MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2024

AS OF AUGUST 7, 2024

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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE QUARTER ENDED JUNE 30, 2024

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed consolidated interim financial statements and notes to the condensed consolidated interim financial statements of Mandalay Resources Corporation ("Mandalay" or the "Company") for the three and six months ended June 30, 2024, the Company's Annual Information Form, dated March 31, 2024 (the "AIF"), the Company's 2023 audited consolidated financial statements and accompanying 2023 MD&A, as well as other information relating to the Company on file with the Canadian provincial securities regulatory authorities on SEDAR+ at www.sedarplus.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 consolidated 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-GAAP measures. Please refer to the "Non-GAAP Measures" section 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: 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 events; 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.

Where we say "we," "us," "our," the "Company" or "Mandalay" we mean Mandalay Resources Corporation and/or one or more or all of its subsidiaries, as it may apply. The following abbreviations are used to describe the periods under review throughout this MD&A:

Abbreviation	Period	Abbreviation	Period
FY 2024	January 1, 2024 - December 31, 2024	**FY 2023**	January 1, 2023 - December 31, 2023
Q1 2024	January 1, 2024 - March 31, 2024	**Q1 2023**	January 1, 2023 - March 31, 2023
Q2 2024	April 1, 2024 - June 30, 2024	**Q2 2023**	April 1, 2023 - June 30, 2023

OUR BUSINESS

Mandalay 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 of, and regional exploration programs at its Costerfield and Björkdal mines. Currently, the Company's main objectives at Costerfield are to continue mining the high-grade Youle and Shepherd veins, and to extend Mineral Reserves. At Björkdal, the Company will aim to increase production from the Eastern Extension area and other higher-grade areas in the coming years in order to maximize profit margins from the mine.

Q2 2024 FINANCIAL & OPERATING SUMMARY

Financial and Operational Highlights				
(Expressed in $ thousands, except where indicated)	Three months ended June 30,		Six months ended June 30,	
	2024	2023	**2024**	2023
Financial Data				
Revenue	**63,054**	39,670	**118,565**	81,849
Operating costs	**25,162**	29,236	**52,193**	55,842
Depreciation and depletion	**10,746**	7,762	**21,454**	15,799
Gross profit	**27,146**	2,672	**44,918**	10,208
Net income	**15,857**	524	**21,745**	1,078
Per share ("EPS")	**0.17**	0.01	**0.23**	0.01
Adjusted net income (loss)[1]	**16,802**	(3,229)	**28,954**	(2,711)
Adjusted net income (loss) per share[1]	**0.18**	(0.03)	**0.31**	(0.03)
Adjusted EBITDA[1,2]	**35,862**	8,890	**62,597**	21,835
Cash operating costs per ounce gold eq. produced ($)[1]	**1,022**	1,159	**1,030**	1,190
All-in sustaining costs per ounce gold eq. produced ($)[1 3]	**1,419**	1,704	**1,427**	1,663
Average realized gold price ($ per ounce)[1]	**2,314**	1,949	**2,257**	1,946
Average realized antimony price ($ per tonne)[1]	**20,320**	12,406	**17,537**	12,627
Cash generated from operating activities	**24,141**	16,161	**53,616**	24,036
Sustaining capital expenditures[1]	**6,014**	10,696	**11,946**	16,506
Non-sustaining capital expenditures[1]	**2,777**	3,399	**9,991**	6,366
Total capital expenditure	**8,791**	14,095	**21,937**	22,872
Free cash flow[1]	**15,579**	2,906	**31,645**	1,722
Free cash flow per ounce gold eq. sold ($)[1]	**582**	144	**608**	41

[1] Average realized gold and average realized antimony price, sustaining and non-sustaining capital expenditures, cash operating costs and all-in sustaining costs, free cash flow, EBITDA and adjusted net income are non-GAAP financial performance measures with no standard definition under IFRS. Refer to the Non-GAAP Financial Performance Measures section of the MD&A.

[2] Adjusted EBITDA excludes non-cash items such as impairment, foreign exchange,stock-based compensation and write off. For more details refer to the Non-GAAP Performance Measures section of the MD&A.

[3] All-in sustaining costs in the current year includes tailings dam amortization, accordingly the 2023 comparative figures have been updated.

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	**2024**	2023
Consolidated Operating Data				
Gold equivalent produced (ounces)	**26,372**	20,850	**51,308**	40,836
Gold produced (ounces)	**23,626**	17,693	**45,972**	34,030
Antimony produced (tonnes)	**359**	517	**763**	1,061
Gold equivalent sold (ounces)	**26,759**	20,229	**52,036**	41,998
Gold sold (ounces)	**23,431**	17,200	**46,618**	35,220
Antimony sold (tonnes)	**435**	496	**761**	1,055
Capital development (meters)	**780**	858	**1,756**	1,745
Capital exploration drilling (meters)	**20,984**	23,701	**34,487**	41,828

FINANCIAL AND OPERATIONAL DISCUSSION

Revenue, Gold Production, Operating Costs and Net Income

- Revenue for Q2 2024 increased by 59% to $63.1 million, compared with $39.7 million in Q2 2023. This was due to an increased gold production contributing to higher gold equivalent ounces sold of 26,759 ounces in Q2 2024 as compared to 20,229 ounces in Q2 2023 together with higher average realized prices: $2,314 per ounce for gold and 20,320 per tonne for antimony in Q2 2024 compared to $1,949 per ounce for gold and 12,406 per tonne for antimony in Q2 2023.

- Consolidated gold equivalent production increased by 26% to 26,372 ounces in Q2 2024, compared to 20,850 ounces in Q2 2023 mainly due to an increase in throughput at Björkdal and an increased milled gold head grade at Costerfield.

- Operating costs totaled $25.2 million, a decrease of 14% compared to $29.2 million in Q2 2023. The decrease came predominantly from a $2.7 million build-up of inventory during the current quarter as compared to a $4.4million decrease in inventory during Q2 2023 resulting in a variance of $7.1 million. The positive variance was partly offset by $2.8 million in higher cash operating costs mainly due to higher processing costs at both sites during Q2 2024 compared to Q2 2023 due to increased throughput at Björkdal and increased costs for tailings and water management at Costerfield coupled with increased personnel expenses during Q2 2024, which stemmed from understaffing due to recruitment challenges in Q2 2023. Additionally, the company incurred $0.4 million of increased royalty costs due to higher production during Q2 2024 compared to Q2 2023.

- Net income was $15.9 million in Q2 2024 compared to $0.5 million in Q2 2023. The increase was primary due to the $23.4 million increase in revenue and the $4.1 million decrease in operating costs offset to some extent by a $3.0 million increase in depreciation and depletion expenses due to higher production during Q2 2024 compared to Q2 2023, and a $6.9 million increase in income tax expense due to higher income before tax in Q2 2024 compared to Q2 2023.

Cash Operating Costs per Ounce Produced[1], All-In Sustaining Costs ("AISC")[1], Operating Cash Flow, Capital Expenditures and Free Cash Flow[1]

- Cash operating costs per ounce of gold equivalent produced decreased by 12% to $1,022 per ounce in Q2 2024 compared to $1,159 in Q2 2023 due to the 26% increase of gold equivalent production in Q2 2024 with 26,372 ounces produced compared to 20,850 ounces in Q2 2023, partly offset by the 12% increase in cash operating costs, as discussed in the operating costs section above.

- All-in sustaining costs decreased to $1,419 per ounce of gold equivalent produced in Q2 2024, compared to $1,704 in Q2 2023, mainly due to the 12% decrease in cash operating costs per ounce of gold equivalent produced.

[1] This is a non-GAAP financial performance measure with no standard definition under IFRS. For more details, refer to the Non-GAAP Performance Measures section of the MD&A.

- Operating cash flow was $24.1 million for Q2 2024, compared to $16.2 million in Q2 2023, mainly due to the increase in revenue.

- Consolidated capital expenditures of $8.8 million in Q2 2024 was lower compared to $14.1 million in Q2 2023. This was mainly due to a capital-intensive period in Q2 2023 at Björkdal where tailings related expenditures was $1.9 million higher than in Q2 2024 due to the K1 project to increase dam capacity, with the multi-year project being finished in Q4 2023, and $0.8 million on a mill conversion which has increased throughput following its commissioning in Q1 2024 and Q2 2024, with further minor improvements still on-going. Additionally, Björkdal also incurred approximately $2.0 million on machinery expenses including a shotcrete sprayer, a charging truck and a loader during Q2 2023.

