MANDALAY RESOURCES

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2024

AS OF FEBRUARY 20, 2025

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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements and notes to the consolidated financial statements of Mandalay Resources Corporation ("Mandalay" or the "Company") for the year ended December 31, 2024, the Company's Annual Information Form dated March 31, 2024 (the "AIF"), the Company's 2023 audited consolidated financial statements and accompanying 2023 MD&A, as well as other information relating to the Company on file with the Canadian provincial securities regulatory authorities on SEDAR+ at www.sedarplus.com. The Company's reporting currency is the United States ("US") dollar and all amounts in this MD&A are expressed in US dollars unless otherwise stated. The Company reports its consolidated financial position, results of operations and cash flows in accordance with International Financial Reporting Standards ("IFRS"). The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

This MD&A contains references to non-GAAP measures. Please refer to the Non-GAAP Performance Measures section for the list of these measures and their definitions.

Cautionary Note Regarding Forward-Looking Information

Certain statements contained in this document constitute "forward-looking statements." Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements expressly stated or implied by such forward-looking statements. Such factors include, among others, the following: mining industry risks; fluctuations in the market price of mineral commodities; project development; expansion targets and operational delays; environmental risks and hazards; requirement of additional financing; health and safety; uncertainty as to calculations of mineral deposit estimates; marketability; licenses and permits; title matters; governmental regulation of the mining industry; cybersecurity events; current global financial conditions including inflation; currency risk; uninsured risks; competition; repatriation of earnings; properties without known mineral reserves; dependence upon key management personnel and executives; dependence on major customers; infrastructure; litigation; potential volatility of market price of common shares; possible conflicts of interest of directors and officers of the Company; risk of dilution; payment obligations relating to properties; instability of political and economic environments; and integration of acquisitions. Specific reference is made to the Annual Information Form for a discussion of some of the factors underlying forward-looking statements. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, the reader is cautioned not to place undue reliance on forward-looking statements.

Where we say "we," "us," "our," the "Company" or "Mandalay," we mean Mandalay Resources Corporation and/or one or more or all of its subsidiaries, as it may apply. The following abbreviations are used to describe the periods under review throughout this MD&A. All amounts included in this MD&A are in United States dollars ("$"), unless otherwise specified. The use of CAD refers to Canadian dollars, the use of SEK refers to Swedish Krona and the use of AUD refers to Australian dollars.

Abbreviation	Period	Abbreviation	Period
FY 2024	January 1, 2024–December 31, 2024	**FY 2023**	January 1, 2023–December 31, 2023
Q1 2024	January 1, 2024–March 31, 2024	**Q1 2023**	January 1, 2023–March 31, 2023
Q2 2024	April 1, 2024–June 30, 2024	**Q2 2023**	April 1, 2023–June 30, 2023
Q3 2024	July 1, 2024–September 30, 2024	**Q3 2023**	July 1, 2023–September 30, 2023
Q4 2024	October 1, 2024–December 31, 2024	**Q4 2023**	October 1, 2023–December 31, 2023

OUR BUSINESS

Mandalay is a Canada-based natural resource company with producing assets in Australia (the Costerfield gold-antimony mine) and Sweden (the Björkdal gold mine). The Company is focused on growing its production and reducing costs to generate significant positive cashflow. Mandalay is committed to operating safely and in an environmentally responsible manner, while fostering strong community and employee engagement.

Mandalay's mission is to create shareholder value through profitable operation and successful organic exploration at its Costerfield and Björkdal mines, while actively evaluating accretive and non dilutive inorganic growth opportunities. At Costerfield, the Company focuses on mining the high-grade Youle and Shepherd veins, while expanding near-mine and regional Mineral Resources & Reserves. At Björkdal, the goal is to enhance production from the Eastern Extension area and other higher-margin zones, such as North Zone, to optimize profitability in the coming years.

FINANCIAL & OPERATING SUMMARY

(Expressed in $ thousands, except where indicated)	Three months ended December 31,		Year ended December 31,	
	2024	2023	**2024**	2023
Financial Data				
Revenue	**66,801**	50,588	**240,655**	173,344
Operating costs	**32,394**	25,836	**110,498**	105,923
Depreciation and depletion	**5,645**	8,986	**36,162**	33,210
Gross profit	**28,762**	15,766	**93,995**	34,211
Net income	**20,664**	2,715	**47,761**	7,861
Per share ("EPS")	**0.22**	0.03	**0.51**	0.08
Adjusted net income[1]	**27,819**	9,653	**67,330**	10,596
Adjusted net income per share[1]	**0.30**	0.10	**0.72**	0.11
Adjusted EBITDA[1,2]	**32,273**	23,071	**122,113**	60,328
Cash operating costs per ounce gold eq. produced ($)[1]	**1,085**	979	**1,106**	1,100
All-in sustaining costs per ounce gold eq. produced ($)[1]	**1,595**	1,296	**1,548**	1,497
Average realized gold price ($ per ounce)[1]	**2,687**	1,965	**2,424**	1,963
Average realized antimony price ($ per tonne)[1]	**35,833**	10,987	**23,927**	12,120
Cash generated from operating activities	**38,505**	14,854	**112,721**	43,291
Sustaining capital expenditures[1]	**12,009**	6,921	**29,860**	31,114
Non-sustaining capital expenditures[1]	**1,903**	2,591	**14,992**	11,287
Total capital expenditure	**13,912**	9,512	**44,852**	42,401
Free cash flow[1]	**24,579**	5,503	**69,114**	291
Free cash flow per ounce gold eq. sold ($)[1]	**984**	213	**701**	3

[1] Average realized gold and average realized antimony price, sustaining and non-sustaining capital expenditures, cash operating costs and all-in sustaining costs, free cash flow, adjusted EBITDA and adjusted net income are non-GAAP performance measures with no standard definition under IFRS. Refer to the Non-GAAP Performance Measures section of the MD&A.
[2] Adjusted EBITDA excludes non-cash items such as impairment, foreign exchange and stock-based compensation. For more details refer to the Non-GAAP Performance Measures section of the MD&A.

	Three months ended December 31,		Year ended December 31,	
	2024	2023	**2024**	2023
Consolidated Operating Data				
Gold equivalent produced (ounces)[1]	**25,496**	26,941	**97,128**	89,809
Gold produced (ounces)	**21,853**	24,574	**85,669**	78,205
Antimony produced (tonnes)	**267**	404	**1,282**	1,860
Gold equivalent sold (ounces)[1]	**24,974**	25,861	**98,561**	88,427
Gold sold (ounces)	**19,939**	23,201	**85,668**	76,527
Antimony sold (tonnes)	**369**	454	**1,378**	1,909
Capital development (metres)	**1,038**	868	**3,490**	3,519
Capital exploration drilling (metres)	**15,808**	17,021	**73,083**	76,627

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

FINANCIAL AND OPERATIONAL DISCUSSION

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

- Revenue for Q4 2024 increased by 32% to $66.8 million, compared to $50.6 million in Q4 2023, due to higher average realized metal prices: $2,687 per ounce for gold and $35,833 per tonne for antimony in Q4 2024 compared to $1,965 per ounce for gold and $10,987 per tonne for antimony in Q4 2023.

- For FY 2024, revenue increased by 39% reaching $240.7 million, compared with $173.3 million in FY 2023, driven by higher gold equivalent ounces sold, and higher realized gold and antimony prices.

- Consolidated gold equivalent production decreased to 25,496 ounces in Q4 2024, compared to 26,941 ounces in Q4 2023, mainly due to lower production at Björkdal. This was primarily caused by lower mined underground ore tonnes at Björkdal in Q4 2024 compared to Q4 2023 due to heavy rainfall ingress into the mine. This shortfall in tonnage was offset by feeding lower grade surface stockpile to the mill.

- Consolidated gold equivalent production totaled 97,128 ounces in FY 2024 compared to 89,809 ounces in FY 2023, an increase of 8%, mainly due to higher gold production at Costerfield during the year stemming from higher mined grades compared to the previous year.

- Operating costs totaled $32.4 million during Q4 2024, an increase of 25% compared to $25.8 million in Q4 2023 due to higher net change in gold equivalent inventory in Q4 2024 compared to Q4 2023, and an increase in processing costs at Costerfield due to higher costs for tailings and water management.

- In FY 2024, operating costs totaled $110.5 million compared to $105.9 million in 2023, an increase of 4%, mainly due to the FY 2024 trend of increased processing costs at Costerfield as explained above, as well as increased throughput (tonnage) at Björkdal.

- Net income was $20.7 million in Q4 2024 compared to $2.7 million in Q4 2023. The increase was primarily due to a $16.2 million increase in revenue, as explained above.

- Net income was $47.8 million in FY 2024 compared to $7.9 million in FY 2023. The increase was primarily due to a $67.3 million increase in revenue partially offset by a $4.6 million increase in operating costs, a $15.3 million increase in income tax expense due to higher income before taxes, and a $14.1 million loss on financial instruments mainly from gold derivative contracts during FY 2024 compared to a $4.4 million gain in FY 2023.

