



Condensed consolidated interim financial statements

For the three and six months ended

June 30, 2024 and 2023

(Unaudited)

Mandalay Resources Corporation

June 30, 2024

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Mandalay Resources Corporation

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

Three and six months ended June 30, 2024 and 2023

(Expressed in U.S. dollars)

(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Revenue (Note 7)	63,054	39,670	118,565	81,849
Cost of operations				
Cost of sales, excluding depletion and depreciation	25,162	29,236	52,193	55,842
Depletion and depreciation	10,746	7,762	21,454	15,799
	35,908	36,998	73,647	71,641
Income from mining operations	27,146	2,672	44,918	10,208
Expenses				
Administration	2,030	1,544	3,775	4,172
Share-based compensation (Note 6(a))	490	311	881	647
Gain on disposal of property, plant and equipment	(4)	(3)	(44)	(7)
Write-off of assets	-	494	290	494
	2,516	2,346	4,902	5,306
Income from operations	24,630	326	40,016	4,902
Other expense (income)				
Finance costs (Note 9)	833	5,377	1,611	8,982
Loss (gain) on financial instruments (Note 8)	945	(4,247)	6,919	(4,283)
Interest and other income	(736)	(509)	(1,223)	(810)
Foreign exchange loss (gain)	1,022	(604)	324	(1,108)
	2,064	17	7,631	2,781
Income before income taxes	22,566	309	32,385	2,121
Income tax expense (recovery)				
Current	7,481	(618)	10,521	2,312
Deferred	(772)	403	119	(1,269)
Income tax expense (recovery)	6,709	(215)	10,640	1,043
Net income for the period	15,857	524	21,745	1,078
Other comprehensive loss, net of tax				
Item that may subsequently be reclassified to net income				
Foreign currency translation	3,403	(4,932)	(5,531)	(5,274)
Comprehensive income (loss) for the period	19,260	(4,408)	16,214	(4,196)
Net income per share				
Basic	0.17	0.01	0.23	0.01
Diluted	0.16	0.01	0.23	0.01
Weighted average number of common shares outstanding (Note 10)				
Basic ('000)	93,088	92,905	93,006	92,734
Diluted ('000)	96,316	95,089	96,052	94,980

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)

	June 30, 2024	December 31, 2023
	(\$'000)	(\$'000)
Assets		
Current assets		
Cash and cash equivalents	62,907	26,855
Trade receivables and other assets	22,740	26,238
Marketable securities (Note 8(c))	983	1,922
Inventories	25,945	22,715
Prepaid expenses	1,771	2,104
	114,346	79,834
Non-current assets		
Reclamation and other deposits	19,124	19,815
Trade receivables and other assets	363	369
Property, plant and equipment, net	189,439	195,230
	208,926	215,414
	323,272	295,248
Liabilities		
Current liabilities		
Trade and other payables	24,347	21,727
Borrowings (Note 4)	20,894	631
Lease liabilities	841	1,221
Reclamation and site closure costs provision (Note 5)	7,957	4,238
Other provisions	3,543	3,437
Financial instruments (Note 8)	6,477	651
Income taxes payable	461	-
	64,520	31,905
Non-current liabilities		
Borrowings (Note 4)	4,483	20,417
Lease liabilities	902	1,327
Reclamation and site closure costs provision (Note 5)	25,888	31,279
Other provisions	354	227
Deferred tax liability	13,097	13,161
	44,724	66,411
	109,244	98,316
Equity		
Share capital (Note 6)	231,803	231,485
Share option reserve (Note 6)	5,834	5,270
Foreign currency translation reserve	(60,004)	(54,473)
Retained earnings	36,395	14,650
	214,028	196,932
	323,272	295,248

Approved by the Board of Directors and authorized for issuance on August 7, 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

