



Condensed consolidated interim financial statements

For the three months ended

March 31, 2024 and 2023

(Unaudited)

Mandalay Resources Corporation

March 31, 2024

Table of contents

Condensed consolidated interim statements of income and comprehensive income (loss)..... 2

Condensed consolidated interim statements of financial position 3

Condensed consolidated interim statements of changes in equity 4

Condensed consolidated interim statements of cash flows 5

Notes to the condensed consolidated interim financial statements6-20

Mandalay Resources Corporation

Condensed consolidated interim statements of income and comprehensive income (loss) Three months ended March 31, 2024 and 2023

(Expressed in U.S. dollars)

(Unaudited)

	Three months ended March 31,	
	2024	2023
	(\$'000)	(\$'000)
Revenue (Note 7)	55,511	42,179
Cost of operations		
Cost of sales, excluding depletion and depreciation	27,031	26,606
Depletion and depreciation	10,708	8,037
	37,739	34,643
Income from mining operations	17,772	7,536
Expenses		
Administration	1,745	2,628
Share-based compensation (Note 6(a))	391	336
Gain on disposal of property, plant and equipment	(40)	(4)
Write-off of assets	290	-
	2,386	2,960
Income from operations	15,386	4,576
Other expense (income)		
Finance costs (Note 9)	778	3,605
Loss (gain) on financial instruments (Note 8)	5,974	(36)
Interest and other income	(487)	(301)
Foreign exchange gain	(698)	(504)
	5,567	2,764
Income before income taxes	9,819	1,812
Income tax expense (recovery)		
Current	3,040	2,930
Deferred	891	(1,672)
Income tax expense	3,931	1,258
Net income for the period	5,888	554
Other comprehensive loss, net of tax		
Item that may subsequently be reclassified to net income		
Foreign currency translation	(8,934)	(342)
Comprehensive (loss) income for the period	(3,046)	212
Net income per share		
Basic	0.06	0.01
Diluted	0.06	0.01
Weighted average number of common shares outstanding (Note 10)		
Basic ('000)	92,924	92,561
Diluted ('000)	95,708	94,581

See accompanying notes to the condensed consolidated interim financial statements

Mandalay Resources Corporation

Condensed consolidated interim statements of financial position

(Expressed in U.S. dollars)
(Unaudited)

	March 31, 2024	December 31, 2023
	(\$'000)	(\$'000)
Assets		
Current assets		
Cash and cash equivalents	47,112	26,855
Trade receivables and other assets	18,930	26,238
Marketable securities (Note 8(c))	1,720	1,922
Inventories	22,330	22,715
Prepaid expenses	1,400	2,104
	91,492	79,834
Non-current assets		
Reclamation and other deposits	19,024	19,815
Trade receivables and other assets	364	369
Property, plant and equipment, net	189,474	195,230
	208,862	215,414
	300,354	295,248
Liabilities		
Current liabilities		
Trade and other payables	19,824	21,727
Borrowings (Note 4)	1,751	631
Lease liabilities	938	1,221
Reclamation and site closure costs provision (Note 5)	7,793	4,238
Other provisions	3,429	3,437
Financial instruments (Note 8)	5,897	651
	39,632	31,905
Non-current liabilities		
Borrowings (Note 4)	23,993	20,417
Lease liabilities	1,055	1,327
Reclamation and site closure costs provision (Note 5)	27,454	31,279
Other provisions	336	227
Deferred tax liability	13,579	13,161
	66,417	66,411
	106,049	98,316
Equity		
Share capital (Note 6)	231,736	231,485
Share option reserve (Note 6)	5,438	5,270
Foreign currency translation reserve	(63,407)	(54,473)
Retained earnings	20,538	14,650
	194,305	196,932
	300,354	295,248

Approved by the Board of Directors and authorized for issuance on May 8, 2024.

