MANDALAY RESOURCES

Consolidated financial statements

Year ended December 31, 2024 and 2023

Mandalay Resources Corporation

December 31, 2024

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KPMG LLP
Bay Adelaide Centre
333 Bay Street Suite 4600
Toronto ON M5H 2S5
Canada

Telephone (416) 777-8500
Fax (416) 777-8818
Internet www.kpmg.ca

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Mandalay Resources Corporation

Opinion

We have audited the consolidated financial statements of Mandalay Resources Corporation (the Entity), which comprise:

- The consolidated statements of financial position as at December 31, 2024 and December 31, 2023
- the consolidated statements of income and comprehensive income for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2024 and December 31, 2023, its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our auditor's report.

Evaluation of Indicators of Impairment of Long-Lived Assets

Description of the matter

We draw attention to Notes 2(f) and 6 to the financial statements. As at December 31, 2024, the carrying value of property, plant and equipment balance was $187,882 thousand. The Entity reviews and evaluates its property, plant and equipment for indicators of impairment when events or changes in circumstances indicate that the related carrying amounts may not be recoverable or at least at the end of each reporting period. Significant judgement is required in determining whether an indicator of impairment or impairment reversal exists at period end. Both internal and external sources of information are required to be considered when determining the presence of an impairment indicator or an indicator of reversal of a previous impairment. The primary internal factor considered is the economic performance of the assets relative to the Entity's expectations.

Why the matter is a key audit matter

We identified the evaluation of indicators of impairment of long-lived assets as a key audit matter. This matter represented an area of significant risk of material misstatement. Significant auditor judgment was required to assess the Entity's determination of whether internal or external factors, including assessing whether the economic performance of an asset is, or will be, worse than expected, resulted in an indicator of impairment.

How the matter was addressed in the audit

The primary procedure performed to address this key audit matter included the following:

We inspected the Entity's financial and operating performance for the period and compared the information to historical expectations and results.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditor's report is Todd Buchanan.

Toronto, Canada

February 20, 2025

Mandalay Resources Corporation

Consolidated statements of income and comprehensive income

Year ended December 31, 2024 and 2023

(Expressed in U.S. dollars)

	2024	2023
	($'000)	($'000)
Revenue (Note 13)	**240,655**	173,344
Cost of operations		
Cost of sales, excluding depletion and depreciation (Note 14)	**110,498**	105,923
Depletion and depreciation (Note 5)	**36,162**	33,210
	146,660	139,133
Income from mining operations	**93,995**	34,211
Expenses		
Administration (Note 15)	**8,044**	7,093
Share-based compensation (Note 11(a))	**1,953**	920
Gain on disposal of property, plant and equipment	**(44)**	(308)
Write-off of assets (Note 5 & 17)	**1,256**	724
Revision of reclamation liability (Note 9)	**4,209**	6,459
	15,418	14,888
Income from operations	**78,577**	19,323
Other expense (income)		
Finance costs (Note 16)	**2,649**	11,118
Loss (gain) on financial instruments (Note 17)	**14,104**	(4,448)
Interest and other income	**(2,594)**	(1,732)
Foreign exchange gain	**(5,363)**	(163)
	8,796	4,775
Income before income taxes	**69,781**	14,548
Income tax expense (Note 12)		
Current	**20,665**	4,867
Deferred	**1,355**	1,820
Income tax expense	**22,020**	6,687
Net income for the year	**47,761**	7,861
Other comprehensive loss (gain), net of tax		
Item that may subsequently be reclassified to net income		
Foreign currency translation	**(16,863)**	3,889
Comprehensive income for the year	**30,898**	11,750
Net income per share		
Basic	**0.51**	0.08
Diluted	**0.50**	0.08
Weighted average number of common shares outstanding (Note 18)		
Basic ('000)	**93,288**	92,810
Diluted ('000)	**96,108**	94,986

See accompanying notes to the condensed consolidated interim financial statements

Mandalay Resources Corporation

Consolidated statements of financial position

(Expressed in U.S. dollars)

	2024	2023
	($'000)	($'000)
Assets		
Current assets		
Cash and cash equivalents	**76,371**	26,855
Trade receivables and other assets (Note 3)	**19,226**	26,238
Inventories (Note 4)	**24,341**	22,715
Prepaid expenses	**2,906**	2,104
Marketable securities (Note 17(c))	**-**	1,922
	122,844	79,834
Non-current assets		
Reclamation and other deposits (Note 9)	**18,460**	19,815
Trade receivables and other assets (Note 3)	**390**	369
Property, plant and equipment, net (Note 5)	**187,882**	195,230
	206,732	215,414
	329,576	295,248
Liabilities		
Current liabilities		
Trade and other payables (Note 7)	**25,051**	21,727
Borrowings (Note 8)	**1,739**	631
Lease liabilities (Note 6)	**701**	1,221
Reclamation and site closure costs provision (Note 9)	**4,338**	4,238
Other provisions (Note 10)	**3,316**	3,437
Financial instruments (Note 17)	**7,678**	651
Income taxes payable (Note 12)	**9,805**	-
	52,628	31,905
Non-current liabilities		
Borrowings (Note 8)	**3,427**	20,417
Lease liabilities (Note 6)	**526**	1,327
Reclamation and site closure costs provision (Note 9)	**29,971**	31,279
Other provisions (Note 10)	**306**	227
Deferred tax liability (Note 12)	**13,452**	13,161
	47,682	66,411
	100,310	98,316
Equity		
Share capital (Note 11)	**232,438**	231,485
Share option reserve (Note 11)	**5,474**	5,270
Foreign currency translation reserve	**(71,336)**	(54,473)
Retained earnings	**62,690**	14,650
	229,266	196,932
	329,576	295,248

Approved by the Board of Directors and authorized for issuance on February 20, 2025.

(Signed) Frazer Bourchier
Frazer Bourchier, Director, President and Chief Executive Officer

(Signed) Robert Doyle
Robert Doyle, Director

See accompanying notes to the condensed consolidated interim financial statements

Consolidated statements of changes in equity
Year ended December 31, 2024 and 2023
(Expressed in U.S. dollars, except number of shares)

	Number of shares issued ('000)	Share capital ($'000)	Share option reserve ($'000)	Foreign currency translation reserve ($'000)	Retained earnings ($'000)	Total equity ($'000)
Balance, December 31, 2022	**92,457**	**231,166**	**4,621**	**(58,362)**	**6,729**	**184,154**
Net income for the year	-	-	-	-	7,861	**7,861**
Other comprehensive gain for the year	-	-	-	3,889	-	**3,889**
Total comprehensive income	-	-	-	3,889	7,861	**11,750**
Stock options exercised (Note 11(b))	13	11	(5)	-	-	**6**
Share-based compensation (Note 11(a))	-	-	1,316	-	-	**1,316**
Redemption of RSUs, PSUs and DSUs (Notes 11(c), (d) and (e))	581	662	(662)	-	-	**-**
Share repurchase commitment under normal course issuer bid (Note 11(f))	(167)	(354)	-	-	60	**(294)**
Balance, December 31, 2023	**92,884**	**231,485**	**5,270**	**(54,473)**	**14,650**	**196,932**
Net income for the year	-	-	-	-	47,761	**47,761**
Other comprehensive loss for the year	-	-	-	(16,863)	-	**(16,863)**
Total comprehensive income (loss)	-	-	-	(16,863)	47,761	**30,898**
Stock options exercised (Note 11(b))	859	814	(720)	-	-	**94**
Share-based compensation (Note 11(a))	-	-	1,657	-	-	**1,657**
Redemption of RSUs, PSUs and DSUs (Notes 11(c), (d) and (e))	319	454	(454)	-	-	**-**
Reclassified for expired and cancelled options	-	-	(279)	-	279	**-**
Share repurchase commitment under normal course issuer bid (Note 11(f))	(153)	(315)	-	-	-	**(315)**
Balance, December 31, 2024	**93,909**	**232,438**	**5,474**	**(71,336)**	**62,690**	**229,266**

See accompanying notes to the condensed consolidated interim financial statement

Mandalay Resources Corporation

Consolidated statements of cash flows
Year ended December 31, 2024 and 2023

(Expressed in U.S. dollars)

