



**Condensed consolidated interim financial statements**

**For the three and nine months ended**

**September 30, 2024 and 2023**

**(Unaudited)**

# Mandalay Resources Corporation

September 30, 2024

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# Mandalay Resources Corporation

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

Three and nine months ended September 30, 2024 and 2023

(Expressed in U.S. dollars)

(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Revenue (Note 7)	55,289	40,907	173,854	122,756
Cost of operations				
Cost of sales, excluding depletion and depreciation	25,911	24,245	78,104	80,087
Depletion and depreciation	9,063	8,425	30,517	24,224
	34,974	32,670	108,621	104,311
<b>Income from mining operations</b>	<b>20,315</b>	<b>8,237</b>	<b>65,233</b>	<b>18,445</b>
Expenses				
Administration	2,135	1,240	5,910	5,412
Share-based compensation (Note 6(a))	520	414	1,401	1,061
Loss (gain) on disposal of property, plant and equipment	1	(125)	(43)	(132)
Write-off of assets	-	24	290	518
	2,656	1,553	7,558	6,859
<b>Income from operations</b>	<b>17,659</b>	<b>6,684</b>	<b>57,675</b>	<b>11,586</b>
Other expense (income)				
Finance costs (Note 9)	716	1,418	2,327	10,400
Loss (gain) on financial instruments (Note 8)	5,205	(438)	12,124	(4,721)
Interest and other income	(732)	(367)	(1,955)	(1,177)
Foreign exchange loss (gain)	1,897	201	2,221	(907)
	7,086	814	14,717	3,595
<b>Income before income taxes</b>	<b>10,573</b>	<b>5,870</b>	<b>42,958</b>	<b>7,991</b>
Income tax expense (recovery)				
Current	4,089	(808)	14,610	1,504
Deferred	1,132	2,610	1,251	1,341
Income tax expense	5,221	1,802	15,861	2,845
<b>Net income for the period</b>	<b>5,352</b>	<b>4,068</b>	<b>27,097</b>	<b>5,146</b>
Other comprehensive loss (gain), net of tax				
Item that may subsequently be reclassified to net income				
Foreign currency translation	7,784	(2,863)	2,253	(8,137)
<b>Comprehensive income (loss) for the period</b>	<b>13,136</b>	<b>1,205</b>	<b>29,350</b>	<b>(2,991)</b>
<b>Net income per share</b>				
Basic	0.06	0.04	0.29	0.06
Diluted	0.06	0.04	0.28	0.05
<b>Weighted average number of common shares outstanding (Note 10)</b>				
Basic ('000)	93,178	92,884	93,064	92,784
Diluted ('000)	95,943	94,962	95,695	94,979

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)

	September 30, 2024	December 31, 2023
	(\$'000)	(\$'000)
<b>Assets</b>		
Current assets		
Cash and cash equivalents	54,729	26,855
Trade receivables and other assets	21,865	26,238
Marketable securities (Note 8(c))	1,019	1,922
Inventories	28,020	22,715
Prepaid expenses	1,861	2,104
	107,494	79,834
Non-current assets		
Reclamation and other deposits	19,668	19,815
Trade receivables and other assets	371	369
Property, plant and equipment, net	196,195	195,230
	216,234	215,414
	323,728	295,248
<b>Liabilities</b>		
Current liabilities		
Trade and other payables	20,584	21,727
Borrowings (Note 4)	1,995	631
Lease liabilities	777	1,221
Reclamation and site closure costs provision (Note 5)	11,955	4,238
Other provisions	3,716	3,437
Financial instruments (Note 8)	8,363	651
Income taxes payable	6,229	-
	53,619	31,905
Non-current liabilities		
Borrowings (Note 4)	4,056	20,417
Lease liabilities	760	1,327
Reclamation and site closure costs provision (Note 5)	21,379	31,279
Other provisions	359	227
Deferred tax liability	14,674	13,161
Financial instruments (Note 8)	1,395	-
	42,623	66,411
	96,242	98,316
<b>Equity</b>		
Share capital (Note 6)	232,622	231,485
Share option reserve (Note 6)	5,058	5,270
Foreign currency translation reserve	(52,220)	(54,473)
Retained earnings	42,026	14,650
	227,486	196,932
	323,728	295,248

