



Condensed consolidated interim financial statements

For the three months ended

March 31, 2025 and 2024

(Unaudited)

Mandalay Resources Corporation

March 31, 2025

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Mandalay Resources Corporation

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

Three months ended March 31, 2025 and 2024

(Expressed in U.S. dollars)

(Unaudited)

	Three months ended March 31,	
	2025	2024
	(\$'000)	(\$'000)
Revenue (Note 7)	78,063	55,511
Cost of operations		
Cost of sales, excluding depletion and depreciation	31,418	27,031
Depletion and depreciation	9,287	10,708
	40,705	37,739
Income from mining operations	37,358	17,772
Expenses		
Administration	2,572	1,745
Share-based compensation (Note 6(a))	642	391
Gain on disposal of property, plant and equipment	-	(40)
Write-off of assets	-	290
Revision of reclamation liability	242	-
	3,456	2,386
Income from operations	33,902	15,386
Other expense (income)		
Finance costs (Note 9)	233	778
Loss on financial instruments (Note 8)	4,974	5,974
Interest and other income	(1,040)	(487)
Foreign exchange loss (gain)	5,474	(698)
	9,641	5,567
Income before income taxes	24,261	9,819
Income tax expense		
Current	7,599	3,040
Deferred	1,840	891
Income tax expense	9,439	3,931
Net income for the period	14,822	5,888
Other comprehensive loss (gain), net of tax Item that may subsequently be reclassified to net income		
Foreign currency translation	12,495	(8,934)
Comprehensive income (loss) for the period	27,317	(3,046)
Net income per share		
Basic	0.16	0.06
Diluted	0.15	0.06
Weighted average number of common shares outstanding (Note 10)		
Basic ('000)	94,177	92,924
Diluted ('000)	96,980	95,708

See accompanying notes to the condensed consolidated interim financial statements

Mandalay Resources Corporation

Condensed consolidated interim statements of financial position

(Expressed in U.S. dollars)

(Unaudited)

	March 31, 2025	December 31, 2024
	(\$'000)	(\$'000)
Assets		
Current assets		
Cash and cash equivalents	88,259	76,371
Trade receivables and other assets	30,810	19,226
Inventories	24,747	24,341
Prepaid expenses	2,517	2,906
	146,333	122,844
Non-current assets		
Reclamation and other deposits	19,819	18,460
Trade receivables and other assets	402	390
Property, plant and equipment, net	206,122	187,882
	226,343	206,732
	372,676	329,576
Liabilities		
Current liabilities		
Trade and other payables	28,409	25,051
Borrowings (Note 4)	2,455	1,739
Lease liabilities	623	701
Reclamation and site closure costs provision (Note 5)	5,261	4,338
Other provisions	3,453	3,316
Financial instruments (Note 8)	7,439	7,678
Income taxes payable	15,322	9,805
	62,962	52,628
Non-current liabilities		
Borrowings (Note 4)	4,230	3,427
Lease liabilities	457	526
Reclamation and site closure costs provision (Note 5)	32,402	29,971
Other provisions	303	306
Deferred tax liability	15,589	13,452
	52,981	47,682
	115,943	100,310
Equity		
Share capital (Note 6)	233,032	232,438
Share option reserve (Note 6)	5,030	5,474
Foreign currency translation reserve	(58,841)	(71,336)
Retained earnings	77,512	62,690
	256,733	229,266
	372,676	329,576

Approved by the Board of Directors and authorized for issuance on May 7, 2025.

(Signed) Frazer Bouchier

Frazer Bouchier, Director, President and Chief Executive Officer

(Signed) Robert Doyle

Robert Doyle, Director

See accompanying notes to the condensed consolidated interim financial statements

Mandalay Resources Corporation

Condensed consolidated interim statements of changes in equity Three months ended March 31, 2025 and 2024

(Expressed in U.S. dollars, except number of shares)