	2024	2023
	($'000)	($'000)
Operating activities		
Net income for the year	**47,761**	7,861
Adjustments and non-cash items		
Depletion and depreciation (Note 5)	**36,162**	33,210
Share-based compensation (Note 11(a))	**1,953**	920
Gain on disposal of property, plant and equipment	**(44)**	(308)
Finance costs (Note 16)	**2,649**	11,118
Loss (gain) on financial instruments (Note 17)	**14,104**	(4,448)
Interest and other income	**(2,594)**	(1,732)
Unrealized foreign exchange gain	**(4,957)**	(272)
Income tax expense	**22,020**	6,687
Revision of reclamation liability (Note 9)	**4,209**	6,459
Write-off of assets (Note 5 & 17)	**1,256**	724
Changes in non-cash operating working capital items		
Trade receivables and other assets	**6,020**	(12,465)
Inventories	**(2,248)**	4,092
Prepaid expenses	**(994)**	(774)
Trade and other payables	**1,026**	4,298
Other provisions	**317**	27
Cash generated from operations	**126,640**	55,397
Interest and other income received	**2,594**	1,732
Interest and bank charges paid	**(1,387)**	(1,981)
Income tax paid	**(7,378)**	(11,081)
Reclamation expenditures (Note 9)	**(2,357)**	(776)
Payment of derivative contracts	**(5,391)**	-
Net cash flows from operating activities	**112,721**	43,291
Investing activities		
Expenditures on property, plant and equipment	**(44,831)**	(41,739)
Proceeds from sale of assets (Note 5)	**43**	489
Increase in reclamation deposits (Note 9)	**(362)**	(3,611)
Proceeds from sale of marketable securities	**1,083**	253
Net cash flows used in investing activities	**(44,067)**	(44,608)
Financing activities		
Proceeds from borrowings (Note 8)	**5,879**	2,084
Repayments of borrowings	**(22,001)**	(1,231)
Lease payments (Note 6)	**(1,133)**	(2,037)
Payment of gold derivative contracts under Syndicated Facility (Note 8)	**-**	(8,776)
Purchase of common shares for cancellation	**(360)**	(293)
Shares issued for cash	**94**	6
Net cash flows used in financing activities	**(17,521)**	(10,247)
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	**(1,617)**	42
Net increase (decrease) in cash and cash equivalents	**49,516**	(11,522)
Cash and cash equivalents, beginning of the year	**26,855**	38,377
Cash and cash equivalents, end of the year	**76,371**	26,855
Cash and cash equivalents consist of		
Cash	**76,371**	26,855
	76,371	26,855

See accompanying notes to the condensed consolidated interim financial statements

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

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. Summary of material accounting policies

These consolidated financial statements have been prepared using accounting policies in accordance with IFRS Accounting Standards as issued by the International Accounting Standard Board effective for the year ended December 31, 2024, using the material accounting policies outlined below.

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments, which are measured at fair values as explained in the accounting policies set out below.

a) Basis of consolidation

The consolidated financial statements of the Company include the results of entities (including structured entities) controlled by the Company. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power over the investee to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The principal subsidiaries of the Company as at December 31, 2024 and 2023 are as follows:

	Interest 2024	Interest 2023
	%	%
Mandalay Resources Australia Pty. Ltd.[1]	**100**	100
Björkdalsgruvan AB.[2]	**100**	100

[1] Mandalay Resources Australia Pty Ltd. ("MRA") owns the Costerfield gold and antimony mine in Australia.

[2] Bonito Capital Corp owns the Björkdal gold mine in Sweden through its subsidiary, Björkdalsgruvan AB ("Björkdal"), and exploration projects in Canada.

2. Summary of material accounting policies (continued)

b) Functional currency and foreign currency transactions

The Company's functional currency is the Canadian dollar as this is the principal currency of the economic environment in which it operates. The determination of the Company's functional currency requires analyzing facts that are considered primary factors, and if the result is not conclusive, the secondary factors. The analysis requires the Company to apply significant judgment since primary and secondary factors may be mixed. In determining its functional currency, the Company analyzed both the primary and secondary factors, including the currency of the Company's revenues, operating costs in the countries that it operates in, and sources of debt and equity financing.

MRA and Björkdal have functional currencies of the Australian dollar and Swedish krona, respectively.

Transactions in foreign currencies are initially recorded in the respective entity's functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at each reporting date.

The translation gain/loss is recognized in the consolidated statements of income and comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at the exchange rate on the date of the transaction. On consolidation, each respective entity's financial statements are translated into the presentation currency as outlined below.

The consolidated financial statements are presented in U.S. dollars. For presentation purposes, the assets and liabilities of the Company and its subsidiaries, including fair value adjustments arising on acquisition, are translated into U.S. dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated into U.S. dollars at the average exchange rate for the period in which the transaction arose. Exchange differences arising are recognized as a separate component of equity titled "foreign currency translation reserve." The consolidated financial statements have been presented in a currency other than the parent's functional currency as management has determined that the U.S. dollar is the common currency in which the Company's peers, being multi-jurisdictional mining companies, present their financial statements.

c) Cash and cash equivalents

The Company considers all the closing balances at bank and of highly liquid investments with remaining maturities of three months or less at the date of acquisition to be cash equivalents.

d) Inventories

Finished goods, work-in-process and stockpiled ore are valued at the lower of average production cost or net realizable value. Production costs include the cost of raw materials, direct labour, mine site overhead expenses and depreciation and depletion of mining interests. Net realizable value is calculated based on actual closing metal price for the period less estimated future production costs to convert the inventories into saleable form and the costs necessary to make the sale.

In-process inventories represent materials that are currently in the process of being converted into finished goods. The average production cost of finished goods represents the average cost of in process inventories incurred prior to the refining process, plus applicable refining costs and associated royalties.

Supplies are valued at the lower of average cost and net realizable value.

2. Summary of material accounting policies (continued)

e) Property, plant and equipment

(i) Exploration and evaluation

Once a license to explore an area has been secured, expenditures on exploration and evaluation activities are capitalized within property, plant and equipment.

The Company records its capitalized exploration and evaluation at cost. The capitalized cost is based on cash paid, the value of share consideration and exploration costs incurred. The recoverable values are not always readily determinable and are dependent on the development program, the nature of the mineral deposit, commodity prices, adequate funding and the ability of the Company to bring its projects into production.

All costs related to the acquisition, exploration and evaluation of these interests are capitalized on the basis of specific claim blocks or areas of geological interest until the properties to which they relate are moved into development or production, sold or management has determined there to be an impairment of the value.

Management reviews the carrying value of capitalized exploration and evaluation costs for indicators of impairment at each reporting date. In the case of undeveloped projects, there may be only inferred resources to form a basis for the impairment review. The review is based on a status report regarding the Company's intentions for development of the undeveloped property.

Once an economically viable reserve has been determined for an area and the decision to proceed with development has been approved, exploration and evaluation assets attributable to that area are first tested for impairment and then reclassified to mining interests within property, plant and equipment.

(ii) Mining interests

Mining interests represent capitalized expenditures related to the development of mining properties, acquisition costs, capitalized borrowing costs (Note 2(i)), expenditures related to exploration and evaluation transferred in, and estimated site closure and reclamation costs.

Capitalized costs are depleted over the estimated economic life of the mine using the method as explained in depletion and depreciation (Note 2(f)(iv)) below.

(iii) Plant and equipment

Plant and equipment are recorded at cost less accumulated depreciation, depletion and impairment charges.

Where an item of plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of plant and equipment.

Expenditures incurred to replace a component of an item of plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized. Any remaining book value associated with the component being replaced is derecognized upon its replacement. Directly attributable costs incurred for major capital projects and site preparation are capitalized until the asset is brought to a working condition for its intended use. These costs include dismantling and site restoration costs to the extent these are recognized as a provision.

2. Summary of material accounting policies (continued)

e) Property, plant and equipment (continued)

(iv) <u>Depletion and depreciation</u>

Depletion

Mining interests are depleted to estimated residual value using the unit-of-production method based on the estimated total saleable metal ounces contained in a life of mine plan that includes Proven and Probable Reserves, as well as any Measured, Indicated and Inferred Resources that are not yet converted to Reserves but that Management believes are highly likely to be converted to Reserves and eventually mined.

Depreciation

Management reviews the estimated useful lives, residual values and depreciation methods of the Company's property, plant and equipment at the end of each reporting period and when events and circumstances indicate that such a review should be made. Changes to estimated useful lives, residual values or depreciation methods resulting from such review are accounted for prospectively.

Plant and equipment cost is depreciated, using the straight-line method over their estimated useful lives, if shorter than the mine life, otherwise they are depleted on the unit-of-production basis, as outlined above.

Plant and equipment include building, plant and equipment, vehicles, furniture and fixtures and computer equipment, and their estimated useful lives range from 2.5 years to 10 years.

Assets under construction are not depreciated until their construction is substantially complete and they are available for their intended use. In the case of projects involving the development of mineral properties, this is when the property has achieved commercial production.

f) *Impairment of long-lived assets*

The Company reviews and evaluates its property, plant and equipment for indicators of impairment when events or changes in circumstances indicate that the related carrying amounts may not be recoverable or at least at the end of each reporting period. Significant judgement is required in determining whether an indicator of impairment or impairment reversal exists at period end. Both internal and external sources of information are required to be considered when determining the presence of an impairment indicator or an indicator of reversal of a previous impairment. The primary internal factor considered is the economic performance of the assets relative to the Company's expectations. If an indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Future cash flows are estimated based on expected future production, commodity prices, operating costs and capital costs.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognized in statement of income (loss).

