MANDALAY RESOURCES

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024

AS OF NOVEMBER 6, 2024

TABLE OF CONTENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE QUARTER ENDED SEPTEMBER 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 nine months ended September 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 ("US") dollar and all amounts in this MD&A are expressed in US 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. All amounts included in this MD&A are in United States dollars ("$"), unless otherwise specified:

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
Q3 2024	July 1, 2024–September 30, 2024	**Q3 2023**	July 1, 2023–September 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 and successful exploration 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.

Q3 2024 FINANCIAL & OPERATING SUMMARY

(Expressed in $ thousands, except where indicated)	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	**2024**	2023
Financial Data				
Revenue	**55,289**	40,907	**173,854**	122,756
Operating costs	**25,911**	24,245	**78,104**	80,087
Depreciation and depletion	**9,063**	8,425	**30,517**	24,224
Gross profit	**20,315**	8,237	**65,233**	18,445
Net income	**5,352**	4,068	**27,097**	5,146
Per share ("EPS")	**0.06**	0.04	**0.29**	0.06
Adjusted net income[1]	**10,557**	3,654	**39,511**	943
Adjusted net income per share[1]	**0.11**	0.04	**0.42**	0.01
Adjusted EBITDA[1,2]	**27,243**	15,422	**89,840**	37,257
Cash operating costs per ounce gold eq. produced ($)[1]	**1,322**	1,084	**1,113**	1,153
All-in sustaining costs per ounce gold eq. produced ($)[1]	**1,790**	1,436	**1,530**	1,583
Average realized gold price ($ per ounce)[1]	**2,557**	1,993	**2,344**	1,962
Average realized antimony price ($ per tonne)[1]	**25,821**	12,069	**19,573**	12,474
Cash generated from operating activities	**20,600**	4,404	**74,216**	28,437
Sustaining capital expenditures[1]	**5,812**	7,688	**17,756**	24,192
Non-sustaining capital expenditures[1]	**3,192**	2,330	**13,184**	8,697
Total capital expenditure	**9,004**	10,018	**30,940**	32,889
Free cash flow[1]	**12,889**	(6,151)	**44,535**	(5,212)
Free cash flow per ounce gold eq. sold ($)[1]	**598**	(299)	**605**	(83)

[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, adjusted EBITDA and adjusted net income are non-GAAP performance measures with no standard definition under IFRS. Refer to the Non-GAAP 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.

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	**2024**	2023
Consolidated Operating Data				
Gold equivalent produced (ounces)[1]	**20,323**	22,032	**71,631**	62,868
Gold produced (ounces)	**17,844**	19,601	**63,816**	53,631
Antimony produced (tonnes)	**252**	395	**1,015**	1,456
Gold equivalent sold (ounces)[1]	**21,551**	20,568	**73,587**	62,566
Gold sold (ounces)	**19,111**	18,106	**65,729**	53,326
Antimony sold (tonnes)	**248**	400	**1,009**	1,455
Capital development (metres)	**686**	905	**2,442**	2,650
Capital exploration drilling (metres)	**22,801**	17,779	**57,288**	59,607

[1] Gold equivalent ounce is non-GAAP performance measures with no standard definition under IFRS. For more details refer to the Non-GAAP Performance Measures section of the MD&A.

FINANCIAL AND OPERATIONAL DISCUSSION

Revenue, Gold-Antimony Production, Operating Costs and Net Income

- Revenue for Q3 2024 increased by 35% to $55.3 million, compared with $40.9 million in Q3 2023, mainly due to higher average realized metal prices: $2,557 per ounce for gold ("Au") and $25,821 per tonne for antimony ("Sb") in Q3 2024 compared to $1,993 per ounce for gold and $12,069 per tonne for antimony in Q3 2023.

- Consolidated gold equivalent production decreased to 20,323 ounces in Q3 2024, compared to 22,032 ounces in Q3 2023 due to lower production at Björkdal. This was primarily caused by lower mined tonnes due to inclement weather causing flooding in the Main Zone thereby temporarily restricting access to and reducing the available mining areas. Consequently, the site had to pivot to lower-grade stope material underground and also rely on increased lower grade surface stockpile to substitute the plant feed leading to lower production.

- Operating costs totaled $25.9 million, an increase of 7% compared to $24.2 million in Q3 2023. This is mainly driven by increased processing costs at both sites during Q3 2024 compared to Q3 2023 due to increased costs for tailings and water management at Costerfield and increased throughput (tonnage) at Björkdal, however, the increased costs were partially offset by lower net change of gold equivalent inventory in Q3 2024 compared to Q3 2023.

- Net income was $5.4 million in Q3 2024 compared to $4.1 million in Q3 2023. A $14.4 million increase in revenue was partially offset by a $1.7 million increase in operating costs, a $3.4 million increase in income tax expense due to higher income before taxes, and a $5.2 million loss on financial instruments mainly from gold derivative contracts during Q3 2024 compared to a $0.4 million gain in Q3 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 increased by 22% to $1,322 per ounce in Q3 2024 compared to $1,084 in Q3 2023 due to the 8% decreased gold equivalent production in Q3 2024 with 20,323 ounces produced compared to 22,032 ounces in Q3 2023, combined with the increase in total operating costs as mentioned above, excluding inventory changes.

- All-in sustaining costs increased by 25% to $1,790 per ounce of gold equivalent produced in Q3 2024, compared to $1,436 in Q3 2023, mainly due to the 22% increase 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 $20.6 million for Q3 2024, compared to $4.4 million in Q3 2023, mainly due to higher earnings before interest, taxes, depreciation, and amortization ("EBITDA") following the increased revenue during the quarter compared to the same period last year.

- Consolidated capital expenditures of $9.0 million in Q3 2024 was lower compared to $10.0 million in Q3 2023 mainly due to a capital-intensive tailings dam project to increase dam capacity during Q3 2023 at Björkdal where the project-related expenditure was $2.1 million higher than in Q3 2024. This multi-year project at Björkdal was finished in Q4 2023. This decrease in capital expenditures was partially offset by higher expenditures on machinery at Björkdal during Q3 2024 as compared to Q3 2023 as a new exploration drill rig was delivered during the quarter which aims to decrease the future exploration cost per metre and a loader purchased to replace damaged equipment.

- Free cash flow in Q3 2024 was $12.9 million and $598 per ounce of gold equivalent sold compared to free cash outflow of $6.2 million and $299 per ounce of gold equivalent sold in Q3 2023, mainly due to higher margins.

Cash Position and Working Capital[1]

- As at September 30, 2024, the Company had cash and cash equivalents of $54.7 million compared to $26.9 million on December 31, 2023. The September 30, 2024, ending cash balance reflects the full repayment during the quarter of the $20 million outstanding principal amount under the Company's revolving credit facility. The Company now has $35 million in undrawn availability under the facility.