Six months ended June 30, 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	-	-	-	-	21,745	21,745
Other comprehensive loss for the period	-	-	-	(5,531)	-	(5,531)
Total comprehensive income (loss)	-	-	-	(5,531)	21,745	16,214
Stock options exercised (Note 6(b))	80	64	(28)	-	-	36
Share-based compensation (Note 6(a))	-	-	846	-	-	846
Redemption of RSUs, PSUs and DSUs (Notes 6(c), (d) and (e))	140	254	(254)	-	-	-
Balance, June 30, 2024	93,104	231,803	5,834	(60,004)	36,395	214,028

	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	-	-	-	-	1,078	1,078
Other comprehensive loss for the period	-	-	-	(5,274)	-	(5,274)
Total comprehensive income (loss)	-	-	-	(5,274)	1,078	(4,196)
Stock options exercised (Note 6(b))	13	11	(5)	-	-	6
Share-based compensation (Note 6(a))	-	-	619	-	-	619
Redemption of RSUs, PSUs and DSUs (Notes 6(c), (d) and (e))	581	662	(662)	-	-	-
Share repurchase commitment under normal course issuer bid (Note 6(f))	(167)	(320)	-	-	60	(260)
Balance, June 30, 2023	92,884	231,519	4,573	(63,636)	7,867	180,323

See accompanying notes to the condensed consolidated interim financial statement

Mandalay Resources Corporation

Condensed consolidated interim statements of cash flows

Three and six months ended June 30, 2024 and 2023

(Expressed in U.S. dollars)

(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Operating activities				
Net income for the period	15,857	524	21,745	1,078
Adjustments and non-cash items				
Depletion and depreciation	10,746	7,762	21,454	15,799
Share-based compensation (Note 6(a))	490	311	881	647
Gain on disposal of property, plant and equipment	(4)	(3)	(44)	(7)
Finance costs (Note 9)	833	5,377	1,611	8,982
Loss (gain) on financial instruments (Note 8)	945	(4,247)	6,919	(4,283)
Interest and other income	(736)	(509)	(1,223)	(810)
Unrealized foreign exchange loss (gain)	480	(752)	(149)	(1,214)
Income tax expense (recovery)	6,709	(215)	10,640	1,043
Write-off of assets	-	494	290	494
Changes in non-cash operating working capital items				
Trade receivables and other assets	(3,569)	2,482	2,889	329
Inventories	(3,507)	4,347	(3,412)	5,637
Prepaid expenses	(356)	375	269	25
Trade and other payables	1,840	3,396	76	2,698
Other provisions	29	(111)	292	(162)
Cash generated from operations	29,757	19,231	62,238	30,256
Interest and other income received	736	509	1,223	810
Interest and bank charges paid	(517)	(460)	(999)	(992)
Income tax paid	(4,506)	(3,118)	(7,102)	(5,973)
Reclamation expenditures (Note 5)	(500)	(1)	(605)	(65)
Payment of derivative hedge contracts	(829)	-	(1,139)	-
Net cash flows from operating activities	24,141	16,161	53,616	24,036
Investing activities				
Expenditures on property, plant and equipment	(8,770)	(12,805)	(21,915)	(21,429)
Receipt from reclamation deposits	-	-	79	-
Proceeds from sale of marketable securities (Note 8(c))	1,083	44	1,083	121
Net cash flows used in investing activities	(7,687)	(12,761)	(20,753)	(21,308)
Financing activities				
Proceeds from borrowings (Note 4)	192	556	5,158	589
Repayments of borrowings (Note 4)	(594)	(160)	(815)	(270)
Lease payments	(292)	(451)	(660)	(950)
Payment of gold derivative hedge contracts under Syndicated Facility	-	(4,448)	-	(7,425)
Purchase of common shares for cancellation	-	(115)	-	(293)
Shares issued for cash	18	-	36	6
Net cash flows used in financing activities	(676)	(4,618)	3,719	(8,343)
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	17	(228)	(530)	4
Net increase (decrease) in cash and cash equivalents	15,795	(1,446)	36,052	(5,611)
Cash and cash equivalents, beginning of the period	47,112	34,212	26,855	38,377
Cash and cash equivalents, end of the period	62,907	32,766	62,907	32,766
Cash and cash equivalents consist of				
Cash	62,907	32,766	62,907	32,766
	62,907	32,766	62,907	32,766

See accompanying notes to the condensed consolidated interim financial statements

Mandalay Resources Corporation

Notes to the condensed consolidated interim financial statements

as at June 30, 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 Suite 720 – 155 University Avenue, Toronto, ON, Canada, M5H 3B7. 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.