2. Summary of material accounting policies (continued)

g) *Leases*

At inception of a contract, the Company determines whether a contract is or contains a lease. A contract is, or contains, a lease, if the contract gives the Company the right to control the use of an identified asset for the duration of the lease term in exchange for consideration. The Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognizes a right-of-use asset and a lease liability based on the present value of future lease payments when the lessor makes the leased asset available for use by the Company. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and estimated decommissioning costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. The measurement of lease liabilities includes the fixed (and in-substance fixed) payments, and variable lease payments that depend on an index or a rate, less any lease incentives receivable. If applicable, lease liabilities will also include a purchase option exercise price if the Company is reasonably certain to exercise that option, termination penalties if the lease term also reflects the termination option and amounts expected to be payable under a residual value guarantee. Variable lease payments are recognized as an expense as they are incurred. Subsequent to initial measurement, the Company measures lease liabilities at amortized cost using the effective interest method. Lease liabilities are remeasured when there is a change in the lease term, change in the future lease payments resulting from a change in an index or rate, or a change in the assessment of an option to purchase the underlying asset.

Lease terms applied are the contractual non-cancellable periods of the leases, plus periods covered by an option to renew the leases if the Company is reasonably certain to exercise that option and the periods covered by an option to terminate the leases if the Company is reasonably certain not to exercise that option.

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

h) *Borrowing costs*

Borrowing costs related to the costs of developing mining properties and constructing new facilities are capitalized and included in the carrying amounts of the related assets until mining properties reach commercial production and facilities are ready for their intended use.

The amount of borrowing costs capitalized (before effects of income tax) during the year is determined by applying the interest rate applicable to appropriate borrowings outstanding during the year to the average amount of capitalized expenditures for the qualifying assets during the year. Where any borrowing costs are incurred specifically in relation to a qualifying asset, they are allocated directly to the asset to which they relate and are excluded from the aforementioned calculation.

2. Summary of material accounting policies (continued)

h) Borrowing costs (continued)

All other borrowing costs are recognized as an expense in the period in which they are incurred.

i) *Site closure and reclamation cost obligations*

The Company records a liability based on the best estimate of costs for site closure and reclamation activities that the Company is legally or constructively required to remediate. The liability is recognized at the time the environmental disturbance occurs and the resulting costs are capitalized to the corresponding asset. The provision for site closure and reclamation liabilities is estimated using expected cash flows based on engineering and environmental reports prepared by third-party industry specialists and discounted at a pre-tax rate specific to the liability. The capitalized amount is amortized on the same basis as the related asset. The liability is adjusted for the accretion of the discounted obligation and any changes in the amount or timing of the underlying future cash flows or the discount rate. Significant judgments and estimates are involved in forming expectations of the amounts and timing of future closure and reclamation cash flows.

Changes in site closure and reclamation estimates are accounted for as a change in the corresponding capitalized cost, if there are no assets at site then it will be charged to the statement of income (loss).

Costs of site closure and reclamation projects for which a provision has been recorded are recorded directly against the provision as incurred, most of which are incurred at the end of the life of the mine.

j) *Income taxes*

The Company uses the liability method of accounting for income taxes. Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable income and on the carry forward of tax losses and tax credits. Deferred tax liabilities are generally recognized for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that affects neither accounting nor taxable income at the time of the transaction. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable income will be available against which those deductible temporary differences can be utilized.

The Company recognizes a deferred tax asset for deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable income will be available against which the temporary difference can be utilized. The Company recognizes a deferred tax liability for taxable temporary differences associated with investments in subsidiaries, except to the extent that the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

2. Summary of material accounting policies (continued)

j) Income taxes (continued)

Current and deferred tax are recognized as an expense or recovery in income or loss, except when they relate to items that are recognized outside of income or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognized outside income or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

Judgment is required to determine which arrangements are considered to be a tax on income as opposed to an operating cost. Judgment is also required to determine whether deferred tax assets are recognized in the consolidated statements of financial position. Deferred tax assets, including those arising from unutilized tax losses, require the Company to assess the likelihood that the group will generate sufficient taxable income in future periods in order to utilize recognized deferred tax assets. Judgment is also required about the application of existing tax laws in each jurisdiction.

Assumptions about the generation of future taxable income depend on management's estimates of future cash flows. These estimates of future taxable income are based on forecasted cash flows from operations (which are impacted by production and sales volumes, commodity prices, reserves, operating costs, closure and rehabilitation costs, capital expenditures, dividends and other capital management transactions).

To the extent that future cash flows and taxable income differ significantly from these estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted. In addition, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

k) *Employee benefits*

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required, and it is capable of being measured reliably. Liabilities recognized in respect of employee benefits due to be settled within 12 months are measured using the remuneration rate expected to apply at the time of settlement.

Liabilities recognized in respect of employee benefits that are not due to be settled within one year are measured at the present value of the estimated future cash outflows to be made by the Company in respect of services provided by employees up to the reporting date.

l) *Revenue*

The Company is principally engaged in the business of producing metal concentrate. Revenue from contracts with customers is recognized when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company has generally concluded that it is the principal in its revenue contracts because it typically controls the goods or services before transferring them to the customer.

Sales of certain commodities are provisionally priced such that the price is not settled until a predetermined future date based on the market price at that time. Revenue on these sales is initially recognized at the current market price. The receivables relating to provisionally priced sales are marked to market at each reporting date using the forward price for the period equivalent to that outlined in the contract at MRA and by using the current market price at the end of each reporting period at Björkdal. This mark to market adjustment is recognized in revenue but is not considered to be revenue from contracts with customers.

2. Summary of material accounting policies (continued)

m) *Share-based payments*

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 12(b) to (e).

The fair value determined using a valuation technique (e.g., Black-Scholes option pricing model) at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in income or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve.

Equity-settled share-based payment transactions with non-employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Cash-settled transactions

The cost of cash-settled transactions is measured initially at fair value at the grant date using the Black-Scholes option pricing model. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognized in share-based compensation.

n) *Financial Instruments*

Financial assets and liabilities

Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition that are debt instruments depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient for contracts that have a maturity of one year or less, are measured at the transaction price determined under IFRS 15, *Revenue from Contracts with Customers* (see Note 2(m)).

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment is referred to as the solely payments of principal and interest ("SPPI") test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

2. Summary of material accounting policies (continued)

n) Financial Instruments (continued)

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date (i.e., the date that the Company commits to purchase or sell the asset).

The Company classifies its financial assets into the following categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVTPL

Financial assets at amortized cost (debt instruments)

The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Interest received is recognized as part of interest and other income. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost include trade receivables (not subject to provisional pricing), other receivables. Refer below to *Financial assets at FVTPL* for a discussion of trade receivables that are subject to provisional pricing.

Financial assets at FVTPL

Financial assets at FVTPL include financial assets held for trading (e.g., derivative instruments), financial assets designated upon initial recognition at FVTPL (e.g., debt or equity instruments), or financial assets mandatorily required to be measured at fair value (i.e., where they fail the SPPI test). Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that do not pass the SPPI test are required to be classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVTPL are carried in the consolidated statements of financial position at fair value with net changes in fair value recognized in profit or loss.

As IFRS 9, *Financial Instruments* ("IFRS 9") now has the SPPI test for financial assets, the requirements relating to the separation of embedded derivatives is no longer needed for financial assets. An embedded derivative will often make a financial asset fail the SPPI test, thereby requiring the instrument to be measured at FVTPL in its entirety. This is applicable to the Company's trade receivables (subject to provisional pricing). These receivables relate to sales contracts where the selling price is determined after delivery to the customer, based on the market price at the relevant Qualified Person stipulated in the contract. This exposure to the commodity price causes such trade receivables to fail the SPPI test.

2. Summary of material accounting policies (continued)

n) Financial Instruments (continued)

As a result, these receivables are measured at FVTPL from the date of recognition of the corresponding sale, with subsequent movements being recognized in revenue in the consolidated statements of income and comprehensive income.

Derecognition

A financial asset is derecognized when the rights to receive cash flows from the asset have expired or when the Company has transferred its rights to receive cash flows from the asset.

Impairment of financial assets

For trade receivables and contract assets, the Company applies a simplified approach in calculating expected credit losses ("ECLs") and recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include derivative gold hedge contracts, trade and other payables and borrowings.

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the consolidated statements of income and comprehensive income.

Derivatives

The Company uses derivative financial instruments to manage exposure to fluctuations in gold prices and may use derivatives to manage exposure to interest rates, foreign currency exchange rates and input costs. The Company does not employ derivative financial instruments for trading purposes or for speculative purposes.