(Signed) Frazer Bouchier

Frazer Bouchier, Director, President and Chief Executive Officer

(Signed) Robert Doyle

Robert Doyle, Director

See accompanying notes to the condensed consolidated interim financial statements

Mandalay Resources Corporation

Condensed consolidated interim statements of changes in equity Three months ended March 31, 2024 and 2023

(Expressed in U.S. dollars, except number of shares)

(Unaudited)

	Number of shares issued	Share capital	Share option reserve	Foreign currency translation reserve	Retained earnings	Total equity
	('000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Balance, December 31, 2023	92,884	231,485	5,270	(54,473)	14,650	196,932
Net income for the period	-	-	-	-	5,888	5,888
Other comprehensive loss for the period	-	-	-	(8,934)	-	(8,934)
Total comprehensive loss	-	-	-	(8,934)	5,888	(3,046)
Stock options exercised (Note 6(b))	40	32	(14)	-	-	18
Share-based compensation (Note 6(a))	-	-	401	-	-	401
Redemption of RSUs, PSUs and DSUs (Notes 6(c), (d) and (e))	121	219	(219)	-	-	-
Share repurchase commitment under normal course issuer bid (Note 6(f))	-	-	-	-	-	-
Balance, March 31, 2024	93,045	231,736	5,438	(63,407)	20,538	194,305

	Number of shares issued	Share capital	Share option reserve	Foreign currency translation reserve	Retained earnings	Total equity
	('000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Balance, December 31, 2022	92,457	231,166	4,621	(58,362)	6,729	184,154
Net income for the period	-	-	-	-	554	554
Other comprehensive loss for the period	-	-	-	(342)	-	(342)
Total comprehensive income	-	-	-	(342)	554	212
Stock options exercised (Note 6(b))	13	11	(5)	-	-	6
Share-based compensation (Note 6(a))	-	-	312	-	-	312
Redemption of RSUs, PSUs and DSUs (Notes 6(c), (d) and (e))	444	592	(592)	-	-	-
Share repurchase commitment under normal course issuer bid (Note 6(f))	(97)	(205)	-	-	27	(178)
Balance, March 31, 2023	92,817	231,564	4,336	(58,704)	7,310	184,506

See accompanying notes to the condensed consolidated interim financial statement

Mandalay Resources Corporation

Condensed consolidated interim statements of cash flows Three months ended March 31, 2024 and 2023

(Expressed in U.S. dollars)
(Unaudited)

	Three months ended March 31,	
	2024	2023
	(\$'000)	(\$'000)
Operating activities		
Net income for the period	5,888	554
Adjustments to reconcile net income to net cash flows from operating activities		
Depletion and depreciation	10,708	8,037
Share-based compensation (Note 6(a))	391	336
Gain on disposal of property, plant and equipment	(40)	(4)
Finance costs (Note 9)	778	3,605
Loss (gain) on financial instruments (Note 8)	5,974	(36)
Interest and other income	(487)	(301)
Unrealized foreign exchange gain	(629)	(462)
Income tax expense	3,931	1,258
Write-off of assets	290	-
Changes in non-cash operating working capital items		
Trade receivables and other assets	6,458	(2,153)
Inventories	95	1,290
Prepaid expenses	625	(350)
Trade and other payables	(1,764)	(698)
Other provisions	263	(51)
Cash generated from operations	32,481	11,025
Interest and other income received	487	301
Interest and bank charges paid	(482)	(532)
Income tax paid	(2,596)	(2,855)
Reclamation expenditures (Note 5)	(105)	(64)
Payment of derivative hedge contracts	(310)	-
Net cash flows from operating activities	29,475	7,875
Investing activities		
Expenditures on property, plant and equipment	(13,145)	(8,624)
Receipt from reclamation deposits	79	-
Proceeds from sale of marketable securities	-	77
Net cash flows used in investing activities	(13,066)	(8,547)
Financing activities		
Proceeds from borrowings (Note 4)	4,966	-
Repayments of borrowings	(221)	(110)
Lease payments	(368)	(466)
Payment of gold derivative hedge contracts under Syndicated Facility	-	(2,977)
Purchase of common shares for cancellation	-	(178)
Shares issued for cash	18	6
Net cash flows used in financing activities	4,395	(3,725)
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	(547)	232
Net increase (decrease) in cash and cash equivalents	20,257	(4,165)
Cash and cash equivalents, beginning of the period	26,855	38,377
Cash and cash equivalents, end of the period	47,112	34,212
Cash and cash equivalents consist of		
Cash	47,112	34,212
	47,112	34,212

See accompanying notes to the condensed consolidated interim financial statements

Mandalay Resources Corporation

Notes to the condensed consolidated interim financial statements
as at March 31, 2024 and December 31, 2023
(Expressed in U.S. dollars, except where otherwise noted)
(Unaudited)

1. Description of business and nature of operations

Mandalay Resources Corporation (“Mandalay” or the “Company”), together with its wholly owned subsidiaries, is a gold and antimony producer engaged in mining and related activities including acquisition, exploration, extraction, processing and reclamation. Mandalay’s assets consist of the Costerfield gold and antimony mine in Australia, the Björkdal gold mine in Sweden, as well as other exploration and care and maintenance projects in Chile and Canada.