- As at September 30, 2024, working capital was $53.9 million, compared to $47.9 million on December 31, 2023. The 13% increase in working capital was mainly due to the increased cash and cash equivalent position partially offset by an increase in current liabilities. The increase in current liabilities was mainly due to a reclassification of reclamation provision from non-current liabilities as the majority of the reclamation work at Lupin is expected to take place in the 2025 calendar year, increased liability for the unrealized losses on the gold derivative contracts and the increased tax liabilities.

Outlook

Mandalay expects to return to a similar production profile as the first six-months of 2024 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, the focus is to increase production back in the now-accessible Eastern zone, with work continuing around implementing improved mining efficiency protocols and further improvements and consistency following the commissioning of the mill conversion.

FY 2024 Guidance

As previously disclosed, the Company expects to produce approximately 90,000 to 100,000 gold equivalent ounces in FY 2024 at an all-in sustaining cost range of $1,450 to $1,580 per ounce. During the nine months ended September 30, 2024, the Company has produced 71,631 gold equivalent ounces at an all-in sustaining cost of $1,530. The Company is on track to achieve the mid-range of its annual production guidance. 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.

[1] This is a non-GAAP 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)	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Revenue	**27,302**	34,286	30,606	28,466	**19,074**	20,544	23,276	25,767
Operating cost	**(9,740)**	(10,686)	(11,947)	(11,247)	**(11,399)**	(15,476)	(11,757)	(7,678)
Depreciation & Depletion	**(3,313)**	(4,245)	(4,635)	(3,369)	**(2,937)**	(3,037)	(3,238)	(3,076)
Gross profit	**14,249**	19,355	14,024	13,850	**4,738**	2,031	8,281	15,013
General & administrative costs	**(285)**	(224)	(495)	(346)	**(163)**	(147)	(1,154)	(191)
Income tax expense	**(4,088)**	(5,441)	(4,046)	(2,882)	**(1,382)**	(525)	(1,879)	(2,841)
Net income	**8,490**	12,251	10,012	9,288	**3,464**	819	4,068	7,162
Cash flows from operating activities	**15,500**	12,775	22,609	8,100	**3,584**	9,939	5,739	15,045

Costerfield Quarterly Production

	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Operating development (m)	**903**	793	769	801	**925**	940	710	739
Tonnes of ore mined (t)	**36,769**	36,852	31,259	33,710	**35,783**	33,035	26,285	30,430
Mined ore Au grade (g/t)	**7.25**	10.73	14.02	11.51	**10.30**	7.01	8.42	11.75
Mined ore Sb grade (t)	**1.07**	2.05	2.25	1.94	**1.90**	2.15	2.14	3.56
Mined Contained Au (oz.)	**8,576**	12,715	14,086	12,477	**11,849**	7,443	7,112	11,496
Mined Contained Sb (t)	**394**	755	703	653	**681**	709	563	1,083
Processed ore (t)	**34,754**	30,757	32,872	33,866	**30,848**	35,990	35,382	32,996
Processed ore - milled head grade Au (g/t)	**8.09**	12.07	12.41	13.14	**9.56**	7.39	7.71	12.65
Processed ore - milled head grade Sb (%)	**1.33**	2.08	2.21	2.06	**2.18**	2.36	2.59	2.60
Recovery Au (%)	**94.47**	94.90	95.10	94.81	**94.48**	91.15	90.48	94.23
Recovery Sb (%)	**89.39**	90.93	91.04	92.02	**92.52**	91.90	91.69	93.77
Au produced (oz.)	**8,218**	11,027	11,976	13,016	**8,377**	7,296	7,368	12,085
Sb produced (t)	**252**	359	404	404	**395**	517	544	504
Au equivalent produced (oz.)	**10,697**	13,773	14,566	15,383	**10,808**	10,453	11,017	15,427
Au sold (oz.)	**8,321**	11,111	12,426	11,743	**7,355**	7,261	8,499	11,703
Sb sold (t)	**248**	435	326	454	**400**	496	559	484
Au equivalent sold (oz.)	**10,761**	14,439	14,516	14,403	**9,817**	10,290	12,248	14,913
Cash operating cost ($ per tonne)[1]	**361**	378	346	335	**342**	270	287	284
Cash operating cost ($ per oz. eq. produced)[1]	**1,174**	844	780	738	**975**	930	921	608
All-in sustaining cost ($ per oz. eq. produced)[1]	**1,424**	1,142	1,005	920	**1,265**	1,268	1,116	800

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

During Q3 2024, Costerfield produced 8,218 ounces of gold compared to 8,377 ounces in Q3 2023, a decrease of 2% or 159 ounces. The decrease in ounces produced was a result of a decrease in the average milled gold head grade from 9.56 g/t in Q3 2023 to 8.09 g/t in Q3 2024. Production in Q3 2023 was affected by some unplanned overbreak in Shepherd stopes and the grade of gold due to where we developed. Antimony production during Q3 2024 was 252 tonnes, a 36% decrease from the 395 tonnes produced in Q3 2023. This was mainly due to a decrease in the average milled antimony head grade from 2.18% in Q3 2023 to 1.33% in Q3 2024 due to an increased mill feed of ore from Shepard which carries less antimony than ore from Youle ore body.

The cash operating cost per ounce of gold equivalent produced increased by 20% to $1,174 per ounce in Q3 2024 compared to $975 per ounce in Q3 2023, and all-in sustaining cost per ounce of gold equivalent produced increased by 13% to $1,424 per ounce in Q3 2024 compared to $1,265 per ounce in Q3 2023, both mainly as a result of a 19% increase in cash operating costs compared to Q3 2024 mainly due to increased processing costs due to higher costs for tailings and water management and increased mining costs due to higher costs for maintenance including unplanned corrective machine maintenance and increased costs for parts.

Costerfield Capital Expenditures

($ thousands, except where indicated)	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	**2024**	2023
Sustaining capital[1]				
Capital development	**582**	943	**2,459**	2,791
Infill drilling	**540**	693	**826**	1,747
Property, plant and equipment sustaining	**690**	1,030	**2,834**	2,627
Total sustaining capital[1]	**1,812**	2,666	**6,119**	7,165
Property, plant and equipment non-sustaining	**-**	-	**-**	-
Exploration cost	**1,893**	1,269	**5,836**	4,334
Total non-sustaining capital[1]	**1,893**	1,269	**5,836**	4,334
Total capital expenditures	**3,705**	3,935	**11,955**	11,499
Capital development metres (m)	**-**	187	**228**	495
Capital development cost per metre ($/m)	**NA**	5,032	**10,799**	5,636
Capital exploration drilling metres (m)	**13,437**	11,317	**35,238**	32,944
Capital exploration drilling cost per metre ($/m)	**181**	173	**189**	185

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

Mining

Costerfield mined 36,769 ore tonnes in Q3 2024, which represents an increase of 3% compared to 35,783 tonnes in Q3 2023. The increased mining tonnes in Q3 2024 was due to improved production with a reduced amount of rehabilitation.