	Number of shares issued	Share capital	Share option reserve	Foreign currency translation reserve	Retained earnings	Total equity
	('000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Balance, December 31, 2024	93,909	232,438	5,474	(71,336)	62,690	229,266
Net income for the period	-	-	-	-	14,822	14,822
Other comprehensive income for the period	-	-	-	12,495	-	12,495
Total comprehensive income	-	-	-	12,495	14,822	27,317
Stock options exercised (Note 6(b))	201	330	(330)	-	-	-
Share-based compensation (Note 6(a))	-	-	510	-	-	510
Redemption of RSUs, PSUs and DSUs (Notes 6(c), (d) and (e))	552	264	(624)	-	-	(360)
Balance, March 31, 2025	94,662	233,032	5,030	(58,841)	77,512	256,733

	Number of shares issued	Share capital	Share option reserve	Foreign currency translation reserve	Retained earnings	Total equity
	('000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Balance, December 31, 2023	92,884	231,485	5,270	(54,473)	14,650	196,932
Net income for the period	-	-	-	-	5,888	5,888
Other comprehensive loss for the period	-	-	-	(8,934)	-	(8,934)
Total comprehensive loss	-	-	-	(8,934)	5,888	(3,046)
Stock options exercised (Note 6(b))	40	32	(14)	-	-	18
Share-based compensation (Note 6(a))	-	-	401	-	-	401
Redemption of RSUs, PSUs and DSUs (Notes 6(c), (d) and (e))	121	219	(219)	-	-	-
Balance, March 31, 2024	93,045	231,736	5,438	(63,407)	20,538	194,305

See accompanying notes to the condensed consolidated interim financial statement

Mandalay Resources Corporation

Condensed consolidated interim statements of cash flows Three months ended March 31, 2025 and 2024

(Expressed in U.S. dollars)
(Unaudited)

	Three months ended March 31,	
	2025	2024
	(\$'000)	(\$'000)
Operating activities		
Net income for the period	14,822	5,888
Adjustments and non-cash items		
Depletion and depreciation	9,287	10,708
Share-based compensation (Note 6(a))	642	391
Gain on disposal of property, plant and equipment	-	(40)
Finance costs (Note 9)	233	778
Loss (gain) on financial instruments (Note 8)	4,974	5,974
Interest and other income	(1,040)	(487)
Unrealized foreign exchange loss (gain)	4,815	(629)
Income tax expense	9,439	3,931
Revision of reclamation liability	242	-
Write-off of assets	-	290
Changes in non-cash operating working capital items		
Trade receivables and other assets	(10,626)	6,458
Inventories	35	95
Prepaid expenses	548	625
Trade and other payables	(35)	(1,764)
Other provisions	97	263
Cash generated from operations	33,433	32,481
Interest and other income received	1,040	487
Interest and bank charges paid	(135)	(482)
Income tax paid	(2,278)	(2,596)
Reclamation expenditures (Note 5)	(149)	(105)
Payment of derivative contracts	(3,962)	(310)
Net cash flows from operating activities	27,949	29,475
Investing activities		
Expenditures on property, plant and equipment	(16,436)	(13,145)
Decrease (Increase) in reclamation deposits	(827)	79
Net cash flows used in investing activities	(17,263)	(13,066)
Financing activities		
Proceeds from borrowings (Note 4)	1,557	4,966
Repayments of borrowings	(352)	(221)
Lease payments	(498)	(368)
Shares issued for cash	-	18
Net cash flows used in financing activities	707	4,395
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	495	(547)
Net increase (decrease) in cash and cash equivalents	11,888	20,257
Cash and cash equivalents, beginning of the period	76,371	26,855
Cash and cash equivalents, end of the period	88,259	47,112
Cash and cash equivalents consist of		
Cash	88,259	47,112
	88,259	47,112

See accompanying notes to the condensed consolidated interim financial statements

Mandalay Resources Corporation

Notes to the condensed consolidated interim financial statements

as at March 31, 2025 and December 31, 2024

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

(Unaudited)

1. Description of business and nature of operations

Mandalay Resources Corporation (“Mandalay” or the “Company”), together with its wholly owned subsidiaries, is a gold and antimony producer engaged in mining and related activities including acquisition, exploration, extraction, processing and reclamation. Mandalay’s assets consist of the Costerfield gold and antimony mine in Australia, the Björkdal gold mine in Sweden, as well as other exploration and care and maintenance projects in Chile and Canada.