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

- Cash operating costs per ounce of gold equivalent produced increased by 11% to $1,085 per ounce in Q4 2024 compared to $979 in Q4 2023 due to the 5% decreased gold equivalent production in Q4 2024 with 25,496 ounces produced compared to 26,941 ounces in Q4 2023, combined with the increase in total operating costs as mentioned above, excluding inventory changes.

- In FY 2024, cash operating costs per ounce of gold equivalent produced at $1,106 per ounce was broadly in line with FY 2023 at $1,100 per ounce due to the 8% increased gold equivalent production in FY 2024 with 97,128 ounces produced compared to 89,809 ounces in FY 2023, offset by a 9% increase in total operating costs, excluding inventory movement in FY 2024.

- All-in sustaining costs increased by 23% to $1,595 per ounce of gold equivalent produced in Q4 2024, compared to $1,296 in Q4 2023. This increase in per unit cost was due to the higher cash operating costs and higher sustaining capital expenditures during the quarter compared to Q4 2023 including increased costs for capital development expenditure at Björkdal to catch up on development and increased infill drilling at Costerfield. The reason for the increased infill drilling expenditure at Costerfield during the quarter was the focus on converting inferred resources into indicated while the drilling in Q4 2023 was focused on extensional testing classified as non-sustaining. This variance was further exacerbated by the lower gold equivalent production in Q4 2024 compared to Q4 2023.

- In FY 2024, all-in sustaining costs per ounce of gold equivalent produced increased by 3% to $1,548 per ounce in FY 2024, compared to $1,497 per ounce in FY 2023, mainly due to the increase in cash operating costs and higher tailings dam amortization offset by the increased gold equivalent production during FY 2024 compared to FY 2023.

- Consolidated capital expenditures of $13.9 million in Q4 2024 was higher compared to $9.5 million in Q4 2023 mainly due to the start of constructing a new tailings facility at Costerfield, which will have sufficient storage capacity for the life of mine and will lower the operational costs once commissioned in H1 2025, and increased costs for capital development expenditures at Björkdal as explained above.

- FY 2024 consolidated capital expenditure was $44.9 million compared to $42.4 million in FY2023, an increase of 6% mainly due to the tailings construction and higher growth exploration spend at Costerfield, the increased capital development at Björkdal, and equipment purchases for reclamation activities at Lupin, partly offset by the FY 2023 expenditures on tailings lift and mill upgrade at Björkdal.

- Free cash flow in Q4 2024 was $24.6 million and $984 per ounce of gold equivalent sold compared to free cash flow of $5.5 million and $213 per ounce of gold equivalent sold in Q4 2023, mainly due to higher margins driven by higher commodity prices and relatively stable operating costs. FY 2024 free cash flow was $69.1 million and $701 per ounce compared to $0.3 million and $3 per ounce in FY 2023.

Cash Position and Working Capital[1]

- As at December 31, 2024, the Company had cash and cash equivalents of $76.4 million compared to $26.9 million on December 31, 2023. The December 31, 2024, cash balance reflects the full repayment during the year of the $20 million outstanding principal amount under the Company's revolving credit facility. The Company now has $35 million in undrawn availability under the facility.

- As at December 31, 2024, working capital was $70.2 million, compared to $47.9 million on December 31, 2023. The 47% increase in working capital was mainly due to the increased cash position partially offset by an increase in current liabilities. The increase in current liabilities was mainly due to increased liability for gold derivative contracts entered into during the year and the increased tax liabilities due to higher taxable income.

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

FY 2025 Guidance

The Company expects to produce approximately 85,000 to 95,000 gold equivalent ounces in FY 2025 at an all-in sustaining cost range of $1,795 to $1,975 per ounce.

	Björkdal	Costerfield	Consolidated
		2025E	
Gold production (oz.)	41,500 – 46,000	35,000 – 39,000	76,500 – 85,000
Antimony production (t)	-	1,050 – 1,150	1,050 – 1,150
Gold eq. production (oz.)[1]	41,500 – 46,000	43,500 – 49,000	85,000 – 95,000
Cash cost, $/oz gold eq.[2]	1,350 – 1,500	1,075 – 1,190	1,200 – 1,350
All-in sustaining $/oz gold eq.[2,3]	1,975 – 2,190	1,450 – 1,625	1,795 – 1,975
Sustaining capital expenditure, $ million	25 – 28	18 – 20	43 – 48

[1] Assumes average metal prices of: Au $2,575/oz, Sb $20,000/t

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

[3] Consolidated all-in sustaining costs per Au Eq. oz includes corporate overhead spending.

REVIEW OF OPERATING AND FINANCIAL RESULTS

Costerfield Gold-Antimony Mine

Costerfield Financial Results

($ thousands)	**Q4 2024**	Q3 2024	Q2 2024	Q1 2024	**Q4 2023**	Q3 2023	Q2 2023	Q1 2023
Revenue	**44,200**	27,302	34,286	30,606	**28,466**	19,074	20,544	23,276
Operating costs (excl. inventory movement)	**(13,413)**	(13,138)	(12,506)	(12,147)	**(11,869)**	(11,083)	(10,340)	(10,723)
Change in inventory	**(5,477)**	3,398	1,820	200	**622**	(316)	(5,136)	(1,034)
Depreciation & Depletion	**(299)**	(3,313)	(4,245)	(4,635)	**(3,369)**	(2,937)	(3,037)	(3,238)
Gross profit	**25,011**	14,249	19,355	14,024	**13,850**	4,738	2,031	8,281
General & administrative costs	**(236)**	(285)	(224)	(495)	**(346)**	(163)	(147)	(1,154)
Income tax expense	**(6,243)**	(4,088)	(5,441)	(4,046)	**(2,882)**	(1,382)	(525)	(1,879)
Net income	**10,661**	8,490	12,251	10,012	**9,288**	3,464	819	4,068
Cash flows from operating activities	**27,062**	15,500	12,775	22,609	**8,100**	3,584	9,939	5,739

Costerfield Quarterly Production

	Q4 2024	Q3 2024	Q2 2024	Q1 2024	**Q4 2023**	Q3 2023	Q2 2023	Q1 2023
Operating development (m)	**697**	884	793	787	**801**	925	940	710
Tonnes of ore mined (t)	**41,250**	36,769	36,852	31,259	**33,710**	35,783	33,035	26,285
Mined ore gold grade (g/t)	**11.33**	7.25	10.73	14.02	**11.51**	10.30	7.01	8.42
Mined ore antimony grade (t)	**1.39**	1.07	2.05	2.25	**1.94**	1.90	2.15	2.14
Processed ore (t)	**35,044**	34,754	30,757	32,872	**33,866**	30,848	35,990	35,382
Processed ore - milled head grade gold (g/t)	**11.82**	8.09	12.07	12.41	**13.14**	9.56	7.39	7.71
Processed ore - milled head grade antimony (%)	**1.38**	1.33	2.08	2.21	**2.06**	2.18	2.36	2.59
Recovery gold (%)	**94.67**	94.47	94.90	95.10	**94.81**	94.48	91.15	90.48
Recovery antimony (%)	**90.62**	89.39	90.93	91.04	**92.02**	92.52	91.90	91.69
Gold produced (oz.)	**12,125**	8,218	11,027	11,976	**13,016**	8,377	7,296	7,368
Antimony produced (t)	**267**	252	359	404	**404**	395	517	544
Gold equivalent produced (oz.)	**15,768**	10,697	13,773	14,566	**15,383**	10,808	10,453	11,017
Gold equivalent sold (oz.)	**16,594**	10,761	14,439	14,516	**14,403**	9,817	10,290	12,248
Cash operating cost ($ per tonne)[1]	**353**	361	378	346	**335**	342	270	287
Cash operating cost ($ per oz. eq. produced)[1]	**784**	1,174	844	780	**738**	975	930	921
All-in sustaining cost ($ per oz. eq. produced)[1]	**1,118**	1,424	1,142	1,005	**920**	1,265	1,268	1,116

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

During Q4 2024, Costerfield produced 12,125 ounces of gold compared to 13,016 ounces in Q4 2023, a decrease of 7% or 891 ounces. The decrease in ounces produced was a result of a decrease in the average milled gold head grade from 13.14 g/t in Q4 2023 to 11.82 g/t in Q4 2024. Antimony production during Q4 2024 was 267 tonnes, a 34% decrease from the 404 tonnes produced in Q4 2023. This was mainly due to a decrease in the average milled antimony head grade from 2.06% in Q4 2023 to 1.38% in Q4 2024. The reduction in grade in both instances is due to mine sequencing.