- Free cash flow in Q2 2024 was $15.6 million and $582 per ounce of gold equivalent sold compared to $2.9 million and $144 per ounce of gold equivalent sold in Q2 2023.

***Cash Position and Working Capital*[1]**

- As at June 30, 2024, the Company had cash and cash equivalents of $62.9 million, compared to $26.9 million on December 31, 2023, mainly due to increased cash flows from operating activities driven by stable gold equivalent production and higher commodity prices.

- In Q2 2024, the Company completed the sale of its remaining 4,698,300 shares of Aftermath Silver Limited for a total of $1.1 million. As at June 30 2024, the Company does not own any shares of Aftermath Silver Ltd.

- As at June 30, 2024, working capital was $49.8 million, compared to $47.9 million on December 31, 2023. The 4% increase in working capital was mainly due to the increased cash and cash equivalent position offset by an increase in current liabilities mainly due to derivative liabilities and a reclassification of the Revolving credit facility from non-current to current liabilities given that the outstanding principal amount of $20 million was fully repaid in July 2024.

Outlook

Mandalay expects to maintain a similar production profile for the remainder of 2024 at both operating sites. At Costerfield, stoping will continue at the higher-grade central area of the Youle deposit and production from the Shepherd deposit will continue to ramp up. At Björkdal, work will continue around implementing improved mining efficiency protocols and further improvements and consistency is expected with the mill conversion. Additionally, focused production from the higher-grade Eastern Extension zone at Björkdal is expected to continue.

FY 2024 Guidance

For 2024, the Company expects to produce approximately 90,000 to 100,000 gold equivalent ounces at an all-in sustaining cost range of $1,450 to $1,580 per ounce. During the six months ended June 30, 2024, the Company produced 51,308 gold equivalent ounces at an all-in sustaining cost of $1,427 which puts the Company in position to achieve the annual production target. For further details on the Company´s 2024 production and cost guidance, including important assumptions underlying the guidance, please refer to the Company’s press release dated January 16, 2024.

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[1] This is a non-GAAP financial performance measure with no standard definition under IFRS. For more details, refer to the Non-GAAP Performance Measures section of the MD&A.

REVIEW OF OPERATING AND FINANCIAL RESULTS

Costerfield Gold-Antimony Mine

Costerfield Financial Results

($ thousands)	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
Revenue	**34,286**	30,606	28,466	19,074	**20,544**	23,276	25,767	28,188
Operating cost	**(10,686)**	(11,947)	(11,247)	(11,399)	**(15,476)**	(11,757)	(7,678)	(12,846)
Depreciation & Depletion	**(4,245)**	(4,635)	(3,369)	(2,937)	**(3,037)**	(3,238)	(3,076)	(4,107)
Gross profit	**19,355**	14,024	13,850	4,738	**2,031**	8,281	15,013	11,235
General & administrative costs	**(224)**	(495)	(346)	(163)	**(147)**	(1,154)	(191)	(259)
Income tax expense	**(5,441)**	(4,046)	(2,882)	(1,382)	**(525)**	(1,879)	(2,841)	(5,159)
Net income	**12,251**	10,012	9,288	3,464	**819**	4,068	7,162	11,732
Cash flows from operating activities	**12,775**	22,609	8,100	3,584	**9,939**	5,739	15,045	5,197

Costerfield Quarterly Production

	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
Operating development (m)	**793**	769	801	925	**940**	710	739	818
Tonnes of ore mined (t)	**36,852**	31,259	33,710	35,783	**33,035**	26,285	30,430	33,119
Mined ore Au grade (g/t)	**10.73**	14.02	11.51	10.30	**7.01**	8.42	11.75	16.47
Mined ore Sb grade (t)	**2.05**	2.25	1.94	1.90	**2.15**	2.14	3.56	2.79
Mined Contained Au (oz)	**12,715**	14,086	12,477	11,849	**7,443**	7,112	11,496	17,541
Mined Contained Sb (t)	**755**	703	653	681	**709**	563	1,083	923
Processed ore (t)	**30,757**	32,872	33,866	30,848	**35,990**	35,382	32,996	36,765
Processed ore - milled head grade Au (g/t)	**12.07**	12.41	13.14	9.56	**7.39**	7.71	12.65	11.91
Processed ore - milled head grade Sb (%)	**2.08**	2.21	2.06	2.18	**2.36**	2.59	2.60	2.71
Recovery Au (%)	**94.90**	95.10	94.81	94.48	**91.15**	90.48	94.23	94.25
Recovery Sb (%)	**90.93**	91.04	92.02	92.52	**91.90**	91.69	93.77	93.19
Au produced (oz)	**11,027**	11,976	13,016	8,377	**7,296**	7,368	12,085	12,526
Sb produced (t)	**359**	404	404	395	**517**	544	504	582
Au equivalent produced (oz)	**13,773**	14,566	15,383	10,808	**10,453**	11,017	15,427	16,996
Au sold (oz)	**11,111**	12,426	11,743	7,355	**7,261**	8,499	11,703	12,272
Sb sold (t)	**435**	326	454	400	**496**	559	484	557
Au equivalent sold (oz)	**14,439**	14,516	14,403	9,817	**10,290**	12,248	14,913	16,550
Cash operating cost ($ per tonne)[1]	**378**	346	335	342	**270**	287	284	309
Cash operating cost ($ per oz. eq. produced)[1]	**844**	780	738	975	**930**	921	608	669
All-in sustaining cost ($ per oz. eq. produced)[1]	**1,142**	1,005	920	1,265	**1,268**	1,116	800	838

[1]Cash operating costs and All-in sustaining costs are non-GAAP financial performance measures with no standard definition under IFRS. Refer to the Non-GAAP Financial Performance Measures section of the MD&A.

During Q2 2024, Costerfield produced 11,027 ounces of gold compared to 7,296 ounces in Q2 2023, an increase of 51% or 3,731 ounces. The increase in ounces produced was a result of an increase in the average milled gold head grade from 7.39 g/t in Q2 2023 to 12.07 g/t in Q2 2024. Production in Q2 2023 was adversely affected by a higher volume of low-grade stockpile material required to supplement less mined tonnes. The year-to-date higher milled gold head grade is expected to continue for the remainder of the year. Antimony production during Q2 2024 was 359 tonnes, a 31% decrease from the 517 tonnes produced in Q2 2023. This was mainly due to a decrease in the average milled antimony head grade from 2.36% in Q2 2023 to 2.08% in Q2 2024 due to an increased mill feed of ore from Shepard which carries less antimony than ore from Youle.

The cash operating cost per ounce of gold equivalent produced decreased by 9% to $844 per ounce in Q2 2024 compared to $930 in Q2 2023, and all-in sustaining cost per ounce of gold equivalent produced decreased by 4% to $1,142 per ounce in Q2 2024 compared to $1,268 Q2 2023, both mainly as a result of the increased gold equivalent production partly offset by increased cash operating costs mainly due to increased processing costs due to higher costs for tailings and water management coupled with increased personnel costs both in the mine and the mill during Q2 2024, which stemmed from understaffing due to recruitment challenges in Q2 2023 and higher mining materials costs due to unplanned spend to reinforce production areas during Q2 2024.

Costerfield Capital Expenditures

($ thousands, except where indicated)	Three months ended June 30,		Six months ended June 30,	
	2024	2023	**2024**	2023
Sustaining capital[1]				
Capital development	**1,023**	983	**1,877**	1,848
Infill exploration	**146**	881	**286**	1,055
Property, plant and equipment sustaining	**1,291**	1,089	**2,144**	1,597
Total sustaining capital[1]	**2,460**	2,953	**4,307**	4,500
Property, plant and equipment non-sustaining	**-**	-	**-**	-
Exploration cost	**2,135**	1,087	**3,942**	3,065
Total non-sustaining capital[1]	**2,135**	1,087	**3,942**	3,065
Total capital expenditures	**4,595**	4,040	**8,249**	7,565
Capital development meters (m)	**97**	143	**228**	308
Capital development cost per meter ($/m)	**10,568**	6,889	**8,243**	6,004
Capital exploration drilling meters (m)	**13,278**	11,666	**21,801**	21,627
Capital exploration drilling cost per meter ($/m)	**172**	169	**194**	190

[1] Sustaining and non-sustaining capital are non-GAAP financial measures with no standard definition under IFRS. Refer to the non-GAAP Financial Performance Measures section of the MD&A. Sustaining capital expenditures are included in the calculation of all-in sustaining costs.