Mandalay is incorporated in the province of British Columbia, Canada. The Company’s shares are listed on the Toronto Stock Exchange (“TSX”). The head office and principal address of the Company is Suite 720 – 155 University Avenue, Toronto, ON, Canada, M5H 3B7. The Company’s registered office is located at 1066 West Hastings Street, 2600, Vancouver, British Columbia, V6E 3X1, Canada.

2. Basis of preparation

These unaudited condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*.

The preparation of these unaudited condensed consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

Judgments made by management in the application of International Financial Reporting Standards (“IFRS”) that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the current and following fiscal years are discussed in the Company’s audited annual consolidated financial statements as at and for the year ended December 31, 2024.

3. Summary of material accounting policies

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited annual consolidated financial statements as at and for the year ended December 31, 2024. The accompanying unaudited condensed consolidated interim financial statements should be read in conjunction with the Company’s annual audited consolidated financial statements as at and for the year ended December 31, 2024.

Mandalay Resources Corporation

Notes to the condensed consolidated interim financial statements

as at March 31, 2025 and December 31, 2024

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

(Unaudited)

3. Summary of material accounting policies (continued)

a) *Changes in Material Accounting Policies*

On January 1, 2025, the Company adopted 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 did not have a significant impact on the Company's financial statements.

b) *Recent Accounting Pronouncements*

Certain pronouncements have been issued by the IASB that are mandatory for accounting periods after March 31, 2025:

- Amendments to the classification and measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) which is effective for periods on or after January 1, 2026.
- Presentation and Disclosure in Financial Statements (IFRS 18) which is effective for periods on or after January 1, 2027.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) amendments were to be applied prospectively for annual periods beginning on or after January 1, 2016, however, on December 17, 2015 the IASB decided to defer the effective date for these amendments indefinitely. Early adoption is still permitted. The Company does not intend to early adopt these standards.

Pronouncements related to IFRS 9, IFRS 7, IFRS 18, IFRS 10 and IAS 28 are not expected to have a significant impact on the Company's condensed consolidated interim financial statements upon adoption.

Mandalay Resources Corporation

Notes to the condensed consolidated interim financial statements

as at March 31, 2025 and December 31, 2024

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

(Unaudited)

4. Borrowings

	March 31, 2025	December 31, 2024
	(\$'000)	(\$'000)
Equipment Facilities	6,685	5,166
	6,685	5,166
Less: current portion of total borrowings	2,455	1,739
Non-current portion of total borrowings	4,230	3,427

Revolving Credit Facility

On December 1, 2022, the Company entered into a credit agreement with the Bank of Nova Scotia (“Scotia”), providing for a senior secured Revolving Credit Facility in an aggregate principal amount of up to \$35,000,000 (the “Revolving Credit Facility”). As at March 31, 2025, 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 March 31, 2025, the undrawn amount under this facility was \$35,000,000.

Equipment Facilities

As at March 31, 2025, the Company’s Björkdal mine in Sweden had a balance of \$3,619,000 (December 31, 2024 – \$1,864,000) for the equipment loan facilities (the “Equipment Facilities”) with several Swedish banks to finance mining equipment. The Equipment Facilities bear variable interest at the 30- or 90-days Stockholm Interbank Offered Rate (“STIBOR”) plus 1.54% - 3.33% per annum and are repayable in monthly instalments plus interest and are due to be repaid by February 2029. The Equipment Facilities are secured by the underlying equipment.

On February 28, 2024, the Company purchased trucks and excavators for Lupin reclamation activities under an equipment loan facility (the “Equipment Facility”). The Equipment Facility bears interest at 4.49% per annum and zero interest respectively, for trucks and excavators. The loan is repayable in equal monthly instalments ending March 2028. The loan balance as at March 31, 2025 was \$3,066,000.