2. Summary of material accounting policies (continued)

n) Financial Instruments (continued)

The Company initially recognises all derivative financial instruments at fair value and on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each period with the fair value remeasurements recorded in the profit or loss. Derivatives are classified as current or non-current based on contractual maturity.

Loans and borrowings and trade and other payables

After initial recognition, interest-bearing loans and borrowings and trade and other payables are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the consolidated statements of income and comprehensive income when the liabilities are derecognized, as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statements of income and comprehensive income.

This category generally applies to interest-bearing loans and borrowings and trade and other payables.

Derecognition

A financial liability is derecognized when the associated obligation is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

o) *Income per share*

Basic loss per share is computed by dividing the net income attributable to common shareholders by the weighted average number of common shares outstanding during the reporting period.

Diluted income per share is computed similar to basic income per share except that the weighted average number of common shares outstanding is increased to include additional shares for the assumed exercise of stock options.

The number of additional shares is calculated by assuming that outstanding dilutive stock options were exercised and that the proceeds from such exercise (after adjustment of any unvested portion of stock options) were used to acquire common shares at the average market price during the reporting period.

p) *Provisions*

Provisions are recorded when a present legal or constructive obligation exists as a result of past events, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation estimated at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

2. Summary of material accounting policies (continued)

p) Provisions (continued)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount receivable can be measured reliably.

q) *Fair value measures*

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level of input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the group determines whether transfers have occurred between the levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

r) *Critical judgments and accounting estimates*

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Following is the item involving significant judgments:

- Indicator of impairment (Note 2(f)).

Following are the items involving significant estimates:

- Impairment of long-lived assets (Note 2(f));
- The anticipated cost of reclamation and closure cost obligations (Notes 2(j) and 10); and
- Unit-of-production depreciation (Notes 2(f)(iv) and 6).

Mineralization estimates

The Company estimates its ore reserves and mineral resources based on information compiled by Qualified Persons as defined in accordance with Canadian Securities Administrators National Instrument 43-101, *Standards for Disclosure of Mineral Projects*. Reserves are used in the calculation of depreciation and depletion, impairment assessment, assessment of life-of-mine stripping ratios and for forecasting the timing of payment of mine closure, reclamation and rehabilitation costs.

2. Summary of material accounting policies (continued)

r) Critical judgments and accounting estimates (continued)

There are numerous uncertainties inherent in estimating ore reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being updated.

Estimated recoverable saleable metal ounces contained in the life-of-mine plan are used in determining the depreciation and/or amortization of mine-specific assets. This results in a depreciation charge proportional to the depletion of the anticipated remaining life-of-mine production. The life of each item, which is assessed at least annually, has regard to both its physical life limitations and present assessments of economically recoverable reserves of the mine property at which the asset is located. These depletion calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure.

s) Accounting Pronouncements

New and Amended Standards and interpretations issued and Effective

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.

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.

2. Summary of material accounting policies (continued)

s) Accounting Pronouncements (continued)

Recent Accounting Pronouncements issued but not Effective

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.

In July 2024, the IASB issued narrow amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 as a part of the annual improvements to the IFRS Accounting Standards. Annual improvements are limited to changes that either clarify the wording in a standard or correct relatively minor unintended consequences or oversights in the standards. They also correct minor conflicts between the requirements of the standards. The amendments are effective for annual periods beginning on or after January 1, 2026, with early adoption permitted. The Company does not intend to early adopt this standard.

3. Trade receivables and other assets

Trade receivables and other assets consist of the following:

	2024 ($'000)	2023 ($'000)
Trade receivables	17,750	21,425
Other receivables and assets	403	3,905
VAT and other indirect tax receivables	1,463	1,277
	19,616	26,607
Less: non-current portion	390	369
Total current portion	19,226	26,238

There was no allowance for doubtful accounts recognized as at December 31, 2024. (2023 – $196,000).

4. Inventories

Inventories consist of the following:

	2024 ($'000)	2023 ($'000)
Finished goods	5,652	8,621
Work-in-progress and stockpiled ore	10,597	7,296
Consumables	8,092	6,798
	24,341	22,715

The amount of inventories recognized in cost of operations for the year ended December 31, 2024 was $146,660,000 (2023 – $139,133,000).

During the year ended December 31, 2024, there was no write-down of consumables (2023 – $nil).

5. Property, plant and equipment

	Plant and equipment	Mineral property		Exploration and evaluation	Total
		Depletable	Non-depletable		
	($'000)	($'000)	($'000)	($'000)	($'000)
Cost					
As at January 1, 2023	125,106	248,895	3,132	34,456	**411,589**
Additions	18,739	14,792	6,024	3,142	**42,697**
Disposals	(1,668)	-	-	-	**(1,668)**
Write-down of assets	-	(230)	(224)	(270)	**(724)**
Revision of reclamation liability	-	(703)	-	-	**(703)**
Foreign exchange	3,851	5,246	189	144	**9,430**
As at December 31, 2023	**146,028**	**268,000**	**9,121**	**37,472**	**460,621**
Additions	18,766	17,295	6,071	3,122	**45,254**
Disposals	(1,687)	-	-	-	**(1,687)**
Write-down of assets	-	(290)	-	(7)	**(297)**
Revision of reclamation liability	-	638	-	-	**638**
Foreign exchange	(15,247)	(25,913)	(1,191)	(1,246)	**(43,597)**
As at December 31, 2024	**147,860**	**259,730**	**14,001**	**39,341**	**460,932**
Accumulated depreciation					
As at January 1, 2023	71,393	156,289	-	-	**227,682**
Expense	16,292	17,212	-	-	**33,504**
Disposals	(1,486)	-	-	-	**(1,486)**
Foreign exchange	2,240	3,454	-	-	**5,694**
As at December 31, 2023	**88,439**	**176,955**	**-**	**-**	**265,394**
Expense	16,314	20,739	-	-	**37,053**
Disposals	(1,587)	-	-	-	**(1,587)**
Foreign exchange	(9,634)	(18,176)	-	-	**(27,810)**
As at December 31, 2024	**93,532**	**179,518**	**-**	**-**	**273,050**
Net book value					
As at January 1, 2023	53,713	92,606	3,132	34,456	**183,907**
As at December 31, 2023	57,589	91,045	9,121	37,472	**195,227**
As at December 31, 2024	**54,328**	**80,212**	**14,001**	**39,341**	**187,882**

Carrying amounts by sites

	Plant and equipment	Mineral property		Exploration and evaluation	Total
		Depletable	Non-depletable		
	($'000)	($'000)	($'000)	($'000)	($'000)
As at December 31, 2024					
Costerfield	15,137	27,789	11,295	11,098	**65,319**
Björkdal	35,538	52,423	2,706	17,352	**108,019**
La Quebrada	-	-	-	10,891	**10,891**
Lupin	3,653	-	-	-	**3,653**
	54,328	**80,212**	**14,001**	**39,341**	**187,882**

	Plant and equipment	Mineral property		Exploration and evaluation	Total
		Depletable	Non-depletable		
	($'000)	($'000)	($'000)	($'000)	($'000)
As at December 31, 2023					
Costerfield	13,654	33,534	7,697	9,437	**64,322**
Björkdal	43,935	57,511	1,424	17,337	**120,207**
La Quebrada	-	-		10,698	**10,698**
	57,589	**91,045**	**9,121**	**37,472**	**195,227**

5. Property, plant and equipment (continued)

For the year ended December 31, 2024, there was $364,000 of plant and equipment depreciation capitalized to mining interests (2023 – $334,000). As at December 31, 2024, the Company had right-of-use assets of $1,161,000 included in property, plant and equipment at Björkdal (2023 – Costerfield: $209,000 and Björkdal: $2,297,000).

For the year ended December 31, 2024, there was a write down of $297,000 of exploration assets, of which $290,000 at Costerfield (2023 – $724,000) and $7,000 at Björkdal relating to exploration areas which will not be mined.

Royalties

(i) *Costerfield – payable*

The Company is required to pay a 2.75% net smelter royalty ("NSR") to the government in Australia for its gold and antimony sales. During the year ended December 31, 2024, the Company accrued a NSR in the amount of $3,542,000 (2023 – $2,354,000), which is recorded as part of cost of sales.

(ii) *Björkdal – payable*

The Company is required to pay NSR of 0.2% of the average gold price of the production; one- fourth of that amount is to be paid to the Swedish government and the remainder to the owners of the land. During the year ended December 31, 2024, the Company accrued a NSR in the amount of $137,000 (2023 – $126,000), which is recorded as part of cost of sales.