Mandalay is incorporated in the province of British Columbia, Canada. The Company’s shares are listed on the Toronto Stock Exchange (“TSX”). The head office and principal address of the Company is 76 Richmond Street East, Suite 330, Toronto, Canada, M5C 1P1. The Company’s registered office is located at 1900-355 Burrard Street, Vancouver, British Columbia, V6C 2G8.

2. Basis of preparation

These unaudited condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*.

The preparation of these unaudited condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

Judgments made by management in the application of International Financial Reporting Standards (“IFRS”) that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the current and following fiscal years are discussed in the Company’s audited annual consolidated financial statements as at and for the year ended December 31, 2023.

3. Summary of material accounting policies

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited annual consolidated financial statements as at and for the year ended December 31, 2023. The accompanying unaudited condensed consolidated interim financial statements should be read in conjunction with the Company’s annual audited consolidated financial statements as at and for the year ended December 31, 2023.

a) Changes in Material Accounting Policies

On January 1, 2024, the Company adopted amendments to IAS 1 to clarify that the classification of liabilities as current or non-current should be based on rights that exist at the end of the reporting period and that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. For liabilities with covenants, the amendments clarify that only covenants with which an entity is required to comply on or before the reporting date affect the classification as current or non-current. The amendments did not have a significant impact on the Company’s financial statements.

Mandalay Resources Corporation

Notes to the condensed consolidated interim financial statements
as at March 31, 2024 and December 31, 2023
(Expressed in U.S. dollars, except where otherwise noted)
(Unaudited)

3. Summary of material accounting policies (continued)

a) *Changes in Material Accounting Policies (continued)*

On January 1, 2024, the Company adopted amendments to IFRS 16 to add subsequent measurement requirements for sale and leaseback transactions, particularly those with variable lease payments. The amendments require the seller-lessee to subsequently measure lease liabilities in a way such that it does not recognize any gain or loss relating to the right of use it retains. The amendments did not have a significant impact on the Company's financial statements.

On January 1, 2024, the Company adopted amendments to IAS 7 requiring entities to provide qualitative and quantitative information about their supplier finance arrangements. In connection with the amendments to IAS 7, the IASB also issued amendments to IFRS 7 requiring entities to disclose whether they have accessed, or have access to, supplier finance arrangements that would provide the entity with extended payment terms or the suppliers with early payment terms. The amendments did not have a significant impact on the Company's financial statements.

b) *Recent Accounting Pronouncements*

On August 15, 2023, the IASB issued amendments to IAS 21 to specify how to assess whether a currency is exchangeable and how to determine the exchange rate when it is not exchangeable. The amendments specify that a currency is exchangeable when it can be exchanged through market or exchange mechanisms that create enforceable rights and obligations without undue delay at the measurement date and the specified purpose. For non-exchangeable currencies, an entity is required to estimate the spot exchange rate as the rate that would have applied to an orderly exchange transaction between market participants at the measurement date under prevailing economic conditions. The amendments are effective on January 1, 2025 and are not expected to have a significant impact on the Company's financial statements.

Mandalay Resources Corporation

Notes to the condensed consolidated interim financial statements

as at March 31, 2024 and December 31, 2023

(Expressed in U.S. dollars, except where otherwise noted)

(Unaudited)

4. Borrowings

	March 31, 2024	December 31, 2023
	(\$'000)	(\$'000)
Revolving Credit Facility	19,662	19,605
Equipment Facilities	6,081	1,443
	25,744	21,048
Less: current portion of total borrowings	1,751	631
Non-current portion of total borrowings	23,993	20,417

Revolving Credit Facility

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 principal amount of up to \$35,000,000 (the "Revolving Credit Facility"). As at March 31, 2024, the Company was in compliance with all financial covenants under the Revolving Credit Facility.