Mandalay Resources Corporation

Notes to the condensed consolidated interim financial statements

as at March 31, 2025 and December 31, 2024

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

(Unaudited)

5. Reclamation and site closure costs

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

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

	(\$'000)
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
Expenditure for reclamation	(333)
Change in estimated future cash outflows	996
Accretion	98
Foreign exchange	2,593
Balance at March 31, 2025	37,663
Less: current portion	5,261
Total non-current portion	32,402

During the three Months ended March 31, 2025, the Company has incurred reclamation expenditures of \$333,000 (March 31, 2024 - \$197,000) on reclamation work at the Lupin site in Canada.

6. Share capital

As at March 31, 2025, the Company had an unlimited number of authorized common shares without par value and 94,662,503 common shares outstanding (December 31, 2024 – 93,909,090 common shares). All outstanding common shares are fully paid.

Mandalay Resources Corporation

Notes to the condensed consolidated interim financial statements

as at March 31, 2025 and December 31, 2024

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

(Unaudited)

6. Share capital (continued)

(a) Share-based compensation

	Three months ended March 31,	
	2025	2024
	(\$'000)	(\$'000)
Share-based compensation on options	166	138
Change in fair value for cash election option	185	(34)
Share unit amortization	291	287
	642	391

(b) Stock options

The number of options outstanding as at March 31, 2025 is as follows:

	Number of options	Weighted average exercise price C\$
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
Granted	356,310	4.76
Exercised	(339,491)	1.97
Balance, March 31, 2025	1,770,164	2.31

The following table summarizes information about the stock options outstanding and exercisable as at March 31, 2025:

Mandalay Resources Corporation

Notes to the condensed consolidated interim financial statements

as at March 31, 2025 and December 31, 2024

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

(Unaudited)

6. Share capital (continued)

(b) Stock options (continued)

Number of stock options outstanding	Grant Date	Options outstanding		Options exercisable	
		Weighted average remaining contractual life (years)	Weighted average exercise price C\$	Number of options exercisable	Weighted average exercise price C\$
12,000	April 2, 2018	0.25	2.00	12,000	2.00
20,000	April 8, 2019	1.25	1.10	20,000	1.10
100,000	March 20, 2020	2.25	0.61	100,000	0.61
85,367	February 25, 2021	3.25	2.14	85,367	2.14
92,789	February 25, 2022	4.25	2.65	92,789	2.65
136,685	February 23, 2023	5.25	2.63	91,123	2.63
58,696	May 12, 2023	5.25	2.43	19,565	2.43
908,317	February 26, 2024	6.25	1.47	302,772	1.47
356,310	February 24, 2025	7.25	4.76	-	-
1,770,164		5.77	2.31	723,616	1.75

(c) Restricted stock units ("RSUs")

The number of RSUs outstanding as at March 31, 2025 is as follows:

	Number of RSU awards
Balance, December 31, 2023	282,040
Granted	911,400
Redeemed	(140,069)
Cancelled	(11,655)
Balance, December 31, 2024	1,041,716
Granted	286,925
Redeemed	(375,082)
Balance, March 31, 2025	953,559

For the three months ended March 31, 2025, the Company recorded \$186,000 (three months ended March 31, 2024 – \$113,000) as a share-based compensation expense relating to RSUs.

Mandalay Resources Corporation

Notes to the condensed consolidated interim financial statements
as at March 31, 2025 and December 31, 2024
(Expressed in U.S. dollars, except where otherwise noted)
(Unaudited)

6. Share capital (continued)

(d) Performance stock units (“PSUs”)

The number of PSUs outstanding as at March 31, 2025 is as follows:

	Number of PSU awards
Balance, December 31, 2023	788,968
Redeemed	(241,192)
Cancelled	(23,311)
Balance, December 31, 2024	524,465
Redeemed	(181,391)
Balance, March 31, 2025	343,074

For the three months ended March 31, 2025, the Company recorded \$41,000 (three months ended March 31, 2024 – \$ 106,000), as a share-based compensation expense relating to PSUs. While 181,391 PSUs (three months ended March 31, 2024 – 241,192 PSUs) were redeemed, the payout in the Company’s common shares was at 200% of award due to better performance of Mandalay shares relative to the VanEck Junior Gold Miners ETF (GDJX).