Approved by the Board of Directors and authorized for issuance on November 6, 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

### Nine months ended September 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)
<b>Balance, December 31, 2023</b>	<b>92,884</b>	<b>231,485</b>	<b>5,270</b>	<b>(54,473)</b>	<b>14,650</b>	<b>196,932</b>
Net income for the period	-	-	-	-	27,097	27,097
Other comprehensive income for the period	-	-	-	2,253	-	2,253
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,253</b>	<b>27,097</b>	<b>29,350</b>
Stock options exercised (Note 6(b))	859	814	(720)	-	-	94
Share-based compensation (Note 6(a))	-	-	1,241	-	-	1,241
Redemption of RSUs, PSUs and DSUs (Notes 6(c), (d) and (e))	319	454	(454)	-	-	-
Reclassified for expired and cancelled options	-	-	(279)	-	279	-
Share repurchase commitment under normal course issuer bid (Note 6(f))	(63)	(131)	-	-	-	(131)
<b>Balance, September 30, 2024</b>	<b>93,999</b>	<b>232,622</b>	<b>5,058</b>	<b>(52,220)</b>	<b>42,026</b>	<b>227,486</b>

	Number of shares issued	Share capital	Share option reserve	Foreign currency translation reserve	Retained earnings	Total equity
	('000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Balance, December 31, 2022</b>	<b>92,457</b>	<b>231,166</b>	<b>4,621</b>	<b>(58,362)</b>	<b>6,729</b>	<b>184,154</b>
Net income for the period	-	-	-	-	5,146	5,146
Other comprehensive loss for the period	-	-	-	(8,137)	-	(8,137)
<b>Total comprehensive income (loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8,137)</b>	<b>5,146</b>	<b>(2,991)</b>
Stock options exercised (Note 6(b))	13	11	(5)	-	-	6
Share-based compensation (Note 6(a))	-	-	970	-	-	970
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)	(354)	-	-	60	(294)
<b>Balance, September 30, 2023</b>	<b>92,884</b>	<b>231,485</b>	<b>4,924</b>	<b>(66,499)</b>	<b>11,935</b>	<b>181,845</b>

See accompanying notes to the condensed consolidated interim financial statement

# Mandalay Resources Corporation

## Condensed consolidated interim statements of cash flows Three and nine months ended September 30, 2024 and 2023

(Expressed in U.S. dollars)

(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Operating activities</b>				
Net income for the period	5,352	4,068	27,097	5,146
Adjustments and non-cash items				
Depletion and depreciation	9,063	8,425	30,517	24,224
Share-based compensation (Note 6(a))	520	414	1,401	1,061
Loss (gain) on disposal of property, plant and equipment	1	(125)	(43)	(132)
Finance costs (Note 9)	716	1,418	2,327	10,400
Loss (gain) on financial instruments (Note 8)	5,205	(438)	12,124	(4,721)
Interest and other income	(732)	(367)	(1,955)	(1,177)
Unrealized foreign exchange loss (gain)	1,358	276	1,209	(939)
Income tax expense	5,221	1,802	15,861	2,845
Write-off of assets	-	24	290	518
Changes in non-cash operating working capital items				
Trade receivables and other assets	1,761	(11,856)	4,650	(11,527)
Inventories	(1,795)	2	(5,207)	5,639
Prepaid expenses	(364)	(1,059)	(95)	(1,035)
Trade and other payables	(5,169)	7,106	(5,093)	9,804
Other provisions	36	79	328	(83)
<b>Cash generated from operations</b>	<b>21,173</b>	<b>9,769</b>	<b>83,411</b>	<b>40,023</b>
Interest and other income received	732	367	1,955	1,177
Interest and bank charges paid	(101)	(503)	(1,100)	(1,496)
Income tax refund (paid)	1,563	(5,108)	(5,539)	(11,081)
Reclamation expenditures (Note 5)	(1,578)	(121)	(2,183)	(186)
Payment of derivative contracts	(1,189)	-	(2,328)	-
<b>Net cash flows from operating activities</b>	<b>20,600</b>	<b>4,404</b>	<b>74,216</b>	<b>28,437</b>
<b>Investing activities</b>				
Expenditures on property, plant and equipment	(9,004)	(10,018)	(30,919)	(32,227)
Proceeds from sale of assets	-	222	-	222
Decrease (increase) from reclamation deposits	-	(3,533)	79	(3,533)
Proceeds from sale of marketable securities (Note 8(c))	-	132	1,083	253
<b>Net cash flows used in investing activities</b>	<b>(9,004)</b>	<b>(13,197)</b>	<b>(29,757)</b>	<b>(35,285)</b>
<b>Financing activities</b>				
Proceeds from borrowings (Note 4)	642	281	5,800	1,651
Repayments of borrowings (Note 4)	(20,589)	(60)	(21,404)	(330)
Lease payments	(285)	(658)	(945)	(1,608)
Payment of gold derivative contracts under Syndicated Facility	-	(1,351)	-	(8,776)
Purchase of common shares for cancellation	(131)	-	(131)	(293)
Shares issued for cash	58	-	94	6
<b>Net cash flows used in financing activities</b>	<b>(20,305)</b>	<b>(1,788)</b>	<b>(16,586)</b>	<b>(9,350)</b>
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	531	(439)	1	(433)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(8,178)</b>	<b>(11,020)</b>	<b>27,874</b>	<b>(16,631)</b>
<b>Cash and cash equivalents, beginning of the period</b>	<b>62,907</b>	<b>32,766</b>	<b>26,855</b>	<b>38,377</b>
<b>Cash and cash equivalents, end of the period</b>	<b>54,729</b>	<b>21,746</b>	<b>54,729</b>	<b>21,746</b>
Cash and cash equivalents consist of				
Cash	54,729	21,746	54,729	21,746
	54,729	21,746	54,729	21,746