The Revolving Credit Facility has an effective annual interest rate of 9.40%. The nominal interest rate of SOFR as at March 31, 2024 was 5.32% plus 2.85% margin.

As at March 31, 2024, the outstanding principal under the Revolving Credit Facility was \$20,000,000 with \$15,000,000 undrawn.

Syndicated Facility – Gold Derivative Contracts

In conjunction with the Company's previous senior secured credit facility (the "Syndicated Facility"), Mandalay entered into two separate gold derivative programs with HSBC Bank Canada ("HSBC") and Macquarie Bank Limited ("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. These programs consisted of a zero-cost collar contract for 75,000 ounces of saleable gold with a floor price of US\$1,550 per ounce and a ceiling of US\$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. The US dollar collar contracts with HSBC and the Australian dollar contract with Macquarie were completed and settled as at June 30, 2023 and July 4, 2023 respectively. There were no contracts open under these programs as at March 31, 2024.

There were other hedging contracts in place at March 31, 2024 (See note 8).

Equipment Facilities

As at March 31, 2024, the Company's Björkdal mine in Sweden had a balance of \$1,816,000 (December 31, 2023 – \$1,443,000) for the equipment loan facilities (the "Equipment Facilities") with several Swedish banks to finance mining equipment. The Equipment Facilities bear variable interest at the 30 or 90 days Stockholm Interbank Offered Rate ("STIBOR") plus 1.54% - 3.25% per annum and are repayable in monthly instalments plus interest and are due to be repaid by March 2028. The Equipment Facilities are secured by the underlying equipment.

Mandalay Resources Corporation

Notes to the condensed consolidated interim financial statements
as at March 31, 2024 and December 31, 2023
(Expressed in U.S. dollars, except where otherwise noted)
(Unaudited)

4. Borrowings (continued)

On February 28, 2024, the Company purchased trucks and excavators for Lupin reclamation activities under an equipment loan facility (the "Equipment Facility"). The Equipment Facility bears interest at 4.49% per annum and zero interest respectively, for trucks and Excavators. The loan is repayable in equal monthly instalments ending March 2028. The loan balance as at March 31, 2024 was \$4,265,000.

5. Reclamation and site closure costs

The Company's site closure reclamation obligations consist of costs for the mines at Costerfield, Björkdal and Lupin. Significant site closure and reclamation activities include land rehabilitation, demolition of buildings and mine facilities, ongoing care and maintenance and other costs.

Balances and changes to the site closure and reclamation cost balance are as follows:

	(\$'000)
Balance at December 31, 2022	29,143
Expenditure for reclamation	(731)
Change in estimated future cash outflows	5,804
Accretion	716
Foreign exchange	585
Balance at December 31, 2023	35,517
Expenditure for reclamation	(197)
Change in estimated future cash outflows	599
Accretion	241
Foreign exchange	(913)
Balance at March 31, 2024	35,247
Less: current portion	7,793
Total non-current portion	27,454

During the three months ended March 31, 2024, the Company has incurred reclamation expenditures of \$197,000 (three months ended March 31, 2023 – \$17,000) on reclamation work at the Lupin site in Canada.

6. Share capital

As at March 31, 2024, the Company had an unlimited number of authorized common shares without par value and 93,044,551 common shares outstanding (December 31, 2023 – 92,883,925 common shares). All outstanding common shares are fully paid.

Mandalay Resources Corporation

Notes to the condensed consolidated interim financial statements
as at March 31, 2024 and December 31, 2023
(Expressed in U.S. dollars, except where otherwise noted)
(Unaudited)

6. Share capital (continued)

(a) Share-based compensation

	Three months ended	
	2024	March 31, 2023
	(\$'000)	(\$'000)
Share-based compensation on options	138	102
Change in fair value for cash election option	(34)	1
Share unit amortization	287	233
	391	336

(b) Stock options

The number of options outstanding as at March 31, 2024 is as follows:

	Number of options	Weighted average exercise price C\$
Balance, December 31, 2022	1,937,422	1.77
Granted	340,731	2.58
Exercised	(13,334)	0.61
Balance, December 31, 2023	2,264,819	1.90
Granted	1,099,452	1.47
Exercised	(40,000)	0.61
Balance, March 31, 2024	3,324,271	1.77