(e) Deferred stock units (“DSUs”)

The number of DSUs outstanding as at March 31, 2025 is as follows:

	Number of DSU awards
Balance, December 31, 2023	422,827
Granted	244,398
Redeemed	(178,523)
Balance, December 31, 2024	488,702
Granted	75,630
Balance, March 31, 2025	564,332

For the three months March 31, 2025, the Company recorded \$65,000 (three months ended March 31, 2024 – \$ 67,000), 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.

Mandalay Resources Corporation

Notes to the condensed consolidated interim financial statements

as at March 31, 2025 and December 31, 2024

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

(Unaudited)

6. Share capital (continued)

(f) *Normal Course Issuer Bid (continued)*

2024 NCIB (Continued)

For the three months ended March 31, 2024, no NCIB transactions were executed by the Company. Any purchases made under the NCIB are made at the discretion of the Company and the shares acquired under the NCIB are cancelled upon purchase.

	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

7. Revenue

Disaggregation of revenue

In the following table, the Company's revenue is disaggregated by primary geographical market, major products. The table also includes a reconciliation of the disaggregated revenue with the Company's reportable segments (see Note 11).

Three months ended March 31	Costerfield		Björkdal		Total	
	2025	2024	2025	2024	2025	2024
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Primary geographical markets						
Australia	39,029	30,232	-	-	39,029	30,232
Sweden	-	-	34,848	23,054	34,848	23,054
Revenue from contracts with customers	39,029	30,232	34,848	23,054	73,877	53,286
Provisional pricing adjustments	624	374	3,562	1,851	4,186	2,225
Total revenue from mining operations	39,653	30,606	38,410	24,905	78,063	55,511
Commodities						
Gold	32,476	25,943	34,848	23,054	67,324	48,997
Antimony	6,553	4,289	-	-	6,553	4,289
Revenue from contracts with customers	39,029	30,232	34,848	23,054	73,877	53,286
Provisional pricing adjustments	624	374	3,562	1,851	4,186	2,225
Total revenue from mining operations	39,653	30,606	38,410	24,905	78,063	55,511

Mandalay Resources Corporation

Notes to the condensed consolidated interim financial statements

as at March 31, 2025 and December 31, 2024

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

(Unaudited)

8. Financial instruments

The Company has recognized a net change in liabilities related to financial instruments of \$4,974,000 for the three months ended March 31, 2025 (three months ended March 31, 2024 – loss of 5,974,000) . Details of these are given below:

(a) Foreign exchange derivative 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. On March 18, 2025, the Company extended its USD/AUD forward contracts until December 2025. Under the revised terms, Mandalay will sell USD 950,000 per month from March to June 2025, and USD 1,900,000 per month from July 2025 onward, with AUD purchased within a collar range of 1.4900 to 1.6400. The Company recorded an unrealized fair value gain of \$286,000 for the three months ended March 31, 2025 (three months ended March 31, 2024 – \$nil). The fair value of these liabilities as at March 31, 2025 was \$259,000 (December 31, 2024 – \$536,000).

During the three months ended March 31, 2025, the Company incurred a realized loss of \$249,000 for settlement of matured foreign exchange derivatives 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 sold \$3,400,000 per month, bought AUD within a 0.6795 by 0.7000 costless collar and (ii) USD/SEK contracts where Mandalay sold \$3,400,000 per month, bought SEK within a 9.50 x 10.25 costless collar, with monthly average rate settlements until December 2024. These derivatives were measured at fair value through profit or loss at the end of each reporting period. The Company recorded an unrealized fair value loss of \$1,890,000 for the three months ended March 31, 2024. There were no contracts outstanding as at March 31, 2025.

During the three months ended March 31, 2024, the Company incurred a realized loss of \$477,000 for settlement of matured foreign exchange derivatives contracts.

(b) Gold derivative contracts

Gold derivatives contracts

On February 12, 2024, the Company entered into gold derivative contracts with Macquarie Bank Limited (“Macquarie”) for a total of 25,008 ounces of gold over the period March 2024 to December 2024. These contracts are costless collar with a floor price of \$1,980.00 per ounce and a ceiling of \$2,121.50 per ounce.