Mining

Costerfield mined 36,852 ore tonnes in Q2 2024, which represents an increase of 12% compared to 33,035 tonnes in Q2 2023. The lower mining tonnes in Q2 2023 were due to reduced mobile equipment availability resulting from the Q1 2023 loader fire damage and longer waste patches encountered in Shepherd than initially planned.

Q2 2024 total capital development of 97 meters was 32% lower than the 143 meters from Q2 2023. The contracted capital development campaign at Costerfield was completed in the Q2 2024, with improved design resulting in less meters to mine. In Q2 2024 rehabilitation work in the form of systematic ground support replacement of the ramp at Costerfield occurred. which resulted in the capital development cost per meter being higher than in Q2 2023.

2024 has seen less infill drilling compared to the same period in 2023. This reflects the completion of a large infill drilling campaign at Shepherd in 2023 and the progression to extensional drilling predominantly at Shepherd and Sub-Cuffley targets during 2024.

Processing

Costerfield processed 30,757 ore tonnes in Q2 2024, which represents a decrease of 15% compared to 35,990 tonnes Q2 2023. Processing in Q2 2024 was impacted by an extended planned mill stop to rebuild the ball mill´s front end as well as Shepherd ore which is inherently harder material than Youle ore and impacting processing rates.

Processed gold grades were higher during Q2 2024 at 12.07 g/t gold as compared to 7.39 g/t gold in Q2 2023. Processed antimony grades were lower at 2.08% during Q2 2024 as compared to 2.36% in Q2 2023. In Q2 2023, low-grade stockpile material was processed to make up for the shortfall of mined tonnes to fill the plant capacity.

Björkdal Gold Mine

Björkdal Financial Results

($ thousands)	**Q2 2024**	Q1 2024	Q4 2023	Q3 2023	**Q2 2023**	Q1 2023	Q4 2022	Q3 2022
Revenue	**28,768**	24,905	22,122	21,833	**19,126**	18,903	15,614	17,860
Operating cost	**(14,476)**	(15,084)	(14,589)	(12,846)	**(13,760)**	(14,849)	(12,294)	(11,844)
Depreciation & Depletion	**(6,501)**	(6,073)	(5,616)	(5,488)	**(4,725)**	(4,799)	(5,131)	(4,667)
Gross profit	**7,791**	3,748	1,917	3,499	**641**	(745)	(1,811)	1,349
General & administrative costs	**(159)**	(367)	(130)	(201)	**(233)**	(829)	(135)	(173)
Income tax (expenses) recovery	**(1,268)**	115	(960)	(420)	**740**	621	981	(182)
Net income (loss)[1]	**5,009**	(583)	3,490	2,138	**(2,946)**	(2,683)	(1,431)	(606)
Cash flows from operating activities	**14,022**	5,370	12,462	858	**3,305**	3,884	8,332	4,145

Björkdal Quarterly Production

	Q2 2024	Q1 2024	Q4 2023	Q3 2023	**Q2 2023**	Q1 2023	Q4 2022	Q3 2022
Operating development (m)	**1,378**	1,426	1,508	1,343	**1,325**	1,163	1,337	1,370
Tonnes of ore mined (t)	**247,978**	247,843	288,256	264,095	**300,264**	240,533	246,042	261,836
Mined ore Au grade (g/t)	**1.37**	1.31	1.42	1.46	**1.26**	1.19	1.36	1.32
Mined Contained Au (oz)	**10,905**	10,447	13,163	12,395	**12,201**	9,185	10,725	11,090
Processed ore (t)	**331,450**	343,146	306,741	318,917	**296,213**	317,543	311,576	321,463
Processed ore - milled head grade Au (g/t)	**1.19**	1.15	1.36	1.35	**1.23**	1.05	1.21	1.18
Recovery Au (%)	**84.90**	86.22	86.33	88.13	**86.96**	86.63	87.06	86.80
Au produced (oz)	**12,599**	10,370	11,558	11,224	**10,397**	8,969	10,256	10,291
Au sold (oz)	**12,320**	10,761	11,458	10,751	**9,939**	9,521	9,569	10,001
Cash operating cost ($ per tonne)[1]	**46**	42	49	42	**49**	45	45	36
Cash operating cost ($ per oz. eq. produced)[1]	**1,216**	1,403	1,299	1,189	**1,389**	1,592	1,362	1,139
All-in sustaining cost ($ per oz. eq. produced)[1 2]	**1,553**	1,868	1,664	1,474	**1,978**	1,937	1,810	1,397

[1] Cash operating costs, average realized cost and All-in sustaining costs are non-GAAP financial performance measures with no standard definition under IFRS. Refer to the Non-GAAP Financial Performance Measures section of the MD&A.

[2] All-in sustaining costs in the current year includes tailings dam amortization, accordingly the 2023 and 2022 comparative figures have been updated.

During Q2 2024, Björkdal produced 12,599 ounces of gold compared to 10,397 ounces in Q2 2023, an increase of 21% or 2,202 ounces, mainly due to the 12% increase in the tonnes of ore processed from 296,213 in Q2 2023 to 331,450 in Q2 2024. The gold mill head grade is expected to be maintained during 2024 as more material is mined from higher-grade underground areas coupled with a greater focus on geotechnical considerations to reduce dilution.

The cash operating cost per ounce produced for Q2 2024 decreased by 12% to $1,216 per ounce compared to $1,389 in Q2 2023 as a result of the increased gold production partly offset by increased cash operating costs mainly due to higher throughput post the commissioning of the mill conversion capital investment project in Q1 2024 resulting in increased consumption of grinding media and other mill consumables. All-in sustaining cost per ounce decreased by 21% to $1,553 per ounce, compared to $1,978 in Q2 2023 as a result of the increased gold production coupled with lower sustaining capital spend partly offset by the increased cash operating costs.

Björkdal Capital Expenditures

($ thousands, except where indicated)	Three months ended June 30, 2024	2023	Six months ended June 30, 2024	2023
Sustaining capital[1]				
Capital development	**2,110**	2,761	**4,791**	4,569
Infill exploration	**148**	44	**153**	244
Property, plant and equipment sustaining	**1,296**	4,938	**2,694**	7,193
Total sustaining capital[1]	**3,554**	7,743	**7,638**	12,006
Property, plant and equipment non-sustaining	**-**	805	**10**	1,134
Exploration cost	**865**	1,507	**1,459**	2,100
Total non-sustaining capital[1]	**865**	2,312	**1,469**	3,234
Total capital expenditures	**4,419**	10,055	**9,107**	15,240
Capital development meters (m)	**683**	715	**1,528**	1,437
Capital development cost per meter ($/m)	**3,088**	3,861	**3,134**	3,179
Capital exploration drilling meters (m)	**7,706**	12,035	**12,686**	20,201
Capital exploration drilling cost per meter ($/m)	**131**	129	**127**	116

[1]Sustaining and non-sustaining capital are non-GAAP financial measures with no standard definition under IFRS. Refer to the non-GAAP Financial Performance Measures section of the MD&A. Sustaining capital expenditures are included in the calculation of all-in sustaining costs.

Mining

Björkdal mined 247,978 ore tonnes in Q2 2024, a decrease of 17% compared to 300,264 tonnes in Q2 2023. During Q2 2023, Björkdal mined 19,665 tonnes from the open pit. Expiring explosives requiring disposal were utilized for this, which resulted in additional low-grade material mined in Q2 2023.

Q2 2024 total capital development of 683 meters was 4% lower than the 715 meters from Q2 2023 due to timing as other work was prioritized during the quarter.

Processing

Björkdal processed 331,450 ore tonnes in Q2 2024, which represents an increase of 12% compared to 296,213 tonnes in Q2 2023. The main reason for the increase was the completion of the mill conversion to increase throughput for which commissioning was ongoing through Q1 2024. Minor improvements and consistency are still works in progress.