The cash operating cost per ounce of gold equivalent produced increased by 6% to $784 per ounce in Q4 2024 compared to $738 per ounce in Q4 2023 mainly due to the 2024 continued trend of increased processing costs due to higher costs for tailings and water management including personnel and material costs to handle the disposal of tails via paste and geotubes, a necessity until completion of the new tails storage facility mid-2025. All-in sustaining cost per ounce of gold equivalent produced increased by 22% to $1,118 per ounce in Q4 2024 compared to $920 per ounce in Q4 2023, due to an increase in cash operating costs as mentioned above and higher sustaining capital expenditure including increased infill drilling as the focus during the quarter was on converting inferred resources from Cuffley Deeps and Kendal into indicated resources while the drilling in Q4 2023 was focused on extensional testing of Shepherd and other near-mine targets classified as non-sustaining capital expenditure.

Costerfield Capital Expenditures

($ thousands, except where indicated)	Three months ended December 31,		Year ended December 31,	
	2024	2023	**2024**	2023
Sustaining capital[1]				
Capital development	**503**	368	**2,962**	3,159
Infill drilling	**1,341**	50	**2,262**	1,797
Property, plant and equipment sustaining	**4,700**	1,904	**7,534**	4,531
Total sustaining capital[1]	**6,544**	2,322	**12,758**	9,487
Property, plant and equipment non-sustaining	**-**	-	**-**	-
Exploration cost	**1,572**	1,875	**7,313**	6,209
Total non-sustaining capital[1]	**1,572**	1,875	**7,313**	6,209
Total capital expenditures	**8,116**	4,197	**20,071**	15,696
Capital development metres (m)	**-**	134	**238**	629
Capital development cost per metre ($/m)	**NA**	2,754	**12,451**	5,024
Capital exploration drilling metres (m)	**14,192**	9,574	**49,417**	42,518
Capital exploration drilling cost per metre ($/m)	**205**	201	**194**	188

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

Mining

Costerfield mined 41,250 ore tonnes in Q4 2024, which represents an increase of 22% compared to 33,710 tonnes in Q4 2023. The increased mining tonnes in Q4 2024 was due to having multiple larger closeout stopes and shorter tramming distances for stope production.

During Q4 2024 there was no capital development advance in metres compared to 134 metres in Q4 2023 as the contracted capital development campaign at Costerfield was completed in Q2 2024 with improved design resulting in less metres to mine. However, in Q4 2024, rehabilitation work in the form of systematic ground support replacement of the ramp at Costerfield occurred, which resulted in capital development associated cost continuing during the quarter.

Processing

Costerfield processed 35,044 ore tonnes in Q4 2024, which represents an increase of 3% compared to 33,866 tonnes in Q4 2023. Processing in Q4 2024 was positively impacted by the improved crushing circuit which is feeding a more favorable product to the primary mill. Processed gold grades were lower during Q4 2024 at 11.82 g/t gold as compared to 13.14 g/t gold in Q4 2023. Processed antimony grades were lower at 1.38% during Q4 2024 as compared to 2.06% in Q4 2023.

Björkdal Gold Mine

Björkdal Financial Results

($ thousands)	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Revenue	**22,601**	27,987	28,768	24,905	**22,122**	21,833	19,126	18,903
Operating costs (excl. inventory movement)	**(15,347)**	(14,355)	(15,336)	(14,589)	**(15,049)**	(13,364)	(14,480)	(14,313)
Change in inventory	**1,843**	(1,816)	860	(495)	**460**	518	720	(536)
Depreciation & Depletion	**(5,346)**	(5,750)	(6,501)	(6,073)	**(5,616)**	(5,488)	(4,725)	(4,799)
Gross profit (loss)	**3,751**	6,066	7,791	3,748	**1,917**	3,499	641	(745)
General & administrative costs	**(173)**	(260)	(159)	(367)	**(130)**	(201)	(233)	(829)
Income tax recovery (expenses)	**84**	(1,133)	(1,268)	115	**(960)**	(420)	740	621
Net (loss) income	**(1,056)**	4,670	5,009	(583)	**3,490**	2,138	(2,946)	(2,683)
Cash flows from operating activities	**5,933**	9,756	14,022	5,370	**12,462**	858	3,305	3,884

Björkdal Quarterly Production

	Q4 2024	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Operating development (m)	**1,394**	1,299	1,378	1,426	**1,508**	1,343	1,325	1,163
Tonnes of ore mined (t)	**229,170**	219,402	247,978	247,843	**288,256**	264,095	300,264	240,533
Mined ore gold grade (g/t)	**1.32**	1.23	1.37	1.31	**1.42**	1.46	1.26	1.19
Processed ore (t)	**343,423**	352,390	331,450	343,146	**306,741**	318,917	296,213	317,543
Processed ore - milled head grade gold (g/t)	**1.05**	0.96	1.19	1.15	**1.36**	1.35	1.23	1.05
Recovery gold (%)	**85.78**	84.77	84.90	86.22	**86.33**	88.13	86.96	86.63
Gold produced (oz.)	**9,728**	9,626	12,599	10,370	**11,558**	11,224	10,397	8,969
Gold sold (oz.)	**8,380**	10,790	12,320	10,761	**11,458**	10,751	9,939	9,521
Cash operating cost ($ per tonne)[1]	**313**	41	46	42	**49**	42	49	45
Cash operating cost ($ per oz. eq. produced)[1]	**1,573**	1,487	1,216	1,403	**1,299**	1,189	1,389	1,592
All-in sustaining cost ($ per oz. eq. produced)[1 2]	**2,182**	1,967	1,553	1,868	**1,664**	1,474	1,978	1,937

During Q4 2024, Björkdal produced 9,728 ounces of gold compared to 11,558 ounces in Q4 2024, a decrease of 16% or 1,830 ounces. The lower production at Björkdal was primarily caused by lower mined tonnes due to ongoing interruptions from weather which caused two H2 2024 flooding events temporarily restricting access to some areas of the mine. Consequently, the site had to pivot to and rely on other mining areas in H2 2024, including Q4, with lower grade than originally planned. With reduced mining flexibility affecting mined tonnes as well as mined grade, there was an increase in processing of lower grade surface stockpile feed to maximize plant feed leading to an overall lower ounce production. The gold mill head grade returned to expected levels in December once access was re-established and there onwards more material was mined from more consistent and reliable underground areas.

The cash operating cost per ounce of gold produced for Q4 2024 increased by 21% to $1,573 per ounce compared to $1,299 per ounce in Q4 2023 mainly due to 16% lower gold production due to lower grades. All-in sustaining cost per ounce of gold produced increased by 31% to $2,182 per ounce in Q4 2024 compared to $1,664 per ounce in Q4 2023 mainly as a result of decreased gold production and higher sustaining capital expenditures including increased costs for capital development expenditures at Björkdal to catch up on development for future required production flexibility.

Björkdal Capital Expenditures

($ thousands, except where indicated)	Three months ended December 31,		Year ended December 31,	
	2024	2023	**2024**	2023
Sustaining capital[1]				
Capital development	**3,337**	2,453	**10,069**	8,982
Infill drilling	**63**	152	**375**	498
Property, plant and equipment sustaining	**2,065**	1,994	**6,658**	12,147
Total sustaining capital[1]	**5,465**	4,599	**17,102**	21,627
Property, plant and equipment non-sustaining	**-**	250	**14**	1,619
Exploration cost	**331**	466	**3,085**	3,393
Total non-sustaining capital[1]	**331**	716	**3,099**	5,012
Total capital expenditures	**5,796**	5,315	**20,201**	26,639
Capital development metres (m)	**1,038**	734	**3,252**	2,890
Capital development cost per metre ($/m)	**3,216**	3,340	**3,096**	3,107
Capital exploration drilling metres (m)	**1,616**	7,447	**23,666**	34,109
Capital exploration drilling cost per metre ($/m)	**244**	83	**146**	114

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

Mining

Björkdal mined 229,170 underground ore tonnes in Q4 2024, a decrease of 20% compared to 288,256 tonnes in Q4 2023. This was due to reduced work areas underground from flooding events earlier in the year, which has since been partially overcome, and low availability of some critical equipment. The Company plans to invest in equipment upgrades at Björkdal to offset the risk of future equipment breakdowns.

Q4 2024 total capital development of 1,038 metres was 41% higher than the 734 metres from Q4 2023, with a focus on this metric to make up for development metres which were not achieved during Q2 and Q3.

Processing

Björkdal processed 343,423 ore tonnes in Q4 2024, which represents an increase of 12% compared to 306,741 tonnes in Q4 2023. The main reason for the increase was the completion of the mill upgrade to increase throughput.