On April 11, 2024, the Company restructured certain gold derivative contracts entered into on February 12, 2024, with Macquarie by rolling forward the contracts originally set to mature in April, May and June 2024. The rolled forward contracts of a total of 7,498 ounces of gold were planned to be matured 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.

Mandalay Resources Corporation

Notes to the condensed consolidated interim financial statements

as at March 31, 2025 and December 31, 2024

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

(Unaudited)

8. Financial instruments (continued)

(b) Gold derivative contracts (continued)

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 gain of \$36,000 three months ended March 31, 2025 (three months ended March 31, 2024 – loss of 3,343,000). The fair value of these liabilities as at March 31, 2025 was \$7,180,000 (December 31, 2024 – \$7,142,000).

During the three months ended March 31, 2025, the Company incurred a realized loss of \$5,047,000 for settlement of matured gold derivatives contracts (three months ended March 31, 2024 – loss of \$102,000).

(c) Marketable securities – assets

Aftermath shares

On May 5, 2021, the Company received 2,054,794 shares of Aftermath Silver Ltd. 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. The Company recorded an unrealized fair value loss of \$139,000 for the three months ended March 31, 2024. As at March 31, 2025, the Company does not own any shares of Aftermath Silver Ltd.

9. Finance costs

The finance costs for the three months ended March 31, 2025, and 2024 consist of the following:

	Three months ended	
	2025	March 31,
	(\$'000)	2024
		(\$'000)
Loan Facility		
Interest on Revolver Credit Facility	62	491
Other		
Interest on other borrowings and other charges	73	46
Accretion of reclamation and site closure costs	98	241
	233	778

Interest on Revolver Credit Facility represents the standby fee on the undrawn amount.

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

(Unaudited)

10. Net income per share

For the three months ended March 31, 2025, the weighted average number of common shares of calculating diluted income per share is shown in the table below:

	Three months ended	
	2025	March 31, 2024
	('000)	('000)
Net income for the period	14,822	5,888
Basic weighted average number of shares outstanding	94,177	92,924
Effect of dilutive securities:		
Stock options	942	496
RSU	954	1,073
PSU	343	548
DSU	564	667
Diluted weighted average number of shares outstanding	96,980	95,708

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

	Three months ended	
	2025	March 31, 2024
	('000)	('000)
Anti-dilutive securities		
Stock options	-	2,370

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

(Unaudited)

11. Segmented information

The Company manages its operations by geographical location. These reportable operating segments are summarized in the table below (“Canada” is the provision of corporate services and administrative support and also includes non-core assets held in Canada):

Three months ended March 31, 2025	Australia (\$'000)	Sweden (\$'000)	Chile (\$'000)	Canada (\$'000)	Total (\$'000)
Revenue	39,653	38,410	-	-	78,063
Cost of sales, excluding depletion and depreciation	(12,925)	(18,493)	-	-	(31,418)
Depletion and depreciation	(3,059)	(6,228)	-	-	(9,287)
Income from mining operations	23,669	13,689	-	-	37,358
Other operating expenses	(1,261)	(1,133)	(111)	(709)	(3,214)
Revision of reclamation liability	-	-	-	(242)	(242)
Other income (expenses), except for fair value adjustment	73	1,441	(192)	(5,989)	(4,667)
Gain (loss) on financial instruments	(5,121)	152	-	(5)	(4,974)
Income (loss) before income taxes	17,360	14,149	(303)	(6,945)	24,261
Current tax expense	(4,479)	(3,120)	-	-	(7,599)
Deferred tax recovery (expense)	(2,245)	405	-	-	(1,840)
Net income (loss) for the period	10,636	11,434	(303)	(6,945)	14,822
Cash expenditure for property, plant and equipment	9,683	6,512	241	-	16,436
Total non-current assets as at March 31, 2025	80,361	123,006	11,339	11,637	226,343
Total assets as at March 31, 2025	160,635	174,582	11,417	26,042	372,676
Total liabilities as at March 31, 2025	53,785	30,583	-	31,575	115,943