During Q3 2024 there was no capital development advance in metres compared to 187 metres in Q3 2023 as the contracted capital development campaign at Costerfield was completed in the Q2 2024 with improved design resulting in less metres to mine. However, in Q3 2024, rehabilitation work in the form of systematic ground support replacement of the ramp at Costerfield occurred, which resulted in capital development cost continuing during the quarter.

Processing

Costerfield processed 34,754 ore tonnes in Q3 2024, which represents an increase of 13% compared to 30,848 tonnes Q3 2023. Processing in Q3 2024 was positively impacted by the ball mill's front end replacement in Q2, which has reduced block chutes as well as the implementation of an improved two stage crushing circuit that increased the amount of fines reporting to the mill.

Processed gold grades were lower during Q3 2024 at 8.09 g/t gold as compared to 9.56 g/t gold in Q3 2023. Processed antimony grades were lower at 1.33% during Q3 2024 as compared to 2.18% in Q3 2023. In Q3 2023, low-grade mined material impacted the overall production.

Björkdal Gold Mine

Björkdal Financial Results

($ thousands)	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Revenue	**27,987**	28,768	24,905	22,122	**21,833**	19,126	18,903	15,614
Operating cost	**(16,171)**	(14,476)	(15,084)	(14,589)	**(12,846)**	(13,760)	(14,849)	(12,294)
Depreciation & Depletion	**(5,750)**	(6,501)	(6,073)	(5,616)	**(5,488)**	(4,725)	(4,799)	(5,131)
Gross profit (loss)	**6,066**	7,791	3,748	1,917	**3,499**	641	(745)	(1,811)
General & administrative costs	**(260)**	(159)	(367)	(130)	**(201)**	(233)	(829)	(135)
Income tax (expenses) recovery	**(1,133)**	(1,268)	115	(960)	**(420)**	740	621	981
Net income (loss)	**4,670**	5,009	(583)	3,490	**2,138**	(2,946)	(2,683)	(1,431)
Cash flows from operating activities	**9,756**	14,022	5,370	12,462	**858**	3,305	3,884	8,332

Björkdal Quarterly Production

	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Operating development (m)	**1,299**	1,378	1,426	1,508	**1,343**	1,325	1,163	1,337
Tonnes of ore mined (t)	**219,402**	247,978	247,843	288,256	**264,095**	300,264	240,533	246,042
Mined ore Au grade (g/t)	**1.23**	1.37	1.31	1.42	**1.46**	1.26	1.19	1.36
Mined Contained Au (oz.)	**8,674**	10,905	10,447	13,163	**12,395**	12,201	9,185	10,725
Processed ore (t)	**352,390**	331,450	343,146	306,741	**318,917**	296,213	317,543	311,576
Processed ore - milled head grade Au (g/t)	**0.96**	1.19	1.15	1.36	**1.35**	1.23	1.05	1.21
Recovery Au (%)	**84.77**	84.90	86.22	86.33	**88.13**	86.96	86.63	87.06
Au produced (oz.)	**9,626**	12,599	10,370	11,558	**11,224**	10,397	8,969	10,256
Au sold (oz.)	**10,790**	12,320	10,761	11,458	**10,751**	9,939	9,521	9,569
Cash operating cost ($ per tonne)[1]	**41**	46	42	49	**42**	49	45	45
Cash operating cost ($ per oz. eq. produced)[1]	**1,487**	1,216	1,403	1,299	**1,189**	1,389	1,592	1,362
All-in sustaining cost ($ per oz. eq. produced)[1 2]	**1,967**	1,553	1,868	1,664	**1,474**	1,978	1,937	1,810

[1] Cash operating costs, average realized cost and All-in sustaining costs are non-GAAP Performance Measures measures with no standard definition under IFRS. Refer to the Non-GAAP 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 Q3 2024, Björkdal produced 9,626 ounces of gold compared to 11,224 ounces in Q3 2023, a decrease of 14% or 1,598 ounces. The reduction at Björkdal was primarily caused by lower mined tonnes due to inclement weather causing flooding in the Main (Eastern) Zone thereby temporarily restricting access to this area. Consequently, the site had to pivot to and rely on lower-grade mining areas. With reduced mining flexibility affecting mined tonnes, there was an increase in low grade surface stockpile feed to maximize plant feed leading to lower production. The gold mill head grade is expected to return to levels of the first half of 2024, as access to the Main (Eastern) extension resumes and more material is mined from that more consistent and reliable underground area.

The cash operating cost per ounce of gold produced for Q3 2024 increased by 25% to $1,487 per ounce compared to $1,189 per ounce in Q3 2023, and all-in sustaining cost per ounce of gold produced increased by 33% to $1,967 per ounce in Q3 2024 compared to $1,474 per ounce in Q3 2023. Both increases are mainly a result of the 14% decreased gold production combined with a 7% increase in 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. Björkdal operations also incurred increased consultant costs due to the engagement of a mining optimization group with a focus on improving the utilization of existing technology and systems at the mine. The group advised the operations on mine debottlenecking, cost optimization and productivity improvements.

Björkdal Capital Expenditures

($ thousands, except where indicated)	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	**2024**	2023
Sustaining capital[1]				
Capital development	**1,941**	1,959	**6,732**	6,529
Infill drilling	**159**	102	**312**	346
Property, plant and equipment sustaining	**1,900**	2,960	**4,593**	10,153
Total sustaining capital[1]	**4,000**	5,021	**11,637**	17,028
Property, plant and equipment non-sustaining	**3**	235	**14**	1,369
Exploration cost	**1,296**	827	**2,754**	2,927
Total non-sustaining capital[1]	**1,299**	1,062	**2,768**	4,296
Total capital expenditures	**5,299**	6,083	**14,405**	21,324
Capital development metres (m)	**686**	718	**2,215**	2,155
Capital development cost per metre ($/m)	**2,829**	2,728	**3,040**	3,029
Capital exploration drilling metres (m)	**9,364**	6,462	**22,050**	26,662
Capital exploration drilling cost per metre ($/m)	**155**	144	**139**	123

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

Mining

Björkdal mined 219,402 ore tonnes in Q3 2024, a decrease of 17% compared to 264,095 tonnes in Q3 2023. During Q3 2023, Björkdal mined 19,665 tonnes from the open pit, which did not occur in Q3 2024. Including the reduced mined tonnage from underground due to limited work areas, the overall mined tonnage was negatively impacted.

Q3 2024 total capital development of 686 metres was 4% lower than the 718 metres from Q3 2023, which was impacted by the available work areas due to the flooding of one area.

Processing

Björkdal processed 352,390 ore tonnes in Q3 2024, which represents an increase of 10% compared to 318,917 tonnes in Q3 2023. The main reason for the increase was the completion of the mill conversion to increase throughput. Minor improvements and consistency are still in progress.