CONSOLIDATED FINANCIAL RESULTS

Quarterly Financial Review – Consolidated

($ thousands)	**Q4 2024**	Q3 2024	Q2 2024	Q1 2024	**Q4 2023**	Q3 2023	Q2 2023	Q1 2023
Revenue	**66,801**	55,289	63,054	55,511	**50,588**	40,907	39,670	42,179
Operating costs (excl. inventory movement)	**(28,760)**	(27,493)	(27,841)	(26,736)	**(26,918)**	(24,447)	(24,819)	(25,036)
Change in inventory	**(3,634)**	1,582	2,679	(295)	**1,082**	202	(4,417)	(1,570)
Depreciation	**(5,645)**	(9,063)	(10,746)	(10,708)	**(8,986)**	(8,425)	(7,762)	(8,037)
Gross profit	**28,762**	20,315	27,146	17,772	**15,766**	8,237	2,672	7,536
General & administrative costs	**(2,134)**	(2,135)	(2,030)	(1,745)	**(1,681)**	(1,240)	(1,544)	(2,628)
Finance costs	**(322)**	(716)	(833)	(778)	**(718)**	(1,418)	(5,377)	(3,605)
(Loss) gain on financial instruments	**(1,980)**	(5,205)	(945)	(5,974)	**(273)**	438	4,247	36
Other non-operating income (expense)	**2,497**	(1,686)	(772)	544	**(6,537)**	(147)	311	473
Income tax (expenses) recovery	**(6,159)**	(5,221)	(6,709)	(3,931)	**(3,842)**	(1,802)	215	(1,258)
Net income	**20,664**	5,352	15,857	5,888	**2,715**	4,068	524	554
Cash flows from operating activities	**38,505**	20,600	24,141	29,475	**14,854**	4,404	16,161	7,875

Revenue

($ thousands, except where indicated)	**Three months ended December 31,**			**Year ended December 31,**		
	2024	2023	Change	**2024**	2023	Change
Revenue ($)	**66,801**	50,588	32%	**240,655**	173,344	39%
Gold ounces sold (oz.)	**19,939**	23,201	(14%)	**85,668**	76,527	12%
Antimony tonnes sold (t)	**369**	454	(19%)	**1,378**	1,909	(28%)
Gold Sales Equivalent (oz.)	**24,974**	25,861	(3%)	**98,561**	88,427	11%
Average realized gold price ($/oz.)[1]	**2,687**	1,965	37%	**2,424**	1,963	24%
Average market gold price ($/oz.)[1]	**2,663**	1,980	35%	**2,386**	1,944	23%
Average realized antimony price ($/t)[1]	**35,833**	10,987	226%	**23,927**	12,120	97%
Average market antimony price ($/t)[1]	**36,336**	11,603	213%	**22,966**	12,054	91%

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

The Company's revenue in Q4 2024 of $66.8 million was higher compared to the prior-year quarterly revenue of $50.6 million reported in Q4 2023, mainly driven by higher realized metal prices: $2,687 per ounce for gold and $35,833 per tonne for antimony in Q4 2024 compared to $1,965 per ounce for gold and $10,987 per tonne for antimony in Q4 2023, partly offset by fewer gold equivalent ounces sold.

A similar trend is reflected in the full-year 2024 revenues, which were $240.7 million and 39% above the prior-year revenues of $173.3 million, reflecting higher realized metal prices for gold and antimony in FY 2024 compared to FY 2023 and higher gold equivalent ounces sold in FY 2024 compared to FY 2023.

Consolidated Production Costs

($ thousands)	Three months ended December 31,			Year ended December 31,		
	2024	2023	Change	**2024**	2023	Change
Direct mining and processing cost						
Mining	**15,437**	16,192	(5%)	**63,483**	61,873	3%
Processing	**7,696**	5,695	35%	**26,373**	19,878	33%
G&A and others	**5,627**	5,031	12%	**20,974**	19,469	8%
Inventory movement	**3,634**	(1,082)	NA	**(332)**	4,703	NA
Cost of sales, excluding depreciation and depletion	**32,394**	25,836	25%	**110,498**	105,923	4%
Depreciation & Depletion	**5,645**	8,986	(37%)	**36,162**	33,210	9%
Total cost of operation	**38,039**	34,822	9%	**146,660**	139,133	5%

Total cost of sales, excluding depreciation and depletion expenses, increased 25% from $25.8 million in Q4 2023 to $32.4 million in Q4 2024. This increase was mainly driven by a higher net change in gold equivalent inventory in Q4 2024 compared to Q4 2023, coupled with the continued increase in processing costs at Costerfield due to higher cost for tailings and water management including personnel and material costs to handle the disposal of tails via paste and geotubes.

For the FY 2024, total cost of sales, excluding depreciation and depletion expenses of $110.5 million, increased by 4% from the $105.9 million reported for FY 2023, mainly due to the FY 2024 trend of increased processing costs at Costerfield as explained above as well as increased throughput (tonnage) at Björkdal.

General and Administrative Expenses

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

($ thousands)	Three months ended December 31,			Year ended December 31,		
	2024	2023	Change	**2024**	2023	Change
Salaries, short-term incentives, and other benefits	**811**	849	(4%)	**3,106**	4,523	(31%)
Legal and accounting	**273**	198	38%	**1,239**	921	35%
Administrative and office	**210**	78	169%	**661**	452	46%
Travel	**125**	79	58%	**458**	375	22%
Other	**715**	262	173%	**2,580**	607	325%
Total G&A expenses	**2,134**	1,681	27%	**8,044**	7,093	13%

During Q4 2024, total G&A expenses increased by 27% compared to Q4 2023 mainly due to a continued ramp-up in corporate business development expenses investigating potential accretive non-dilutive inorganic growth opportunities. For FY 2024, total G&A expenses increased by 13% compared to FY 2023 mainly due to the increase in corporate business development expenses.

Finance Costs

($ thousands)	Three months ended December 31,			Year ended December 31,		
	2024	2023	Change	**2024**	2023	Change
Loan Facility						
Interest on Revolver Credit Facility	**122**	491	(75%)	**1,695**	1,878	(10%)
Realized loss on gold derivative contracts under Syndicated Facility	**-**	-	0%	**-**	8,291	(100%)
Other						
Interest on other borrowings and other charges	**165**	64	158%	**262**	233	12%
Accretion of reclamation and site closure costs	**35**	163	(79%)	**692**	716	(3%)
Total finance costs	**322**	718	(55%)	**2,649**	11,118	(76%)

For Q4 2024, finance costs decreased compared to Q4 2023 mainly due to the $0.5 million interest on the Revolver credit facility in Q4 2023, which was repaid in full during Q3 2024. For the FY 2024, finance costs decreased compared to FY 2023 mainly due to $8.3 million in realized losses on gold derivative contracts in FY 2023. These derivative contracts were classified as finance cost in FY 2023 as they were a requirement under the Company´s previous syndicated credit facility.

Non-Operating Expenses (Recoveries)

Non Operating expenses (income)

($ thousands)	Three months ended December 31,			Year ended December 31,		
	2024	2023	Change	**2024**	2023	Change
Foreign exchange (gain) loss	**(7,584)**	744	NA	**(5,363)**	(163)	NA
Financial instruments loss (gain)	**1,980**	273	625%	**14,104**	(4,448)	NA
Interest and other income	**(639)**	(555)	15%	**(2,594)**	(1,732)	50%
Total non-operating (expenses) recoveries	**(6,243)**	462	NA	**6,147**	(6,343)	NA

In Q4 2024, non-operating recovery was $6.2 million, compared to an expense of $0.5 million in Q4 2023, primarily due to a $7.6 million foreign exchange gain, which includes a $6.0 million unrealized foreign exchange gain. This was partly offset by a $2 million loss on financial instruments, consisting of $3.3 million in realized losses on gold and foreign exchange derivative contracts, partly offset by a $1.3 million unrealized gain on these contracts.

For FY 2024, non-operating expense was $6.1 million compared to recovery of $6.3 million in FY 2023 mainly due to $14.1 million loss on financial instrument principally consisting of $4.1 million of realized loss and $7.8 million of unrealized loss on gold derivative contracts partly offset by $5.4 million foreign exchange unrealized gain. Please refer to the Contractual Obligations and Commitments section in this MD&A for more information.

Income Tax Expense

($ thousands)	Three months ended December 31,			Year ended December 31,		
	2024	2023	Change	**2024**	2023	Change
Current income tax expense	**6,055**	3,363	80%	**20,665**	4,867	325%
Deferred income tax expense	**104**	479	(78%)	**1,355**	1,820	(26%)
Total income tax expense	**6,159**	3,842	60%	**22,020**	6,687	229%

For Q4 2024, total income tax expense increased to $6.2 million compared to $3.8 million in Q4 2023. For FY 2024, total income tax expense increased to $22.0 million compared to $6.7 million due to the increase in profit before tax in FY 2024 compared to FY 2023.

Non-Core Properties

Lupin

The Company spent less than $0.1 million on care and maintenance monitoring at Lupin during Q4 2024 and Q4 2023. Reclamation spending at Lupin, however, was $0.2 million and $2.4 million in Q4 2024 and FY 2024, respectively, compared to $0.6 million and $0.8 million respectively for the corresponding periods of 2023. Lupin is currently in the process of final closure and reclamation activities which are to be partially funded by progressive security reductions. The majority of this reclamation work to achieve the majority of closure obligations is expected to take place in the 2026 calendar year. As at December 31, 2024, $8 million in restricted cash stands as a deposit against the present value of certain reclamation cost obligations.

La Quebrada

The Company continues to evaluate options for this non-core asset. Care and maintenance spending at La Quebrada was less than $0.1 million during Q4 2024, which was similar to the comparative period in 2023.