Mandalay Resources Corporation

Notes to the condensed consolidated interim financial statements

as at June 30, 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*

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.

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.

On June 20, 2024, Canada enacted new legislation imposing a 15% global minimum tax on profits, Pillar Two legislation. However, this legislation does not currently apply to the Company as its consolidated revenue is lower than €750 million.

Mandalay Resources Corporation

Notes to the condensed consolidated interim financial statements

as at June 30, 2024 and December 31, 2023

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

(Unaudited)

4. Borrowings

	June 30, 2024	December 31, 2023
	(\$'000)	(\$'000)
Revolving Credit Facility	19,556	19,605
Equipment Facilities	5,821	1,443
	25,377	21,048
Less: current portion of total borrowings	20,894	631
Non-current portion of total borrowings	4,483	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 June 30, 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 11.3%. The nominal interest rate of SOFR as at June 30, 2024 was 5.33% plus 2.85% margin.

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.

As at June 30, 2024, the outstanding principal under the Revolving Credit Facility was \$20,000,000 with \$15,000,000 undrawn.

Equipment Facilities

As at June 30, 2024, the Company's Björkdal mine in Sweden had a balance of \$1,849,000 (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% - 3.33% per annum and are repayable in monthly instalments plus interest and are due to be repaid by April 2028. The Equipment Facilities are secured by the underlying equipment.

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 June 30, 2024 was \$3,972,000.

Mandalay Resources Corporation

Notes to the condensed consolidated interim financial statements

as at June 30, 2024 and December 31, 2023

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

(Unaudited)

4. Borrowings (continued)

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 June 30, 2024.

There were other hedging contracts in place at June 30, 2024 (See note 8).

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, 2023	35,517
Expenditure for reclamation	(1,024)
Change in estimated future cash outflows	547
Accretion	521
Foreign exchange	(1,716)
Balance at June 30, 2024	33,845
Less: current portion	7,957
Total non-current portion	25,888

During the three and six months ended June 30, 2024, the Company has incurred reclamation expenditures of \$827,000 (2023 – \$1,000) and \$1,024,000 (2023 – \$16,000) respectively, on reclamation work at the Lupin site in Canada.

6. Share capital

As at June 30, 2024, the Company had an unlimited number of authorized common shares without par value and 93,103,993 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 June 30, 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		Six months ended	
	2024	June 30, 2023	2024	June 30, 2023
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Share-based compensation on options	173	107	312	209
Change in fair value for cash election option	13	(22)	(21)	(18)
Share unit amortization	304	226	590	456
	490	311	881	647

(b) Stock options

The number of options outstanding as at June 30, 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	(80,000)	0.61
Cancelled	(184,333)	2.47
Expired	(140,000)	6.00
Balance, June 30, 2024	2,959,938	1.55

The following table summarizes information about the stock options outstanding and exercisable as at June 30, 2024:

Mandalay Resources Corporation

Notes to the condensed consolidated interim financial statements

as at June 30, 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 remaining contractual life (years)	Weighted average exercise price C\$	Number of options exercisable	Weighted average exercise price C\$
199,500	April 2, 2018	1.00	2.00	199,500	2.00
280,000	April 8, 2019	2.00	1.10	280,000	1.10
634,666	March 20, 2020	3.00	0.61	634,666	0.61
233,476	February 25, 2021	4.00	2.14	233,476	2.14
229,118	February 25, 2022	5.00	2.65	152,745	2.65
195,683	February 23, 2023	6.00	2.63	65,228	2.63
88,043	May 12, 2023	6.00	2.43	29,348	2.43
1,099,452	February 26, 2024	7.00	1.47	-	-
2,959,938		4.78	1.55	1,594,963	1.41