6. Lease liabilities

			2024
	Less than 1 year	**Between 1- 4 years**	**Total**
	($'000)	**($'000)**	**($'000)**
Costerfield	-	-	**-**
Björkdal	701	526	**1,227**
Total lease liabilities	**701**	**526**	**1,227**

			2023
	Less than 1 year	**Between 1- 4 years**	**Total**
	($'000)	**($'000)**	**($'000)**
Costerfield	220	-	**220**
Björkdal	1,001	1,327	**2,328**
Total lease liabilities	**1,221**	**1,327**	**2,548**

6. Lease liabilities (continued)

The following are the amounts recognized in the consolidated statement of income and comprehensive income:

			2024
	Costerfield	**Björkdal**	**Total**
	($'000)	**($'000)**	**($'000)**
Depreciation expense for right-of-use assets	224	843	1,067
Interest expense on lease liabilities	2	61	63
Expenses relating to short-term leases	-	706	706
Variable lease payments	-	4,114	4,114
	226	**5,724**	**5,950**

			2023
	Costerfield	**Björkdal**	**Total**
	($'000)	**($'000)**	**($'000)**
Depreciation expense for right-of-use assets	681	990	1,671
Interest expense on lease liabilities	32	77	109
Expenses relating to short-term leases	-	620	620
Variable lease payments	-	3,163	3,163
	713	**4,850**	**5,563**

Björkdal's equipment leases are 80%-90% financed of its purchase cost, bear interest at 2.50%-6.00% per annum and require monthly lease payments. These leases are payable within three to five years of initial borrowing. Certain leases also have an equipment buy-out option at the end of the lease terms equal to 10% of the original equipment purchase cost. These leases are due to be repaid during the year ending May 31, 2027.

7. Trade and other payables

	2024	2023
	($'000)	($'000)
Trade payables	**7,761**	7,859
Accrued liabilities	**14,775**	11,380
Payroll and other taxes payable	**2,204**	2,458
Cash election option (Note 11(b))	**311**	30
	25,051	21,727

Trade payables are non-interest bearing and are normally settled on one-month terms. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

8. Borrowings

	2024	2023
	($'000)	($'000)
Revolving Credit Facility	-	19,605
Equipment Facilities	5,166	1,443
	5,166	21,048
Less: current portion of total borrowings	1,739	631
Non-current portion of total borrowings	3,427	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").

The initial drawdown under the Revolving Credit Facility was used to repay the Company's existing Syndicated Facility with HSBC Bank Canada and Macquarie Bank Limited (the "Existing Facility"), which had $32,600,000 outstanding before repayment in full. The residual proceeds from the Revolving Credit Facility were used for general corporate and working capital purposes. The hedge arrangements entered into in connection with the Syndicated Facility, it expired in June 2023.

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; and
- Adjusted Tangible Net Worth of not less than $135,739,000 plus 50% of net income (cumulative) earned after the Closing Date, less any write-downs related to non-core assets (including La Quebrada and Lupin) and add/less any fair value loss/gain related to the gold derivative contracts.

As at December 31, 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 December 31, 2024, the undrawn amount under this facility was $35,000,000 (2023 – $15,000,000).

Equipment Facilities

As at December 31, 2024, the Company's Björkdal mine in Sweden had a balance of $1,864,000 (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 2.49% - 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 and are denominated in SEK.

8. Borrowings (continued)

On February 28, 2024, the Company purchased trucks and excavators for Lupin reclamation activities under an equipment loan facility (the "Equipment Facility"). The Equipment Facility bears interest at 4.49% per annum and zero interest respectively, for trucks and excavators. The loan is repayable in equal monthly instalments ending March 2028. The loan balance as at December 31, 2024 was $3,301,000.

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 December 31, 2024.

During the year ended December 31, 2023, the Company paid $8,776,000 as settlement of expired gold derivatives contracts

There were other derivative contracts in place at December 31, 2024 (See note 17).

9. Reclamation and site closure costs

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

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

	($'000)
Balance at December 31, 2022	29,143
Expenditure for reclamation	(731)
Change in estimated future cash outflows	5,804
Accretion	716
Foreign exchange	585
Balance at December 31, 2023	**35,517**
Expenditure for reclamation	(3,171)
Change in estimated future cash outflows	4,848
Accretion	693
Foreign exchange	(3,578)
Balance at December 31, 2024	**34,309**
Less: current portion	4,338
Total non-current portion	**29,971**

9. Reclamation and site closure costs (continued)

At each reporting period, the Company reviews cost estimates and other assumptions used in the valuation of reclamation and closure costs to reflect events, changes in circumstances and new information available. Changes in these cost estimates and assumptions have a corresponding impact on the best estimate of the site closure and reclamation obligation costs.

The total undiscounted amount of estimated cash flows required to settle the retirement obligations for the Company is $37,255,000 (2023 – $38,424,000). The deposits relating to these obligations amounted to $18,460,000 (2023 – $19,815,000) is recorded in reclamation and other deposits.

The present value of the site closure and reclamation cost obligations for the Costerfield mine at December 31, 2024, is $5,813,000 (2023 – $6,365,000), calculated using a discount rate of 3.89% (2023 – 3.84%). The obligations are expected to be settled by 2028.

During the year ended December 31, 2024, there was no increase in the reclamation deposit at Costerfield (2023 – $3,533,000). As at December 31, 2024, the deposit amounted to $5,977,000 (2023 – $6,586,000) and is recorded in reclamation and other deposits.

The present value of the site closure and reclamation cost obligations for the Björkdal mine as at December 31, 2024 is $4,428,000 (2023 – $4,115,000), calculated using a discount rate of 2.10% (2023 – 2.21%). As at December 31, 2024, the deposit amounted to $4,498,000 (2023 – $4,552,000) and is recorded in reclamation and other deposits.

The present value of the site closure and reclamation cost obligations for the Lupin mine as at December 31, 2024 is $19,612,000 (2023 – $19,381,000), calculated using a discount rate of 3.12% (2023 – 3.67%). Restricted cash at December 31, 2024 amounting to $7,985,000 (2023 – $8,677,000) stands as a deposit against reclamation cost obligations.

As a result of a review of the reclamation costs, the reclamation liability was revised by $4,209,000 (2023 – $6,459,000) as at December 31, 2024. The Company incurred $3,008,000 (2023 – $731,000) for reclamation work at the Lupin mine during the year ended December 31, 2024. As at December 31, 2024, the Company has recognized $4,338,000 (2023 – $4,238,000) as current for the liability for reclamation spend, which represents the value of the expected work during the year ending December 31, 2025. The vast majority of the reclamation activities are expected to be completed by the end of 2026.

10. Other provisions

The Company's Costerfield mine provide for a vacation provision for their current employees, in accordance with local statutory requirements.

10. Other provisions (continued)

	Employee benefits
	($'000)
Balance, December 31, 2022	3,626
Additions	2,800
Amounts paid	(2,768)
Foreign exchange	6
Balance, December 31, 2023	3,664
Additions	2,683
Amounts paid	(2,368)
Foreign exchange	(357)
Balance, December 31, 2024	**3,622**
Less: current portion	3,316
Total non-current portion	**306**

11. Share capital

As at December 31, 2024, the Company had an unlimited number of authorized common shares without par value and 93,909,090 common shares outstanding (December 31, 2023 – 92,883,925 common shares). All outstanding common shares are fully paid.

(a) Share-based compensation

	2024	2023
	($'000)	($'000)
Share-based compensation on options	**609**	440
Change in fair value for cash election option	**179**	(502)
Share unit amortization	**1,165**	982
	1,953	920

(b) Stock options

Stock options – equity based

1,099,452 stock options were granted at an exercise price of C$1.47 during the year ended December 31, 2023 (2022 – 340,731 at C$2.58). The value of options granted was determined using the Black-Scholes option pricing model. A weighted average grant date fair value of C$1.02 (2023 – C$2.01) was calculated using the following weighted average assumptions. Expected stock price volatility and option life are based on the Company's historical share price volatility and option life.

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

11. Share capital (continued)

(b) Stock options (continued)

	2024	2023
Risk free interest rate	**4.31%**	4.25%
Expected dividend yield	**0.00%**	0.00%
Expected life of options in years	**7.00**	7.00
Expected stock price volatility	**70.00%**	80.63%
Expected forfeiture rate	**0.00%**	0.00%

On May 20, 2020, the shareholders of the Company approved an Omnibus Equity Incentive Plan (the "Omnibus Plan"), which provides flexibility to the Company to grant equity-based incentive awards in the form of stock options, restricted share units, performance share units and deferred share units as described in the Company's Management Information Circular dated April 3, 2020. The Omnibus Plan replaced the Company's Stock Option Plan and RSU Plan, which remain in effect with respect to stock options and RSUs issued prior to the adoption of the Omnibus Plan, but no further stock options and RSUs will be issued thereunder. The total number of common shares reserved for issuance pursuant to awards granted under the Omnibus Plan and all other security-based compensation outstanding under the Stock Option Plan and RSU Plan shall not exceed 10% of the issued and outstanding common shares from time to time.

Options issued until December 31, 2016 had a maximum term of five years and thereafter have a maximum term of up to seven years.

