAY RESOURCES CORPORATION
Management's Discussion and Analysis for the Three Months and Year Ended December 31, 2018
Costerfield operating statistics

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

	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	1,012	1,132	3,844	5,307
Mined ore	t	37,536	32,895	151,557	140,638
Ore mined Au grade	g/t	5.10	7.58	5.66	8.19
Ore mined Sb grade	%	2.32	3.21	2.36	3.28
Mined contained Au	oz	6,154	8,013	27,599	37,013
Mined contained Sb	t	869	1,054	3,572	4,612
Mining cost per tonne ore	\$/t	141	176	145	169
Processing and Processing Cost					
Processed ore	t	39,019	39,239	155,744	151,759
Mill head grade Au	g/t	5.30	7.31	5.64	8.17
Mill head grade Sb	%	2.33	3.05	2.33	3.28
Recovery Au	%	87.38	89.46	87.70	89.69
Recovery Sb	%	95.95	94.41	93.80	95.32
Concentrate produced	dry t	1,638	2,131	6,507	9,052
Concentrate grade Au	g/t	64.46	84.71	71.76	71.82
Concentrate grade Sb	%	53.18	52.96	52.21	52.43
Au produced in gravity concentrate	oz	2,392	2,419	9,655	14,719
Au produced in sulfide concentrate	oz	2,556	4,803	11,954	16,793
Saleable Au produced	oz	4,948	7,222	21,609	31,512
Saleable Sb produced	t	560	805	2,173	3,115
Saleable Au equivalent produced	oz	8,691	12,360	35,849	52,138
Processing cost per tonne ore	\$/t	31.61	37.03	36.67	37.52
Sales					
Concentrate sold	dry t	1,759	2,029	6,968	8,792
Concentrate Au grade	g/t	64.34	77.85	73.79	70.70
Concentrate Sb grade	%	52.92	52.66	52.21	52.38
Au sold in gravity concentrate	oz	2,118	2,188	9,514	14,470
Au sold in sulfide concentrate	oz	2,839	4,149	13,386	15,826
Au sold	oz	4,957	6,337	22,900	30,297
Sb sold	t	582	668	2,307	2,879
Benchmark Unit Cost					
Site cash operating cost/ tonne ore processed ⁽¹⁾	\$/t	212	220	218	238
Site cash operating cost/tonne concentrate produced ⁽²⁾	\$/t	5,049	4,056	5,227	3,982
Adjusted EBITDA/tonne ore milled ^{(1) (4)}	\$/t	26	121	66	162
Adjusted EBITDA/tonne concentrate produced ^{(1) (4)}	\$/t	631	2,233	1,592	2,717
Cash cost per oz Au equivalent produced ⁽²⁾⁽³⁾	\$/oz	962	707	961	701
Site all-in cost/oz Au eq. oz produced ⁽¹⁾⁽²⁾	\$/oz	1,391	902	1,407	991
Capital Spending					
Capital development	m	672	122	2,644	530
Capital development cost	\$000	2,478	553	10,243	2,437
Capital development cost/meter	\$/m	3,689	4,531	3,875	4,599
Capital purchases	\$000	1,498	954	6,959	4,492
Capitalized exploration	\$000	1,141	787	5,243	4,020

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

²Cash cost per ounce of gold equivalent produced is a non-IFRS performance measure. Refer to Section 1.16 "Non-IFRS Measures" for further information.

³Site all-in cost per ounce of gold equivalent 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.