CONSOLIDATED FINANCIAL RESULTS

Quarterly Financial Review – Consolidated

($ thousands)	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
Revenue	**63,054**	55,511	50,588	40,907	**39,670**	42,179	41,381	46,048
Operating cost	**(25,162)**	(27,031)	(25,836)	(24,245)	**(29,236)**	(26,606)	(19,972)	(24,690)
Depreciation	**(10,746)**	(10,708)	(8,986)	(8,425)	**(7,762)**	(8,037)	(8,207)	(8,775)
Gross profit	**27,146**	17,772	15,766	8,237	**2,672**	7,536	13,202	12,583
General & administrative costs	**(2,030)**	(1,745)	(1,681)	(1,240)	**(1,544)**	(2,628)	(1,272)	(1,950)
Finance costs	**(833)**	(778)	(718)	(1,418)	**(5,377)**	(3,605)	(2,916)	(2,305)
(Loss) gain on financial instruments	**(945)**	(5,974)	(273)	438	**4,247**	36	(711)	4,935
Other non-operating (expense) income	**(772)**	544	(6,537)	(147)	**311**	473	(5,400)	1,354
Income tax (expenses) recovery	**(6,709)**	(3,931)	(3,842)	(1,802)	**215**	(1,258)	(1,860)	(5,342)
Net income (loss)	**15,857**	5,888	2,715	4,068	**524**	554	1,043	9,275
Cash flows from operating activities	**24,141**	29,475	14,854	4,404	**16,161**	7,875	20,928	7,494

Revenue

($ thousands, except where indicated)	Three months ended June 30,			Six months ended June 30,		
	2024	2023	Change	**2024**	2023	Change
Revenue	**63,054**	39,670	59%	**118,565**	81,849	45%
Gold ounces sold (oz)	**23,431**	17,200	36%	**46,618**	35,220	32%
Antimony tonnes sold (t)	**435**	496	(12%)	**761**	1,055	(28%)
Gold Sales Equivalent (oz)	**26,759**	20,229	32%	**52,036**	41,998	24%
Average realized gold price ($/oz)[1]	**$ 2,314**	$ 1,949	19%	**$ 2,257**	$ 1,946	16%
Average market gold price ($/oz)[1]	**$ 2,338**	$ 1,977	18%	**$ 2,206**	$ 1,932	14%
Average realized antimony price ($/oz)[1]	**$ 20,320**	$ 12,406	64%	**$ 17,537**	$ 12,627	39%
Average market antimony price ($/oz)[1]	**$ 17,885**	$ 12,072	48%	**$ 15,591**	$ 12,362	26%

[1] Average realized gold and average realized antimony price and average maket gold and average market antimony price are a non-GAAP financial performance measure with no standard definition under IFRS. For further information, refer to the non-GAAP Financial Performance Measures section of the MD&A.

Revenue for Q2 2024 increased 59% to $63.1 million, compared with $39.7 million in Q2 2023, due to an increase in ounces produced, which resulted in higher ounces of gold sold of 26,759 in Q2 2024 as compared to 20,229 ounces in Q2 2023, together with higher average realized prices: $2,314 per ounce for gold and $20,320 per tonne for antimony in Q2 2024 compared to $1,949 per ounce and $12,406 per tonne in Q2 2023. For Q2 2024, gold and antimony traded at an average market price of $2,338 per ounce and $17,885 per tonne, respectively, varying between $2,214 and $2,427 per ounce for gold and $13,400 and $22,700 per tonne for antimony, gold closed at $2,331 per ounce and antimony closed at 22,350 per tonne on June 30, 2024. The Company's average realized gold price is in line with the average market price whereas average realized antimony price is above the average market price for the quarter as the receivables relating to provisionally priced sales are revalued at each reporting date by using the current market price at the end of each reporting period which was notably higher at the end of the quarter.

Consolidated Production Costs

($ thousands)	Three months ended June 30, 2024	2023	Change	Six months ended June 30, 2024	2023	Change
Direct mining and processing cost						
Mining	**16,349**	15,390	6%	**32,186**	30,566	5%
Processing	**6,143**	4,372	41%	**12,292**	9,238	33%
G&A and others	**5,349**	5,057	6%	**10,100**	10,052	0%
Inventory movement	**(2,679)**	4,417	(161%)	**(2,385)**	5,986	(140%)
Cost of sales, excluding depletion and depreciation	**25,162**	29,236	(14%)	**52,193**	55,842	(7%)
Depreciation & Depletion	**10,746**	7,762	38%	**21,454**	15,799	36%
Total cost of operation	**35,908**	36,998	(3%)	**73,647**	71,641	3%

Total cost of sales, excluding depletion and depreciation expenses, decreased 14% from $29.2 million in Q2 2023 to $25.2 million in Q2 2024. The decrease came predominantly from a $2.7 million build-up of inventory during the current quarter as compared to a $4.4 million decrease in inventory during Q2 2023 resulting in a variance of $7.1 million partly offset by $2.8 million higher cash operating costs mainly due to higher personnel costs at Costerfield during Q2 2024 due to staffing issues stemming from recruitment challenges in Q2 2023, higher mining materials costs due to unplanned spending to reinforce production areas at Costerfield during the current quarter and higher processing costs at both sites during Q2 2024 compared to Q2 2023 due to higher throughput at Björkdal and higher costs for tailings and water management at Costerfield coupled with $0.4 million of increased royalty costs due to the increased production during Q2 2024 compared to Q2 2023. The depreciation and depletion cost increased mainly due to higher production and increased depletion rates per unit during the current quarter compared to Q2 2023.

General and Administration Expenses

General and administration (“G&A”) expenses exclude mine-site administrative costs that are charged directly to operations and include legal, accounting, costs to maintain offices and personnel both in Toronto, Canada and all Named Executive Officers, and other corporate costs associated with being a publicly traded Company.

($ thousands)	Three months ended June 30, 2024	2023	Change	Six months ended June 30, 2024	2023	Change
Salaries, short-term incentives, and other benefits	**775**	963	(19%)	**1,504**	2,901	(48%)
Legal and accounting	**391**	237	65%	**615**	491	25%
Administrative and office	**49**	123	(60%)	**353**	313	13%
Travel	**91**	128	(29%)	**258**	232	11%
Other	**724**	93	678%	**1,045**	235	345%
Total G&A expenses	**2,030**	1,544	31%	**3,775**	4,172	(10%)

During Q2 2024, total G&A expenses increased by 31% compared to Q2 2023 mainly due to a ramp-up in corporate business development (i.e.: investigative M&A due diligence) activities.

Finance Costs

($ thousands)	Three months ended June 30, 2024	2023	Change	Six months ended June 30, 2024	2023	Change
Loan Facility						
Interest on Revolver Credit Facility	**484**	448	8%	**975**	898	9%
Realized loss on gold derivative contracts under Syndicated Facility	**-**	4,610	(100%)	**-**	7,601	(100%)
Other						
Interest on other borrowings and other charges	**69**	63	10%	**115**	117	(2%)
Accretion of reclamation and site closure costs	**280**	256	9%	**521**	366	42%
Total finance cost	**833**	5,377	(85%)	**1,611**	8,982	(82%)

For Q2 2024, the finance costs decreased compared to Q2 2023 mainly due to due to $4.6 million in realized losses on gold derivative contracts in Q2 2023.

Non-Operating Expenses (Recoveries)

($ thousands)	Three months ended June 30,			Six months ended June 30,		
	2024	2023	Change	**2024**	2023	Change
Foreign exchange loss (gain)	**1,022**	(604)	NA	**324**	(1,108)	NA
Financial instruments loss (gain)	**945**	(4,247)	NA	**6,919**	(4,283)	NA
Interest and other income	**(736)**	(509)	45%	**(1,223)**	(810)	51%
Non-operating expenses (recoveries)	**1,231**	(5,360)	NA	**6,020**	(6,201)	NA

For Q2 2024 non-operating expenses increased to $1.2 million compared to a recovery of $5.4 million in Q2 2023, mainly due to the $0.9 million loss on financial instruments consisting principally of unrealized losses on the new foreign exchange and gold derivative contracts compared to $4.2 million gain on financial instruments consisting principally of old gold derivative contracts in Q2 2023. $0.4 million out of the total losses were realized during the quarter, please refer to the Contractual Obligations and Commitments section in this MD&A for more information.

Income Tax Expense

($ thousands)	Three months ended June 30,			Six months ended June 30,		
	2024	2023	Change	**2024**	2023	Change
Current income tax expense (recovery)	**7,481**	(618)	NA	**10,521**	2,312	355%
Deferred income tax (recovery) expense	**(772)**	403	NA	**119**	(1,269)	NA
Income tax expense (recovery)	**6,709**	(215)	NA	**10,640**	1,043	920%

For Q2 2024, total income tax expense increased to $6.7 million compared to a recovery of $0.2 million in Q2 2023, $4.9 million of the increase was at Costerfield and $2.0 million at Björkdal, due to increases of profit before tax at both sites in Q2 2024 compared to Q2 2023.

Non-Core Properties

Lupin

The Company spent less than $0.1 million on care and maintenance at Lupin during Q2 2024 and Q2 2023. Reclamation spending at Lupin was $0.5 million during Q2 2024 compared to less than $0.1 million in Q2 2023. Lupin is currently in the process of final closure and reclamation activities are to be partly funded by progressive security reductions. There will be increased reclamation spending over the balance of 2024 relative to 2023, but the majority of this reclamation work to achieve the majority of closure obligations is expected to take place in the 2025 calendar year. As at June 30, 2024, $8.4 million in restricted cash stands as a deposit against the present value of certain reclamation cost obligations.