REVIEW OF FINANCIAL CONDITION

Outstanding Debt, Liquidity and Cash Flow

On December 1, 2022, the Company entered into a credit agreement with the Bank of Nova Scotia ("Scotiabank"), providing for a senior secured revolving credit facility in an aggregate amount up to $35 million (the "Revolving Credit Facility"). The initial drawdown under the Revolving Credit Facility was used to repay the Company's previous syndicated facility with HSBC Bank Canada and Macquarie Bank Limited (the "Prior Facility"), which had $32.6 million outstanding before repayment. The residual proceeds from the Revolving Credit Facility were used for general corporate and working capital purposes.

On May 7, 2024, the Company extended the maturity date of the Revolving Credit Facility from December 1, 2025, to December 31, 2026, at which point the principal amount of the facility will be reduced to $20 million with an expiry date of June 30, 2027.

On July 2, 2024, the Company fully repaid the Revolving Credit Facility's outstanding principal amount of $20 million, leaving the Company with $35 million in undrawn availability under the Revolving Credit Facility.

($ thousands)	December 31, 2024	December 31, 2023
Cash and cash equivalents	**76,371**	26,855
Non-cash working capital		
Other current assets:		
Trade receivables and other assets	**19,226**	26,238
Inventory	**24,341**	22,715
Marketable securities	**-**	1,922
Prepaid expenses and advances	**2,906**	2,104
Current liabilities:		
Accounts payable and accrued liabilities	**(25,051)**	(21,727)
Borrowings	**(1,739)**	(631)
Lease liabilities	**(701)**	(1,221)
Current tax liability	**(9,805)**	-
Reclamation provisions	**(4,338)**	(4,238)
Other provision	**(3,316)**	(3,437)
Financial instruments	**(7,678)**	(651)
Working capital[1]	**70,216**	**47,929**

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

As at December 31, 2024, the Company had cash and cash equivalents of $76.4 million compared to $26.9 million on December 31, 2023. The December 31, 2024, ending cash balance reflects the full repayment during the year of the $20 million outstanding principal amount under the Company's revolving credit facility. The Company now has $35 million in undrawn availability under the facility.

As at December 31, 2024, working capital was $70.2 million, compared to $47.9 million on December 31, 2023. The 47% increase in working capital was mainly due to the increased cash position partially offset by an increase in current liabilities. The increase in current liabilities was mainly due to increased liability for gold derivative contracts entered into during the year and the increased tax liabilities following the increased income before tax.

The use of funds during the three months and year ended December 31, 2024, is as follows:

($ thousands)	Three months ended December 31,		Year ended December 31,	
	2024	2023	**2024**	2023
Cash provided by operating activities before interest and income taxes	**39,992**	14,784	**118,892**	54,621
Net interest and bank charges received (paid)	**352**	70	**1,207**	(249)
Income tax paid	**(1,839)**	-	**(7,378)**	(11,081)
Net cash provided by operating activities	**38,505**	14,854	**112,721**	43,291
Investing activities				
Expenditures on property, plant and equipment	**(13,912)**	(9,512)	**(44,831)**	(41,739)
Proceeds from sale of assets	**43**	267	**43**	489
Increase in reclamation deposits	**(441)**	(78)	**(362)**	(3,611)
Proceeds from sale of marketable securities	**-**	-	**1,083**	253
Net cash used in investing activities	**(14,310)**	(9,323)	**(44,067)**	(44,608)
Financing activities				
Proceeds from borrowings	**79**	433	**5,879**	2,084
Repayments of borrowings	**(597)**	(901)	**(22,001)**	(1,231)
Lease payments	**(188)**	(429)	**(1,133)**	(2,037)
Payment of gold derivative contracts	**-**	-	**-**	(8,776)
Purchase of common shares for cancellation	**(229)**	-	**(360)**	(293)
Shares issued for cash	**-**	-	**94**	6
Net cash used in financing activities	**(935)**	(897)	**(17,521)**	(10,247)
Effect of exchange rate changes on cash balances	**(1,618)**	475	**(1,617)**	42
Net increase (decrease) in cash and cash equivalents	**21,642**	5,109	**49,516**	(11,522)

Cash generated by operating activities increased by 118% in FY 2024 to $118.9 million, compared to $54.6 million in FY 2023 due to higher earnings before interest, taxes, depreciation and amortization ("EBITDA") following the increased revenue during the current year compared to last year.

Net cash flows used for investing activities decreased to $44.1 million for FY 2024, compared to $44.6 million in FY 2023 as higher capital expenditures spend during the year was offset by proceeds from sale from shares and a lower increase in reclamation deposit versus previous year.

Cash used for financing activities increased to $17.5 million in FY 2024, compared to $10.2 million in FY 2023, mainly due to the $20 million repayment of the Revolving Credit Facility partly offset by the FY 2023 payments of gold derivative contracts that were classified as financing activities in previous year.

This led to a net increase in cash during FY 2024 of $49.5 million compared to $11.5 million decrease in FY 2023.

NCIB

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

For the three months ended December 31, 2024, the Company repurchased 90,000 common shares at an average price of C$3.56 at a cost of C$0.3 million. NCIB transactions were executed by the Company. Any purchases made under the NCIB are made at the discretion of the Company and the shares acquired under the NCIB are cancelled upon purchase. The Company repurchased 152,700 common shares at an average price of C$3.27 at a cost of C$0.5 million during the year ended December 31, 2024.

Contractual Obligations and Commitments

The Company’s contractual obligations as of December 31, 2024, are summarized as follows:

($ thousands)	Less than 1 year	1 - 3 years	4 - 5 years	More than 5 years	Total
Financial Liabilities					
Accounts payable and accrued liabilities	25,051	-	-	-	**25,051**
Equipment loan obligation	1,739	3,427	-	-	**5,166**
Lease liabilities	701	526	-	-	**1,227**
Reclamation provisions	4,473	17,973	7,687	7,123	**37,256**
Derivative liabilities	7,678	-	-	-	**7,678**
Total	**39,642**	**21,926**	**7,687**	**7,123**	**76,378**

Revolving Credit Facility and Financial Covenants

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

The Revolving Credit Facility has the following financial covenants:

- Interest Coverage Ratio of not less than 4.00:1.00 at all times;
- Total Net Leverage Ratio of not more than 3.50:1.00 at all times; 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.

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

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

As at December 31, 2024, the undrawn amount under this facility was $35 million.

Foreign exchange derivative contracts

On December 20, 2023, Mandalay entered into foreign exchange derivative contracts with Scotiabank. These consist of (i) AUD/USD contracts where Mandalay sells $3,400,000 million per month, buys AUD within a 0.6795 by 0.7000 costless collar and (ii) USD/SEK contracts where Mandalay sells $3,400,000 million per month, buys SEK within a 9.50 by 10.25 costless collar, with monthly average rate settlements until December 2024. These derivatives are measured at fair value through profit or loss at the end of each reporting period. The Company recorded a fair value gain of less than $0.1 million and $0.6 million for the three months and year ended December 31, 2024, respectively. During the three months and year ended December 31, 2024, the Company incurred a realized loss of $1.0 million and $2.5 million, respectively, for the settlement of expired Foreign exchange derivatives contracts. There were no contracts outstanding as at December 31, 2024.

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 $0.6 million for the three months and year ended December 31, 2024. The fair value of these liabilities as at December 31, 2024 was $0.5 million.

Gold derivative contracts

On February 12, 2024, the Company entered into gold derivative contracts with Macquarie Bank Limited ("Macquarie") for a total of 25,008 ounces of gold over the period March 2024 to December 2024. These contracts are costless collar with a floor price of $1,980 per ounce and a ceiling of $2,121.50 per ounce.

On April 11, 2024, the Company restructured certain gold derivative contracts entered into on February 12, 2024, with Macquarie by rolling forward the contracts originally set to mature in April, May and June 2024. The rolled forward contracts with a total of 7,498 ounces of gold are set to mature in January, February and March 2025. These contracts are costless collar with a floor price of $1,980 per ounce and a ceiling of $2,189 per ounce.

On May 24, 2024, the Company further restructured certain gold derivative contracts entered into on February 12, 2024, with Macquarie by rolling forward half of the ounces of gold included in the contracts originally set to mature in July to December 2024. The rolled forward total ounces of gold of 7,369 ounces are set to mature in April to December 2025. These contracts are costless collar with a floor price of $1,980 per ounce and a ceiling of $2,175 per ounce.

These derivatives are measured at fair value through profit or loss at the end of each reporting period. The Company recorded an unrealized fair value gain of $1.9 million and loss of $7.8 million for the three months and year ended December 31, 2024, respectively. During the three months and year ended December 31, 2024, the Company incurred a realized loss of $2.4 million and $4.1 million, respectively, for settlement of expired gold derivatives contracts. The fair value of these liabilities as at December 31, 2024, was $7.1 million.