CONSOLIDATED FINANCIAL RESULTS

Quarterly Financial Review – Consolidated

($ thousands)	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022
Revenue	**55,289**	63,054	55,511	50,588	**40,907**	39,670	42,179	41,381
Operating cost	**(25,911)**	(25,162)	(27,031)	(25,836)	**(24,245)**	(29,236)	(26,606)	(19,972)
Depreciation	**(9,063)**	(10,746)	(10,708)	(8,986)	**(8,425)**	(7,762)	(8,037)	(8,207)
Gross profit	**20,315**	27,146	17,772	15,766	**8,237**	2,672	7,536	13,202
General & administrative costs	**(2,135)**	(2,030)	(1,745)	(1,681)	**(1,240)**	(1,544)	(2,628)	(1,272)
Finance costs	**(716)**	(833)	(778)	(718)	**(1,418)**	(5,377)	(3,605)	(2,916)
(Loss) gain on financial instruments	**(5,205)**	(945)	(5,974)	(273)	**438**	4,247	36	(711)
Other non-operating (expense) income	**(1,686)**	(772)	544	(6,537)	**(147)**	311	473	(5,400)
Income tax (expenses) recovery	**(5,221)**	(6,709)	(3,931)	(3,842)	**(1,802)**	215	(1,258)	(1,860)
Net income	**5,352**	15,857	5,888	2,715	**4,068**	524	554	1,043
Cash flows from operating activities	**20,600**	24,141	29,475	14,854	**4,404**	16,161	7,875	20,928

Revenue

($ thousands, except where indicated)	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	Change	**2024**	2023	Change
Revenue ($)	**55,289**	40,907	35%	**173,854**	122,756	42%
Gold ounces sold (oz)	**19,111**	18,106	6%	**65,729**	53,326	23%
Antimony tonnes sold (t)	**248**	400	(38%)	**1,009**	1,455	(31%)
Gold Sales Equivalent (oz)	**21,551**	20,568	5%	**73,587**	62,566	18%
Average realized gold price ($/oz)[1]	**2,557**	1,993	28%	**2,344**	1,962	20%
Average market gold price ($/oz)[1]	**2,474**	1,928	28%	**2,277**	1,931	18%
Average realized antimony price ($/t)[1]	**25,821**	12,069	114%	**19,573**	12,474	57%
Average market antimony price ($/t)[1]	**24,338**	11,865	105%	**16,685**	12,195	37%

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

Revenue for Q3 2024 increased 35% to $55.3 million, compared with $40.9 million in Q3 2023, mainly due to higher average realized metal prices: $2,557 per ounce for gold and 25,821 per tonne for antimony in Q3 2024 compared to $1,993 per ounce for gold and 12,069 per tonne for antimony in Q3 2023. For Q3 2024, gold and antimony traded at an average market price of $2,474 per ounce and $24,338 per tonne, respectively, varying between $2,329 and $2,664 per ounce for gold and $22,350 and $28,000 per tonne for antimony, with gold closing at $2,630 per ounce and antimony closing at $28,000 per tonne on September 30, 2024. The Company's average realized gold price and average realized antimony price is above the average market prices 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 September 30,			Nine months ended September 30,		
	2024	2023	Change	**2024**	2023	Change
Direct mining and processing cost						
Mining	**15,860**	15,115	5%	**48,046**	45,681	5%
Processing	**6,384**	4,945	29%	**18,677**	14,184	32%
G&A and others	**5,249**	4,387	20%	**15,348**	14,438	6%
Inventory movement	**(1,582)**	(202)	683%	**(3,967)**	5,784	(169%)
Cost of sales, excluding depletion and depreciation	**25,911**	24,245	7%	**78,104**	80,087	(2%)
Depreciation & Depletion	**9,063**	8,425	8%	**30,517**	24,224	26%
Total cost of operation	**34,974**	32,670	7%	**108,621**	104,311	4%

Total cost of sales, excluding depletion and depreciation expenses, increased 7% from $24.2 million in Q3 2023 to $25.9 million in Q3 2024. The increase was mainly driven by the increased processing costs at both sites during Q3 2024 compared to Q3 2023. The higher costs were partially offset by the net change of gold equivalent inventory in Q3 2024 compared to Q3 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 September 30,			Nine months ended September 30,		
	2024	2023	Change	**2024**	2023	Change
Salaries, short-term incentives, and other benefits	**791**	773	2%	**2,295**	3,674	(38%)
Legal and accounting	**350**	231	51%	**965**	722	34%
Administrative and office	**98**	60	64%	**451**	373	21%
Travel	**75**	65	16%	**333**	296	12%
Other	**821**	111	640%	**1,866**	345	440%
Total G&A expenses	**2,135**	1,240	72%	**5,910**	5,412	9%

During Q3 2024, total G&A expenses increased by 72% compared to Q3 2023 mainly due to a continued ramp-up in corporate business development expenses.

Finance Costs

($ thousands)	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	Change	**2024**	2023	Change
Loan Facility						
Interest on Revolver Credit Facility	**598**	489	22%	**1,573**	1,387	13%
Realized loss on gold derivative contracts under Syndicated Facility	**-**	690	(100%)	**-**	8,291	(100%)
Other						
Interest on other borrowings and other charges	**(18)**	51	NA	**97**	169	(43%)
Accretion of reclamation and site closure costs	**136**	188	(28%)	**657**	553	19%
Total finance cost	**716**	1,418	(50%)	**2,327**	10,400	(78%)

For Q3 2024, finance costs decreased compared to Q3 2023 due to $0.7 million in realized losses on gold derivative contracts in Q3 2023. These derivative contracts were classified as finance cost in Q3 2023 as they were a requirement under the Company´s previous syndicated credit facility.

Non-Operating Expenses (Recoveries)

($ thousands)	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	Change	**2024**	2023	Change
Foreign exchange loss (gain)	**1,897**	201	844%	**2,221**	(907)	NA
Financial instruments loss (gain)	**5,205**	(438)	NA	**12,124**	(4,721)	NA
Interest and other income	**(732)**	(367)	99%	**(1,955)**	(1,177)	66%
Non-operating expenses (recoveries)	**6,370**	(604)	NA	**12,390**	(6,805)	NA

For Q3 2024, non-operating expenses increased to $6.4 million compared to a gain of $0.6 million in Q3 2023, mainly due to the $5.2 million loss on financial instruments consisting principally of $4.4 million of unrealized losses on gold derivative contracts offset by $1.1 million of unrealized gain on foreign exchange derivative contracts compared to $0.4 million gain on financial instruments consisting principally of old gold derivative contracts in Q3 2023. A total of $1.9 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 September 30,			Nine months ended September 30,		
	2024	2023	Change	**2024**	2023	Change
Current income tax expense (recovery)	**4,089**	(808)	NA	**14,610**	1,504	871%
Deferred income tax expense	**1,132**	2,610	(57%)	**1,251**	1,341	(7%)
Income tax expense	**5,221**	1,802	190%	**15,861**	2,845	458%

For Q3 2024, total income tax expense increased to $5.2 million compared to $1.8 million in Q3 2023, with $2.7 million of the increase at Costerfield and $0.7 million at Björkdal, due to increases in profit before tax at both sites in Q3 2024 compared to Q3 2023.