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 Q2 2024, which was similar to the comparative period in 2023.

REVIEW OF FINANCIAL CONDITION

Outstanding Debt, Liquidity and Cash Flow

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 amount up to $35.0 million (the "Revolving Credit Facility"). The initial drawdown under the Revolving Credit Facility was used to repay the Company's previous syndicated facility with the HSBC Bank Canada and Macquarie Bank Limited (the "Prior Facility"), which had $32.6 million outstanding before repayment. The residual proceeds from the Revolving Credit Facility will be used for general corporate and working capital purposes.

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 $20.0 million with an expiry date of June 30, 2027.

($ thousands)	June 30, 2024	December 31, 2023
Cash and cash equivalents	**62,907**	26,855
Non-cash working capital		
Other current assets:		
Trade receivables and other assets	**22,740**	26,238
Inventory	**25,945**	22,715
Marketable securities	**983**	1,922
Prepaid expenses and advances	**1,771**	2,104
Current liabilities:		
Accounts payable and accrued liabilities	**(24,347)**	(21,727)
Borrowings	**(20,894)**	(631)
Lease liabilities	**(841)**	(1,221)
Current tax liability	**(461)**	-
Reclamation provisions	**(7,957)**	(4,238)
Other provision	**(3,543)**	(3,437)
Financial instruments	**(6,477)**	(651)
Working capital[1]	**49,826**	**47,929**

[1] This is a non-GAAP financial performance measure with no standard definition under IFRS.

The Company had cash and cash equivalents of $62.9 million as at June 30, 2024, as compared to $26.9 million on December 31, 2023.

As at June, 30, 2024, working capital was $49.8 million compared to $47.9 million on December 31, 2023. The 4% increase in working capital was mainly due to the increase in cash from operations offset by the increase in current liabilities mainly due to derivative liabilities and reclassification of the Revolving credit facility from non-current to current liabilities, as the outstanding principle was repaid with the full amount of $20 million in July 2024.

The use of funds during the three and six months ended June 30, 2024, is outlined as follows:

($ thousands)	Three months ended June 30, 2024	2023	Six months ended June 30, 2024	2023
Cash provided by operating activities before interest and income taxes	**28,428**	19,230	**60,494**	30,191
Net interest and bank charges received (paid)	**219**	49	**224**	(182)
Income taxes paid	**(4,506)**	(3,118)	**(7,102)**	(5,973)
Net cash provided by 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	**1,083**	44	**1,083**	121
Net cash (used in) investing activities	**(7,687)**	(12,761)	**(20,753)**	(21,308)
Financing activities				
Proceeds from borrowings	**192**	556	**5,158**	589
Repayments of borrowings	**(594)**	(160)	**(815)**	(270)
Lease payments	**(292)**	(451)	**(660)**	(950)
Payment of gold derivative contracts	**-**	(4,448)	**-**	(7,425)
Purchase of common shares for cancellation	**-**	(115)	**-**	(293)
Shares issued for cash	**18**	-	**36**	6
Net cash (used in) financing activities	**(676)**	(4,618)	**3,719**	(8,343)
Effect of exchange rate changes on cash balances	**17**	(228)	**(530)**	4
Net increase (decrease) in cash and cash equivalents	**15,795**	(1,446)	**36,052**	(5,611)

Net cash generated by operating activities was $24.1 million for Q2 2024, compared to $16.2 million in Q2 2023, mainly due to the increase in revenue.

Net cash flows used in investing activities decreased to $7.7 million in Q2 2024, compared to $12.8 million in Q2 2023. This decrease was mainly due to notable capital expenditures at Björkdal in Q2 2023, as mentioned in the sections above paired with the $1.1 million received from the sale of Aftermath Silver Limited shares in Q2 2024.

This led to a net increase in cash during Q2 2024 of $15.8 million compared to a net decrease of $1.4 million in Q2 2023.

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

For the three 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.

Contractual Obligations and Commitments

The Company's contractual obligations as of June 30, 2024, are summarized as follows:

($ thousands)	Less than 1 year	1 - 3 years	4 - 5 years	More than 5 years	Total
Financial Liabilities					
Revolving Credit Facility	20,000	-	-	-	**20,000**
Accounts payable and accrued liabilities	24,347	-	-	-	**24,347**
Equipment loan obligation	1,338	4,483	-	-	**5,821**
Lease liabilities	841	902	-	-	**1,743**
Reclamation provisions	8,439	14,781	7,725	6,356	**37,301**
Derivative liabilities	6,477	-	-	-	**6,477**
Total	**61,442**	**20,167**	**7,725**	**6,356**	**95,690**

Revolving Credit Facility and Financial Covenants

The initial drawdown under the Revolving Credit Facility was used to repay the Prior Facility which had $32.6 million outstanding before repayment. The residual proceeds from the Revolving Credit Facility will be used for general corporate and working capital purposes.

The Revolving Credit Facility has the following financial covenants:

- Interest Coverage Ratio of not less than 4.00:1.00 at all times;
- Total Net Leverage Ratio of not more than 3.50:1.00 at all times;
- Adjusted Tangible Net Worth of not less than $135,739,000 plus 50% of net income (cumulative) earned after the Closing Date, less any write-downs related to non-core assets (including La Quebrada and Lupin) and add/less any fair value loss/gain related to the gold derivative contracts

As at June 30, 2024, the Company was in compliance with all financial covenants under the Revolving Credit Facility.

The Revolving Credit Facility has a term of three years with no hedging requirements. The Company may cancel any unused portion of the Revolving Credit Facility without penalty at any time and may also repay any portion of the loan without penalty, subject to certain exceptions. The Company can repay the outstanding principal amount on or before maturity date. In connection with the Revolving Credit Facility, Scotiabank will hold security over the majority of the Company's material assets.

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.

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

Subsequent to the quarter end, on July 2, 2024, the Company fully repaid the Revolving Credit Facility´s outstanding principal amount of $20 million.

Foreign exchange derivative contracts

On December 20, 2023, Mandalay entered into foreign exchange derivative contracts with the Bank of Nova Scotia ("Scotia"). These consist of (i) AUD/USD contracts where Mandalay sells $3.4 million per month, buys AUD within a 0.6795 by 0.7000 costless collar and (ii) USD/SEK contracts where Mandalay sells $3.4 million 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 $1.4 million for the three months ended June 30, 2024. During the three months ended June 30, 2024, the Company incurred a realized loss of $0.7 million for settlement of expired Foreign exchange derivatives contracts. The fair value of these liabilities as at June 30, 2024, was $1.2 million.

Gold derivative 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 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 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 $2.4 million for the three months ended June 30, 2024. The fair value of these liabilities as at June 30, 2024, was $5.7 million.

Gold derivative 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 per ounce, covering 7,167 ounces of gold per month. The upfront cost paid in Q2 2024 of $0.7 million 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 $0.4 million for the three months ended June 30, 2024. The fair value of these receivables as at June 30, 2024 was $0.4 million.

NON-GAAP PERFORMANCE MEASURES

Non-GAAP performance measures are included in this MD&A because the Company believes these are useful indicators to discuss to understand the 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-GAAP 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 the Company's ability to meet short and long-term financial objectives.

Reconciliation of Cash Operating Costs and All-In Sustaining Costs per Ounce Produced

($ thousands, except where indicated)	Three months ended June 30,		Six months ended June 30,	
	2024	2023	**2024**	2023
Cost of sales, excluding depletion and depreciation	**25,162**	29,236	**52,193**	55,842
Administration expenses	**60**	(91)	**94**	(64)
Change in inventory	**2,679**	(4,417)	**2,384**	(5,987)
Royalty	**(960)**	(569)	**(1,812)**	(1,214)
Cash costs	**26,941**	24,159	**52,859**	48,577
Overhead expenses	**1,970**	1,559	**3,605**	4,159
Sustaining capital expenditures[1]	**6,014**	10,696	**11,946**	16,506
Less: Tailings dam cash expenditure	**(241)**	(2,082)	**(413)**	(3,602)
Add: Tailings dam amortisation	**1,511**	369	**2,909**	687
Reclamation - accretion	**280**	256	**521**	366
Royalty	**960**	569	**1,811**	1,214
All-in sustaining costs	**37,435**	35,526	**73,238**	67,908
Gold equivalent produced	**26,372**	20,850	**51,308**	40,836
Cash operating costs per ounce gold eq. produced[2]	**$ 1,022**	$ 1,159	**$ 1,030**	$ 1,190
All-in sustaining costs per ounce gold eq. produced[2]	**$ 1,419**	$ 1,704	**$ 1,427**	$ 1,663
Average realized gold price per ounce	**$ 2,314**	$ 1,949	**$ 2,257**	$ 1,946
Cash operating margin per ounce produced	**$ 1,292**	$ 790	**$ 1,227**	$ 756
All-in sustaining margin per ounce produced	**$ 895**	$ 245	**$ 830**	$ 283

[1]Capital expenditures are included in our calculation of all-in sustaining costs and all-in costs.