Gold derivative put contracts

On May 30, 2024, the Company entered into gold derivative put contracts with Macquarie for a total of 43,000 ounces of gold over the period July 2024 to December 2024. These contracts are structured as monthly cash-settled options with a floor price of $2,200 per ounce, covering 7,167 ounces of gold per month. The upfront cost paid in Q3 2024 of $0.7 million 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.

NON-GAAP PERFORMANCE MEASURES

Non-GAAP performance measures are included in this MD&A because the Company believes these are useful indicators to understand the performance of the Company and its operations. These performance measures do not have any meaning within IFRS and, therefore, amounts presented may not be comparable to similar data presented by other mining companies. These non-GAAP performance measures should not be considered in isolation as a substitute for measures of performance in accordance with IFRS.

Management uses *adjusted EBITDA, adjusted EBIT, adjusted net income* and *free cash flow* as measures of operating performance to assist in assessing the Company's ability to generate liquidity through operating cash flow in order to fund future working capital needs and to fund future capital expenditures, as well as in measuring financial performance from period to period on a consistent basis. Management uses *adjusted net income* in order to facilitate an understanding of the Company's financial performance prior to the impact of non-recurring or special items. The Company believes that these measures are used by and are useful to investors and other users of the Company's financial statements in evaluating the Company's operating and cash performance because they allow for analysis of its financial results without regard to special, non-cash and other non-core items, which can vary substantially from company to company and over different periods.

The Company presents cash costs and all-in sustaining costs metrics for its gold and antimony production because it believes that these measures assist investors and other users of the Company's financial statements in understanding the economics of the Company's gold and antimony mining activities. Management also uses these metrics to assess the Company's ability to meet short and long-term financial objectives.

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

($ thousands, except where indicated)	Three months ended December 31,		Year ended December 31,	
	2024	2023	**2024**	2023
Cost of sales, excluding depreciation and depletion	**32,394**	25,836	**110,498**	105,923
General and administration expenses	**76**	195	**252**	89
Change in inventory	**(3,634)**	1,082	**332**	(4,703)
Royalty	**(1,168)**	(749)	**(3,679)**	(2,481)
Cash costs	**27,668**	26,364	**107,403**	98,828
Overhead expenses	**1,736**	1,475	**7,394**	6,908
Sustaining capital expenditures[1]	**12,009**	6,921	**29,860**	31,114
Less: Tailings dam cash expenditure	**(3,352)**	(1,157)	**(4,123)**	(7,079)
Add: Tailings dam amortization	**1,412**	410	**5,484**	1,496
Reclamation - accretion	**35**	162	**692**	716
Royalty	**1,168**	749	**3,679**	2,481
All-in sustaining costs	**40,676**	34,924	**150,389**	134,465
Gold equivalent produced (ounces)	**25,496**	26,941	**97,128**	89,809
Cash operating costs per ounce gold eq. produced[2]	**1,085**	979	**1,106**	1,100
All-in sustaining costs per ounce gold eq. produced[2]	**1,595**	1,296	**1,548**	1,497
Average realized gold price per ounce	**2,687**	1,965	**2,424**	1,963
Cash operating margin per ounce produced	**1,602**	986	**1,318**	863
All-in sustaining margin per ounce produced	**1,092**	669	**876**	466

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

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

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

Site all-in sustaining cost per ounce of gold equivalent produced – Site all-in sustaining costs include total cash operating costs, sustaining mining capital, royalty expense, accretion of reclamation provision and tailings dam amortization. Sustaining capital reflects the capital required to maintain each site's current level of operations. For all sites, the all-in sustaining cost per ounce of gold equivalent in a period equals the all-in sustaining cost divided by the equivalent gold ounces produced in the period.

Consolidated cash cost per ounce of gold equivalent produced – The corporate cash cost per ounce of gold equivalent produced in the period equals the sum of cash costs associated with the production of the gold equivalent ounces at all operating sites in the period plus operating site overhead expense in the period divided by the total gold equivalent ounces produced in the period. The cash cost excludes royalty and corporate level general and administrative expenses.

Consolidated all-in sustaining cost per ounce of gold equivalent produced – The corporate all-in sustaining cost per ounce of gold equivalent produced in the period equals the sum of cash costs associated with the production of gold equivalent ounces at all operating sites in the period plus corporate overhead expense in the period plus sustaining mining capital, royalty expense, accretion of reclamation provision and tailings dam amortization, divided by the total gold equivalent ounces produced in the period.

Reconciliation of Sustaining Capital and Non-Sustaining Capital Expenditures

($ thousands)	Three months ended December 31,		Year ended December 31,	
	2024	2023	**2024**	2023
Sustaining capital[1]				
Capital development	**3,840**	2,821	**13,031**	12,141
Infill drilling	**1,404**	202	**2,637**	2,295
Property, plant and equipment sustaining	**6,765**	3,898	**14,192**	16,678
Total sustaining capital[1]	**12,009**	6,921	**29,860**	31,114
Non-sustaining capital				
Property, plant and equipment non-sustaining[2]	**-**	250	**4,538**	1,619
Exploration cost	**1,903**	2,341	**10,454**	9,668
Total non-sustaining capital[1]	**1,903**	2,591	**14,992**	11,287
Total capital expenditures	**13,912**	9,512	**44,852**	42,401

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

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

Reconciliation of Free Cash Flow

($ thousands, except where indicated)	Three months ended December 31,		Year ended December 31,	
	2024	2023	**2024**	2023
Cash generated from operating activities	**38,505**	14,854	**112,721**	43,291
Adjustments				
Expenditure against Asset Retirement Obligation	**174**	590	**2,357**	776
Sustaining capital expenditures[1]	**(12,009)**	(6,921)	**(29,839)**	(30,452)
Non-sustaining capital expenditures[1]	**(1,903)**	(2,591)	**(14,992)**	(11,287)
Lease payments	**(188)**	(429)	**(1,133)**	(2,037)
Free cash flow[2]	**24,579**	5,503	**69,114**	291
Ounces of gold equivalent sold[2]	**24,974**	25,861	**98,561**	88,427
Free cash flow per ounce sold[2]	**984**	213	**701**	3

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

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

Free cash flow – The Company defines free cash flow as a measure of the Company's ability to generate and manage liquidity. It is calculated starting with the net cash flows from operating activities (as per IFRS) and then adding capital expenditures and lease payments.

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

($ thousands)	Three months ended December 31,		Year ended December 31,	
	2024	2023	**2024**	2023
Net Income	**20,664**	2,715	**47,761**	7,861
Special items				
Write down of assets	**966**	206	**1,256**	724
Revision of reclamation liability	**4,209**	6,459	**4,209**	6,459
Loss/(Gain) on financial instrument	**1,980**	273	**14,104**	(4,448)
Adjusted Net Income before special items[1]	**27,819**	9,653	**67,330**	10,596
Add/less: Non-cash and finance costs				
Depreciation and depletion	**5,645**	8,986	**36,162**	33,210
Gain on disposal of property, plant and equipment	**(1)**	(176)	**(44)**	(308)
Share based compensation	**552**	(141)	**1,953**	920
Interest and finance charges	**322**	718	**2,649**	11,118
Current tax expense	**6,055**	3,363	**20,665**	4,867
Deferred tax expense	**104**	479	**1,355**	1,820
Foreign exchange (gain) loss	**(7,584)**	744	**(5,363)**	(163)
Interest and other income	**(639)**	(555)	**(2,594)**	(1,732)
Adjusted EBITDA[1]	**32,273**	23,071	**122,113**	60,328
Depletion and depreciation	**5,645**	8,986	**36,162**	33,210
Adjusted EBIT[1]	**26,628**	14,085	**85,951**	27,118

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

Adjusted EBITDA – The Company defines adjusted EBITDA as income from mine operations, net of General and administrative expenses, and business development costs, and before interest, taxes, non-cash charges/(income), intercompany charges and finance costs.

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

Adjusted net income – The Company defines adjusted net income as net income before special items. Special items are items of income and expense that are presented separately due to their nature and, in some cases, expected infrequency of the events giving rise to them. Starting in the first quarter of 2020, adjusted net income was calculated by excluding the impact of any loss or gain on financial instruments associated with gold derivative programs. This is because this amount can be volatile from the valuation methods involved, as well as the long-term nature of the derivative contracts and the price of gold from time to time.

Adjusted net income per share – The Company defines adjusted net income per share as adjusted net income divided by weighted average number of shares outstanding.

Other Non-GAAP Performance Measures

Income from operations (excluding depreciation and depletion) – The Company defines Income from operations (*excluding depreciation and depletion*) as revenue net of cost of sales excluding depreciation, depletion and any write down of assets.

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

Gold equivalent ounces – Gold equivalent ounces is calculated by multiplying the quantities of gold and antimony in the period by the respective average market price of the commodities in the period, adding the two amounts to get "total contained value based on market price," and then dividing that total contained value by the average market price of gold in the period. Average gold price in the period is calculated as the average of the daily PM price in the period. Average antimony price in the period is calculated as the average of the high and low Rotterdam warehouse prices for days in the period. The source for gold price is www.lbma.org.uk, and antimony price is www.metalbulletin.com.