See accompanying notes to the condensed consolidated interim financial statements

# Mandalay Resources Corporation

Notes to the condensed consolidated interim financial statements

as at September 30, 2024 and December 31, 2023

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

(Unaudited)

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## 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 1066 West Hastings Street, 2600, Vancouver, British Columbia, V6E 3X1, Canada.

## 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 September 30, 2024 and December 31, 2023

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

(Unaudited)

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### 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 April 9, 2024, the IASB published IFRS 18 Presentation and Disclosure in Financial Statements. IFRS 18 replaces the previous standard, IAS 1 and aims to improve the presentation of financial information and make financial statements more transparent and easier to compare. The new standard is effective on January 1, 2027 and the Company will assess the impact of this change to the accounting pronouncements. The Company does not intend to early adopt this standard.

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 September 30, 2024 and December 31, 2023

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

(Unaudited)

### 4. Borrowings

	September 30, 2024	December 31, 2023
	(\$'000)	(\$'000)
Revolving Credit Facility	-	19,605
Equipment Facilities	6,051	1,443
	6,051	21,048
Less: current portion of total borrowings	1,995	631
Non-current portion of total borrowings	4,056	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 September 30, 2024, the Company was in compliance with all financial covenants under the Revolving Credit Facility.

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.

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

As at September 30, 2024, the undrawn amount under this facility was \$35,000,000.

#### *Equipment Facilities*

As at September 30, 2024, the Company's Björkdal mine in Sweden had a balance of \$2,280,000 (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 September 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 September 30, 2024 was \$3,773,000.

## Mandalay Resources Corporation

Notes to the condensed consolidated interim financial statements  
as at September 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 September 30, 2024.

There were other derivative contracts in place at September 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)
<b>Balance at December 31, 2023</b>	<b>35,517</b>
Expenditure for reclamation	(2,715)
Change in estimated future cash outflows	762
Accretion	657
Foreign exchange	(887)
<b>Balance at September 30, 2024</b>	<b>33,334</b>
Less: current portion	11,955
<b>Total non-current portion</b>	<b>21,379</b>

During the three and nine months ended September 30, 2024, the Company has incurred reclamation expenditures of \$1,691,000 (2023 – \$122,000) and \$2,715,000 (2023 – \$141,000) respectively, on reclamation work at the Lupin site in Canada.