[2] Cash operating costs and all-in sustaining costs are non-GAAP financial performance measures with no standard definition under IFRS.

Site cash cost per ounce of gold equivalent produced – For all sites, the cash cost per ounce of gold equivalent equals the total cash operating cost associated with the production of equivalent ounces produced in the period divided by the equivalent gold ounces produced. The cash cost excludes royalty expenses.

Site all-in sustaining cost per ounce of gold equivalent produced — Site all-in sustaining costs include total cash operating costs, sustaining mining capital, royalty expense, accretion of reclamation provision and tailings dam amortization. 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 gold equivalent in a period equals the all-in sustaining cost divided by the equivalent gold ounces produced in the period.

Consolidated cash cost per ounce of gold equivalent produced — The corporate cash cost per 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 gold equivalent ounces produced in the period. The cash cost excludes royalty and corporate level general and administrative expenses.

Consolidated all-in sustaining cost per ounce of gold equivalent produced — The corporate all-in sustaining cost per 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 and tailings dam amortization, divided by the total gold equivalent ounces produced in the period.

Reconciliation of Sustaining Capital and Non-Sustaining Capital Expenditures

($ thousands)	**Three months ended June 30,**		**Six months ended June 30,**	
	2024	2023	**2024**	2023
Sustaining capital[1]				
Capital development	**3,133**	3,744	**6,668**	6,417
Infill exploration	**294**	925	**440**	1,299
Property, plant and equipment sustaining	**2,587**	6,027	**4,838**	8,790
Total sustaining capital[1]	**6,014**	10,696	**11,946**	16,506
Non-sustaining capital				
Property, plant and equipment non-sustaining[2]	**(223)**	805	**4,534**	1,134
Exploration cost	**3,000**	2,594	**5,457**	5,232
Total non-sustaining capital[1]	**2,777**	3,399	**9,991**	6,366
Total capital expenditures	**8,791**	14,095	**21,937**	22,872

[1] Sustaining and non-sustaining capital are non-GAAP financial measures with no standard definition under IFRS. Refer to the non-GAAP Financial Performance Measures section of the MD&A. Sustaining capital expenditures are included in the calculation of all-in sustaining costs.

[2] includes equipments purchased for reclamation activities at non-operating site.

Reconciliation of Free Cash Flow

($ thousands, except where indicated)	**Three months ended June 30,**		**Six months ended June 30,**	
	2024	2023	**2024**	2023
Cash generated from operating activities	**24,141**	16,161	**53,616**	24,036
Adjustments				
Expenditure against Asset Retirement Obligation	**500**	1	**605**	65
Sustaining capital expenditures[1]	**(5,993)**	(9,406)	**(11,925)**	(15,063)
Non-sustaining capital expenditures[1]	**(2,777)**	(3,399)	**(9,991)**	(6,366)
Lease payments	**(292)**	(451)	**(660)**	(950)
Free cash flow[2]	**15,579**	2,906	**31,645**	1,722
Ounces of gold equivalent sold[2]	**26,759**	20,229	**52,036**	41,998
Free cash flow per ounce sold[2]	**$ 582**	$ 144	**$ 608**	$ 41

[1] Further detail on the sustaining capital expenditures composition can be found on the reconciliation of sustaining capital and non-sustaining capital expenditures in the non-GAAP reconciliation.

[2] This is a non-GAAP financial performance measure with no standard definition under IFRS.

Free cash flow – The Company defines free cash flow as a measure of the Company'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.

Reconciliation of Net Income to Adjusted EBITDA, Adjusted EBIT and Adjusted Net Income

($ thousands, except where indicated)	Three months ended June 30,		Six months ended June 30,	
	2024	2023	**2024**	2023
Net Income	**15,857**	524	**21,745**	1,078
Special items				
Write down of assets	**-**	494	**290**	494
Loss/(Gain) on financial instrument	**945**	(4,247)	**6,919**	(4,283)
Adjusted Net Income/(loss) before special items[1]	**16,802**	(3,229)	**28,954**	(2,711)
Add/less: Non-cash and finance costs				
Depletion and depreciation	**10,746**	7,762	**21,454**	15,799
Gain on disposal of property, plant and equipment	**(4)**	(3)	**(44)**	(7)
Share based compensation	**490**	311	**881**	647
Interest and finance charges	**833**	5,377	**1,611**	8,982
Current tax expense (recovery)	**7,481**	(618)	**10,521**	2,312
Deferred tax (recovery) expense	**(772)**	403	**119**	(1,269)
Foreign exchange gain (loss)	**1,022**	(604)	**324**	(1,108)
Interest and other income	**(736)**	(509)	**(1,223)**	(810)
Adjusted EBITDA[1]	**35,862**	8,890	**62,597**	21,835
Depletion and depreciation	**10,746**	7,762	**21,454**	15,799
Adjusted EBIT[1]	**25,116**	1,128	**41,143**	6,036

[1] This is a non-GAAP financial performance measure with no standard definition under IFRS.

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.

Adjusted EBIT – The Company defines Adjusted EBIT as Adjusted EBITDA less depletion and depreciation

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.

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.

Other Non-GAAP Performance Measures

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.

Average realized gold per ounce sold and Average realized antimony per tonne sold – Average realized metal price per relevant unit sold is intended to assist investors and management in understanding and evaluating the revenue received per relevant unit in each reporting period.

Gold equivalent ounces – Gold equivalent ounces is calculated by multiplying the 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.

Net Debt/Cash – The Company defines net debt/cash as total cash less total debt as per the balance sheet as at reporting date. Total debt excludes any derivative liabilities held by the Company.

Working Capital – Working Capital is a common measure of near-term liquidity and is calculated by deducting current liabilities from current assets as reported in the Company's consolidated statement of financial position.

SOFR – The Secured Overnight Financing Rate is a benchmark interest rate for dollar-denominated derivatives and loans that replaced the London Interbank Offered Rate (LIBOR).

CAPITAL STRUCTURE

The capital structure of the Company as of June 30, 2024, is as follows:

All amounts in $ thousands, except number of common shares		As at June 30, 2024
Cash and cash equivalents		**62,907**
Less: Bank indebtedness	(19,556)	
Less: Equipment loan	(5,821)	
Less: Leasing Liabilities	(1,743)	
Total debt		**(27,120)**
Total net cash and cash equivalents balance[1]		**35,787**
Number of common shares outstanding		93,103,993

[1] Net cash and cash equivalents balance is a non-GAAP Performance Measure and is defined as total indebtedness excluding unamortized transaction costs and premiums or discounts associated with debt, less cash and cash equivalents. The Company reduces cash and cash equivalents balance by gross indebtedness on the basis to identify the net cash and cash equivalents balance.

OFF-BALANCE SHEET ITEMS

The Company does not have any off-balance sheet investment or debt arrangements.

RELATED PARTY TRANSACTIONS

The Company has not entered into any material transactions with related parties during current and comparative periods.