Non-Core Properties

Lupin

The Company spent less than $0.1 million on care and maintenance at Lupin during Q3 2024 and Q3 2023. Reclamation spending at Lupin was $1.6 million during Q3 2024 compared to $0.1 million in Q3 2023. Lupin is currently in the process of final closure and reclamation activities are to be partially 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 September 30, 2024, $8.5 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 Q3 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 (“Scotiabank”), providing for a senior secured revolving credit facility in an aggregate amount up to $35 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 were 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 million 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 million, leaving the Company with $35 million in undrawn availability under the Revolving Credit Facility.

Working capital

($ thousands)	September 30, 2024	December 31, 2023
Cash and cash equivalents	**54,729**	26,855
Non-cash working capital		
Other current assets:		
Trade receivables and other assets	**21,865**	26,238
Inventory	**28,020**	22,715
Marketable securities	**1,019**	1,922
Prepaid expenses and advances	**1,861**	2,104
Current liabilities:		
Accounts payable and accrued liabilities	**(20,584)**	(21,727)
Borrowings	**(1,995)**	(631)
Lease liabilities	**(777)**	(1,221)
Current tax liability	**(6,229)**	-
Reclamation provisions	**(11,955)**	(4,238)
Other provision	**(3,716)**	(3,437)
Financial instruments	**(8,363)**	(651)
Working capital[1]	**53,875**	**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 $54.7 million as at September 30, 2024, as compared to $26.9 million on December 31, 2023.

As at September 30, 2024, working capital was $53.9 million, compared to $47.9 million on December 31, 2023. The 13% increase in working capital was mainly due to the increased cash and cash equivalent position partially offset by the increase in current liabilities.

The use of funds during the three and nine months ended September 30, 2024, is as follows:

($ thousands)	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	**2024**	2023
Cash provided by operating activities before interest and income taxes	**18,406**	9,648	**78,900**	39,837
Net interest and bank charges received (paid)	**631**	(136)	**855**	(319)
Income tax refund (paid)	**1,563**	(5,108)	**(5,539)**	(11,081)
Net cash provided by operating activities	**20,600**	4,404	**74,216**	28,437
Investing activities				
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	**-**	132	**1,083**	253
Net cash (used in) investing activities	**(9,004)**	(13,197)	**(29,757)**	(35,285)
Financing activities				
Proceeds from borrowings	**642**	281	**5,800**	1,651
Repayments of borrowings	**(20,589)**	(60)	**(21,404)**	(330)
Lease payments	**(285)**	(658)	**(945)**	(1,608)
Payment of gold derivative contracts	**-**	(1,351)	**-**	(8,776)
Purchase of common shares for cancellation	**(131)**	-	**(131)**	(293)
Shares issued for cash	**58**	-	**94**	6
Net cash (used in) financing activities	**(20,305)**	(1,788)	**(16,586)**	(9,350)
Effect of exchange rate changes on cash balances	**531**	(439)	**1**	(433)
Net (decrease) increase in cash and cash equivalents	**(8,178)**	(11,020)	**27,874**	(16,631)

Net cash generated by operating activities was $20.6 million for Q3 2024, compared to $4.4 million in Q3 2023, mainly due to the higher EBITDA following the increased revenue during the quarter compared to the same period last year.

Net cash flows used in investing activities decreased to $9.0 million in Q3 2024, compared to $13.2 million in Q3 2023. This decrease was mainly due to the capital expenditures on the tailings lift project at Björkdal in Q3 2023 and an increase in reclamation deposit at Costerfield in Q3 2023.

Net cash flow used in financing activities increased to $20.3 million in Q3 2024, compared to $1.8 million used in Q3 2023 mainly due to the $20.0 million repayment of the Revolving Credit Facility.

This led to a net decrease in cash during Q3 2024 of $8.2 million compared to a net decrease of $11.0 million in Q3 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 September 30, 2024, the Company repurchased 62,700 common shares at an average price of C$2.85 at a cost of C$0.2 million. 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 September 30, 2024, are summarized as follows:

($ thousands)	Less than 1 year	1 - 3 years	4 - 5 years	More than 5 years	Total
Financial Liabilities					
Accounts payable and accrued liabilities	20,584	-	-	-	**20,584**
Equipment loan obligation	1,995	4,056	-	-	**6,052**
Lease liabilities	777	760	-	-	**1,537**
Reclamation provisions	12,362	9,627	7,103	6,640	**35,731**
Derivative liabilities	8,363	1,395	-	-	**9,758**
Total	**44,081**	**15,839**	**7,103**	**6,640**	**73,662**

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 was 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

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.

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

As at September 30, 2024, the undrawn amount under this facility was $35.0 million.

Foreign exchange derivative contracts

On December 20, 2023, Mandalay entered into foreign exchange derivative contracts with Scotiabank. 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 by 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 $1.1 million for the three months ended September 30, 2024. During the three months ended September 30, 2024, the Company incurred a realized loss of $0.3 million for settlement of expired Foreign exchange derivatives contracts. The fair value of these liabilities as at September 30, 2024, was $0.1 million.

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 by 10.7400 collar; and USD/CAD contracts where Mandalay sells $200,000 per month, buys CAD within a 1.3300 by 1.3900 collar, with monthly spot rate settlements from January 2025 until June 2025.

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 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 with 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 $1,980 per ounce and a ceiling of $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 with a floor price of $1,980 per ounce and a ceiling of $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 $3.9 million for the three months ended September 30, 2024. During the three months ended September 30, 2024, the Company incurred a realized loss of $1.6 million for settlement of expired gold derivatives contracts. The fair value of these liabilities as at September 30, 2024, was $9.7 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 Q3 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 loss of $0.4 million for the three months ended September 30, 2024. The fair value as at September 30, 2024, was $nil.

NON-GAAP PERFORMANCE MEASURES

Non-GAAP performance measures are included in this MD&A because the Company believes these are useful indicators to understand the performance of the Company and its operations. These performance measures do not have any 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 September 30,		Nine months ended September 30,	
	2024	2023	**2024**	2023
Cost of sales, excluding depletion and depreciation	**25,911**	24,245	**78,104**	80,087
Administration expenses	**82**	(42)	**176**	(106)
Change in inventory	**1,582**	202	**3,966**	(5,785)
Royalty	**(699)**	(517)	**(2,511)**	(1,731)
Cash costs	**26,876**	23,888	**79,735**	72,465
Overhead expenses	**2,053**	1,273	**5,658**	5,433
Sustaining capital expenditures[1]	**5,812**	7,688	**17,756**	24,192
Less: Tailings dam cash expenditure	**(357)**	(2,321)	**(770)**	(5,923)
Add: Tailings dam amortization	**1,163**	398	**4,072**	1,086
Reclamation - accretion	**136**	188	**657**	553
Royalty	**699**	517	**2,510**	1,731
All-in sustaining costs	**36,382**	31,631	**109,618**	99,538
Gold equivalent produced (ounces)	**20,323**	22,032	**71,631**	62,868
Cash operating costs per ounce gold eq. produced[2]	**1,322**	1,084	**1,113**	1,153
All-in sustaining costs per ounce gold eq. produced[2]	**1,790**	1,436	**1,530**	1,583
Average realized gold price per ounce	**2,557**	1,993	**2,344**	1,962
Cash operating margin per ounce produced	**1,235**	909	**1,231**	809
All-in sustaining margin per ounce produced	**767**	557	**814**	379

