MANDALAY RESOURCES

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE QUARTER ENDED MARCH 31, 2022

AS OF MAY 11, 2022

CONTENTS

Management's Discussion and Analysis for the Three Months Ended March 31, 2022

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements and notes to the consolidated financial statements of Mandalay Resources Corporation ("Mandalay" or the "Company") for the year ended December 31, 2021, and the Company's Annual Information Form dated March 31, 2022 (the "AIF"), the Company's 2021 audited consolidated financial statements and accompanying 2021 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 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: risks surrounding the current COVID-19 pandemic, 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 event; 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 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 continuing the regional exploration program, at both its Costerfield and Björkdal mines. Currently, the Company's main objectives are to continue mining the high-grade Youle vein at Costerfield, bring online the deeper Shepherd veins, both of which will continue to supply high-grade ore to the processing plant, and to extend Youle 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

First Quarter 2022 Highlights:

- **Mandalay achieved a net debt free position as at the end of the quarter.** Cash on hand was $50.4 million as at March 31, 2022, with debt of $45.7 million. This compares to $30.7 million of cash and $49.8 million in debt as at December 31, 2021, and $29.9 million of cash and $60.1 million in debt as at March 31, 2021.

- **Consolidated gold equivalent production of 29,631 ounces** compared to 28,676 ounces in Q1 2021. The increase in ounces produced in Q1 2022 compared to Q1 2021 was due to the increased production at both Costerfield and Björkdal.

- **Revenue of $54.2 million on 28,280 gold equivalent sales of ounces** compared to $52.6 million from 29,713 ounces in Q1 2021. This increase in revenue in Q1 2022 as compared to Q1 2021 was due to higher realized gold and antimony prices.

- **Adjusted EBITDA[1] of $31.3 million** compared to $26.1 million in Q1 2021. Q1 2022 adjusted EBITDA was the Company's second highest on record, and higher as compared to Q1 2021 due to the increase in revenue and lower cost of sales.

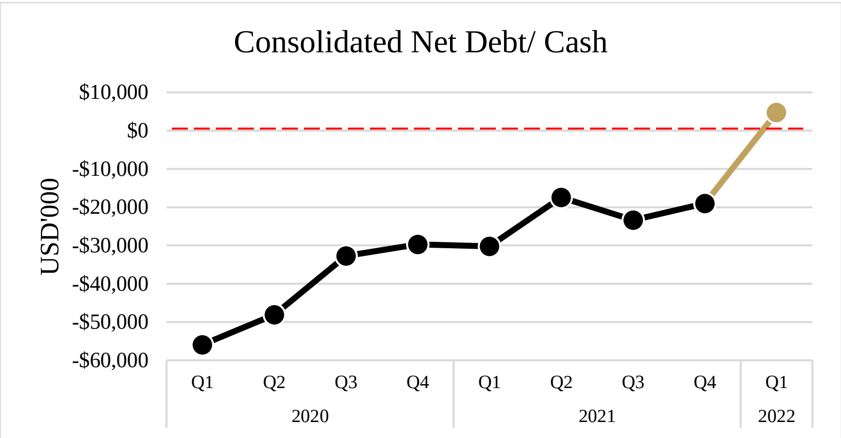
- **Adjusted net income[1] of $13.9 million ($0.15 or C$0.19 per share)** compared to an adjusted net income of $5.6 million ($0.06 or C$0.08 per share) in Q1 2021.

- **Consolidated net income in Q1 2022 was $10.5 million ($0.11 or C$0.14 per share)**, compared to a consolidated net income of $25.5 million ($0.28 or C$0.35 per share) in Q1 2021.

- **Consolidated cash cost[1] of $831 and all-in sustaining cost[1] of $1,110 per ounce of saleable gold equivalent production** compared to $883 and $1,212 per ounce, respectively in Q1 2021. The lower unit costs were driven by lower cost of operations combined with higher gold equivalent production in Q1 2022 as compared to Q1 2021.

- **Free cash flow[1] of $28.0 million** compared to $1.8 million of cash outflow in Q1 2021. The increase in Q1 2022 as compared to Q1 2021 was mainly due to higher cash flow from operating activities and lower capital spend. Cash flow from operating activities of $35.5 million compared to $10.5 million in Q1 2021.

- **Consolidated capital expenditures of $9.6 million** compared to $12.0 million in Q1 2021.



1 Adjusted EBITDA, adjusted net income, free cash flow, 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 Q1 2022 and 2021:

	Three months ended March 31	
	2022	**2021**
Björkdal		
Gold produced (oz)	12,384	11,855
Gold sold (oz)	12,134	12,076
Cash cost per oz gold produced ($)(1)	1,186	1,187
All-in sustaining cost1 per oz gold produced ($)	1,491	1,533
Costerfield		
Gold produced (oz)	12,197	11,082
Antimony produced (t)	683	832
Gold equivalent produced (oz)(2)	17,247	15,458
Gold sold (oz)	12,249	12,524
Antimony sold (t)	527	972
Gold equivalent sold (oz)(2)	16,146	17,637
Cash cost(1) per oz gold eq. produced ($)	576	640
All-in sustaining cost1 per oz gold eq. produced ($)	775	937
Cerro Bayo		
Gold produced (oz)	-	724
Silver produced (oz)	-	43,699
Gold equivalent produced (oz)(2)	-	1,363
Cash cost(1) and all-in sustaining cost1 per oz gold eq. produced ($)	-	995
Consolidated		
Gold equivalent produced (oz)(2)	29,631	28,676
Gold equivalent sold (oz)(2)	28,280	29,713
Cash cost(1) per oz gold eq. ($)	831	883
All-in sustaining cost1 per oz gold eq. ($)	1,110	1,212
Average gold price ($/oz)	1,874	1,795
Average silver price ($/oz)	-	26.23
Average antimony price ($/t)	13,856	9,442

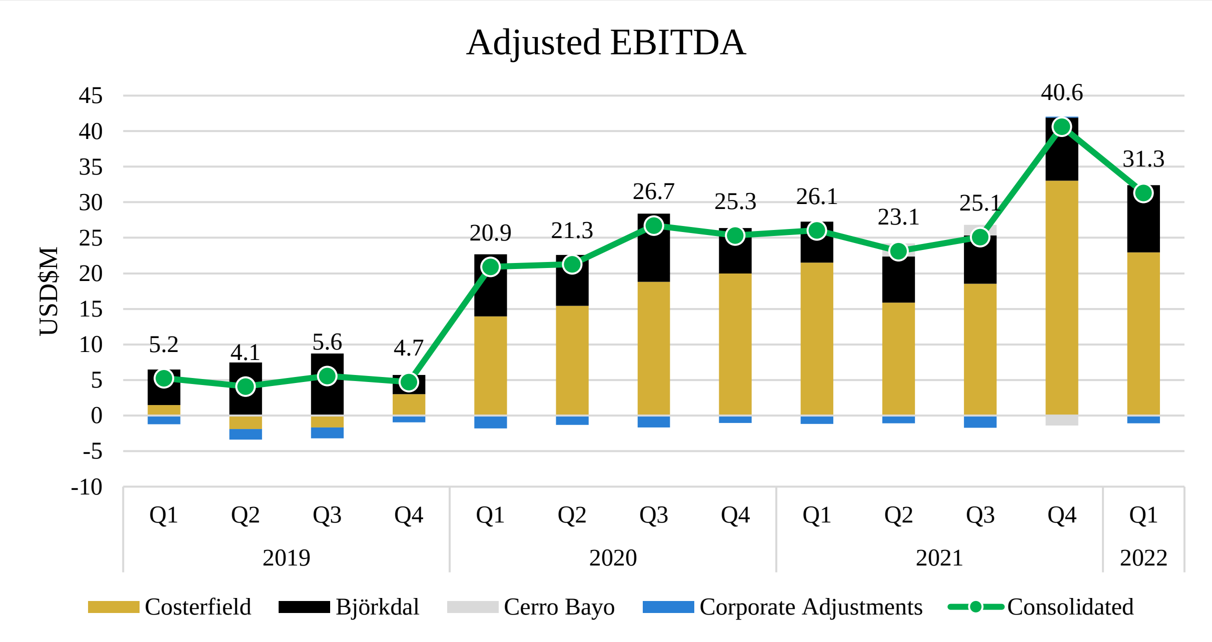
1. Cash and all-in sustaining costs are non-IFRS measures. Refer to Section 1.14 "Non-IFRS Measures" for further information.
2. Gold equivalent ounces (or "Au Eq. oz") produced/sold is calculated by multiplying the saleable quantities of gold and antimony in the period by the respective average market 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 financial results for Q1 2022 and 2021:

	Three months ended March 31	
	2022	2021
	$'000	$'000
Revenue	54,154	52,573
Cost of sales	21,716	25,414
Income from operations (excl. depr. & depletion)(1)	32,438	27,159
General and administrative costs	1,133	1,097
Adjusted EBITDA(1)	31,305	26,062
Depreciation and depletion	9,196	10,816
Adjusted EBIT(1)	22,109	15,246
Finance costs	3,126	2,354
Unrealized loss (gain) on financial instruments	3,402	(20,237)
Tax, forex and others(2)	5,096	7,629
Adjusted net income(1)	13,887	5,646
Consolidated net income	10,485	25,500
Adjusted net income per share(1)	0.15	0.06
Consolidated net income per share	0.11	0.28
Total assets	324,600	297,219
Total liabilities	138,776	143,434
Total equity	185,824	153,785
Consolidated capital expenditures(3)		
Capital development	3,206	5,372
Property, plant and equipment purchases	3,702	4,746
Capitalized exploration	2,722	1,910
Total	9,630	12,028

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 and loss (gain) on sale of assets.
3. Includes capitalized spending from non-operating sites.



Quarterly Highlights

Exploration

At Costerfield drilling continued during the first quarter of 2022 on the Shepherd zone with a shift in focus from infill to extension both at depth and towards the south. Drilling also continued on the Brunswick deeps program and the Margaret Prospect. The Cuffley deeps program and the Youle East drilling program were completed in Q1. The Robinson's drilling program commenced in Q1.

The extension drilling around the Shepherd zone is planned to continue through Q2 along with the Brunswick and Margaret drilling programs. Collection of seismic data with interpretation of deep structures though the Costerfield area will also be carried out in Q2 2022.

At Björkdal, drilling continued on the eastern bounds of the mine with the Lake Zone link program. Drilling also continued on the Northern Deeps program underneath Aurora while new drilling campaigns commenced targeting the extension and conversion of the North Zone resources approximately 400m north of Aurora.

In Q2 2022, drilling is planned to be completed on the eastern extension projects and continue on the northern Infill, Extension and Deeps programs. The Aurora extension drilling program is also expected to resume. Base Of Till drilling is due to commence as well as surface diamond drilling which will initially target the Vidmyran region of identified veining.

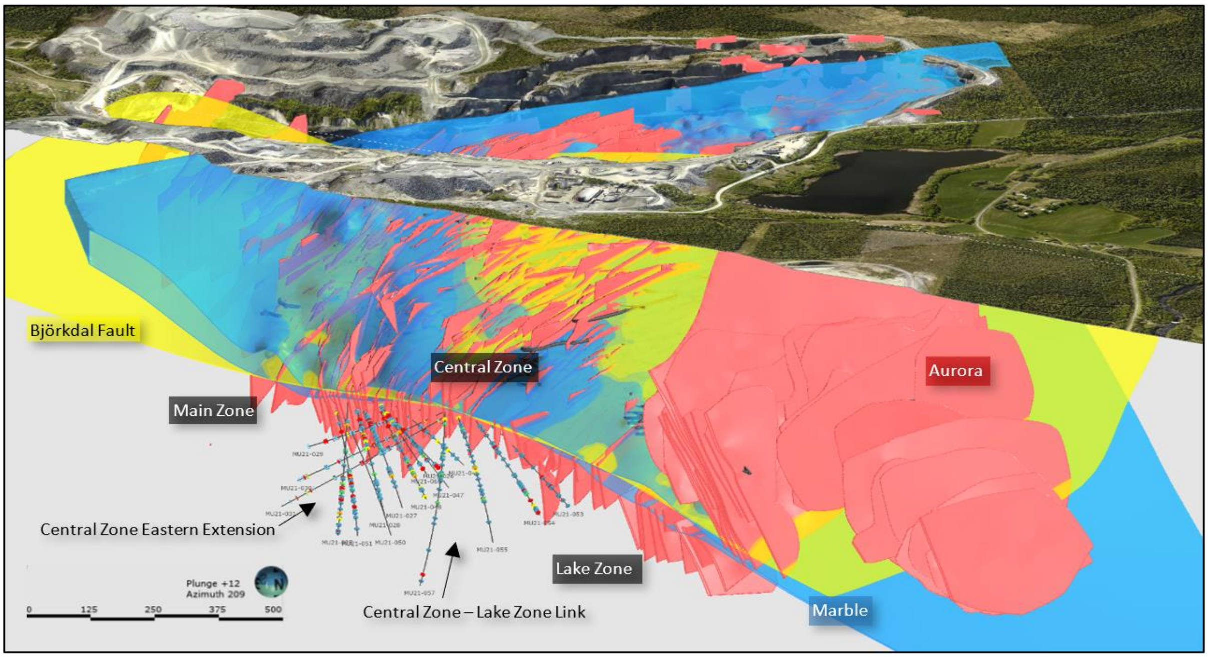


Figure 1: Perspective view of the Björkdal Mine looking towards the SSW highlighting the interaction of the veining (Red) Marble (Blue) and Björkdal fault (Yellow). Drilling of the latest Central Zone extension programs is also shown.

COVID-19 Pandemic

The COVID-19 pandemic is present in all countries in which the Company operates, with cases being reported in Canada, Australia and Sweden. At this time, the Company has activated business continuity practices across all sites. Management will continue to monitor developments across all jurisdictions and will adjust its planning as necessary.

The Company is not able to estimate the duration of the pandemic and potential impact on its business if disruptions or delays in our operations occur or our ability to transfer our products to market. In addition, a severe prolonged economic downturn could result in a variety of risks to the business, including a decreased ability to raise additional capital when needed on acceptable terms, if at all. As the situation continues to evolve, the Company will continue to closely monitor operating conditions in the countries we operate and respond accordingly. The Company has recently been affected by global shipping delays that have been caused, in part, by the pandemic, which have impacted the timing of shipments of its flotation concentrate at Costerfield which is sent overseas from Australia. While Mandalay expects that these delays will be temporary and that they will not affect overall sales volumes, they have and may in the future impact the Company's sales on a quarterly basis.

As of the date of the issuance of MD&A, there have been no other significant impacts, including impairments, to the Company's operations and financial statements.

Outlook

Mandalay expects to see continued improvements in production and costs from Costerfield and Björkdal over the rest of 2022. At Costerfield, the Company anticipates an incremental improvement to the production profile during 2022 as development continues at Youle and with the initiation of production from the high-grade Shephard deposit. Mandalay also expects continued production and cost improvements at Björkdal in

2022. The Company anticipates stoping rates within the lower, higher-grade levels of Aurora zone to lift and also anticipates higher grades from stopes as dilution control measures continue to be implemented.

The Company's 2022 production and cost guidance remains unchanged and is below (please see press release dated January 13, 2022). Given the completion of the sale of Cerro Bayo in December 2021, the Company's 2022 production will not include any production from Cerro Bayo.