	Number of options	**Weighted average exercise price**
		C$
Balance, December 31, 2022	1,937,422	1.77
Granted	340,731	2.58
Exercised	(13,334)	0.61
Balance, December 31, 2023	**2,264,819**	**1.90**
Granted	1,099,452	1.47
Exercised	(1,286,593)	1.21
Cancelled	(184,333)	2.47
Expired	(140,000)	6.00
Balance, December 31, 2024	**1,753,345**	**1.75**

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

11. Share capital (continued)

(b) Stock options (continued)

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

		Options outstanding		Options exercisable	
Number of stock options outstanding	Grant Date	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	0.50	2.00	12,000	2.00
20,000	April 8, 2019	1.50	1.10	20,000	1.10
100,000	March 20, 2020	2.50	0.61	100,000	0.61
85,367	February 25, 2021	3.50	2.14	85,367	2.14
184,292	February 25, 2022	4.50	2.65	122,861	2.65
164,191	February 23, 2023	5.50	2.63	54,730	2.63
88,043	May 12, 2023	5.50	2.43	29,348	2.43
1,099,452	February 26, 2024	6.50	1.47	-	-
1,753,345		**5.67**	**1.75**	**424,306**	**1.96**

Stock options – cash election based

Option holders resident in Australia have a choice of receiving cash in the amount equal to the differences between the exercise price and the market price of the Company's shares at the date of exercise. The cash election option expires two days after the vesting date. The share purchase option remains exercisable until the end of the term, which is generally five years from the date of grant. The liability, recorded in trade and other payables, is remeasured at fair value at each reporting date. As at December 31, 2024, the liability was $311,000 (2023 – $30,000). For the year ended December 31, 2024, the Company recognized a fair value measurement loss of $179,000 (2023 – gain of $502,000), which is included in the share-based compensation expense.

The fair value of a cash election option is determined by using the Black-Scholes option pricing model using the following weighted average assumptions as at December 31, 2024 and 2023. The fair value is determined based on Level 1 and 2 inputs as follows:

	2024	2023
Risk free interest rate	**2.92%**	3.91%
Expected dividend yield	**0.00%**	0.00%
Expected life of options in years	**2.16**	2.15
Expected stock price volatility	**54.59%**	70.33%
Expected forfeiture rate	**0.00%**	0.00%

As at December 31, 2024, 510,926 (2023 – 315,228) stock options with the cash election option were outstanding.

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

11. Share capital (continued)

(c) Restricted stock units ("RSUs")

The Company has granted RSUs to certain directors. Under the Omnibus Plan, those directors granted RSUs will receive the Company's common shares at no cost at the end of the vesting period, which are based on graded vesting over three years. Each RSU entitles the holder to one common share. The number of granted RSUs is subject to an upward adjustment based on the Company's dividend declarations during the vesting period. The RSU value is determined based on the fair value of the Company's share at the grant date and amortized over the vesting period, which is recorded in share-based compensation and share option reserve.

The number of RSUs outstanding as at December 31, 2024 and 2023, is as follows:

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

For the year ended December 31, 2024, the Company recorded $636,000 (2023 – $252,000) as a share-based compensation expense relating to RSUs.

(d) Performance stock units ("PSUs")

The Company has granted PSUs to certain employees. Under the Omnibus Plan, those employees granted PSUs will receive the Company's common shares at no cost upon the achievement of certain performance goals during the specified vesting period. Each PSU entitles the holder to one common share. The number of granted PSUs is subject to an upward adjustment based on the Company's dividend declarations during the vesting period. The PSU value is determined based on the fair value of the Company's common shares at the grant date and amortized over the vesting period, which is recorded in share-based compensation and share option reserve.

The number of PSUs outstanding as at December 31, 2024 and 2023, is as follows:

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

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

11. Share capital (continued)

(d) Performance stock units ("PSUs") (continued)

For the year ended December 31, 2024, the Company recorded $254,000 (2023 – $482,000) as a share-based compensation expense relating to PSUs. While 241,192 PSUs (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")

Non-executive directors are granted part of their compensation in the form of DSUs. Under the Omnibus Plan, those directors granted DSUs receive the Company's common shares at no cost following their departure from the board. Each DSU entitles the holder to one common share. The number of granted DSUs is subject to an upward adjustment based on the Company's dividend declarations during the vesting period. The DSU value is determined based on the fair value of the Company's common shares at the grant date, which is recorded in share-based compensation and share option reserve.

The number of DSUs outstanding as at December 31, 2024 and 2023, is as follows:

	Number of DSU awards
Balance, December 31, 2022	262,828
Granted	159,999
Balance, December 31, 2023	**422,827**
Granted	244,398
Redeemed	(178,523)
Balance, December 31, 2024	**488,702**

For the year ended December 31, 2024, the Company recorded $275,000 (2023 – $248,000) as a share-based compensation expense relating to DSUs.

(f) Normal Course Issuer Bid

2024 NCIB

On February 23, 2024, the Toronto Stock Exchange (the "TSX") approved the Company's notice of intention to make a normal course issuer bid ("NCIB") for a portion of the Company's common shares. Purchases under the NCIB will be made in accordance with the requirements of the TSX.

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

11. 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$
Year ended December 31, 2024			
2024 NCIB	152,700	3.27	499,306
	152,700		499,306

	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$
Year ended December 31, 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

12. Income taxes

Income tax expense consists of the following:

	2024	2023
	($'000)	($'000)
Current tax		
Adjustment in respect of prior periods	(81)	(643)
Income tax	20,746	5,510
	20,665	4,867
Deferred tax		
Origination and reversal of temporary differences	(372)	(8)
Increase in unrecognized losses	1,727	1,828
	1,355	1,820
Total income tax expense	22,020	6,687

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to income before income taxes. These differences result from the following items:

	2024	2023
	($'000)	($'000)
Income before income taxes	69,781	14,548
Canadian federal and provincial income tax rates	26.5%	26.5%
Income tax expense based on above rates	18,492	3,855
Increase (decrease) due to:		
Non-deductible expenditures	255	966
Effect of different foreign tax rates on earnings of subsidiaries	1,156	661
Increase in unrecognized losses	1,727	1,801
Adjustment in respect of prior periods	(81)	(643)
Others	471	47
	22,020	6,687

The tax rates used for the reconciliations above are the corporate tax rates applicable to Mandalay in Canadian jurisdictions. The applicable tax rate charged was 26.5% in 2024 and 2023.

The components of deferred income taxes are as follows:

12. Income taxes (continued)

	2024	2023
	($'000)	($'000)
Deferred tax assets		
Tax losses carried forward	-	855
Deductible temporary differences and other:		
Unrealised losses on derivatives	2,743	342
Provisions and accruals	1,666	1,512
Deferred tax assets	4,409	2,709
Deferred tax liabilities		
Property, plant and equipment	(13,124)	(15,034)
Finance leases	(24)	-
Unrealised foreign exchange losses	(2,144)	(1,165)
Foreign tax reserves	(1,607)	-
Other	(962)	329
Deferred tax liabilities	(17,861)	(15,870)
Deferred tax liability, net	(13,452)	(13,161)
Deferred tax liability	(13,452)	(13,161)
Deferred tax liability, net	(13,452)	(13,161)

Changes in the Company's net deferred income tax liabilities are as follows:

	2024	2023
	($'000)	($'000)
Opening net deferred tax liabilities	(13,161)	(11,201)
Income tax expense charged to earnings during the year	(1,355)	(1,820)
Foreign exchange	1,064	(140)
Ending net deferred tax liabilities	(13,452)	(13,161)

Deferred tax assets not recognized at the reporting date are summarized as follows:

	2024	2023
	($'000)	($'000)
Deferred tax assets		
Tax losses carried forward	29,029	30,890
Deductible temporary differences:		
Financing costs	(14)	175
Unrecognized deferred tax assets	29,015	31,065

12. Income taxes (continued)

As at December 31, 2024, the Company had unrecognized Canadian income tax losses of approximately $125,986,000 (2023 – $134,899,000). Of these losses, $93,101,000 (2023 – $98,236,000) will expire from 2025 through 2043.

The aggregate amount of taxable temporary differences associated with investments in subsidiaries, for which deferred tax liabilities have not been recognized as at December 31, 2024 is $191.8 million (December 31, 2023 – $161.3 million). No deferred tax liabilities are recognized on the temporary differences associated with investment in subsidiaries because the Company controls the timing of reversal and it is not probable that they will reverse in the foreseeable future.

13. 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 20).