[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 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 September 30,		Nine months ended September 30,	
	2024	2023	**2024**	2023
Sustaining capital[1]				
Capital development	**2,523**	2,902	**9,191**	9,320
Infill drilling	**699**	796	**1,138**	2,092
Property, plant and equipment sustaining	**2,590**	3,990	**7,427**	12,780
Total sustaining capital[1]	**5,812**	7,688	**17,756**	24,192
Non-sustaining capital				
Property, plant and equipment non-sustaining[2]	**3**	235	**4,538**	1,369
Exploration cost	**3,189**	2,095	**8,646**	7,328
Total non-sustaining capital[1]	**3,192**	2,330	**13,184**	8,697
Total capital expenditures	**9,004**	10,018	**30,940**	32,889

[1] Sustaining and non-sustaining capital are non-GAAP Performance Measures with no standard definition under IFRS. Refer to the non-GAAP 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 September 30,		Nine months ended September 30,	
	2024	2023	**2024**	2023
Cash generated from operating activities	**20,600**	4,404	**74,216**	28,437
Adjustments				
Expenditure against Asset Retirement Obligation	**1,578**	121	**2,183**	186
Sustaining capital expenditures[1]	**(5,812)**	(7,688)	**(17,735)**	(23,530)
Non-sustaining capital expenditures[1]	**(3,192)**	(2,330)	**(13,184)**	(8,697)
Lease payments	**(285)**	(658)	**(945)**	(1,608)
Free cash flow[2]	**12,889**	(6,151)	**44,535**	(5,212)
Ounces of gold equivalent sold[2]	**21,551**	20,568	**73,587**	62,566
Free cash flow per ounce sold[2]	**598**	(299)	**605**	(83)

[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 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)	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	**2024**	2023
Net Income	**5,352**	4,068	**27,097**	5,146
Special items				
Write down of assets	**-**	24	**290**	518
Loss/(Gain) on financial instrument	**5,205**	(438)	**12,124**	(4,721)
Adjusted Net Income before special items[1]	**10,557**	3,654	**39,511**	943
Add/less: Non-cash and finance costs				
Depletion and depreciation	**9,063**	8,425	**30,517**	24,224
Loss (Gain) on disposal of property, plant and equipment	**1**	(125)	**(43)**	(132)
Share based compensation	**520**	414	**1,401**	1,061
Interest and finance charges	**716**	1,418	**2,327**	10,400
Current tax expense (recovery)	**4,089**	(808)	**14,610**	1,504
Deferred tax expense	**1,132**	2,610	**1,251**	1,341
Foreign exchange gain (loss)	**1,897**	201	**2,221**	(907)
Interest and other income	**(732)**	(367)	**(1,955)**	(1,177)
Adjusted EBITDA[1]	**27,243**	15,422	**89,840**	37,257
Depletion and depreciation	**9,063**	8,425	**30,517**	24,224
Adjusted EBIT[1]	**18,180**	6,997	**59,323**	13,033

[1] This is a non-GAAP 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 derivative programs. This is because this amount can be volatile from the valuation methods involved, as well as the long-term nature of the derivative contracts 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 (excluding depletion and depreciation) – The Company defines Income from operations (excluding depletion and depreciation) 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 PM price in the period. Average Sb price in the period is calculated as the average of the high and low Rotterdam warehouse prices for days in the period. The source for Au price is www.lbma.org.uk, and Sb price 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.

CAPITAL STRUCTURE

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

(All amounts in $ thousands, except number of common shares)		**September 30, 2024**
Cash and cash equivalents		**54,729**
Less: Bank indebtedness	-	
Less: Equipment loan	(6,051)	
Less: Leasing Liabilities	(1,537)	
Total debt		**(7,588)**
Total net cash and cash equivalents balance[1]		**47,141**
Number of common shares outstanding		93,999,090

[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 Q3 2024, the growth of high confidence resources continued to the focus of Near Mine exploration whilst regional exploration was undertaken on two highly prospective targets to the west and north of the Costerfield mineral field.

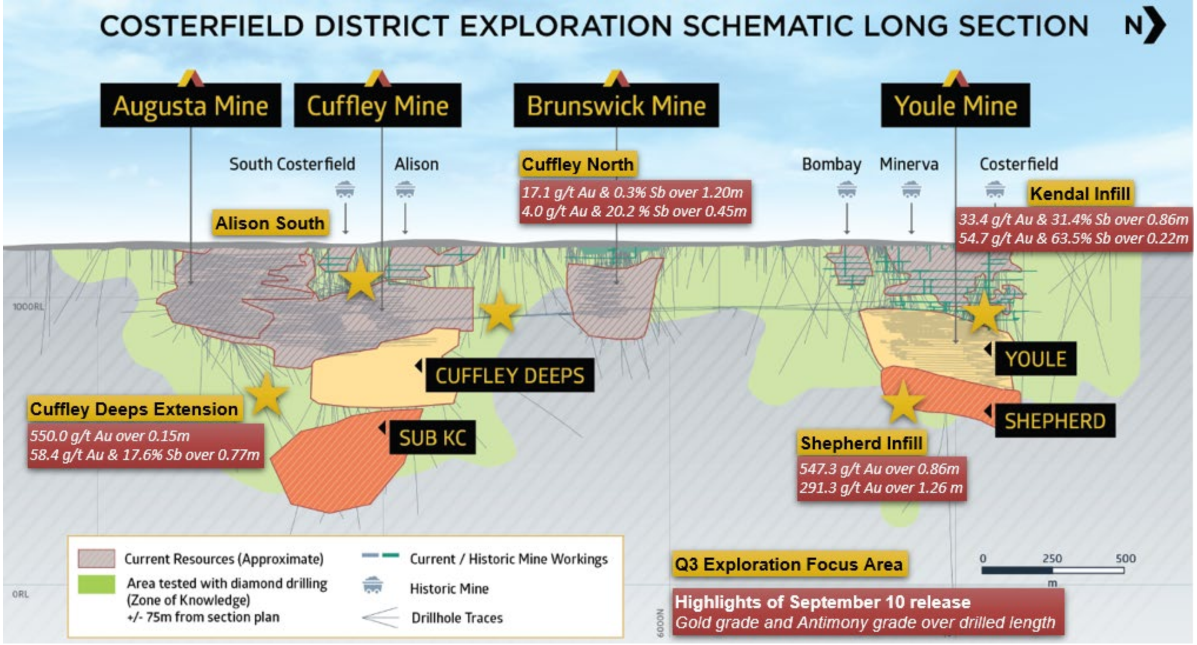
To the south of the central corridor, drilling continued to explore the continuation of the Cuffley system with drilling programs aimed at building resource below Cuffley in the Cuffley deeps extension zone, and up dip extensions into the Alison South target. The Cuffley north target was also drilled to test the northward repetition of the system. Proximal to the currently worked areas, drilling also continued on the extension of Shepherd and the extension of Kendal that is situated above Youle.