The following table summarizes information about the stock options outstanding and exercisable as at March 31, 2024:

Mandalay Resources Corporation

Notes to the condensed consolidated interim financial statements
as at March 31, 2024 and December 31, 2023
(Expressed in U.S. dollars, except where otherwise noted)
(Unaudited)

6. Share capital (continued)

(b) Stock options (continued)

Number of stock options outstanding	Grant Date	Options outstanding		Options exercisable	
		Weighted average contractual life (years)	Weighted average exercise price C\$	Number of options exercisable	Weighted average exercise price C\$
140,000	March 27, 2017	0.25	6.00	140,000	6.00
199,500	April 2, 2018	1.25	2.00	199,500	2.00
280,000	April 8, 2019	2.25	1.10	280,000	1.10
674,666	March 20, 2020	3.25	0.61	674,666	0.61
294,747	February 25, 2021	4.25	2.14	294,747	2.14
295,175	February 25, 2022	5.25	2.65	196,783	2.65
252,688	February 23, 2023	6.25	2.63	84,229	2.63
88,043	May 12, 2023	6.25	2.43	-	-
1,099,452	February 26, 2024	7.25	1.47	-	-
3,324,271		4.82	1.77	1,869,925	1.78

(c) Restricted stock units ("RSUs")

The number of RSUs outstanding as at March 31, 2024 is as follows:

	Number of RSU awards
Balance, December 31, 2022	353,631
Granted	153,752
Redeemed	(225,343)
Balance, December 31, 2023	282,041
Granted	911,400
Redeemed	(120,627)
Balance, March 31, 2024	1,072,814

For the three months ended March 31, 2024, the Company recorded \$113,000 (three months ended March 31, 2023 – \$56,000) as a share-based compensation expense relating to RSUs.

Mandalay Resources Corporation

Notes to the condensed consolidated interim financial statements
as at March 31, 2024 and December 31, 2023
(Expressed in U.S. dollars, except where otherwise noted)
(Unaudited)

6. Share capital (continued)

(d) Performance stock units ("PSUs")

The number of PSUs outstanding as at March 31, 2024 is as follows:

	Number of PSU awards
Balance, December 31, 2022	434,039
Granted	532,503
Redeemed	(177,574)
Balance, December 31, 2023	788,968
Redeemed	(241,192)
Balance, March 31, 2024	547,776

For the three months ended March 31, 2024, the Company recorded \$106,000 (three months ended March 31, 2023 – \$93,000) as a share-based compensation expense relating to PSUs. While 241,192 PSUs (three months ended March 31, 2023 – 117,574 PSUs) were redeemed, the payout in the Company's common shares was nil as the performance vesting condition of the PSUs was not satisfied.

(e) Deferred stock units ("DSUs")

The number of DSUs outstanding as at March 31, 2024 is as follows:

	Number of DSU awards
Balance, December 31, 2022	262,828
Granted	159,999
Balance, December 31, 2023	422,827
Granted	244,398
Balance, March 31, 2024	667,225

For the three months ended March 31, 2024, the Company recorded \$67,000 (three months ended March 31, 2023 – \$50,000) as a share-based compensation expense relating to DSUs.

(f) Normal Course Issuer Bid

2024 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 shares. Purchases under the NCIB will be made in accordance with the requirements of the TSX.

Mandalay Resources Corporation

Notes to the condensed consolidated interim financial statements
as at March 31, 2024 and December 31, 2023
(Expressed in U.S. dollars, except where otherwise noted)
(Unaudited)

6. Share capital (continued)

(f) *Normal Course Issuer Bid (continued)*

2024 NCIB (Continued)

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.

	Life of plan		Maximum number of securities to be purchased over life of plan	Maximum number of securities to be purchased on a daily basis
	From	To		
2024 NCIB	February 27, 2024	February 26, 2025	4,646,196 common shares	3,531 common shares

2023 NCIB

	Number of shares repurchased	Average price of repurchase	Cost of repurchase
		C\$	C\$
Three months ended March 31, 2023			
2023 NCIB	96,900	2.48	240,576
	96,900		240,576

	Life of plan		Maximum number of securities to be purchased over life of plan	Maximum number of securities to be purchased on a daily basis
	From	To		
2023 NCIB	January 18, 2023	January 17, 2024	4,622,835 common shares	6,723 common shares

7. Revenue

Disaggregation of revenue

In the following table, the Company's revenue is disaggregated by primary geographical market, major products. The table also includes a reconciliation of the disaggregated revenue with the Company's reportable segments (see Note 11).