	Björkdal	Costerfield	Consolidated(1)
	2022E		
Gold production (oz)	51,000-56,000	50,000-55,000	101,000-111,000
Antimony production (t)	-	2,100-2,700	2,100-2,700
Gold eq. production (oz)(1)	51,000-56,000	67,000-74,000	118,000-130,000
Cash cost, $/oz gold eq.(2)	980-1,130	560-710	700-900
All-in sustaining $/oz gold eq.(3)	1,400-1,550	830-980	1,100-1,300
Capex, $/million	29-33	21-25	50-58

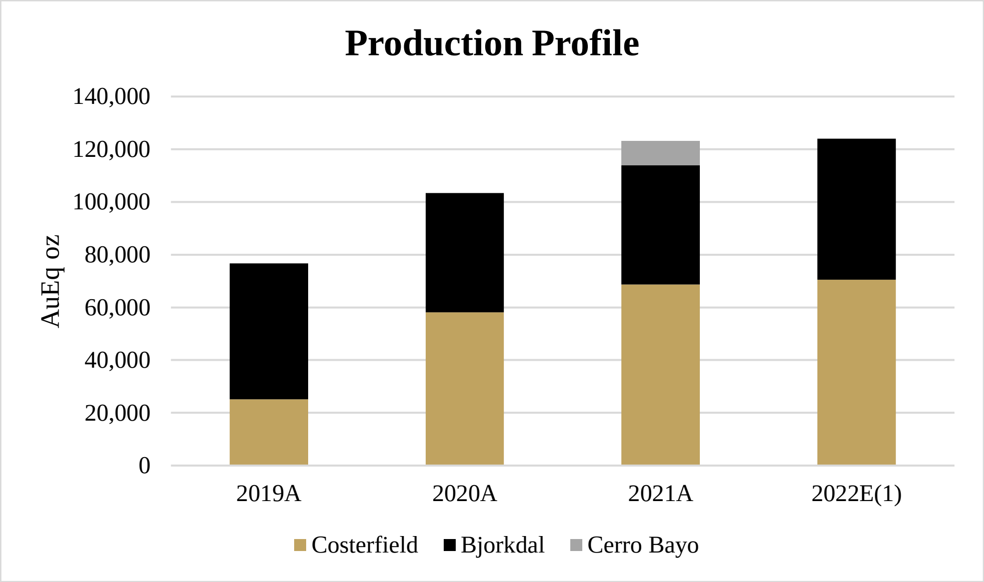
1. Assumes average metal prices of: Au $1,750/oz, Sb $13,000/t
2. Cash cost and all-in sustaining costs are non-IFRS measures. Refer to Section 1.14 "Non-IFRS measures" for further information.
3. Consolidated costs per Au Eq. oz includes corporate overhead spending.

Mandalay's 2022 cost guidance takes into account the following factors and assumptions:

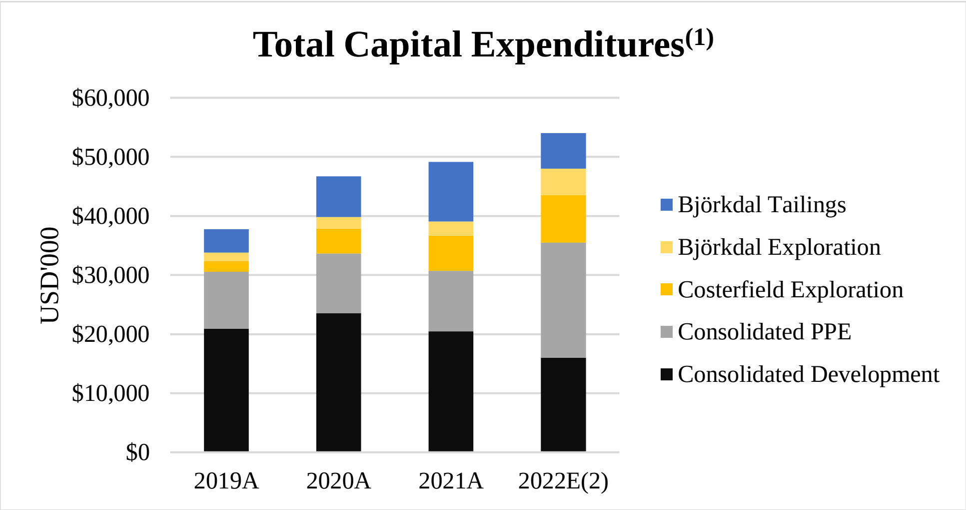
- The value of the Australian dollar and Swedish krona relative to the US dollar and overall country cost inflation has impacted 2022 guidance relative to 2021. A comparison of actual and assumed rates is shown below:
  - Average 2021 rates: AUD/USD 0.751 and USD/SEK 8.58
  - Guidance 2022 rates: AUD/USD 0.73 and USD/SEK 8.79

- Significant capital spending at Björkdal, including continued work on the tailings storage facility expansion project. This project will allow for tailings capacity through the current life of mine.

- Capital exploration spending is as follows:
  - Björkdal: $4-5 million
  - Costerfield: $7-9 million



1. 2022E average production graphed.



1. Excludes Cerro Bayo capital expenditures spending.
2. 2022E average CAPEX graphed.

1.1 RESULTS OF OPERATIONS

Costerfield Gold-Antimony Mine, Victoria, Australia

Costerfield Financial Results

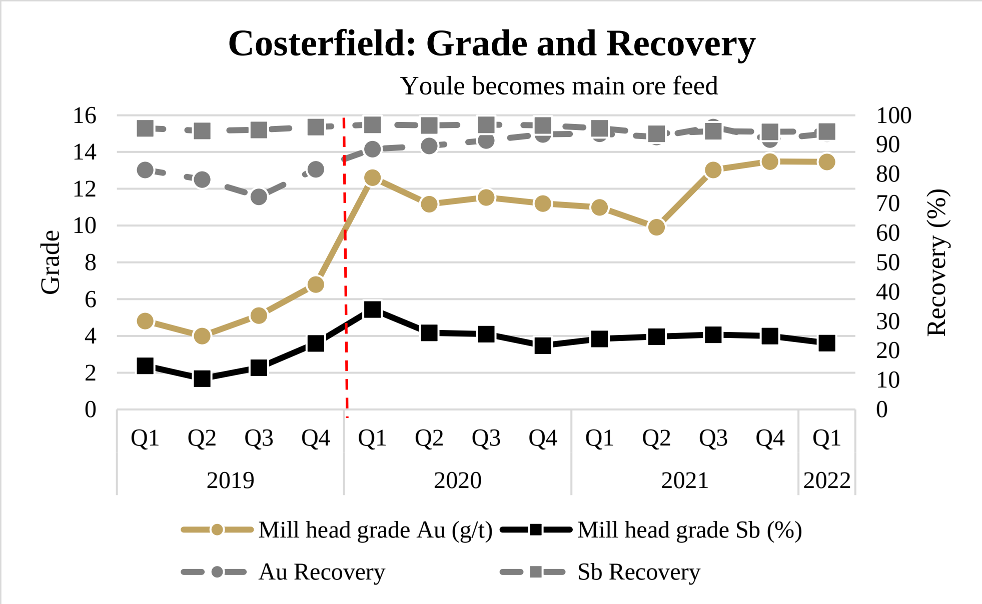
	Three months ended March 31	
	2022	2021
	$'000	$'000
Revenue	30,442	31,757
Cost of sales	7,442	10,244
Income from operations (excl. depr. & depletion)	23,000	21,513
General and administrative costs(1)	250	204
Adjusted EBITDA(2,3)	22,947	21,494
Depreciation & depletion	3,957	5,829
Adjusted EBIT(3)	18,793	15,480
Unrealized loss (gain) on hedge	1,818	(9,134)
Finance costs, forex and others(3,4)	3,806	58
Income before tax	13,169	24,556
Current tax expense	3,876	3,211
Deferred tax expense (recovery)	(63)	4,230
Adjusted net income(3)	11,174	7,981
Consolidated net income after tax	9,356	17,115
Capital development	746	2,978
Property, plant and equipment purchases	1,812	901
Capitalized exploration	1,687	1,225
Total capital expenditures	4,245	5,104