Three months ended March 31, 2024	Australia (\$'000)	Sweden (\$'000)	Chile (\$'000)	Canada (\$'000)	Total (\$'000)
Revenue	30,606	24,905	-	-	55,511
Cost of sales, excluding depletion and depreciation	(11,947)	(15,084)	-	-	(27,031)
Depletion and depreciation	(4,635)	(6,073)	-	-	(10,708)
Income from mining operations	14,024	3,748	-	-	17,772
Other operating expenses	(1,074)	(877)	(33)	(112)	(2,096)
Write-off of assets	(290)	-	-	-	(290)
Other income (expenses), except for fair value adjustment	1,398	(3,569)	(174)	2,752	407
Loss on financial instruments	-	-	-	(5,974)	(5,974)
Income (loss) before income taxes	14,058	(698)	(207)	(3,334)	9,819
Current tax expense	(3,040)	-	-	-	(3,040)
Deferred tax recovery	(1,006)	115	-	-	(891)
Net income (loss) for the period	10,012	(583)	(207)	(3,334)	5,888
Cash expenditure for property, plant and equipment	3,655	4,688	56	4,746	13,145
Total non-current assets as at March 31, 2024	66,622	118,031	11,069	13,140	208,862
Total assets as at March 31, 2024	120,533	149,908	11,147	18,766	300,354
Total liabilities as at March 31, 2024	27,166	22,843	-	56,040	106,049

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as at March 31, 2025 and December 31, 2024

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

(Unaudited)

11. Segmented information (continued)

For the three months ended March 31, 2025, the Company had three customers from whom it earned more than 10% of its total revenue (three months ended March 31, 2024– four customers).

Revenue from these customers is summarized as follows:

	Three months ended	
	2025	March 31,
	(\$'000)	2024
		(\$'000)
Costerfield (gold and antimony)		
Customer 1	25,596	5,560
Customer 2	-	20,347
	25,596	25,907
Björkdal (gold)		
Customer 3	30,171	19,346
Customer 4	8,253	5,559
	38,424	24,905
	64,020	50,812

12. Fair value measurement

The fair values of cash and cash equivalents, trade and other receivables (non-provisional pricing portion), reclamation and other deposits, and trade and other payables approximate their carrying values due to the nature of these items.

The Company defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In assessing the fair value of a particular contract, the market participant would consider the credit risk of the counterparty to the contract. Consequently, when it is appropriate to do so, the Company adjusts the valuation models to incorporate a measure of credit risk. Fair value represents management's estimates of the current market value at a given point in time.

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

As at March 31, 2025, other receivables are based on Level 1 inputs. Provisional pricing feature included in trade and other payables and derivative financial instruments are based on Level 1 inputs. Reclamation and other deposits and long-term debt are based on Level 2 inputs. The Company constantly monitors events or changes in circumstances, which may cause transfers between the levels of the fair value hierarchy.

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

(Unaudited)

13. Financial liabilities and other commitments

The following are the contractual maturities of commitments. The amounts presented represent the future undiscounted principal and interest cash flows and therefore do not necessarily equate to the carrying amount on the Company's condensed consolidated interim financial position.

					2025	2024
	Less than			After		
	1 year	1-3 years	4-5 years	5 years	Total	Total
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Trade and other payables	28,409	-	-	-	28,409	25,051
Borrowings	2,455	4,230	-	-	6,685	5,166
Lease liabilities	623	457	-	-	1,080	1,227
Reclamation and site closure costs provision	5,271	18,742	9,800	7,373	41,185	37,256
Income taxes payable	15,322	-	-	-	15,322	9,805
Financial instruments	7,439	-	-	-	7,439	7,678
	59,519	23,429	9,800	7,373	100,120	86,183

14. Subsequent events

On April 27, 2025, the company entered into an arrangement agreement with Alkane Resources Ltd ("Alkane") whereby Alkane will acquire all the issued and outstanding common shares of the company pursuant to a court-approved plan of arrangement (the "Transaction"). Pursuant to the Transaction, shareholders of the Company will receive 7.875 ordinary shares of Alkane for each common share of Mandalay held immediately prior to the effective time of the Transaction. Following completion of the Transaction, the combined company will continue operating as "Alkane Resources", remain listed on the ASX and is seeking a listing on the TSX exchange. For more information, please refer to the press release dated April 27, 2025 filed on sedarplus.ca.