Mandalay Resources Corporation

Notes to the condensed consolidated interim financial statements

as at March 31, 2024 and December 31, 2023

(Expressed in U.S. dollars, except where otherwise noted)

(Unaudited)

7. Revenue (continued)

Three months ended March 31	Costerfield		Björkdal		Total	
	2024 (\$'000)	2023 (\$'000)	2024 (\$'000)	2023 (\$'000)	2024 (\$'000)	2023 (\$'000)
Primary geographical markets						
Australia	30,232	22,808	-	-	30,232	22,808
Sweden	-	-	23,054	17,657	23,054	17,657
Revenue from contracts with customers	30,232	22,808	23,054	17,657	53,286	40,465
Provisional pricing adjustments	374	468	1,851	1,246	2,225	1,714
Total revenue from mining operations	30,606	23,276	24,905	18,903	55,511	42,179
Commodities						
Gold	25,943	15,770	23,054	17,657	48,997	33,427
Antimony	4,289	7,038	-	-	4,289	7,038
Revenue from contracts with customers	30,232	22,808	23,054	17,657	53,286	40,465
Provisional pricing adjustments	374	468	1,851	1,246	2,225	1,714
Total revenue from mining operations	30,606	23,276	24,905	18,903	55,511	42,179

8. Financial instruments

The Company has recognized a net change in liabilities related to financial instruments of \$5,974,000 for the three months ended March 31, 2024 (three months ended March 31, 2023 – gain of \$36,000). Details of these are given below:

(a) Foreign exchange derivative contracts

On December 20th, 2023, the Company entered into foreign exchange derivative contracts with the Bank of Nova Scotia ("Scotia"). These consist of (i) AUD/USD contracts where Mandalay sells \$3,400,000 per month, buys AUD within a 0.6795 by 0.7000 costless collar and (ii) USD/SEK contracts where Mandalay sells \$3,400,000 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 \$1,890,000 for the three months ended March 31, 2024. The fair value of these liabilities as at March 31, 2024 was \$2,567,000 (December 31, 2023 – \$651,000).

During the three months ended March 31, 2024, the Company incurred a realized loss of \$477,000 for settlement of expired foreign exchange derivatives contracts (three months ended March 31, 2023 – \$nil)

Mandalay Resources Corporation

Notes to the condensed consolidated interim financial statements
as at March 31, 2024 and December 31, 2023
(Expressed in U.S. dollars, except where otherwise noted)
(Unaudited)

8. Financial instruments (continued)

(b) *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 saleable gold over the period March 2024 to December 2024. These contracts are costless collar hedges with a floor price of US\$1,980.00 per ounce and a ceiling of US\$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 \$3,343,000 for the three months ended March 31, 2024. The fair value of these liabilities as at March 31, 2024 was \$3,330,000 (December 31, 2023 – Nil).

During the three months ended March 31, 2024, the Company incurred a realized loss of \$102,000 for settlement of expired gold derivatives contracts (three months ended March 31, 2023 – \$nil).

(c) *Marketable securities – assets*

Aftermath shares

For the three months ended March 31, 2024, the Company did not sell any shares of Aftermath Silver Ltd. (three months ended March 31, 2023 – 400,500 shares). The value of these securities as at March 31, 2024 was \$763,000 or C\$0.22 per share (December 31, 2023 – \$921,000 or C\$0.26 per share).

These shares are stated at fair value with any resulting gain or loss recognised in the condensed consolidated interim statements of income and comprehensive income under loss (gain) on financial instruments. The Company recorded an unrealized fair value loss of \$139,000 for the three months ended March 31, 2024, using Level 1 assumptions (three months ended March 31, 2023 – gain of \$169,000).

Equus shares

The value of shares of Equus Mining Ltd. (“Equus”) held by Mandalay as at March 31, 2024 was \$957,000 (December 31, 2023 – \$1,001,000). Equus shares are stated at fair value with any resulting gain or loss recognised in the condensed consolidated interim statements of income and comprehensive income under loss (gain) on financial instruments. The Company recorded an unrealized fair value loss of \$23,000 for the three months ended March 31, 2024, using Level 1 assumptions (three months ended March 31, 2023 – loss of \$597,000).