### 6. Share capital

As at September 30, 2024, the Company had an unlimited number of authorized common shares without par value and 93,999,090 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 September 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 September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Share-based compensation on options	139	116	450	324
Change in fair value for cash election option	93	36	73	18
Share unit amortization	288	262	878	719
	520	414	1,401	1,061

#### (b) Stock options

The number of options outstanding as at September 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
<b>Balance, December 31, 2023</b>	<b>2,264,819</b>	<b>1.90</b>
Granted	1,099,452	1.47
Exercised	(1,286,593)	1.21
Cancelled	(184,333)	2.47
Expired	(140,000)	6.00
<b>Balance, September 30, 2024</b>	<b>1,753,345</b>	<b>1.75</b>

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

## Mandalay Resources Corporation

Notes to the condensed consolidated interim financial statements  
as at September 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	Number of options exercisable	Weighted average exercise price
			C\$		C\$
12,000	April 2, 2018	0.75	2.00	12,000	2.00
20,000	April 8, 2019	1.75	1.10	20,000	1.10
100,000	March 20, 2020	2.75	0.61	100,000	0.61
85,367	February 25, 2021	3.75	2.14	85,367	2.14
184,292	February 25, 2022	4.75	2.65	122,861	2.65
164,191	February 23, 2023	5.75	2.63	54,730	2.63
88,043	May 12, 2023	5.75	2.43	29,348	2.43
1,099,452	February 26, 2024	6.75	1.47	-	-
<b>1,753,345</b>		<b>5.92</b>	<b>1.75</b>	<b>424,306</b>	<b>1.96</b>

#### (c) Restricted stock units ("RSUs")

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

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

For the three and nine months ended September 30, 2024, the Company recorded \$172,000 (2023 – \$68,000) and \$465,000 (2023 – \$184,000) respectively, as a share-based compensation expense relating to RSUs.

## Mandalay Resources Corporation

Notes to the condensed consolidated interim financial statements  
as at September 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 September 30, 2024 is as follows:

	Number of PSU awards
Balance, December 31, 2022	434,039
Granted	532,503
Redeemed	(177,574)
<b>Balance, December 31, 2023</b>	<b>788,968</b>
Redeemed	(241,192)
Cancelled	(23,311)
<b>Balance, September 30, 2024</b>	<b>524,465</b>

For the three and nine months ended September 30, 2024, the Company recorded \$46,000 (2023 – \$128,000) and \$207,000 (2023 – \$354,000) respectively, as a share-based compensation expense relating to PSUs. While 241,192 PSUs (nine months ended September 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 were not satisfied.

#### (e) Deferred stock units ("DSUs")

The number of DSUs outstanding as at September 30, 2024 is as follows:

	Number of DSU awards
Balance, December 31, 2022	262,828
Granted	159,999
<b>Balance, December 31, 2023</b>	<b>422,827</b>
Granted	244,398
Redeemed	(178,523)
<b>Balance, September 30, 2024</b>	<b>488,702</b>

For the three and nine months September 30, 2024, the Company recorded \$70,000 (2023 – \$66,000) and \$206,000 (2023 – \$181,000) 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 September 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)

The following table summarizes the NCIB transactions during the three and nine months ended September 30, 2024. 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.

	Number of shares repurchased		Average price of repurchase	Cost of repurchase
			C\$	C\$
Three months ended September 30, 2024				
2024 NCIB	62,700		2.85	178,920
	62,700			178,920
Nine months ended September 30, 2024				
2024 NCIB	62,700		2.85	178,920
	62,700			178,920
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 September 30, 2023				
2023 NCIB	-		-	-
	-			-
Nine months ended September 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

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(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 September 30	Costerfield		Björkdal		Total	
	2024	2023	2024	2023	2024	2023
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Primary geographical markets</b>						
Australia	27,418	19,136	-	-	27,418	19,136
Sweden	-	-	25,850	21,681	25,850	21,681
<b>Revenue from contracts with customers</b>	<b>27,418</b>	<b>19,136</b>	<b>25,850</b>	<b>21,681</b>	<b>53,268</b>	<b>40,817</b>
Provisional pricing adjustments	(116)	(62)	2,137	152	2,021	90
<b>Total revenue from mining operations</b>	<b>27,302</b>	<b>19,074</b>	<b>27,987</b>	<b>21,833</b>	<b>55,289</b>	<b>40,907</b>
<b>Commodities</b>						
Gold	20,832	14,280	25,850	21,681	46,682	35,961
Antimony	6,586	4,856	-	-	6,586	4,856
<b>Revenue from contracts with customers</b>	<b>27,418</b>	<b>19,136</b>	<b>25,850</b>	<b>21,681</b>	<b>53,268</b>	<b>40,817</b>
Provisional pricing adjustments	(116)	(62)	2,137	152	2,021	90
<b>Total revenue from mining operations</b>	<b>27,302</b>	<b>19,074</b>	<b>27,987</b>	<b>21,833</b>	<b>55,289</b>	<b>40,907</b>