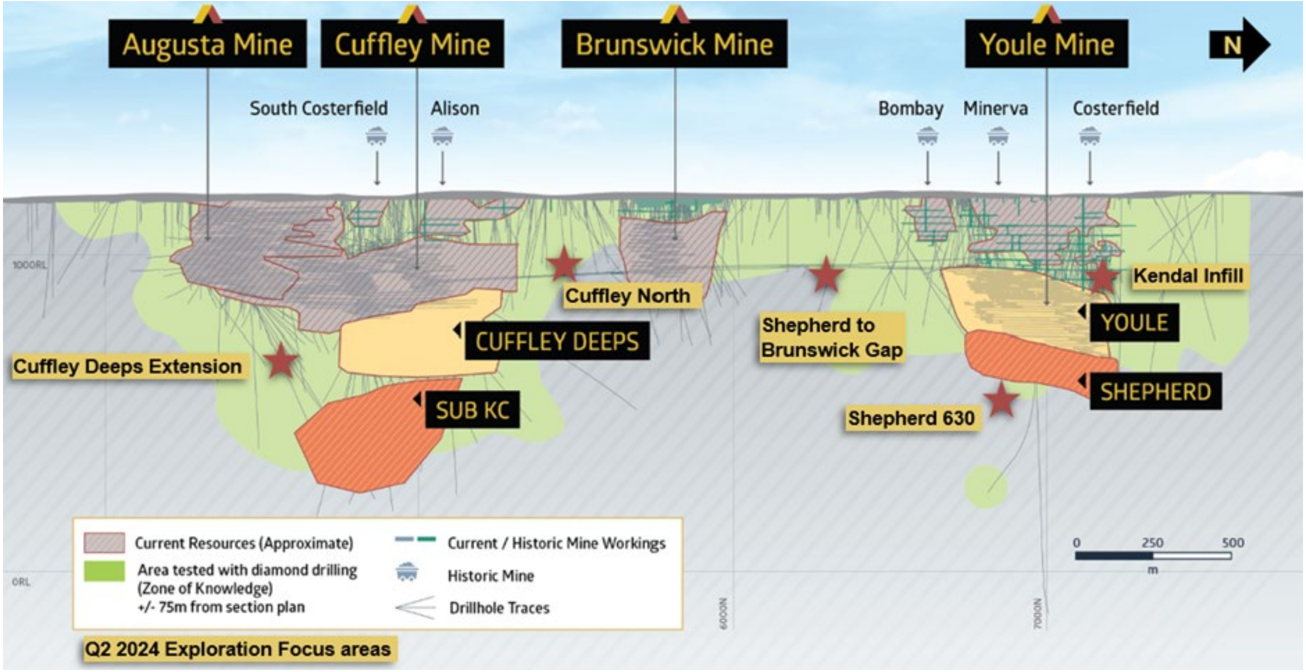
QUARTERLY EXPLORATION HIGHLIGHTS

Costerfield Gold-Antimony Mine

At Costerfield during Q2 2024 drilling was focused on building near mine resources and drill testing regional targets.

Close to the mine there were four areas of focus for the quarter. To the north of the field, drilling continued on the extension of Shepherd resources whilst another program commenced testing the Kendal veining in between Youle and the historic Costerfield Mine. Within the center of the field, a program commenced testing the gap between Shepherd and Brunswick where limited drilling existed before. To the south of the field drilling continued on the extension to the Cuffley system with testing to the north as well as testing of the southern depth extension.

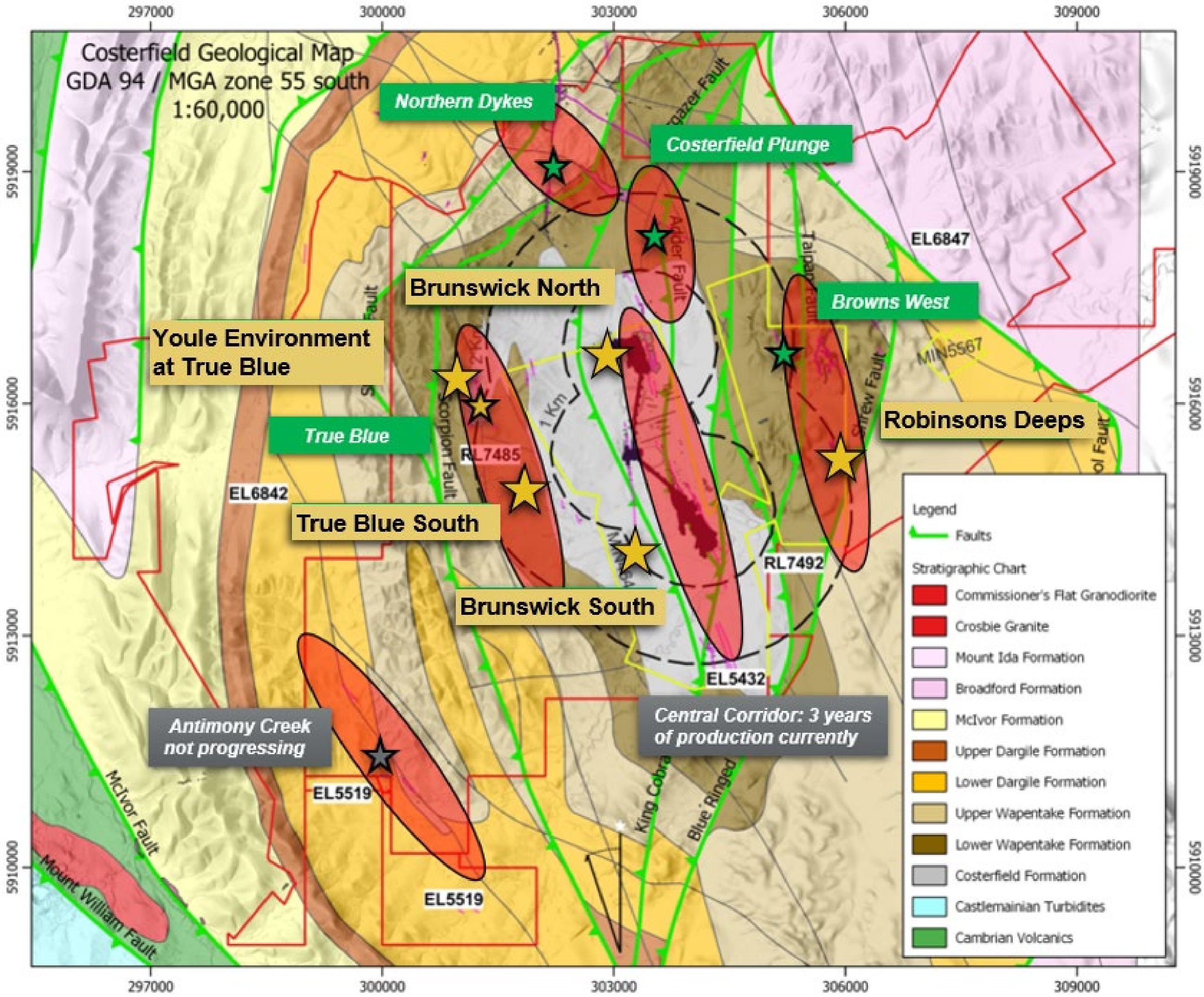
Costerfield district long section showing areas of exploration focus during 2024 Q2



Heading into Q3 2024 near mine exploration will continue to focus on the Cuffley Deeps and North programs whilst also completing the extensional drilling of Kendal. The gap drilling will be completed and a new program, following the northern depth continuation of the Brunswick deposit, will commence.

Further afield in regional programs, drilling was completed on the Brunswick Northern and Southern extension programs as well as the True Blue Southern testing program. Two deep holes were commenced during the quarter, one testing the depth environment under the True Blue Resource and the other under the historic Robinsons mine. Both deep holes are aimed at testing the typical Costerfield deposit setting at these locations. Also, within Q2 2024 an extensive soil sampling program was commenced covering large portions of tenements granted in 2023 to the east and west of Costerfield.

Costerfield region geological map showing areas of exploration focus during Q2 2024