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

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

CAPITAL STRUCTURE

The capital structure of the Company as at December 31, 2024, is as follows:

(All amounts in $ thousands, except number of common shares)		**December 31, 2024**
Cash and cash equivalents		**76,371**
Less: Bank indebtedness	-	
Less: Equipment loan	(5,166)	
Less: Leasing Liabilities	(1,227)	
Total debt		**(6,393)**
Total net cash and cash equivalents balance[1]		**69,978**
Number of common shares outstanding		93,909,090

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

OFF-BALANCE SHEET ITEMS

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

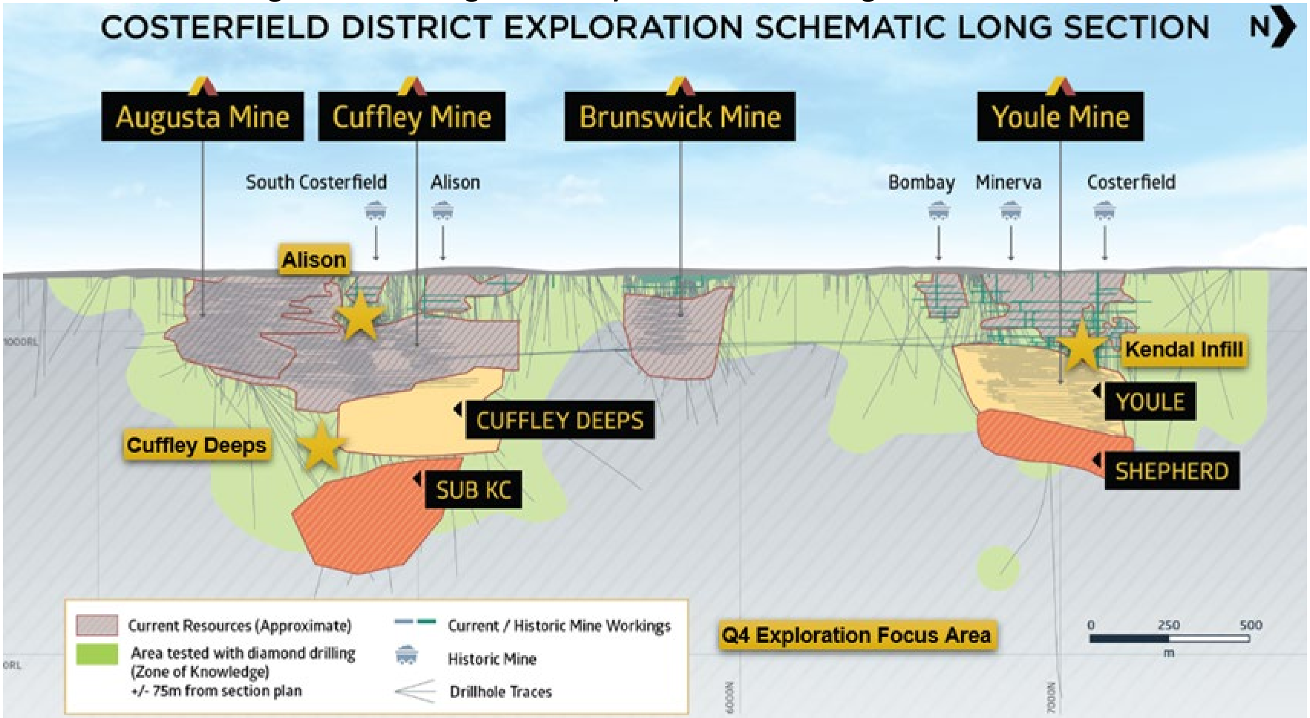
QUARTERLY EXPLORATION HIGHLIGHTS

Costerfield Gold-Antimony Mine

At Costerfield during Q4 2024, the main focus of near mine exploration was the extension of the Cuffley Mineral Resources at depth (Cuffley Deeps) and up dip (Alison). Drilling was also focused on the upper extension of Youle (Kendal).

Heading into 2025, near-mine drilling at Costerfield continues to focus on Cuffley Deeps whilst moving into the Sub KC program that looks to build Mineral Resources below the Cuffley Deeps panel. Drilling will also continue on Kendal during Q1 2025.

Costerfield District Long Section Showing Areas of Exploration Focus During Q4 2024

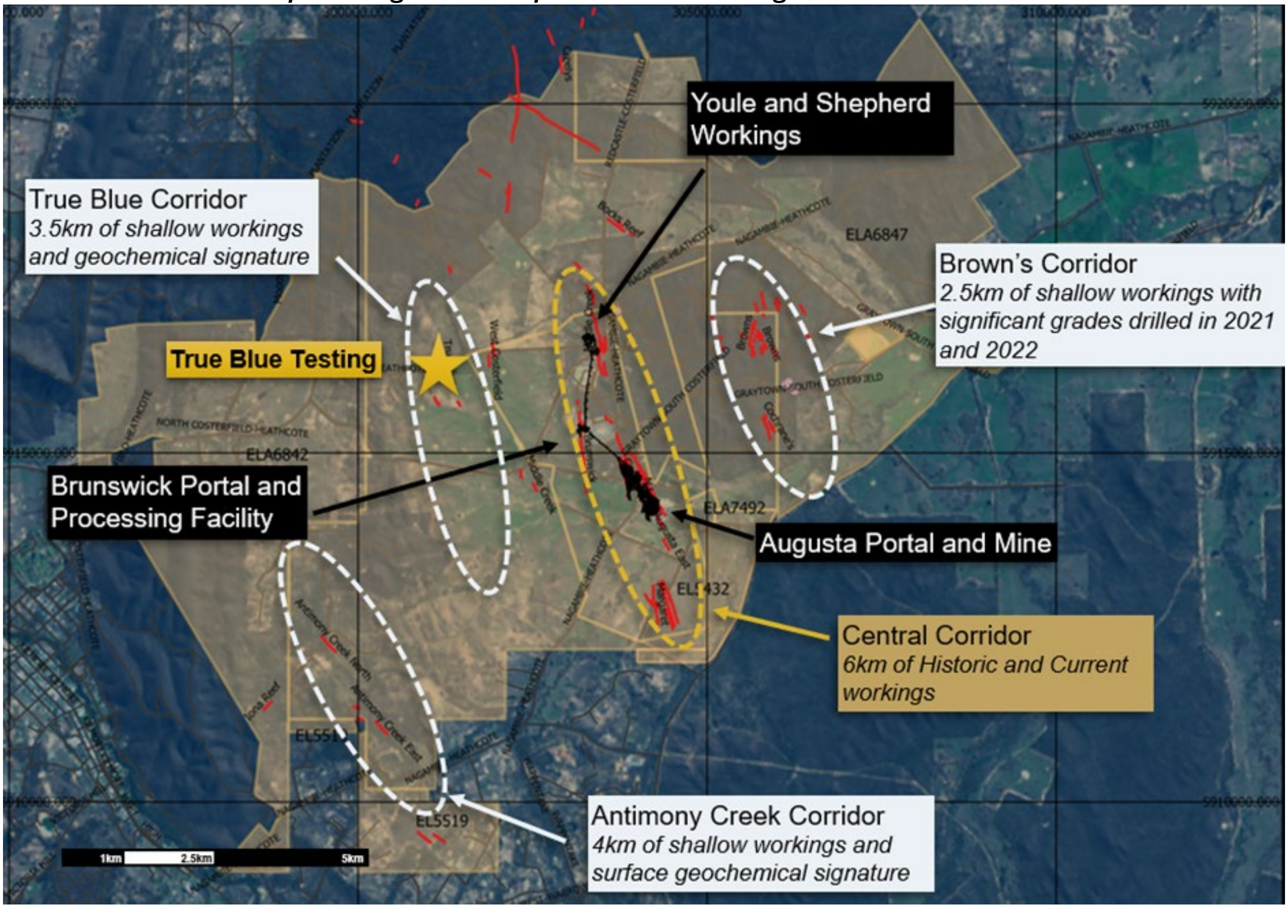


Regionally, the focus was the upper extension of True Blue. This program met with significant success with a number of holes intercepting veining with high gold and antimony grades. Drilling within this area has continued into 2025 with a ramp-up in drilling activities within Q1. It remains the sole focus of regional exploration. An update was provided in January 2025.

Highlights of the January release included:

- High grades intercepted in upward extension of 2024's maiden Inferred Mineral Resource:
  - **578.0 g/t gold and 20.5% antimony over 0.47 m** (ETW 0.33 m) in TB031,
  - **16.8 g/t gold and 2.4 % antimony over 3.98 m** (ETW 2.56 m) in TB027,
    - *Including 172.0 g/t gold and 19.2% antimony over 0.37 m, and*
  - **161.0 g/t gold over 0.19 m** (ETW 0.15 m) in TB029.
- Drill testing and soil geochemistry indicate an extensive system with the potential to replicate Costerfield's Central Corridor which has sustained mining for the past 15 years;
- Structural continuity interpreted on 600 m of strike, leaving 3.4 km of the system yet to be tested; and
- Follow-up drilling at True Blue has commenced with two rigs mobilizing to further define mineralization and increase deposit confidence.