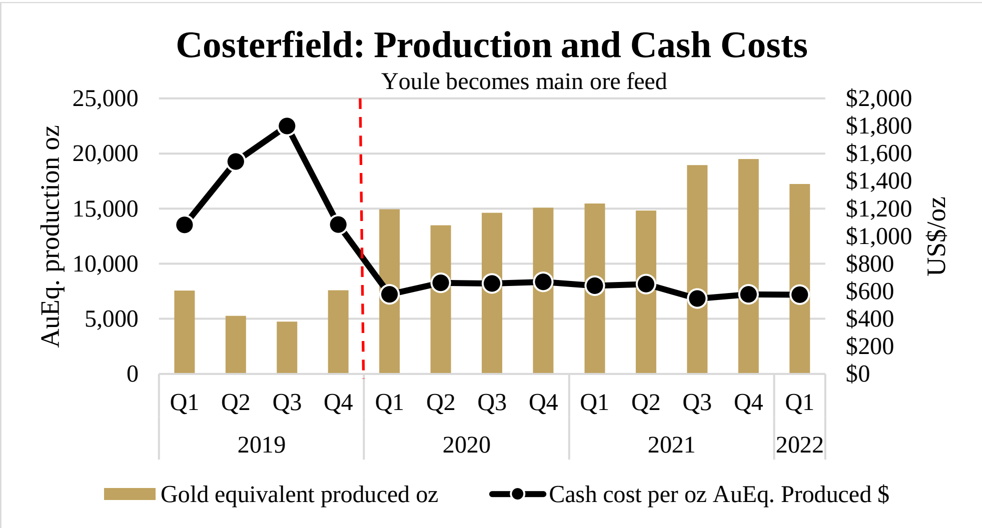
1. Includes intercompany transfer pricing costs of $197,000 in Q1 2022 and $185,000 in the corresponding period of 2021.
2. Does not include intercompany transfer pricing recharge costs.
3. Adjusted EBITDA, Adjusted EBIT and Adjusted net income (loss) are non-IFRS performance measures. Refer to Section 1.14 "Non-IFRS measures" for further information. Finance costs includes realized loss on gold hedge of $685,000 in Q1, 2022 and loss of $78,000 in Q1, 2021.
4. Others includes such items as gain/loss on disposals of properties and intercompany transfer pricing recharge for marketing fees of $609,000 in Q1, 2022 and $576,000 for the corresponding periods in 2021.

Costerfield Operating Results

		Three months ended March 31	
		2022	2021
Operating development	m	1,014	1,281
Mined ore	t	38,401	44,477
Mined ore Au grade	g/t	12.10	10.94
Mined ore Sb grade	%	3.15	3.98
Mined contained Au	oz	14,939	15,641
Mined contained Sb	t	1,211	1,768
Mining cost per tonne ore	$/t	143	139
Processed ore	t	32,206	36,061
Processed ore mill head grade Au	g/t	13.46	11.00
Processed ore mill head grade Sb	%	3.61	3.85
Recovery Au	%	93.77	93.76
Recovery Sb	%	94.50	95.59
Saleable Au produced	oz	12,197	11,082
Saleable Sb produced	t	683	832
Saleable Au equivalent produced	oz	17,247	15,458
Processing cost per tonne ore	$/t	59.74	42.73
Au sold in gravity concentrate	oz	8,732	7,048
Au sold in floatation concentrate	oz	3,517	5,476
Au sold (total)	oz	12,249	12,524
Sb sold	t	527	972
Capital development metres	m	149	690
Capital development cost per metre	$/m	4,993	4,316
Cash cost per tonne ore processed (1,2)	$/t	308	274
Adjusted EBITDA per tonne ore processed (1,2)	$/t	712	596
Cash cost per oz Au equivalent produced (1,2)	$/oz	576	640
Site all-in sustaining cost per oz Au equivalent produced (1,2)	$/oz	775	937

1. Does not include intercompany transfer pricing recharge costs.
2. Cash and site all-in sustaining costs and Adjusted EBITDA are non-IFRS performance measures. Refer to Section 1.14 "Non-IFRS Measures" for further information.





Costerfield – Three Months Ended March 31, 2022 and 2021

- ***Production*** — Saleable gold production for Q1 2022 was 12,197 ounces, a 10% increase from the 11,082 ounces produced in Q1 2021. Saleable antimony production during Q1 2022 was 683 tonnes, a 18% decrease from the 832 tonnes produced in Q1 2021. Gold equivalent production for Q1 2022 was 17,247 ounces, a 12% increase from the 15,458 gold equivalent ounces produced in Q1 2021. Processed gold grades were higher during Q1 2022 at 13.46 g/t gold as compared to 11.00 g/t gold in Q1 2021. Processed antimony grades were 3.61% during Q1 2022 as compared to 3.85% in Q1 2021.

- ***Revenue*** – Costerfield's revenue for Q1 2022 was $30.4 million, a 4% decrease from $31.8 million in Q1 2021. This was mainly due to lower antimony grades resulting in lower tonnes sold during the quarter. Gold equivalent ounces sold decreased by 8% to 16,146 ounces in Q1 2022, as compared to 17,637 ounces in Q1 2021.

- ***Operating Costs*** – Cost of sales excluding depletion and depreciation at Costerfield was $7.4 million for Q1 2022, compared to $10.2 million during Q1 2021, a decrease in the current quarter mainly due to cost savings during the quarter.

- ***Income from Operations*** – Income from mine operations before depreciation and depletion at Costerfield during Q1 2022 was $23.0 million, adjusted EBITDA was $22.9 million, adjusted net income was $11.2

million and net income after tax was $9.4 million. Comparable results for Q1 2021 were income from mine operations before depreciation and depletion of $21.5 million, adjusted EBITDA was $21.5 million, adjusted net income was $8.0 million and net income after tax was $17.1 million. The increase in income from operations is mainly due to cost savings during Q1 2022.

- ***Depletion and Depreciation*** – Depletion and depreciation expense at Costerfield decreased to $4.0 million in Q1 2022, compared to $5.8 million for Q1 2021 mainly due to an update to the reserves balance made in Q1 2022 resulting in lower per ounce depletion rate.

- ***Cost per Ounce*** – Cash cost per ounce of saleable gold equivalent produced at Costerfield in Q1 2022 was $576 compared to $640 in Q1 2021. All-in sustaining cost per ounce of saleable gold equivalent produced in Q1 2022 was $775 compared to $937 in Q1 2021. These per ounce costs were lower as compared to Q1 2021 due to cost savings.

- ***Capital Expenditures*** – Capital expenditures in Q1 2022 totaled $4.2 million ($0.7 million in capital development costs, $1.7 million for exploration, and $1.8 million in property, plant and equipment) as compared to the $5.1 million ($3.0 million in capital development costs, $1.2 million for exploration, and $0.9 million for property, plant and equipment) during Q1 2021. The decrease in capital expenditures in Q1 2022 was due to a decrease in capital development activities during the current quarter.

Björkdal Gold Mine, Sweden

Björkdal Financial Results

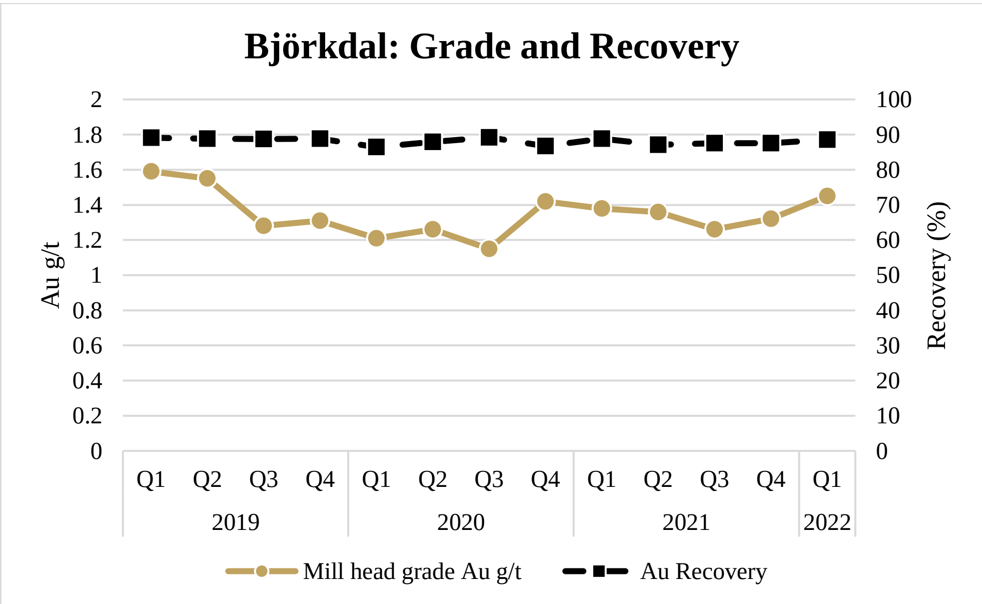
	Three months ended March 31	
	2022	2021
	$'000	$'000
Revenue	23,711	20,816
Cost of sales	14,273	15,052
Income from operations (excl. depreciation & depletion)	9,438	5,764
General and administrative costs (1)	166	168
Adjusted EBITDA (2,4)	9,438	5,764
Depreciation & depletion	5,239	4,987
Adjusted EBIT (4)	4,033	609
Unrealized loss (gain) on hedge	2,481	(11,103)
Finance costs, foreign exchange and others (3)	3,556	4,252
Income (loss) before tax	(2,004)	7,460
Current tax expense	222	-
Deferred tax (recovery) expense	(662)	1,445
Adjusted net income (loss) (4)	917	(5,088)
Consolidated net income (loss) after tax	(1,564)	6,015
Capital development cost	2,460	2,394
Capital purchases	1,890	3,845
Capitalized exploration	755	457
Total capital expenditure (5)	5,105	6,696