Nine months ended September 30	Costerfield		Björkdal		Total	
	2024	2023	2024	2023	2024	2023
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Primary geographical markets</b>						
Australia	90,555	62,407	-	-	90,555	62,407
Sweden	-	-	73,805	57,710	73,805	57,710
<b>Revenue from contracts with customers</b>	<b>90,555</b>	<b>62,407</b>	<b>73,805</b>	<b>57,710</b>	<b>164,360</b>	<b>120,117</b>
Provisional pricing adjustments	1,639	487	7,855	2,152	9,494	2,639
<b>Total revenue from mining operations</b>	<b>92,194</b>	<b>62,894</b>	<b>81,660</b>	<b>59,862</b>	<b>173,854</b>	<b>122,756</b>
<b>Commodities</b>						
Gold	72,389	44,719	73,805	57,710	146,194	102,429
Antimony	18,166	17,688	-	-	18,166	17,688
<b>Revenue from contracts with customers</b>	<b>90,555</b>	<b>62,407</b>	<b>73,805</b>	<b>57,710</b>	<b>164,360</b>	<b>120,117</b>
Provisional pricing adjustments	1,639	487	7,855	2,152	9,494	2,639
<b>Total revenue from mining operations</b>	<b>92,194</b>	<b>62,894</b>	<b>81,660</b>	<b>59,862</b>	<b>173,854</b>	<b>122,756</b>

## Mandalay Resources Corporation

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

(Unaudited)

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### 8. Financial instruments

The Company has recognized a net change in liabilities related to financial instruments of \$5,205,000 (2023 – \$438,000) and \$12,124,000 (2023 – \$4,721,000) respectively, for the three and nine months ended September 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 \$1,090,000 and \$588,000 respectively, for the three and nine months ended September 30, 2024. The fair value of these liabilities as at September 30, 2024 was \$63,000 (December 31, 2023 – \$651,000).

During the three and nine months ended September 30, 2024, the Company incurred a realized loss of \$310,000 and \$1,503,000 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 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 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 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 \$3,944,000 and \$9,709,000 for the three and nine months ended September 30, 2024. The fair value of these liabilities as at September 30, 2024 was \$9,692,000 (December 31, 2023 – \$nil).

During the three and nine months ended September 30, 2024, the Company incurred a realized loss of \$1,624,000 and \$1,726,000 respectively, for settlement of expired gold derivatives contracts.



## Mandalay Resources Corporation

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### 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 Q3 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 loss of \$439,000 and \$nil for the three and nine months ended September 30, 2024. The fair value as at September 30, 2024 was \$nil (December 31, 2023 – \$nil).

#### (c) *Marketable securities – assets*

#### Aftermath shares

During the second quarter, 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 nine months ended September 30, 2023 – 646,100 and 1,424,148 shares respectively). The Company recorded a realized gain of \$189,000 for the nine months ended September 30, 2024. As at September 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 September 30, 2024 was \$1,019,000 (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 \$22,000 (2023 – loss of \$9,000) and \$36,000 (2023 – loss of \$633,000) respectively, for the three and nine months ended September 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 September 30, 2024. The Company recorded an unrealized fair value gain of \$693,000 and \$5,730,000 respectively, for the three and nine months ended September 30, 2023.