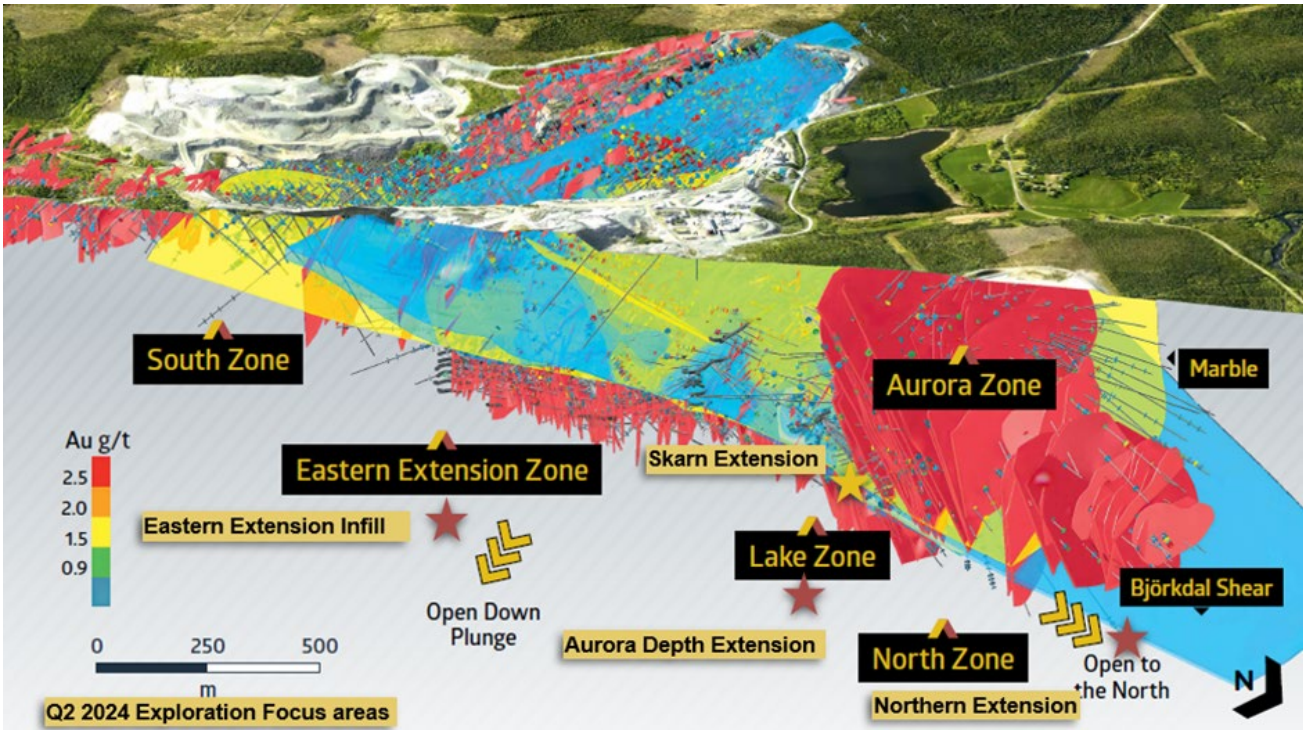


In Q3 2024 the main focus will be the to the north of the field where one deep hole will test for the northern repetition of the central system while another program will concentrate historically mined dykes also within the north of the field.

Björkdal Gold Mine

At Björkdal during Q2 2024 drilling was ongoing on the extension drilling of the, as yet still unbound, system with programs dedicated to the Northern Extension and the Aurora Depth Extension. The skarn drilling was completed during the quarter and an infill program targeting the Eastern Extension of the field was commenced.

Björkdal mine perspective view looking to the southwest showing areas of exploration focus during Q2 2024



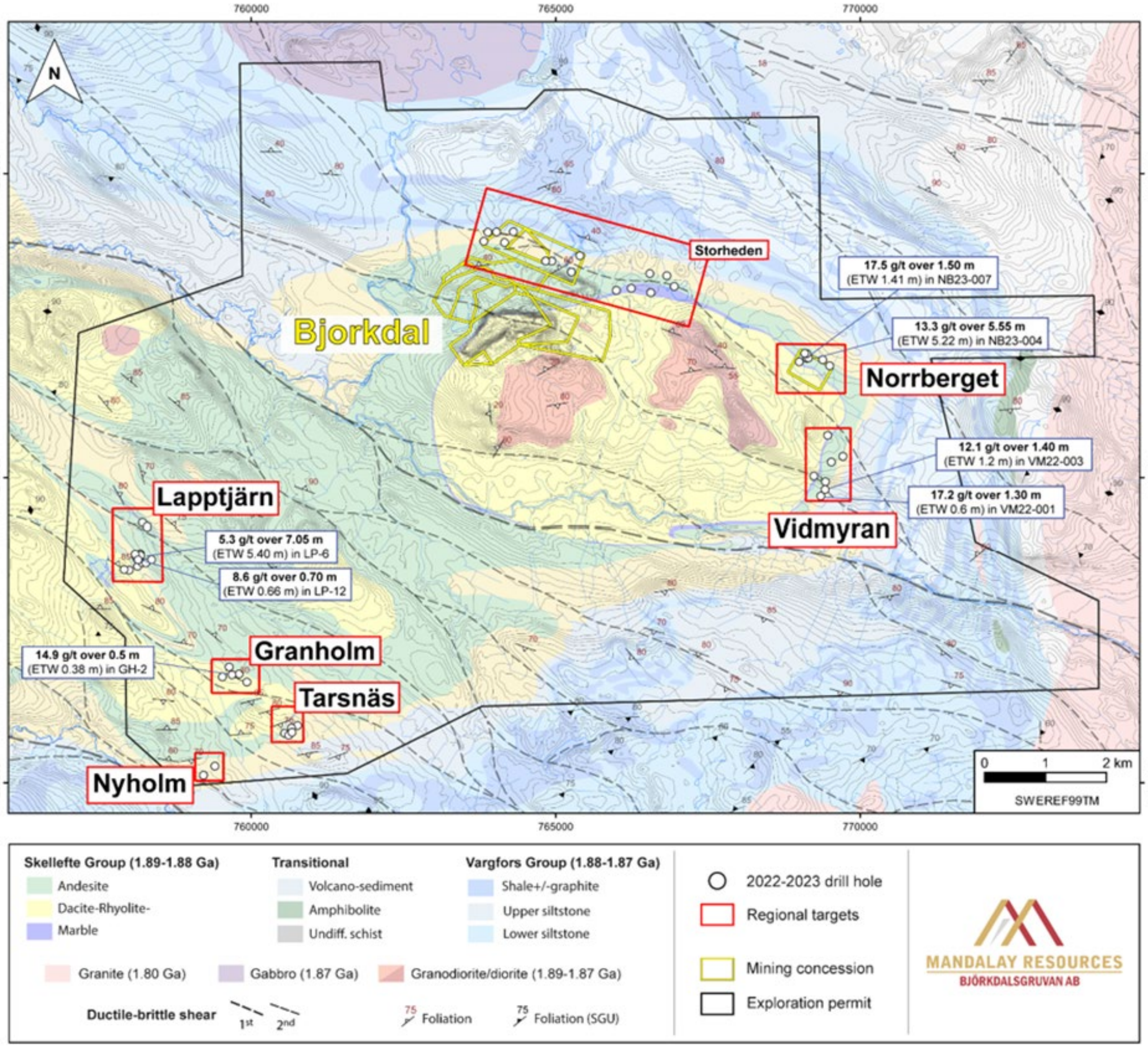
In Q3 2024, drilling will remain focused on the Northern Depth Extension and infill drilling of the Eastern Extension area as well as Aurora Depth Extension.

Surface drilling commenced at Björkdal at the end of Q2 2024 with the focus on depth testing the Storheden deposit. This program will continue though Q3 2024 with another program due to commence on the extension of the Norrberget Resource.

During Q2 2024, Mandalay disclosed the results of two 2023 drilling campaigns that focused on the extension of the Norrberget resource and a series of prospective targets to the southwest of Björkdal where gold and VMS style mineralization was expected. Both programs were successful in intercepting gold mineralization with grades comparable to those seen within the current active mine (see below map for location and highlight results). Standout intercepts from these programs were:

- **5.3 g/t gold over 7.05 m** (ETW 5.40m) at Lapptjärn within the SW tenements and;
- **13.3 g/t gold over 5.55 m** (ETW 5.22m) at Norrberget.

Geological map centered on Mandalay´s exploration tenement holdings highlighting the location of exploration drilling described in this release. Highlighted assays results are annotated.



QUALIFIED PERSON

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).

OUTSTANDING SHARE DATA

The following are the issued and outstanding common shares and numbers of shares issuable under share-based compensation and warrants:

	As at August 7, 2024
Issued and outstanding common shares	93,103,993
Stock options	2,959,938
Restricted share units	1,041,722
Performance stock units	524,465
Deferred share units	667,222
Total	**98,297,340**

FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Financial Instruments

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.

Financial Risk Management

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 June 30, 2024, the Company had no past overdue trade receivables of significance.

The Company is subject to interest rate risk on its cash and cash equivalents and believes that its results of operations, consolidated 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.

Currency	Average Rate Apr 1, 2024 June 30, 2024	Average Rate Apr 1, 2023 June 30, 2023	Average Rate Jan 1, 2024 June 30, 2024	Average Rate Jan 1, 2023 June 30, 2023
1A$ = C$	**0.9025**	0.8982	**0.8946**	0.9116
1 A$ = US$	**0.6594**	0.6681	**0.6585**	0.6759
1 US$ = C$	**1.3686**	1.3444	**1.3586**	1.3487
1 US$ = Chilean Peso	**934**	800	**940**	806
1 US$ = SEK	**10.7005**	10.5326	**10.5515**	10.4946

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

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.

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.

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.