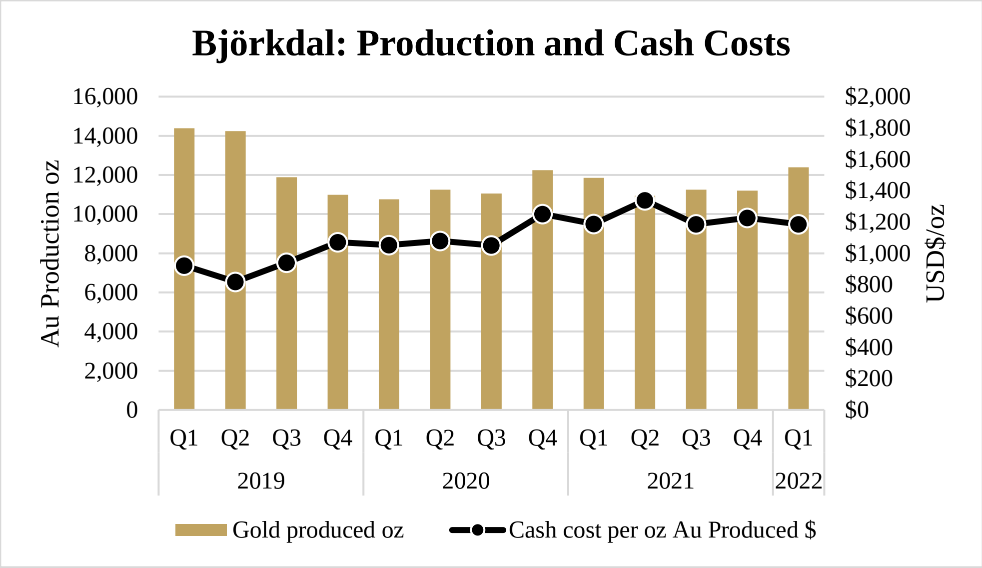
1. Includes intercompany transfer pricing recharge costs of $166,000 in Q1 2022 and $168,000 for the same period in 2021.
2. Does not include intercompany transfer pricing recharge costs.
3. Finance costs includes realized loss on gold hedge of $1,259,000 for Q1 2022 compared loss of $1,408,000 in Q1 2021. Others includes such items as gain/loss on disposals of properties and intercompany transfer pricing recharge for marketing fees of $487,000 in Q1 2022 and $423,000 for the corresponding period of 2021.
4. Income from operations (excl. depreciation & depletion) and Adjusted EBITDA, Adjusted EBIT and Adjusted net income are non-IFRS performance measures. Refer to Section 1.14 "Non-IFRS measures" for further information.
5. Includes capitalized depreciation on equipment.

Björkdal Operating Results

		Three months ended March 31	
		2022	2021
Underground mining			
Operating development	m	1,449	1,490
Mined ore	t	316,371	268,761
Mined ore Au grade	g/t	1.41	1.52
Mined contained Au	Oz	14,380	13,141
Mining cost per tonne ore	$/t	23.94	26.02
Processed ore	t	307,552	309,292
Processed ore mill head grade Au	g/t	1.45	1.38
Recovery Au	%	88.57	88.83
Saleable Au produced	oz	12,384	11,855
Processing cost per tonne ore	$/t	10.49	10.22
Au sold	oz	12,134	12,076
Capital development (underground)	M	868	775
Capital development cost per metre	$/m	2,736	2,976
Cash operating cost per tonne ore processed(1)	$/t	47.77	45.48
Adjusted EBITDA per tonne ore processed(1,2)	$/t	30.69	18.64
Cash cost per oz Au produced(1,2)	$/oz	1,186	1,187
Site all-in sustaining cost per oz Au produced(1,2)	$/oz	1,491	1,533

1. Does not include intercompany transfer pricing recharge costs.
2. Adjusted EBITDA, cash and site all-in sustaining costs are non-IFRS performance measures. Refer to Section 1.14 "Non-IFRS Measures" for further information.





Björkdal - Three Months Ended March 31, 2022 and 2021

- ***Production*** – Saleable gold production at Björkdal in Q1 2022 was 12,384 ounces, a 4% increase from the 11,855 ounces produced in Q1 2021 due to higher grades processed tonnes.

- ***Revenue*** – Björkdal's revenue for Q1 2022 was $23.7 million, an increase of 14% from the $20.8 million generated in Q1 2021. This increase was due to higher realized gold prices during the current quarter.

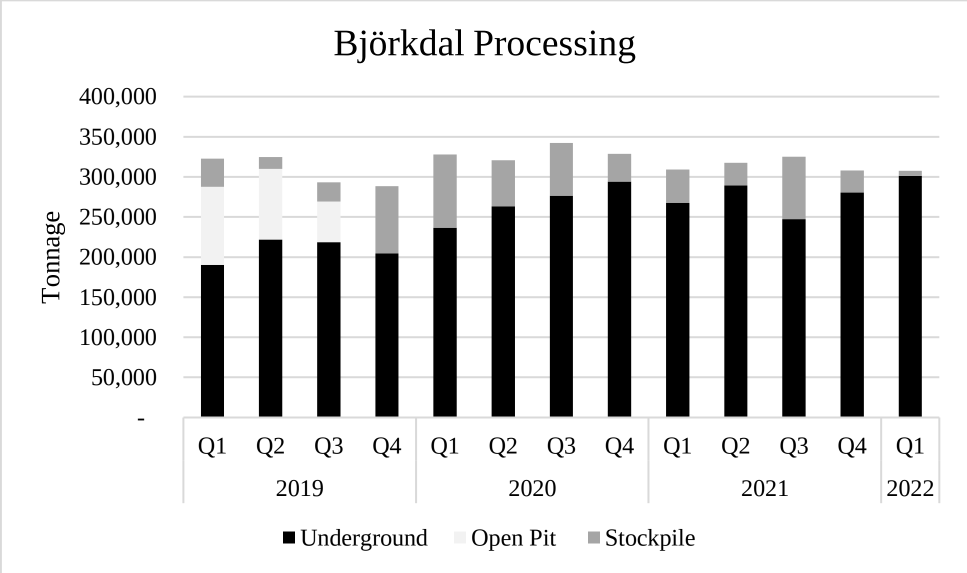
- ***Operating Costs*** – Cost of sales excluding depletion and amortization at Björkdal was $14.3 million in Q1 2022, lower than $15.1 million for Q1 2021. This decrease was mainly due to increase in the value of closing inventory build-up during Q1 2022, as compared to Q1 2021.

- ***Income from Operations*** – Income from mine operations before depreciation and depletion at Björkdal for Q1 2022 was $9.4 million, adjusted EBITDA was $9.4 million, adjusted net income was $0.9 million and net loss after tax was $1.6 million. Comparable results for Q1 2021 were income from mine operations before depreciation and depletion of $5.8 million, adjusted EBITDA of $5.8 million, adjusted net loss of $5.1 million and net income after tax of $6.0 million.

- ***Depletion and Depreciation*** – Depletion and depreciation expense at Björkdal increased to $5.2 million in Q1 2022, compared to $5.0 million for the same period in 2021 mainly due to an increase in unit costs in the current period.