(c) Restricted stock units ("RSUs")

The number of RSUs outstanding as at June 30, 2024 is as follows:

	Number of RSU awards
Balance, December 31, 2022	353,631
Granted	153,752
Redeemed	(225,343)
Balance, December 31, 2023	282,040
Granted	911,400
Redeemed	(140,069)
Cancelled	(11,655)
Balance, June 30, 2024	1,041,716

For the three and six months ended June 30, 2024, the Company recorded \$179,000 (2023 – \$60,000) and \$293,000 (2023 – \$116,000) respectively, as a share-based compensation expense relating to RSUs.

Mandalay Resources Corporation

Notes to the condensed consolidated interim financial statements
as at June 30, 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 June 30, 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)
Cancelled	(23,311)
Balance, June 30, 2024	524,465

For the three and six months ended June 30, 2024, the Company recorded \$55,000 (2023 – \$101,000) and \$161,000 (2023 – \$226,000) respectively, as a share-based compensation expense relating to PSUs. While 241,192 PSUs (six months ended June 30, 2023 – 177,574 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 June 30, 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, June 30, 2024	667,225

For the three and six months ended June 30, 2024, the Company recorded \$70,000 (2023 – \$65,000) and \$136,000 (2023 – \$114,000) respectively, 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 June 30, 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 and six months ended June 30, 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 June 30, 2023			
2023 NCIB	69,700	2.22	154,857
	69,700		154,857

	Number of shares repurchased	Average price of repurchase	Cost of repurchase
		C\$	C\$
Six months ended June 30, 2023			
2023 NCIB	166,600	2.37	395,433
	166,600		395,433

	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

Mandalay Resources Corporation

Notes to the condensed consolidated interim financial statements

as at June 30, 2024 and December 31, 2023

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

(Unaudited)

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).

Three months ended June 30	Costerfield		Björkdal		Total	
	2024	2023	2024	2023	2024	2023
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Primary geographical markets						
Australia	32,906	20,463	-	-	32,906	20,463
Sweden	-	-	24,900	18,372	24,900	18,372
Revenue from contracts with customers	32,906	20,463	24,900	18,372	57,806	38,835
Provisional pricing adjustments	1,380	81	3,868	754	5,248	835
Total revenue from mining operations	34,286	20,544	28,768	19,126	63,054	39,670
Commodities						
Gold	25,615	14,668	24,900	18,372	50,515	33,040
Antimony	7,291	5,795	-	-	7,291	5,795
Revenue from contracts with customers	32,906	20,463	24,900	18,372	57,806	38,835
Provisional pricing adjustments	1,380	81	3,868	754	5,248	835
Total revenue from mining operations	34,286	20,544	28,768	19,126	63,054	39,670

Six months ended June 30	Costerfield		Björkdal		Total	
	2024	2023	2024	2023	2024	2023
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Primary geographical markets						
Australia	63,137	43,271	-	-	63,137	43,271
Sweden	-	-	47,954	36,029	47,954	36,029
Revenue from contracts with customers	63,137	43,271	47,954	36,029	111,091	79,300
Provisional pricing adjustments	1,755	549	5,719	2,000	7,474	2,549
Total revenue from mining operations	64,892	43,820	53,673	38,029	118,565	81,849
Commodities						
Gold	51,557	30,438	47,954	36,029	99,511	66,467
Antimony	11,580	12,833	-	-	11,580	12,833
Revenue from contracts with customers	63,137	43,271	47,954	36,029	111,091	79,300
Provisional pricing adjustments	1,755	549	5,719	2,000	7,474	2,549
Total revenue from mining operations	64,892	43,820	53,673	38,029	118,565	81,849