(d) *Syndicated Facility – Gold Derivative Contracts*

The US dollar collar contracts with HSBC and the Australia dollar contracts with Macquarie were completed and settled as at June 30, 2023 and July 4, 2023 respectively. There were no contracts open under this arrangement as at March 31, 2024. The Company recorded an unrealized fair value gain of \$464,000 for the three months ended March 31, 2023.

The contracts were classified as Level 2, fair value through profit or loss financial instruments with fair value determined using the pricing models that utilize a variety of observable inputs that are a combination of quoted prices, applicable yield curves and credit spreads.

Mandalay Resources Corporation

Notes to the condensed consolidated interim financial statements
as at March 31, 2024 and December 31, 2023
(Expressed in U.S. dollars, except where otherwise noted)
(Unaudited)

9. Finance costs

The finance costs for the three months ended March 31, 2024, and 2023 consist of the following:

	Three months ended March 31,	
	2024	2023
	(\$'000)	(\$'000)
Loan Facility		
Interest on Revolver Credit Facility	491	450
Realised loss on gold derivative contracts under Syndicated Facility	-	2,991
Other		
Interest on other borrowings and other charges	46	54
Accretion of reclamation and site closure costs	241	110
	778	3,605

10. Net income per share

For the three months ended March 31, 2024, the weighted average number of common shares of calculating diluted income per share is shown in the table below:

	Three months ended March 31,	
	2024	2023
	(\$'000)	(\$'000)
Net income for the period	5,888	554
Basic weighted average number of shares outstanding	92,924	92,561
Effect of dilutive securities:		
Stock options	496	790
RSU	1,073	360
PSU	548	447
DSU	667	423
Diluted weighted average number of shares outstanding	95,708	94,581

The table below shows number of anti-dilutive securities which are excluded from the calculation of diluted weighted average number of shares:

	Three months ended March 31,	
	2024	2023
	('000)	('000)
Anti-dilutive securities		
Stock options	2,370	688

Mandalay Resources Corporation

Notes to the condensed consolidated interim financial statements

as at March 31, 2024 and December 31, 2023

(Expressed in U.S. dollars, except where otherwise noted)

(Unaudited)

11. Segmented information

The Company manages its operations by geographical location. These reportable operating segments are summarized in the table below (“Canada” is the provision of corporate services and administrative support and also includes non-core assets held in Canada):

	Three months ended March 31, 2024				
	Australia	Sweden	Chile	Canada	Total
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Revenue	30,606	24,905	-	-	55,511
Cost of sales, excluding depletion and depreciation	(11,947)	(15,084)	-	-	(27,031)
Depletion and depreciation	(4,635)	(6,073)	-	-	(10,708)
Income from mining operations	14,024	3,748	-	-	17,772
Other operating expenses	(1,074)	(877)	(33)	(112)	(2,096)
Write-off of assets	(290)	-	-	-	(290)
Other income (expenses), except for fair value adjustment	1,398	(3,569)	(174)	2,752	407
Loss on financial instruments	-	-	-	(5,974)	(5,974)
Income (loss) before income taxes	14,058	(698)	(207)	(3,334)	9,819
Current tax expense	(3,040)	-	-	-	(3,040)
Deferred tax recovery	(1,006)	115	-	-	(891)
Net income (loss) for the period	10,012	(583)	(207)	(3,334)	5,888
Cash expenditure for property, plant and equipment	3,655	4,688	56	4,746	13,145
Total non-current assets as at March 31, 2024	66,622	118,031	11,069	13,140	208,862
Total assets as at March 31, 2024	120,533	149,908	11,147	18,766	300,354
Total liabilities as at March 31, 2024	27,166	22,843	-	56,040	106,049

Mandalay Resources Corporation

Notes to the condensed consolidated interim financial statements

as at March 31, 2024 and December 31, 2023

(Expressed in U.S. dollars, except where otherwise noted)

(Unaudited)