Costerfield tenement map showing areas of exploration focus during Q4 2024



Björkdal Gold Mine

At Björkdal extensional drilling was continued on the northeastern flank of the mine focused on extending Lake Zone and Main Zone.

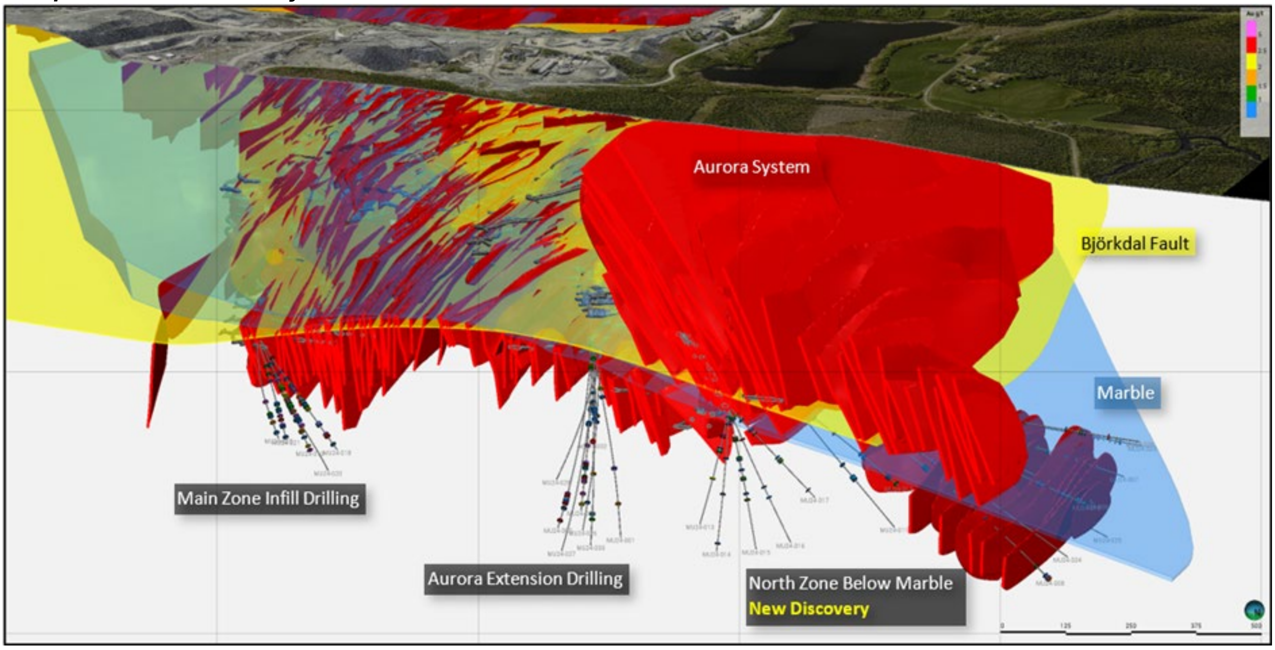
On December 18, 2024, Mandalay provided an update on the Near-mine drilling including the announcement of the discovery of the North Zone Below Marble veining. The is a series of veins to the north of Aurora and below the marble exhibiting subvertical gold bearing veining with some encouraging grades.

Highlights of the December release include:

- **North Zone Below Marble Discovery:**
  - Identified 18 interpreted veins over a 400 m strike length and 250 m in height, located approximately 200 m from current development.
  - A maiden Mineral Resource estimate expected in Mandalay's year-end update (to be released Q1 2025), has the potential to add multiple years of mine life.
  - Key intercepts include:
    - **178.9 g/t gold over 1.15 m** (Estimated True Width "ETW" 0.94 m) and;
    - **39.6 g/t gold over 3.90 m** (ETW 2.76 m) in MU24-010 and;
    - **69.4 g/t gold over 0.80 m** (ETW 0.69 m) in MU24-024.
- **Main Zone Infill Drilling:**
  - Continued success in Eastern Extension with intercepts:
  - **115.8 g/t gold over 1.85 m** (ETW 1.60 m) in MU24-018 and;
  - **43.0 g/t gold over 1.55 m** (ETW 1.34 m) in MU24-020.
- **Aurora Zone Extension:**
  - Successful testing of a 200 m strike extension identified:
  - **3.4 g/t gold over 7.40 m** (ETW 3.70 m) in MU24-004 and;
  - **3.9 g/t gold over 2.70 m** (ETW 1.70 m) in MU24-001.

In Q1 2025, drilling will continue on the eastern extension and an infill program will begin on the newly discovered North Zone Blow Marble.

Perspective view of the Björkdal Mine



In this perspective view looking towards the SW highlighting the interaction of the veining (red), marble (blue) and Björkdal fault (yellow), drilling from the 2024 near mine programs are displayed.

QUALIFIED PERSONS

Disclosures of a scientific or technical nature in this MD&A in respect of each of the Company's material mineral resource properties were prepared by, or under the supervision of, Chris Davis (VP of Operational Geology & Exploration, MAusIMM CP (Geo), and a "qualified person" (as that term is defined in National Instrument 43-101).

OUTSTANDING SHARE DATA

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

	As at February 20, 2025
Issued and outstanding common shares	93,909,090
Stock options	1,753,345
Restricted share units	1,041,716
Performance stock units	524,465
Deferred share units	488,702
Total	**97,717,319**

FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, trade receivables and other assets, reclamation and other deposits, derivative financial instruments, trade and other payables. The Company also periodically uses financial instruments to protect itself against future downward fluctuations in the prices of gold and antimony and against currency exchange rate fluctuations.

Financial Risk Management

The Company has exposure to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives for growth and shareholder returns. The Company has credit risk, which is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations and arises principally from the Company's accounts receivable and derivative financial instruments. The Company closely monitors extensions of credit and has not experienced significant credit losses in the past. As at December 31, 2024, the Company had no past overdue trade receivables of significance.

The Company is subject to interest rate risk on its cash and cash equivalents and believes that its results of operations, consolidated financial position and cash flows would not be significantly affected by a sudden change in market interest rates relative to the investment interest rates due to the short-term nature of the investments. Excess cash is invested in highly rated investment securities at fixed interest rates with varying terms to maturity but generally with maturities of three months or less from the date of purchase.

The Company reports its financial statements in US dollars. However, the Company's operations are located in Canada, Australia, Sweden, and Chile, where local costs are at least partially incurred in local currencies. As a consequence, the financial results of the Company's operations as reported in US dollars ("USD" or "US$") are subject to changes in the value of the US dollar relative to the Canadian dollar ("CAD" or "C$"), Australian dollar ("AUD" or "A$"), Chilean peso ("CLP") and/or Swedish krona ("SEK"). The Company has at times entered into foreign exchange derivative contracts to limit exposure to exchange rate fluctuations. The Company's management assesses the Company's strategy towards its foreign exchange rate risk as needed, depending on market conditions.

Currency	Average Rate Q4 2024	Average Rate Q4 2023	Average Rate FY 2024	Average Rate Fy 2023
1A$ = C$	**0.9123**	0.8866	**0.9038**	0.8970
1 A$ = US$	**0.6519**	0.6515	**0.6597**	0.6645
1 US$ = C$	**1.3994**	1.3609	**1.3700**	1.3499
1 US$ = Chilean Peso	**965**	896	**944**	840
1 US$ = SEK	**10.7831**	10.6501	**10.5779**	10.6139

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in reports filed or submitted by the Company under Canadian securities legislation is recorded, processed, summarized and reported within the time periods specified in those rules, and include controls and procedures designed to ensure that information required to be disclosed in reports filed or submitted by the Company under Canadian securities legislation is accumulated and communicated to management, including the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), as appropriate, to permit timely decisions regarding required disclosure. Management, including the CEO and CFO, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures, as defined in the rules of the Canadian Securities Administrators, as at December 31, 2024. Based on this evaluation, management concluded that the Company's disclosure controls and procedures were effective as at December 31, 2024.

Internal Controls and Financial Reporting

The Company's management, with the participation of its CEO and CFO, are responsible for establishing and maintaining adequate internal control over financial reporting. The Company evaluates the design and operational effectiveness of its internal controls over financial reporting as defined under NI 52-109 on a regular basis. The Company's controls include policies and procedures that:

- relate to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of the Company are being made only in accordance with authorizations of the Company's management and directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the annual financial statements or interim financial statements.

There has been no change in the Company's design of internal controls and procedures over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting during the period covered by this MD&A.

Based on this evaluation, management concluded that the Company's internal control over financial reporting was designed and operating effectively as at December 31, 2024, to provide reasonable assurance that the financial information is recorded, processed, summarized and reported in a timely manner.

Limitation of Controls and Procedures

The Company's management, including its CEO and CFO, believe that any disclosure controls and procedures or internal control over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur due to simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.