Mandalay Resources Corporation

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

(Unaudited)

8. Financial instruments

The Company has recognized a net change in liabilities related to financial instruments of \$945,000 (2023 – \$4,247,000) and \$6,919,000 (2023 – \$4,283,000) respectively, for the three and six months ended June 30, 2024. 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 gain of \$1,388,000 and loss of \$502,000 respectively, for the three and six months ended June 30, 2024. The fair value of these liabilities as at June 30, 2024 was \$1,170,000 (December 31, 2023 – \$651,000).

During the three and six months ended June 30, 2024, the Company incurred a realized loss of \$715,000 and \$1,192,000 respectively, for settlement of expired foreign exchange derivatives contracts.

(b) Gold derivative contracts

Gold derivatives contracts

On February 12, 2024, the Company entered into gold derivative contracts with Macquarie Bank Limited (“Macquarie”) for a total of 25,008 ounces of gold over the period March 2024 to December 2024. These contracts are costless collar hedges with a floor price of \$1,980.00 per ounce and a ceiling of \$2,121.50 per ounce.

On April 11, 2024, the Company restructured certain gold derivative contracts entered into on February 12, 2024, with Macquarie 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\$2,189.00 per ounce.

On May 24, 2024, the Company further restructured certain gold derivative contracts entered into on February 12, 2024, with Macquarie by rolling forward half of the ounces of gold included in the contracts originally set to mature in July to December 2024. The rolled forward total ounces of gold of 7,369 ounces are set to mature in April to December 2025. These contracts are costless collar hedges with a floor price of a floor price of US\$1,980.00 per ounce and a ceiling of US\$2,175 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 \$2,422,000 and \$5,765,000 for the three and six months ended June 30, 2024. The fair value of these liabilities as at June 30, 2024 was \$5,746,000 (December 31, 2023 – \$nil).

During the six months ended June 30, 2024, the Company incurred a realized loss of \$102,000 for settlement of expired gold derivatives contracts.

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(Unaudited)

8. Financial instruments (continued)

Gold derivatives put contracts

On May 30, 2024, the Company entered into gold derivative put contracts with Macquarie for a total of 43,000 ounces of gold over the period July 2024 to December 2024. These contracts are structured as monthly cash-settled options with a floor price of \$2,200.00 per ounce, covering 7,167 ounces of gold per month. The upfront cost paid in Q2 2024 of \$672,000 will be amortized during the settlement period.

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 gain of \$439,000 for the three and six months ended June 30, 2024. The fair value of these receivables as at June 30, 2024 was \$439,000 (December 31, 2023 – \$nil).

(c) *Marketable securities – assets*

Aftermath shares

For the three and six months ended June 30, 2024, the Company sold all of its remaining 4,698,300 shares of Aftermath Silver Ltd. for a total of \$1,083,000 (three and six months ended June 30, 2023 – 377,548 and 778,048 shares respectively). The Company recorded realized gain of \$328,000 and \$189,000 for the three and six months ended June 30, 2024. As at June 30, 2024, the Company does not own any shares of Aftermath Silver Ltd.

Equus shares

The value of shares of Equus Mining Ltd. (“Equus”) held by Mandalay as at June 30, 2024 was \$983,000 (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 gain of \$37,000 (2023 – loss of \$26,000) and \$13,000 (2023 – loss of \$624,000) respectively, for the three and six months ended June 30, 2024, using Level 1 assumptions.

(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 June 30, 2024. The Company recorded an unrealized fair value gain of \$4,573,000 and \$5,038,000 respectively, for the three and six months ended June 30, 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.