- ***Cost per Ounce*** – Cash cost per ounce of saleable gold produced at Björkdal for Q1 2022 was $1,186, almost the same as Q1 2021. All-in sustaining cost per ounce of saleable gold produced for Q1 2022 was $1,491, 3% lower than the $1,533 during Q1 2021.

- ***Capital Expenditures*** – Capital expenditures at Björkdal for Q1 2022 totaled $5.1 million ($2.5 million in mine development costs, $0.8 million for exploration, and $1.9 million in property, plant and equipment) compared with $6.7 million ($2.4 million in mine development costs, $0.5 million for exploration, and $3.8 million for property, plant and equipment) during Q1 2021.



Non-Core Properties

Challacollo

On November 12, 2019, the Company announced that it had entered into a definitive agreement with Aftermath Silver Ltd. ("Aftermath") in respect of the previously announced transaction in which Aftermath will acquire Minera Mandalay Challacollo Limitada ("MMC"), which currently owns the Challacollo silver-gold project located in Region I (Tarapaca) of Chile. Pursuant to the terms of the transaction, Aftermath will purchase 100% of MMC in exchange for total consideration of up to C$10.5 million, consisting of C$7.5 million in non-contingent consideration (the "Non-Contingent Consideration") plus a 3% net smelter returns royalty on production at Challacollo, capped at C$3.0 million.

The Non-Contingent Consideration is payable as follows:

- C$1.0 million in cash payable on or before December 30, 2019 (received in Q4 2019);
- C$1.0 million in cash payable on or before December 30, 2020 (received in Q4 2020);
- C$3.0 million in cash or shares payable on or before April 30, 2021 (received in Q2 2021); and
- C$3.0 million in cash or shares payable on or before April 30, 2022 (received in Q2 2022).

Aftermath exercised its option to pay C$3.0 million in cash and shares by April 30, 2021, with Mandalay receiving C$1.5 million in cash and 2,054,794 shares of Aftermath with a fair value of C$0.73 per share. The Company expects to complete the sale transaction of Challacollo to Aftermath during Q2 2022. The Company will receive C$1.5 million in cash and the same amount in Aftermath shares which is as per the definitive agreement. For the year ended December 31, 2021, 678,794 shares were sold at an average price of C$0.57 per share. At March 31, 2022, the Company has classified Challacollo's assets and liabilities as held for sale.

Lupin

The Company had $0.1 million care and maintenance spending at Lupin during Q1 2022 and $0.1 million for Q1 2021. Reclamation spending at Lupin was $0.2 million during Q1 2022, compared to $0.2 million for the corresponding period of 2021. Lupin is currently in the process of final closure and reclamation activities mainly funded by progressive security reductions. Restricted cash as of March 31, 2022, of $11.7 million stands as a deposit against, and in excess of, the present value of reclamation cost obligations of $8.1 million. The Company expects the release of C$3-3.5 million during first half of 2022 as part-compensation for work finalized in 2021.

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 2022, which was similar for the comparative period in 2021.

1.2 FIRST QUARTER FINANCIAL RESULTS

Summary Financial Performance

	Three months ended March 31	
	2022	2021
	$'000	$'000
Revenue	54,154	52,573
Cost of sales	21,716	25,414
Income from operations (excl. depr. and depletion)	32,438	27,159
Depreciation and depletion	9,196	10,816
Income from mining operations	23,242	16,343
General and administrative costs	1,133	1,097
Adjusted EBITDA(1)	31,305	26,062
Finance costs	3,126	2,354
Unrealized loss (gain) on financial instruments	3,402	(20,237)
Forex and others(2)	1,724	(1,257)
Consolidated income before tax	13,857	34,386
Current tax expense	4,097	3,211
Deferred tax expense (recovery)	(725)	5,675
Adjusted net income (1)	13,887	5,646
Consolidated net income	10,485	25,500
Adjusted income per share(1)	0.15	0.06
Consolidated income per share	0.11	0.28
Total assets	324,600	297,219
Total liabilities	138,776	143,434
Total equity	185,824	153,785
Capital expenditures – Consolidated(3)		
Underground capital development	3,206	5,372
Property, plant and equipment purchases	3,702	4,746
Capitalized exploration	2,722	1,910
Total capital expenditures	9,630	12,028

1. Adjusted EBITDA, adjusted net income and adjusted income per share are non-IFRS performance measures. Refer to Section 1.14 "Non-IFRS Measures" for further information.
2. Others includes such items as share based compensation and loss (gain) on sale of assets.
3. Includes capitalized spending from non-operating sites.

Summary Balance Sheet

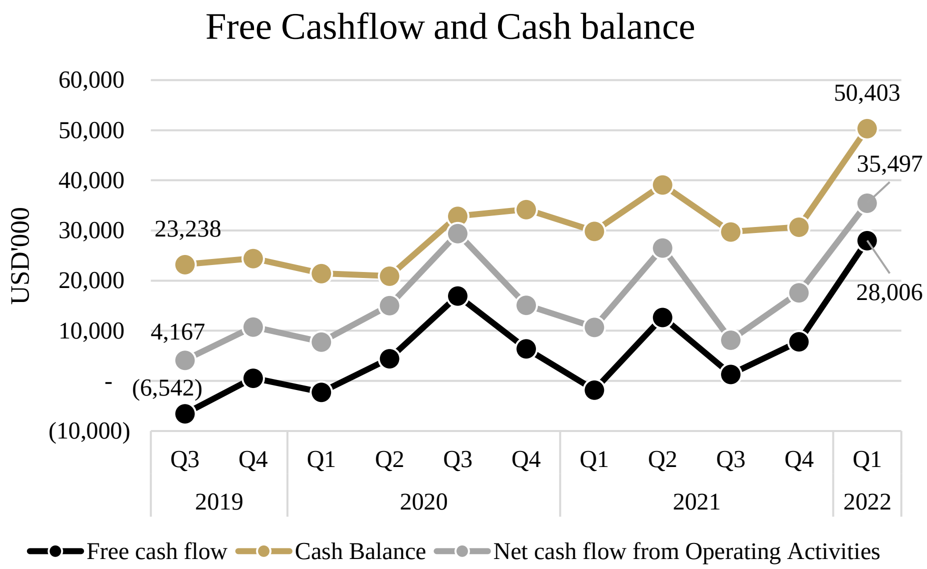
	As at March 31, 2022	As at December 31, 2021
	$'000	$'000
Cash and cash equivalents	50,403	30,738
Inventories, accounts rec. and other current assets	70,810	82,691
Assets held for sale	1,126	906
Total current assets	**122,339**	**114,335**
Property, plant and equipment	191,980	193,731
Reclamation deposits and other non-current assets	10,281	9,777
Total assets	**324,600**	**317,843**
Syndicated Facility – *current*	39,220	15,111
Other current liabilities	66,047	62,816
Liabilities held for sale	591	478
Total current liabilities	**105,858**	**78,405**
Syndicated Facility – *non-current*	-	27,658
Non-current liabilities	32,918	35,093
Equity attributable to common shareholders	185,824	176,687
Total equity and liability	**324,600**	**317,843**

Summary Cash Flow

The table below summarizes the Company's cash flow for the Q1 2022, Q4 2021 and Q1 2021 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 March 31, 2022	Three months ended December 31, 2021	Three months ended March 31, 2021
	$'000	$'000	$'000
Net cash flows from operating activities	**35,497**	**17,625**	**10,496**
Reclamation expenditures	2,737	1,890	226
Capital expenditures	(9,472)	(11,218)	(11,999)
Lease payments	(756)	(469)	(535)
Free cash flow[1]	**28,006**	**7,828**	**(1,812)**
Net reclamation expenditures	(2,737)	(1,890)	1,919
Proceeds from sale of non-core assets	-	-	444
Net repayment on borrowings	(3,455)	(4,120)	(3,224)
Payment of gold derivative contracts	(1,944)	(1,307)	(1,486)
Proceeds from sale of marketable securities	-	272	-
Shares issued for cash	97	84	12
Effects of exchange rate changes	(302)	107	(167)
Net cash flow	19,665	974	(4,314)
Cash/cash equivalents, end of period	**50,403**	**30,738**	**29,892**

1 Free cash flow is a non-IFRS performance measures. 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 Q1 2022 and 2021. See Section 1.14 "Non-IFRS Measures" for more information.