### 9. Finance costs

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

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2024	2023	2024	2023
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Loan Facility</b>				
Interest on Revolver Credit Facility	598	489	1,573	1,387
Realised loss on gold derivative contracts under Syndicated Facility	-	690	-	8,291
<b>Other</b>				
Interest on other borrowings and other charges	(18)	51	97	169
Accretion of reclamation and site closure costs	136	188	657	553
	716	1,418	2,327	10,400

## Mandalay Resources Corporation

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(Unaudited)

### 10. Net income per share

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

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
	(\$'000)	(\$'000)	('000)	('000)
<b>Net income for the period</b>	<b>5,352</b>	<b>4,068</b>	<b>27,097</b>	<b>5,146</b>
Basic weighted average number of shares outstanding	93,178	92,884	93,064	92,784
Effect of dilutive securities:				
Stock options	710	584	576	701
RSU	1,042	282	1,042	282
PSU	524	789	524	789
DSU	489	423	489	423
<b>Diluted weighted average number of shares outstanding</b>	<b>95,943</b>	<b>94,962</b>	<b>95,695</b>	<b>94,979</b>

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 September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
	('000)	('000)	('000)	('000)
<b>Anti-dilutive securities</b>				
Stock options	-	1,270	348	776

# Mandalay Resources Corporation

Notes to the condensed consolidated interim financial statements

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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 September 30, 2024					
	Australia	Sweden	Chile	Canada	Total
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Revenue	27,302	27,987	-	-	55,289
Cost of sales, excluding depletion and depreciation	(9,740)	(16,171)	-	-	(25,911)
Depletion and depreciation	(3,313)	(5,750)	-	-	(9,063)
Income from mining operations	14,249	6,066	-	-	20,315
Other operating expenses	(839)	(819)	(39)	(959)	(2,656)
Other income (expenses), except for fair value adjustment	(832)	556	(181)	(1,424)	(1,881)
Loss on financial instruments	-	-	-	(5,205)	(5,205)
Income (loss) before income taxes	12,578	5,803	(220)	(7,588)	10,573
Current tax expense	(2,818)	(1,271)	-	-	(4,089)
Deferred tax recovery (expense)	(1,270)	138	-	-	(1,132)
<b>Net income (loss) for the period</b>	<b>8,490</b>	<b>4,670</b>	<b>(220)</b>	<b>(7,588)</b>	<b>5,352</b>
Cash expenditure for property, plant and equipment	3,705	5,299	-	-	9,004
Total non-current assets as at September 30, 2024	71,667	120,886	11,070	12,611	216,234
Total assets as at September 30, 2024	136,536	159,692	11,153	16,347	323,728
Total liabilities as at September 30, 2024	31,765	26,035	-	38,442	96,242
Three Months ended on September 30, 2023					
	Australia	Sweden	Chile	Canada	Total
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Revenue	19,074	21,833	-	-	40,907
Cost of sales, excluding depletion and depreciation	(11,399)	(12,846)	-	-	(24,245)
Depletion and depreciation	(2,937)	(5,488)	-	-	(8,425)
Income from mining operations	4,738	3,499	-	-	8,237
Other operating expenses	(522)	(527)	(41)	(439)	(1,529)
Write-off of assets	(24)	-	-	-	(24)
Other expenses, except for fair value adjustment	(35)	(414)	(167)	(636)	(1,252)
Gain (loss) on financial instruments	689	-	-	(251)	438
Income (loss) before income taxes	4,846	2,558	(208)	(1,326)	5,870
Current tax recovery	808	-	-	-	808
Deferred tax expense	(2,190)	(420)	-	-	(2,610)
<b>Net income (loss) for the period</b>	<b>3,464</b>	<b>2,138</b>	<b>(208)</b>	<b>(1,326)</b>	<b>4,068</b>
Cash expenditure for property, plant and equipment	3,935	6,083	-	-	10,018
Total non-current assets as at September 30, 2023	66,699	117,030	11,010	8,446	203,185
Total assets as at September 30, 2023	104,654	143,478	11,084	14,332	273,548
Total liabilities as at September 30, 2023	26,905	23,634	2	41,128	91,669

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(Unaudited)