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

(Unaudited)

9. Finance costs

The finance costs for the three and six months ended June 30, 2024, and 2023 consist of the following:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Loan Facility				
Interest on Revolver Credit Facility	484	448	975	898
Realised loss on gold derivative contracts under Syndicated Facility	-	4,610	-	7,601
Other				
Interest on other borrowings and other charges	69	63	115	117
Accretion of reclamation and site closure costs	280	256	521	366
	833	5,377	1,611	8,982

10. Net income per share

For the three and six months ended June 30, 2024, the weighted average number of common shares of calculating diluted income per share is shown in the table below:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
	(\$'000)	(\$'000)	('000)	('000)
Net income for the period	15,857	524	21,745	1,078
Basic weighted average number of shares outstanding	93,088	92,905	93,006	92,734
Effect of dilutive securities:				
Stock options	995	690	813	752
RSU	1,042	282	1,042	282
PSU	524	789	524	789
DSU	667	423	667	423
Diluted weighted average number of shares outstanding	96,316	95,089	96,052	94,980

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 June 30,		Six months ended June 30,	
	2024	2023	2024	2023
	('000)	('000)	('000)	('000)
Anti-dilutive securities				
Stock options	513	776	946	776

Mandalay Resources Corporation

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(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 June 30, 2024					
	Australia	Sweden	Chile	Canada	Total
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Revenue	34,286	28,768	-	-	63,054
Cost of sales, excluding depletion and depreciation	(10,686)	(14,476)	-	-	(25,162)
Depletion and depreciation	(4,245)	(6,501)	-	-	(10,746)
Income from mining operations	19,355	7,791	-	-	27,146
Other operating income (expenses)	(910)	(740)	33	(899)	(2,516)
Write-off of assets	-	-	-	-	-
Other income (expenses), except for fair value adjustment	(753)	(774)	(176)	584	(1,119)
Loss on financial instruments	-	-	-	(945)	(945)
Income (loss) before income taxes	17,692	6,277	(143)	(1,260)	22,566
Current tax expense	(6,766)	(715)	-	-	(7,481)
Deferred tax recovery (expense)	1,325	(553)	-	-	772
Net income (loss) for the period	12,251	5,009	(143)	(1,260)	15,857
Cash expenditure for property, plant and equipment	4,595	4,398	-	(223)	8,770
Total non-current assets as at June 30, 2024	68,778	116,449	11,069	12,630	208,926
Total assets as at June 30, 2024	123,444	150,057	11,158	38,613	323,272
Total liabilities as at June 30, 2024	27,846	26,102	-	55,296	109,244

Three Months ended on June 30, 2023					
	Australia	Sweden	Chile	Canada	Total
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Revenue	20,544	19,126	-	-	39,670
Cost of sales, excluding depletion and depreciation	(15,476)	(13,760)	-	-	(29,236)
Depletion and depreciation	(3,037)	(4,725)	-	-	(7,762)
Income from mining operations	2,031	641	-	-	2,672
Other operating expenses	(564)	(632)	(25)	(631)	(1,852)
Write-off of assets	(494)	-	-	-	(494)
Other income (expenses), except for fair value adjustment	(1,945)	(5,952)	(148)	3,781	(4,264)
Gain (loss) on financial instruments	2,316	2,257	-	(326)	4,247
Income (loss) before income taxes	1,344	(3,686)	(173)	2,824	309
Current tax recovery	618	-	-	-	618
Deferred tax recovery (expense)	(1,143)	740	-	-	(403)
Net income (loss) for the period	819	(2,946)	(173)	2,824	524
Cash expenditure for property, plant and equipment	4,040	8,765	-	-	12,805
Total non-current assets as at June 30, 2023	64,542	117,805	11,009	8,630	201,986
Total assets as at June 30, 2023	104,803	139,557	11,078	15,886	271,324
Total liabilities as at June 30, 2023	25,763	24,836	-	40,402	91,001

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(Unaudited)