On September 10, 2024, Mandalay released the recent results of its Near Mine drilling at Costerfield highlighting some exciting results reflecting the success of recent extensional drilling programs. Of note were the encouraging results from the Cuffley depth and northern extension drilling where the potential for significant resource extension had not previously been realised.

Highlights of the September press release:

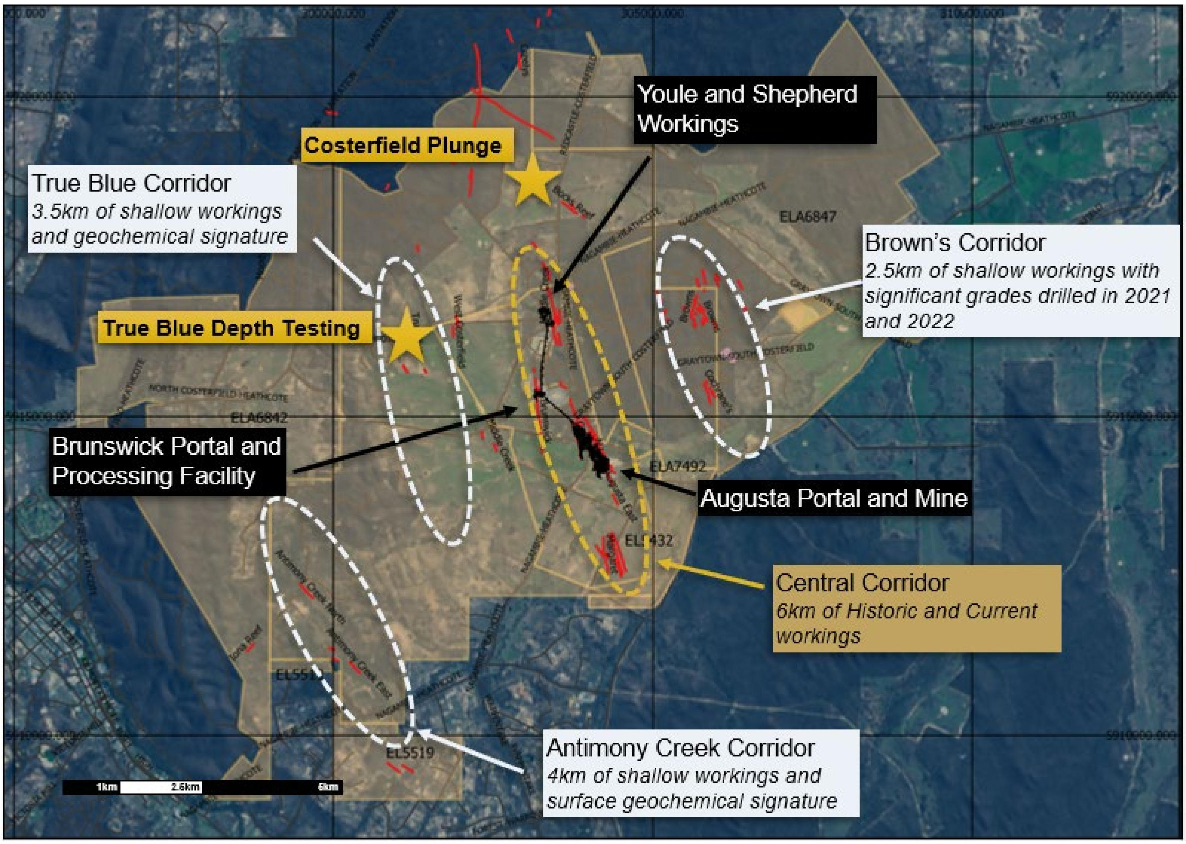
- Extension and Infill drilling on Shepherd and Kendall veining provides confidence on extension with intercepts, including:
  - **751.7 g/t gold and 1.8% antimony over 0.22 m** (ETW 0.21 m) in PD142;
  - **291.3 g/t gold over 1.26 m** (ETW 0.53 m) in PD175;
  - **547.3 g/t gold over 0.86 m** (ETW 0.75 m) in KD907;
  - **107 g/t gold over 0.55 m** (ETW 0.40 m) in PD114 and;
  - **33.4 g/t gold and 31.4% antimony over 1 m** (ETW 0.67 m) in BC399.
- Drilling under Cuffley to the south of Costerfield indicates an exciting emerging area, including:
  - **550 g/t gold over 0.15 m** (ETW 0.12 m) in AD213 and
  - **58.4 g/t gold and 17.6% antimony over 0.77 m** (ETW 0.55 m) in AD203.
- Drilling to the north of Cuffley also intercepts high-grade mineralization and a possible extension of the Cuffley system, including:
  - **17.1 g/t gold and 0.3% antimony over 1.20 m** (ETW 1.12 m) in CB001 and
  - **4 g/t gold and 20.2% antimony over 0.45 m** (ETW 0.34 m) in TP021.

Costerfield District Long Section Showing Areas of Exploration Focus During Q3 2024:



Heading into Q4 2024, the focus of near mine exploration will narrow to the Cuffley Deeps program including drilling of the Sub KC area. Drilling will also recommence on the Cuffley North prospect. Further afield in Mandalay's regional programs, drilling had a dual focus with drilling continuing to test the True Blue resource and depth and the commencement of a program testing the interpreted position of the next major potential along the central line. This area is being tested with shallow diamond drilling target historically mined gold and antimony bearing dykes, and a deep hole targeting the northern plunge environment that is potentially blind to surface. In Q4 2024, the main focus will be the depth testing and up-dip extension of the True Blue resource.