Year ended December 31	Costerfield		Björkdal		Total	
	2024	2023	**2024**	2023	**2024**	2023
	($'000)	($'000)	**($'000)**	($'000)	**($'000)**	($'000)
Primary geographical markets						
Australia	135,050	90,802	-	-	**135,050**	90,802
Sweden	-	-	94,473	80,171	**94,473**	80,171
Revenue from contracts with customers	**135,050**	90,802	**94,473**	80,171	**229,523**	170,973
Provisional pricing adjustments	1,344	557	9,788	1,814	**11,132**	2,371
Total revenue from mining operations	**136,394**	91,359	**104,261**	81,985	**240,655**	173,344
Commodities						
Gold	103,463	67,918	94,473	80,171	**197,936**	148,089
Antimony	31,587	22,884	-	-	**31,587**	22,884
Revenue from contracts with customers	**135,050**	90,802	**94,473**	80,171	**229,523**	170,973
Provisional pricing adjustments	1,344	557	9,788	1,814	**11,132**	2,371
Total revenue from mining operations	**136,394**	91,359	**104,261**	81,985	**240,655**	173,344

14. Cost of sales

The cost of sales for the years ended December 31, 2024 and 2023, consists of:

	2024	2023
	($'000)	($'000)
Raw materials and consumables	29,600	27,924
Salary and employee benefits	40,881	37,265
Contractors	22,604	20,620
Change in inventories	(333)	4,702
Royalties	3,679	2,480
Other	14,067	12,932
	110,498	105,923

15. Administration expenses

The administration expenses for the years ended December 31, 2024 and 2023 consist of the following:

	2024	2023
	($'000)	($'000)
Salaries, short-term incentives, and other benefits	3,106	4,523
Legal and accounting	1,239	921
Administrative and office	661	452
Travel	458	375
Other	2,580	607
Expected credit loss	-	215
	8,044	7,093

16. Finance costs

The finance costs for the years ended December 31, 2024 and 2023 consist of the following:

	2024	2023
	($'000)	($'000)
Loan Facility		
Interest on Revolver Credit Facility	1,695	1,878
Realised loss on gold derivative contracts under Syndicated Facility	-	8,291
Other		
Interest on other borrowings and other charges	262	233
Accretion of reclamation and site closure costs	692	716
	2,649	11,118

17. Financial instruments

The Company has recognized a net change in liabilities related to financial instruments of $14,104,000 (2023 – $4,448,000) for the year ended December 31, 2024. Details of these are given below:

(a) Foreign exchange derivative contracts

Scotia FX 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 a fair value gain of $617,000 (2023 – loss of $651,000) for the year ended December 31, 2024. There were no contracts outstanding as at December 31, 2024.

During the year ended December 31, 2024, the Company incurred a realized loss of $2,460,000 for settlement of expired foreign exchange derivatives contracts.

Convera FX derivative contracts:

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. 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 $559,000 (2023 – $nil) for the year ended December 31, 2024. The fair value of these liabilities as at December 31, 2024 was $536,000 (December 31, 2023 – $nil).

(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 $7,805,000 for the year ended December 31, 2024. The fair value of these liabilities as at December 31, 2024 was $7,142,000 (December 31, 2023 – $nil).

17. Financial instruments (continued)

(b) Gold derivative contracts (continued)

During the year ended December 31, 2024, the Company incurred a realized loss of $4,096,000 for settlement of expired gold derivatives contracts (December 31, 2023 – $nil).

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 were 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 was amortized during the settlement period.

These derivatives were measured at fair value through profit or loss at the end of each reporting period. The gold put contracts were expired as at December 31, 2024.

(c) Marketable securities – assets

Aftermath shares

On May 5, 2021, the Company received 2,054,794 shares of Aftermath with a fair value of C$0.73 per share as part of the compensation under the Challacollo sale agreement.

On August 10, 2022, the Company further received 6,122,448 shares from Aftermath with a fair value of C$0.245 per share as part of the compensation.

During the year ended December 31, 2024, the Company sold all of its remaining 4,698,300 shares of Aftermath Silver Ltd. for a total of $1,083,000 (2024 –1,424,148 shares). The Company recorded a realized gain of $188,000 for the year ended December 31, 2024. As at December 31, 2024, the Company does not own any shares of Aftermath Silver Ltd.

Equus shares

On December 18, 2021, the Company received 29,375,121 shares (after consolidation of 20 shares into 1 share) of Equus Mining Ltd with a fair value of A$0.18 per share as part of the compensation under the Cerro Bayo sale agreement.

The Company has written off the value of shares of Equus Mining Ltd. ("Equus") for $959,000 hence the value of shares as at December 31, 2024 was $nil (December 31, 2023 – $1,001,000). Equus shares were stated at fair value with any resulting gain or loss recognised in the consolidated statements of income and comprehensive income under loss (gain) on financial instruments. The Company recorded an unrealized fair value gain of $nil (2023 – loss of $600,000) for the year ended December 31, 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 December 31, 2024.

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

18. Income per share

As at December 31, 2024 and 2023, the weighted average number of common shares for the purpose of calculating diluted income per share reconciles to the weighted average number of common shares used in the calculation of basic income per share as follows:

	2024	2023
	('000)	('000)
Net income for the year	**47,761**	7,861
Basic weighted average number of shares outstanding	**93,288**	92,810
Effect of dilutive securities:		
Stock options	**765**	682
RSU	**1,042**	282
PSU	**524**	789
DSU	**489**	423
Diluted weighted average number of shares outstanding	**96,108**	94,986

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

	2024	2023
	('000)	('000)
Anti-dilutive securities		
Stock options	**-**	776

19. 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):

Year ended December 31, 2024

Year ended December 31, 2024	Australia ($'000)	Sweden ($'000)	Chile ($'000)	Canada ($'000)	Total ($'000)
Revenue	136,394	104,261	-	-	240,655
Cost of sales, excluding depletion and depreciation	(51,263)	(59,235)	-	-	(110,498)
Depletion and depreciation	(12,491)	(23,671)	-	-	(36,162)
Income from mining operations	72,640	21,355	-	-	93,995
Other operating expenses	(3,948)	(3,063)	(228)	(2,714)	(9,953)
Write-off of assets	(290)	(7)	-	(959)	(1,256)
Revision of reclamation liability	-	-	-	(4,209)	(4,209)
Other income (expenses), except for fair value adjustment	5,928	(6,622)	(749)	6,751	5,308
Loss (gain) on financial instruments	(13,098)	(1,422)	-	416	(14,104)
Income (loss) before income taxes	61,232	10,241	(977)	(715)	69,781
Current tax expense	(20,288)	(377)	-	-	(20,665)
Deferred tax recovery (expense)	470	(1,825)	-	-	(1,355)
Net income (loss) for the year	**41,414**	**8,039**	**(977)**	**(715)**	**47,761**
Cash expenditure for property, plant and equipment	20,071	20,180	56	4,524	44,831
Total non-current assets as at December 31, 2024	71,298	112,566	11,096	11,772	206,732
Total assets as at December 31, 2024	154,082	148,406	11,161	15,927	329,576
Total liabilities as at December 31, 2024	44,740	24,622	-	30,948	100,310

Year ended December 31, 2023	Australia ($'000)	Sweden ($'000)	Chile ($'000)	Canada ($'000)	Total ($'000)
Revenue	91,359	81,985	-	-	173,344
Cost of sales, excluding depletion and depreciation	(49,880)	(56,043)	-	-	(105,923)
Depletion and depreciation	(12,580)	(20,630)	-	-	(33,210)
Income from mining operations	28,899	5,312	-	-	34,211
Other operating expenses	(3,450)	(2,979)	(158)	(1,118)	(7,705)
Write-off of assets (Note 10)	(724)	-	-	-	(724)
Revision of reclamation liability	-	-	-	(6,459)	(6,459)
Other expenses, except for fair value adjustment	(3,341)	(5,117)	(641)	(124)	(9,223)
Gain (loss) on financial instruments	2,923	2,803	-	(1,278)	4,448
Income (loss) before income taxes	24,307	19	(799)	(8,979)	14,548
Current tax expense	(4,867)	-	-	-	(4,867)
Deferred tax expense	(1,799)	(21)	-	-	(1,820)
Net income (loss) for the year	**17,641**	**(2)**	**(799)**	**(8,979)**	**7,861**
Cash expenditure for property, plant and equipment	15,696	25,977	66	-	41,739
Total non-current assets as at December 31, 2023	70,910	124,879	11,012	8,613	215,414
Total assets as at December 31, 2023	116,718	152,984	11,091	14,455	295,248
Total liabilities as at December 31, 2023	27,057	23,740	-	47,519	98,316

19. Segmented information (continued)

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

Revenue from these customers is summarized as follows:

	2024	2023
	($'000)	($'000)
Costerfield (gold and antimony)		
Customer 1	**25,520**	23,729
Customer 2	**75,237**	44,820
Customer 3	**33,437**	16,769
	134,194	85,318
Björkdal (gold)		
Customer 4	**82,966**	64,540
Customer 5	**-**	17,445
	82,966	81,985
	217,160	167,303

20. Capital management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. In the management of capital, the Company includes the components of equity, long-term debt, net of cash and cash equivalents.