	Three months ended March 31, 2022	Three months ended March 31, 2021
	$'000	**$'000**
Consolidated net income	10,485	25,500
Add: Special items		
Fair value loss (gain) on fin. instruments	3,402	(20,237)
Care and maintenance costs	-	383
Adjusted net income	**13,887**	**5,646**
Add/less: Non-cash and finance costs		
Depletion and depreciation	9,196	10,816
Loss (gain) on disposal of PPE	321	(444)
Share based compensation expense	471	260
Finance charges	3,126	2,354
Current tax expense	4,097	3,211
Deferred tax expense (recovery)	(725)	5,675
Foreign exchange (gain) loss	1,005	(1,403)
Interest and other income	(73)	(53)
Adjusted EBITDA	**31,305**	**26,062**
Depletion and depreciation	9,196	10,816
Adjusted EBIT	**22,109**	**15,246**

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 Q1 2022 and 2021. Refer to Section 1.14 "Non-IFRS Measures" for further information.

	Three months ended March 31, 2022	Three months ended March 31, 2021
	$'000	$'000
Cost of sales, excluding depletion and depreciation	**21,716**	**25,414**
Add:		
General and administrative costs	53	(23)
Less:		
Change in inventory	3,734	652
Royalties	(879)	(722)
Total cash cost	**24,624**	**25,321**
Saleable Au equivalent produced (oz)	29,631	28,676
Cash cost per oz gold produced ($)	**831**	**883**

	Three months ended March 31, 2022	Three months ended March 31, 2021
	$'000	$'000
Total Cash cost	**24,624**	**25,320**
Add:		
General and administrative costs	1,067	739
Capital development	3,206	5,371
Capital purchases – sustaining	2,578	2,412
Capital exploration – infill drilling	529	182
Royalties	879	722
Accretion on rehabilitation provisions	14	2
All-in sustaining cost	**32,897**	**34,748**
Saleable Au equivalent produced (oz)	29,631	28,676
All-in sustaining cost per oz Au prod. ($)	**1,110**	**1,212**

Consolidated Financial Results - Three Months Ended March 31, 2022 and 2021

- ***Revenue*** – Consolidated revenue for Q1 2022 was $54.2 million, 3% higher than the $52.6 million in Q1 2021. Consolidated gold equivalent ounces sold decreased to 28,280 ounces in Q1 2022 compared to 29,713 ounces in Q1 2021. This increase in revenue was due to higher realized gold and antimony prices between the comparative quarters.

- ***Operating Costs*** – Consolidated cost of sales excluding depletion and amortization was $21.7 million for Q1 2022 compared to $25.4 million for Q1 2021. The decrease in Q1 2022 costs was mainly due to an increase in inventory and reduction in treatment plant cost.

- ***Income from Operations*** – Consolidated income from mine operations before depreciation and depletion for Q1 2022 was $32.4 million, adjusted EBITDA was $31.3 million, adjusted net income was $13.9

million and net income after tax was $10.5 million. Comparable results for Q1 2021 were income from mine operations before depreciation and depletion of $27.2 million, adjusted EBITDA of $26.1 million, adjusted net profit of $5.6 million and a net income after tax of $25.5 million.

- ***Depletion and Depreciation*** – Depletion and depreciation expense in Q1 2022 was $9.2 million compared to $10.8 million in Q1 2021.

- ***Cost per Ounce*** – Consolidated cash cost per ounce of saleable gold equivalent produced for Q1 2022 was $831, 6% lower compared to Q1 2021 of $883. Consolidated all-in sustaining cost per ounce of saleable gold equivalent produced for Q1 2022 was $1,110, 8% lower than Q1 2021 of $1,212. These per ounce cash costs were lower in Q1 2022 as compared to Q1 2021 due to lower operating cost combined with higher production.

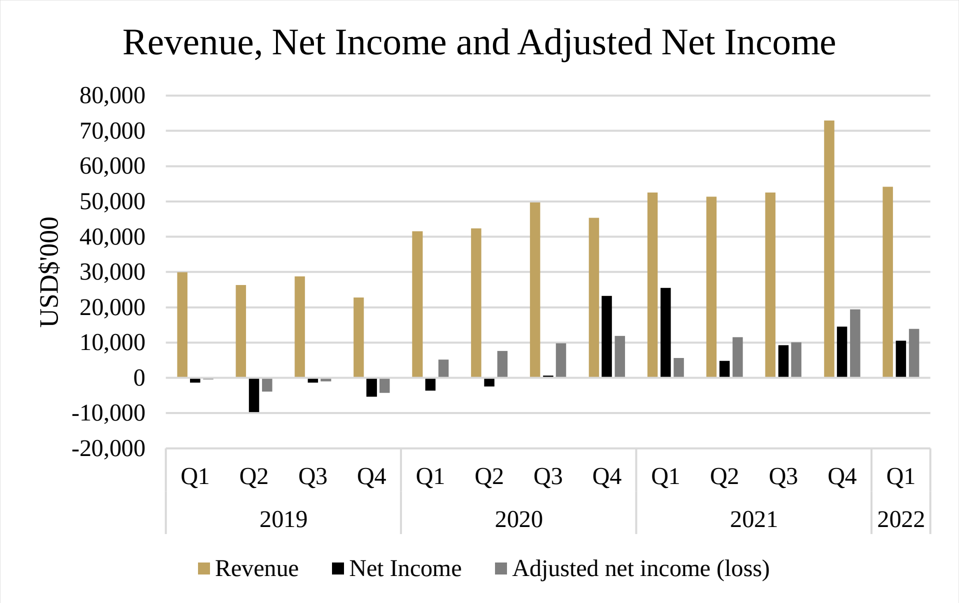
- ***Capital Expenditures*** – Consolidated capital expenditures for Q1 2022, totaled $9.6 million ($4.2 million occurred at Costerfield and $5.1 million at Björkdal). By comparison, total capital expenditures, including capitalized depreciation and exploration, in Q1 2021 was $12.0 million ($5.1 million at Costerfield, $6.7 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 1 2022	Quarter 4 2021	Quarter 3 2021	Quarter 2 2021
	$'000	$'000	$'000	$'000
Revenue	54,154	72,904	52,567	51,352
Adjusted net income	13,887	21,992	10,090	11,475
Net income	10,485	15,334	9,255	4,790
Adjusted net income per share – Basic	0.15	0.24	0.11	0.13
Net income per share – Basic and diluted	0.11	0.17	0.10	0.05

	Quarter 1 2021	Quarter 4 2020	Quarter 3 2020	Quarter 2 2020
	$'000	$'000	$'000	$'000
Revenue	52,573	45,320	49,753	42,335
Adjusted net income	5,646	12,065	9,823	7,632
Net income (loss)	25,500	14,722	635	(3,014)
Adjusted net income per share – Basic	0.06	0.13	0.11	0.08
Net income (loss) per share – Basic and diluted	0.28	0.16	0.01	(0.03)



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 mine 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.

The increase in revenue and earnings over the past several years is due to the combined impact of changes in production volumes, increases in metal prices and timing of concentrate shipments.