11. Segmented information (continued)

	Three Months ended on March 31, 2023				
	Australia	Sweden	Chile	Canada	Total
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Revenue	23,276	18,903	-	-	42,179
Cost of sales, excluding depletion and depreciation	(11,757)	(14,849)	-	-	(26,606)
Depletion and depreciation	(3,238)	(4,799)	-	-	(8,037)
Income (loss) from mining operations	8,281	(745)	-	-	7,536
Other operating expenses	(1,623)	(1,225)	(61)	(51)	(2,960)
Other expenses, except for fair value adjustment	(629)	(1,880)	(158)	(133)	(2,800)
Gain (loss) on financial instruments	(82)	546	-	(428)	36
Income (loss) before income taxes	5,947	(3,304)	(219)	(612)	1,812
Current tax expense	(2,930)	-	-	-	(2,930)
Deferred tax recovery	1,051	621	-	-	1,672
Net income (loss) for the period	4,068	(2,683)	(219)	(612)	554
Cash expenditure for property, plant and equipment	3,524	5,033	67	-	8,624
Total non-current assets as at March 31, 2023	64,354	116,572	11,009	8,479	200,414
Total assets as at March 31, 2023	113,237	138,844	11,061	16,271	279,413
Total liabilities as at March 31, 2023	31,094	24,463	-	39,350	94,907

For the three months ended March 31, 2024, the Company had four customers from whom it earned more than 10% of its total revenue (three months ended March 31, 2023 – five customers).

Revenue from these customers is summarized as follows:

	Three months ended	
	2024	March 31, 2023
	(\$'000)	(\$'000)
Costerfield (gold and antimony)		
Customer 1	5,560	4,917
Customer 2	20,347	10,240
Customer 3	-	5,932
	25,907	21,089
Björkdal (gold)		
Customer 4	19,346	14,714
Customer 5	5,559	4,189
	24,905	18,903
	50,812	39,992

Mandalay Resources Corporation

Notes to the condensed consolidated interim financial statements

as at March 31, 2024 and December 31, 2023

(Expressed in U.S. dollars, except where otherwise noted)

(Unaudited)

12. Fair value measurement

The fair values of cash and cash equivalents, trade and other receivables (non-provisional pricing portion), reclamation and other deposits, and trade and other payables approximate their carrying values due to the nature of these items.

The Company defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In assessing the fair value of a particular contract, the market participant would consider the credit risk of the counterparty to the contract. Consequently, when it is appropriate to do so, the Company adjusts the valuation models to incorporate a measure of credit risk. Fair value represents management's estimates of the current market value at a given point in time.

The Company has certain financial assets and liabilities that are measured at fair value or fair value is disclosed. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (for example, interest rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency and commodity contracts and volatility measurements used to value option contracts), or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to the Level 3 inputs.

As at March 31, 2024, other receivables are based on Level 1 inputs. Provisional pricing feature included in trade and other payables and derivative financial instruments are based on Level 1 inputs. Reclamation and other deposits and long-term debt are based on Level 2 inputs. The Company constantly monitors events or changes in circumstances, which may cause transfers between the levels of the fair value hierarchy.

13. Financial liabilities and other commitments

The following are the contractual maturities of commitments. The amounts presented represent the future undiscounted principal and interest cash flows and therefore do not necessarily equate to the carrying amount on the Company's condensed consolidated interim financial position.

					2024	2023
	Less than			After	Total	Total
	1 year	1-3 years	4-5 years	5 years		
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Trade and other payables	19,824	-	-	-	19,824	21,727
Borrowings	1,751	23,993	-	-	25,744	21,048
Lease liabilities	938	1,055	-	-	1,993	2,548
Reclamation and site closure costs provision	7,793	15,267	7,046	5,141	35,247	38,424
Financial instruments	5,897	-	-	-	5,897	651
	36,203	40,315	7,046	5,141	88,705	84,397

Mandalay Resources Corporation

Notes to the condensed consolidated interim financial statements
as at March 31, 2024 and December 31, 2023
(Expressed in U.S. dollars, except where otherwise noted)
(Unaudited)

14. Subsequent events

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 US\$1,980.00 per ounce and a ceiling of US\$2,189 per ounce.

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 \$20,000,000 with an expiry date of June 30, 2027.

In April 2024, the Company completed the sale of 3,095,500 shares of Aftermath, generating proceeds of \$739,000. After the sale of shares, the Company is still holding 1,602,800 shares valued at \$260,000.