Capital, as defined above, as at December 31, 2024 and 2023 is summarized in the following table:

	2024	2023
	($'000)	($'000)
Equity	**229,266**	196,932
Non-current borrowings	**3,427**	20,417
Non-current lease liabilities	**526**	1,327
	233,219	218,676
Cash and cash equivalents	**(76,371)**	(26,855)
	156,848	191,821

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or purchase existing shares under Normal Course Issuer Bid arrangements, issue new debt or pay down existing debt, or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares annual budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual budget and quarterly updated forecasts are approved by the Company's Board of Directors.

21. Financial risk management

The Company thoroughly examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, currency risk, interest rate risk and commodity price risk. Where material, these risks are reviewed and monitored by the Company's Board of Directors.

(a) Credit risk

Credit risk is the risk of an unexpected loss if a counter party to its financial instrument fails to meet its contractual obligations.

The Company's financial assets are primarily comprised of cash and cash equivalents, trade and other receivables, derivative financial instruments and reclamation and other deposits. Credit risk is primarily associated with trade receivables; however, it also arises on cash and cash equivalents.

To mitigate exposure to credit risk, the Company has established policies to limit the concentration of credit risk, to ensure counterparties demonstrate minimum acceptable creditworthiness, and to ensure liquidity of available funds.

The Company closely monitors its financial assets and does not have any significant concentration of credit risk. The Company sells its antimony and gold exclusively to large international organizations with strong credit ratings.

The historical level of customer defaults is minimal and, as a result, the credit risk associated with gold and antimony trade receivables as at December 31, 2024 is not considered to be high.

The Company's maximum exposure to credit risk as at December 31, 2024 and 2023, is as follows:

	2024	2023
	($'000)	($'000)
Cash and cash equivalents	76,371	26,855
Trade and other receivables	19,616	26,607
Reclamation and other deposits	18,460	19,815
	114,447	73,277

(b) Aging of past due but not impaired receivables

The Company receives 90%-95% of the estimated gold and antimony revenue after the date of the provisional invoice. The provisional invoice is issued close to the shipment delivery date. The final selling price is determined up to 180 days after the delivery when smelting and refining are complete. The remaining 5%-10% receivable balance is settled with an adjustment once the final selling price is determined. The Company has financial risk management policies in place to ensure that all receivables are received within the pre-agreed credit terms.

For the year ended December 31, 2024, substantially all of the Company's gold and antimony production was sold to four customers (2023 – five) and there was no significant change in the credit quality of these customers over that time. There are neither past due amounts nor impaired trade receivables as at December 31, 2024 and 2023.

21. Financial risk management (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure.

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 amounts on the Company's consolidated statements of 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	**25,051**	**-**	**-**	**-**	**25,051**	21,727
Borrowings	**1,739**	**3,427**	**-**	**-**	**5,166**	21,048
Lease liabilities	**701**	**526**	**-**	**-**	**1,227**	2,548
Reclamation and site closure costs provision	**4,473**	**17,973**	**7,687**	**7,123**	**37,256**	38,424
Income taxes payable	**9,805**	**-**	**-**	**-**	**9,805**	-
Financial instruments	**7,678**	**-**	**-**	**-**	**7,678**	651
	49,447	**21,926**	**7,687**	**7,123**	**86,183**	84,397

(d) Currency risk

The Company operates in Canada, Australia, Chile and Sweden. As a result, the Company has foreign currency exposure with respect to items not denominated in U.S. dollars.

(i) <u>Exposure to currency risk</u>

The Company is exposed to currency risk through the following assets and liabilities denominated in currencies other than the U.S. dollar: cash and cash equivalents, trade and other receivables, reclamation and other deposits, trade and other payables and borrowings.

(ii) <u>Translation exposure</u>

The Company's presentation currency is U.S. dollars. The Company's foreign operations translate their operating results from their respective functional currency to U.S. dollars. Therefore, exchange rate movements in the Australian dollar, Canadian dollar, Chilean peso and Swedish krona can have a significant impact on the Company's consolidated financial position, as reported in U.S. dollars.

The following tables demonstrate the sensitivity to a reasonably possible change in AUD, SEK and CAD exchange rates, with all other variables held constant. The impact on the Company's profit is due to changes in the fair value of monetary assets and liabilities in place at the consolidated statements of financial position date. The Company's exposure to foreign currency changes for all other currencies is not material.

		Change in USD rate	**Effect on profit before tax**		**Effect on pre-tax equity**	
			2024	**2023**	**2024**	**2023**
5%	**Australia**	±5%	3,062	1,215	5,467	4,483
5%	**Sweden**	±5%	(512)	(1)	6,189	6,462
5%	**Canada**	±5%	36	449	751	1,621

21. Financial risk management (continued)

(e) Interest rate risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate changes is primarily related to the borrowings under the Revolving Credit Facility as at December 31, 2024. Interest to be paid on the Revolving Credit Facility is the SOFR rate plus the applicable margin, which is based on Company's leverage ratio. The variable interest rates are on the equipment loan facility of Björkdal bearing interest at the 30 or 90 days STIBOR plus 2.49% - 3.33% per annum and equipment leases of Björkdal bearing interest calculated at 2.50%-6.00% per annum.

(f) Commodity price risk

The Company's income and cash flows are subject to price risk due to fluctuations in the market price of gold and antimony. World metal prices have historically fluctuated widely.

The Company is subject to price risk for fluctuations in the cost of energy, principally electricity and purchased petroleum products. The Company's production costs are also affected by the prices of materials it consumes or uses in its operations, such as lime, reagents and explosives. The prices of such commodities are influenced by supply and demand trends affecting the mining industry in general and other factors outside the Company's control.

22. 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 value 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.

As at December 31, 2024 and 2023, the Company's financial assets and liabilities are categorized as follows:

22. Fair value measurement (continued)

2024	FVTPL	Loans and receivables	Other financial liabilities	Total
	($'000)	($'000)	($'000)	($'000)
Financial assets				
Cash and cash equivalents	-	76,371	-	76,371
Trade receivables	-	17,750	-	17,750
Reclamation and other deposits	-	18,460	-	18,460
Other receivables	-	1,866	-	1,866
Financial liabilities				
Trade and other payables	311	-	24,740	25,051
Borrowings	-	-	5,129	5,129
Lease liabilities	-	-	1,227	1,227
Derivative financial instruments	7,678	-	-	7,678

2023	FVTPL	Loans and receivables	Other financial liabilities	Total
	($'000)	($'000)	($'000)	($'000)
Financial assets				
Cash and cash equivalents	-	26,855	-	26,855
Trade receivables	-	21,425	-	21,425
Reclamation and other deposits	-	19,815	-	19,815
Other receivables	-	5,182	-	5,182
Marketable securities	1,922	-	-	1,922
Financial liabilities				
Trade and other payables	30	-	21,697	21,727
Borrowings	-	-	20,972	20,972
Lease liabilities	-	-	2,548	2,548
Derivative financial instruments	651	-	-	651

22. Fair value measurement (continued)

	2024		2023	
	Carrying value	**Fair value**	Carrying value	Fair value
	($'000)	**($'000)**	($'000)	($'000)
Financial assets				
Cash and cash equivalents	**76,371**	**76,371**	26,855	26,855
Reclamation and other deposits	**18,460**	**18,460**	19,815	19,815
Trade receivable	**17,750**	**17,750**	21,425	21,425
Other receivables	**1,866**	**1,866**	5,182	5,182
Marketable securities	**-**	**-**	1,922	1,922
Financial liabilities				
Borrowings	**5,129**	**5,129**	20,972	43,889
Trade and other payables	**25,051**	**25,051**	21,727	21,727
Lease liabilities	**1,227**	**1,227**	2,548	2,548
Derivative financial instruments	**7,678**	**7,678**	651	651

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

As at December 31, 2024, other receivables and marketable securities valued using 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 that may cause transfers between the levels of the fair value hierarchy.

23. Commitments and contingencies

The Company is involved in legal proceedings from time to time arising in the ordinary course of business. Typically, the amount of the ultimate liability with respect to these actions will not materially affect the Company's consolidated financial position and financial performance.

The Company's Björkdal and Costerfield mines have entered into several equipment leases and the detailed future minimum payments relating to these leases are outlined in Note 7.

24. Related party transactions

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and its executive officers.

During the year ended December 31, 2024 and 2023, the following compensation was incurred:

	2024	2023
	($'000)	($'000)
Directors and officer's compensation (current and former)	2,142	1,978
Share-based compensation (current and former)	1,795	744
	3,937	2,722

25. Expenses by nature

The following employee benefits expenses are included in cost of sales and administrative expenses.

	2024	2023
	($'000)	($'000)
Salaries, short-term incentives, and other benefits	43,987	41,788
Share-based compensation	1,953	920
	45,940	42,708