11. Segmented information (continued)

Six months ended June 30, 2024					
	Australia	Sweden	Chile	Canada	Total
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Revenue	64,892	53,673	-	-	118,565
Cost of sales, excluding depletion and depreciation	(22,633)	(29,560)	-	-	(52,193)
Depletion and depreciation	(8,878)	(12,576)	-	-	(21,454)
Income from mining operations	33,381	11,537	-	-	44,918
Other operating expenses	(1,985)	(1,617)	-	(1,010)	(4,612)
Write-off of assets	(290)	-	-	-	(290)
Other income (expenses), except for fair value adjustment	643	(4,343)	(350)	3,338	(712)
Loss on financial instruments	(2)	-	-	(6,917)	(6,919)
Income (loss) before income taxes	31,747	5,577	(350)	(4,589)	32,385
Current tax expense	(9,806)	(715)	-	-	(10,521)
Deferred tax recovery (expense)	319	(438)	-	-	(119)
Net income (loss) for the period	22,260	4,424	(350)	(4,589)	21,745
Cash expenditure for property, plant and equipment	8,249	9,086	56	4,524	21,915
Total non-current assets as at June 30, 2024	68,778	116,449	11,069	12,630	208,926
Total assets as at June 30, 2024	123,444	150,057	11,158	38,613	323,272
Total liabilities as at June 30, 2024	27,846	26,102	-	55,296	109,244

Six months ended June 30, 2023					
	Australia	Sweden	Chile	Canada	Total
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Revenue	43,820	38,029	-	-	81,849
Cost of sales, excluding depletion and depreciation	(27,234)	(28,608)	-	-	(55,842)
Depletion and depreciation	(6,274)	(9,525)	-	-	(15,799)
Income (loss) from mining operations	10,312	(104)	-	-	10,208
Other operating expenses	(2,187)	(1,857)	(86)	(682)	(4,812)
Write-off of assets	(494)	-	-	-	(494)
Other income (expenses), except for fair value adjustment	(2,574)	(7,832)	(306)	3,648	(7,064)
Gain (loss) on financial instruments	2,234	2,803	-	(754)	4,283
Income (loss) before income taxes	7,291	(6,990)	(392)	2,212	2,121
Current tax expense	(2,312)	-	-	-	(2,312)
Deferred tax recovery (expense)	(91)	1,360	-	-	1,269
Net income (loss) for the period	4,888	(5,630)	(392)	2,212	1,078
Cash expenditure for property, plant and equipment	7,565	13,798	66	-	21,429
Total non-current assets as at June 30, 2023	64,542	117,805	11,009	8,630	201,986
Total assets as at June 30, 2023	104,803	139,557	11,078	15,886	271,324
Total liabilities as at June 30, 2023	25,763	24,836	-	40,402	91,001

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(Unaudited)

11. Segmented information (continued)

For the three and six months ended June 30, 2024, the Company had four customers from whom it earned more than 10% of its total revenue (three and six months ended June 30, 2023 – five customers).

Revenue from these customers is summarized as follows:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Costerfield (gold and antimony)				
Customer 1	6,025	6,392	11,585	11,308
Customer 2	17,868	9,484	38,215	19,724
Customer 3	9,047	2,698	13,246	8,630
	32,940	18,574	63,046	39,662
Björkdal (gold)				
Customer 4	23,629	15,390	42,976	30,104
Customer 5	-	3,736	-	7,925
	23,629	19,126	42,976	38,029
	56,569	37,700	106,022	77,691

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 June 30, 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.

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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 1 year	1-3 years	4-5 years	After 5 years	Total	Total
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Trade and other payables	24,347	-	-	-	24,347	21,727
Borrowings	21,338	4,483	-	-	25,821	21,048
Lease liabilities	841	902	-	-	1,743	2,548
Reclamation and site closure costs provision	8,439	14,781	7,725	6,356	37,301	38,424
Financial instruments	6,477	-	-	-	6,477	651
	61,442	20,167	7,725	6,356	95,690	84,397

14. Subsequent events

On July 2, 2024, the Company fully repaid the Revolving Credit Facility's outstanding principal amount of \$20,000,000.