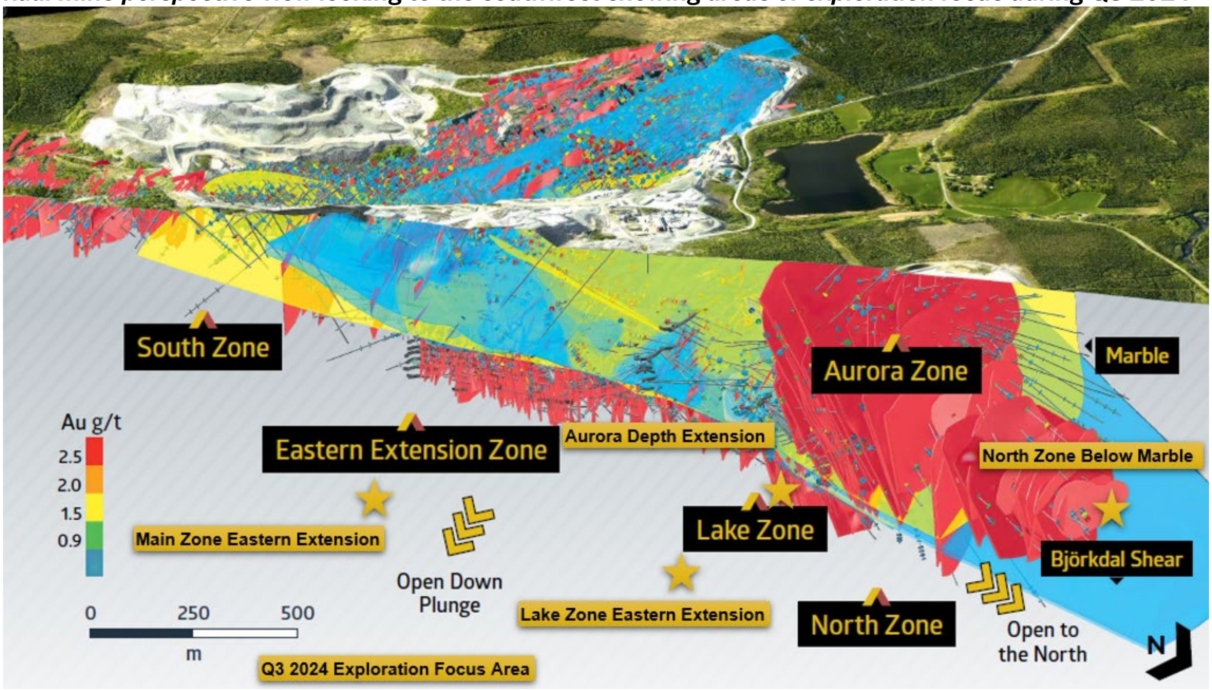
Costerfield tenement map showing areas of exploration focus during Q3 2024



Björkdal Gold Mine

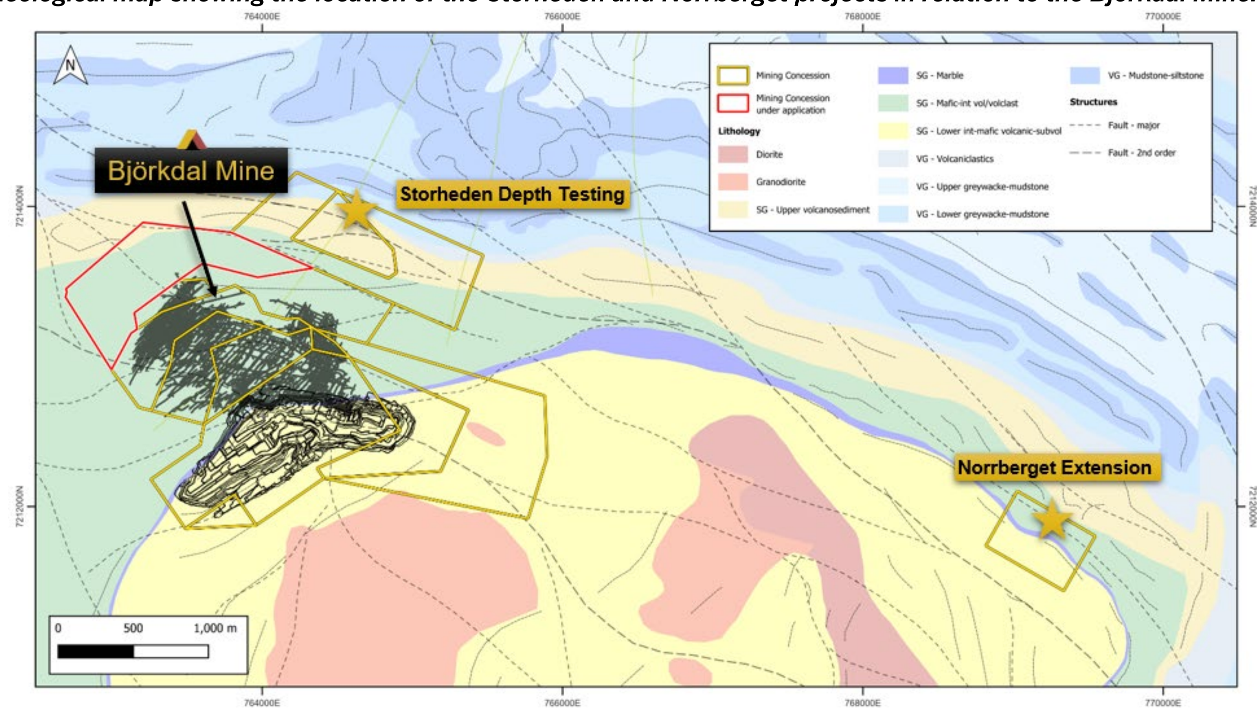
At Björkdal, Infill drilling was completed on the eastern extension of Main Zone while extensional drilling continued on Aurora with a depth extension program and the sub marble portion of North Zone. In Q4 2024, drilling will be concluded on the Aurora depth extension and drilling will commence on the eastern extension of Lake Zone.

Björkdal mine perspective view looking to the southwest showing areas of exploration focus during Q3 2024



On-surface drilling continued on the Storheden deposit with exploration focused on depth extension. In Q3 2024, drilling commenced on the Norrberget extension program designed to follow up and extend at depth the high-grade results released by Mandalay in Q2 2024. No surface drilling is scheduled for Q4 2024. Drilling in these targets will recommence in 2025.

Geological map showing the location of the Storheden and Norrberget projects in relation to the Björkdal Mine.



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 November 06, 2024
Issued and outstanding common shares	93,992,090
Stock options	1,753,345
Restricted share units	1,041,716
Performance stock units	524,465
Deferred share units	488,702
Total	**97,800,319**

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 September 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 US dollars. However, the Company's operations are located in Canada, 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 US dollars ("USD" or "US$") are subject to changes in the value of the US dollar relative to the Canadian dollar ("CAD" or "C$"), Australian dollar ("AUD" or "A$"), Chilean peso ("CLP") and/or Swedish krona ("SEK"). The Company has at times entered into foreign exchange derivative contracts to limit exposure to exchange rate fluctuations. The Company's management assesses the Company's strategy towards its foreign exchange rate risk as needed, depending on market conditions.

1.4 Markets - Currency Exchange Rates

Currency	Average Rate Jul 1, 2024 - Sep 30, 2024	Average Rate Jul 1, 2023 - Sep 30, 2023	Average Rate Jan 1, 2024 - Sep 30, 2024	Average Rate Jan 1, 2023 - Sep 30, 2023
1A$ = C$	**0.9141**	0.8783	**0.9011**	0.9004
1 A$ = US$	**0.67**	0.6547	**0.6623**	0.6688
1 US$ = C$	**1.3643**	1.3416	**1.3605**	1.3463
1 US$ = Chilean Peso	**930**	852	**937**	821
1 US$ = SEK	**10.4255**	10.8163	**10.5095**	10.6018

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.