## 11. Segmented information (continued)

Nine months ended September 30, 2024					
	Australia	Sweden	Chile	Canada	Total
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Revenue	92,194	81,660	-	-	173,854
Cost of sales, excluding depletion and depreciation	(32,373)	(45,731)	-	-	(78,104)
Depletion and depreciation	(12,192)	(18,325)	-	-	(30,517)
Income from mining operations	47,629	17,604	-	-	65,233
Other operating expenses	(2,824)	(2,437)	(38)	(1,969)	(7,268)
Write-off of assets	(290)	-	-	-	(290)
Other income (expenses), except for fair value adjustment	(188)	(3,787)	(531)	1,913	(2,593)
Loss on financial instruments	-	-	-	(12,124)	(12,124)
Income (loss) before income taxes	44,327	11,380	(569)	(12,180)	42,958
Current tax expense	(12,624)	(1,986)	-	-	(14,610)
Deferred tax recovery (expense)	(951)	(300)	-	-	(1,251)
<b>Net income (loss) for the period</b>	<b>30,752</b>	<b>9,094</b>	<b>(569)</b>	<b>(12,180)</b>	<b>27,097</b>
Cash expenditure for property, plant and equipment	11,955	14,384	56	4,524	30,919
Total non-current assets as at September 30, 2024	71,667	120,886	11,070	12,611	216,234
Total assets as at September 30, 2024	136,536	159,692	11,153	16,347	323,728
Total liabilities as at September 30, 2024	31,765	26,035	-	38,442	96,242

Nine months ended September 30, 2023					
	Australia	Sweden	Chile	Canada	Total
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Revenue	62,894	59,862	-	-	122,756
Cost of sales, excluding depletion and depreciation	(38,633)	(41,454)	-	-	(80,087)
Depletion and depreciation	(9,211)	(15,013)	-	-	(24,224)
Income from mining operations	15,050	3,395	-	-	18,445
Other operating expenses	(2,709)	(2,384)	(127)	(1,121)	(6,341)
Write-off of assets	(518)	-	-	-	(518)
Other income (expenses), except for fair value adjustment	(2,610)	(8,245)	(473)	3,012	(8,316)
Gain (loss) on financial instruments	2,923	2,803	-	(1,005)	4,721
Income (loss) before income taxes	12,136	(4,431)	(600)	886	7,991
Current tax expense	(1,504)	-	-	-	(1,504)
Deferred tax recovery (expense)	(2,281)	940	-	-	(1,341)
<b>Net income (loss) for the period</b>	<b>8,351</b>	<b>(3,491)</b>	<b>(600)</b>	<b>886</b>	<b>5,146</b>
Cash expenditure for property, plant and equipment	11,499	20,662	66	-	32,227
Total non-current assets as at September 30, 2023	66,699	117,030	11,010	8,446	203,185
Total assets as at September 30, 2023	104,654	143,478	11,084	14,332	273,548
Total liabilities as at September 30, 2023	26,905	23,634	2	41,128	91,669

## Mandalay Resources Corporation

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### 11. Segmented information (continued)

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

Revenue from these customers is summarized as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Costerfield (gold and antimony)				
Customer 1	6,829	4,963	18,413	16,272
Customer 2	16,120	10,479	54,336	30,203
	22,949	15,442	72,749	46,475
Björkdal (gold)				
Customer 3	22,072	17,265	65,047	47,369
Customer 4	5,915	4,568	16,613	12,493
	27,987	21,833	81,660	59,862
	50,936	37,275	154,409	106,337

### 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.

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

## Mandalay Resources Corporation

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(Unaudited)

### 12. Fair value measurement (continued)

As at September 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.

### 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	20,584	-	-	-	20,584	21,727
Borrowings	1,995	4,056	-	-	6,052	21,048
Lease liabilities	777	760	-	-	1,537	2,548
Reclamation and site closure costs provision	12,362	9,627	7,103	6,640	35,731	38,424
Financial instruments	8,363	1,395	-	-	9,758	651
	44,081	15,839	7,103	6,640	73,662	84,397

### 14. Subsequent events

On October 17, 2024, the Company entered into FX derivative contracts with Convera Canada ULC. These consist of USD/AUD contracts where Mandalay sells \$850,000 per month, buys AUD within a 1.4500 by 1.5200 collar; USD/SEK contracts where Mandalay sells \$950,000 per month, buys SEK within a 10.000 x 10.7400 collar and USD/CAD contracts where Mandalay sells \$200,000 per month, buys CAD within a 1.3300 x 1.3900 collar, with monthly spot rate settlements from January 2025 until June 2025.