1.4 MARKETS – CURRENCY EXCHANGE RATES

The average currency exchange rates for the reporting periods are summarized in the table below:

Currency	Average Rate January 1, 2022 – March 31, 2022	Average Rate January 1, 2021 – March 31, 2021
1A$ = C$	0.9173	0.9533
1 A$ = US$	0.7242	0.7725
1 US$ = C$	1.2666	1.2663
1 US$ = Chilean Peso	808	724
1 US$ = SEK	9.3441	8.3977

Markets – Commodity Prices

Realized and market prices of gold as well as antimony were higher in Q1 2022 as compared to Q1 2021. The average market and realized commodity prices for the reporting period are summarized in the table below:

Commodity	Prices January 1, 2022 March 31, 2022	Prices January 1, 2021 March 31, 2021
Realized gold US$/oz[1]	1,914	1,763
Average gold US$/oz – London PM close (Transamine)	1,874	1,795
Realized antimony US$/tonne[1]	14,200	9,478
Average antimony US$/tonne – Rotterdam Warehouse (Metal Bulletin)	13,856	9,442

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 March 31, 2022, the Company's working capital was $16.5 million compared to $26.1 million at March 31, 2021. The Company had cash and cash equivalents of $50.4 million as at March 31, 2022, as compared to $29.9 million at March 31, 2021

On March 17, 2020, the Company entered into a credit agreement with HSBC and Macquarie providing for (i) a senior secured revolving credit facility in an aggregate amount of up to US$25 million and (ii) a senior secured term credit facility in an aggregate amount of up to US$40 million (the "Syndicated Facility"). The Syndicated Facility amends and restates the Company's previous US$40 million revolving credit facility with HSBC, which was scheduled to mature on July 24, 2020 (the "Prior Credit Facility"). The initial drawdown under the Syndicated Facility was used to repay the Prior Credit Facility in full and to fund the repurchase or redemption of the outstanding Gold Bonds. The Syndicated Facility has a term of three years and the Company repaid $6.0 million of this facility in the second half of 2020, $3.8 million each in Q1, Q2, Q3 and Q4 of 2021 and Q1 of 2022. In addition to repaying the Existing Facility and repurchasing or redeeming Gold Bonds, proceeds from the Syndicated Facility were used for general corporate and working capital purposes. As at March 31, 2022, the Company was in compliance with all covenants of its Syndicated Facility. For more details, please refer to Section 1.6 "Contractual commitments and contingencies".

During Q1 2020, in conjunction with the Syndicated Facility, Mandalay entered into two separate hedging programs with HSBC and Macquarie for a total of 150,000 ounces of saleable gold over the Syndicated 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. During Q1 2022 the Company paid $1.9 million as settlement of expired gold derivatives contracts as compared to $1.5 million in Q1 2021.

1.6 CONTRACTUAL COMMITMENTS AND CONTINGENCIES

$65 Million Syndicated Facility

On March 17, 2020, the Company entered into the Syndicated Facility, which consists of:

1. A senior secured Revolver Credit Facility in an aggregate amount of up to $25.0 million; and
2. A senior secured Term Credit Facility in an aggregate amount of up to $40.0 million.

The initial drawdown under the Syndicated Facility was used to repay the Prior Credit Facility in full and to fund the repurchase or redemption of the outstanding Gold Bonds.

The Syndicated Facility has the following financial covenants:

- Debt Service Coverage Ratio of
  - not less than 1.25:1:00 for the Rolling periods (two quarters) ending March 31, 2020, June 30, 2020, September 30, 2020 and December 31, 2020, and
  - not less than 1.50:1:00 for the Rolling periods (two quarters) ending March 31, 2021 and thereafter;
- Leverage Ratio of not more than 3.00:1.00 at all times;
- Adjusted Tangible Net Worth of not less than $95.0 million plus 50% of net income (cumulative) earned after Closing Date, less any write-downs related to non-core assets and add/less any fair value loss/gain related to the gold derivative contracts; and
- the aggregate of the Company's unrestricted cash shall not be less than $10.0 million at any time.

As at March 31, 2022, the Company was in compliance with all financial covenants on the Syndicated Facility.

The Syndicated Facility has a three-year term and the Term Credit Facility and was reduced by $3.0 million each quarter commencing September 30, until December 31, 2020, and thereafter repaid in eight equal quarterly installments of $3.8 million starting March 31, 2021, with the final payment of $28.8 million on the maturity date, March 16, 2023, which includes repayment of the Revolver Credit Facility in full, as at March 31, 2022 the Syndicated Facility is treated as a current liability. The Syndicated Facility allows for early repayments with no associated penalties and holds security over the Company's material assets. The Syndicated Facility has an effective interest rate of 6.89%. The nominal interest rate at March 31, 2022, was 4.25%+LIBOR. As at March 31, 2022, the Company made a total of $24.9 million debt repayment, leaving an outstanding principal value of the Syndicated Facility of $40.1 million.

In conjunction with the Syndicated Facility, Mandalay entered into two separate hedging programs with HSBC and Macquarie for a total of 150,000 ounces of saleable gold over the Syndicated Facility's three-year term commencing monthly in July 2020, or 50,000 ounces of saleable gold per year. This consisted of a zero-cost U.S Dollar collar 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 saleable gold at AU$2,390 per ounce. As at March 31, 2022, 31,250 ounces of saleable gold and 33,333 ounces of saleable gold contracts are yet to be matured for hedging programs with HSBC and Macquarie respectively. The Company recognized an unrealized fair value loss of $4.3 million for Q1 2022 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 Q1 2022, the Company paid $1.9 million as settlement of expired gold derivatives contracts as compared to $1.5 million in corresponding period of 2021. Depending on certain factors, mainly the price of gold, the Company may be required to settle gold derivative contracts in the future.

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. The value of securities as at March 31, 2022 is $0.4 million. These securities are stated at fair value with any resulting gain or loss recognized in income statement. The Company recorded an unrealized fair value loss of $0.02 million for the three months ended March 31, 2022, 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 Cerro Bayo sale agreement. The value of securities as at March 31, 2022 is $4.0 million. Both Aftermath and Equus securities are stated at fair value with any resulting gain or loss recognized in income statement. The Company recorded an unrealized fair value gain of $0.9 million for the three months ended March 31, 2022, using Level 1 assumptions.

Contractual Obligations as at March 31, 2022

Contractual obligations	**Payments due by year ($ '000)**		**Total ($ '000)**
	Less than 1 year	**1-3 years**	
Syndicated Facility	39,220	-	**39,220**
Lease obligations	1,553	1,118	**2,671**
Other equipment loan obligations	1,637	2,164	**3,801**
Total contractual obligations	**42,410**	**3,282**	**45,692**

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 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 March 31, 2022, 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, 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 92,175,953 common shares issued and outstanding. The weighted average number of shares outstanding during Q1 2022 used for the calculation of per share results were 91,816,131.

In Q1 2022, 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 TSX'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 March 31, 2022 are as follows:

Exercise Price C$	As of March 31, 2021	As of May 11, 2022	Expiry Date
2.65	295,175	295,175	30 June, 2029
2.14	304,173	304,173	30 June, 2028
0.61	794,667	741,333	30 June, 2027
1.10	346,667	333,334	30 June, 2026
2.00	229,500	199,500	30 June, 2025
6.00	140,000	140,000	30 June, 2024
Total	**2,110,182**	**2,013,515**	

During Q1 2022, 59,000 options were exercised, compared to 13,333 options in corresponding period of 2021. There were 2,110,182 options outstanding as of March 31, 2022.

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 graded vesting over three years. Each RSU is equivalent in value to one common share. Commencing in 2021, non-executive directors will be granted part of their compensation in the form of DSUs, rather than RSUs, pursuant to the Omnibus Plan. The RSUs issued and outstanding as at March 31, 2022, is as follows:

	Number of RSU Awards
Balance, December 31, 2020	**6,73,192**
Granted	1,68,025
Redeemed	(2,85,047)
Forfeited	(80,212)
Balance, December 31, 2021	**4,75,958**
Granted	1,18,337
Redeemed	(76,431)
Forfeited	-
Balance, March 31, 2022	**5,17,864**
Redeemed	(69,795)
Outstanding as at May 11, 2022	**448,071**

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 graded vesting over three years. Each PSU is equivalent in value to one common share. The PSUs issued and outstanding as at March 31, 2022 is as follows:

	Number of PSU Awards
Balance, December 31, 2020	-
Granted	336,049
Redeemed	(40,000)
Balance, December 31, 2021	**296,049**
Granted	236,673
Redeemed	(43,574)
Balance, March 31, 2022	**489,148**

DSUs

Commencing in 2021, non-executive directors will be granted 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 March 31, 2022 is as follows:

	Number of DSU Awards
Balance, December 31, 2020	-
Granted	150,148
Balance, December 31, 2021	**150,148**
Granted	136,044
Redeemed	(23,364)
Balance, March 31, 2022	**262,828**

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

The sale of Challacollo to Aftermath was originally scheduled to be completed on April 30, 2022. Closing is now anticipated to occur during the second quarter of 2022.

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 Corporation'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.