

Mandalay Resources Corp.

Sector | Basic Materials

CMP
\$4.04

Target
\$5.94

Risk Level
High

Recommendation
BUY

Strong platform to build a mid-tier producer

January 3, 2025

Key Highlights

- **Robust operating performance:** For the Q3FY24 ended September 30, 2024, the company's net revenue soared by 35.2% YoY to \$55.28mn due to higher average realized metal prices of \$2,557 per ounce for gold as compared to \$1,993 per ounce for gold same quarter prior year partially offset by lower production at Bjorkdal due to flood at mining site. The operating profit jumped by 164.2% YoY to \$17.65mn due to higher revenue and lower net change of gold equivalent inventory as compared to the same quarter the previous year partially offset by an increase in operating expenses due to water management at Bjorkdal. The net income jumped by 31.6% YoY to \$5.3mn due to an increase in operating profit and a decrease in finance cost partially offset by an increase in tax liability and in other finance expenses. Diluted earnings per share stood at \$0.06 against \$0.04 in the previous corresponding period.
- For the 9MFY24 ended September 30, 2024, the company's revenue increased by 41.6% YoY to \$173.85mn due to reasons as stated under quarterly performance. The operating profit jumped by 397.8% YoY to \$57.67mn due to higher revenue partially offset by an increase in the cost of goods sold and operating expenses. The net income surged by 426.6% YoY to \$27.09mn due to higher operating profit partially offset by an increase in non-operating expense and an increase in income tax liability. Diluted earnings per share stood at \$0.28 against \$0.05 in the previous corresponding period.
- **Guidance:** The company provides full-year guidance to produce approximately 90,000 to 100,000 gold equivalent ounces in FY 2024 at an all-in-sustaining cost range of \$1,450 to \$1,580 per ounce.

Growth Catalyst

- The strategic acquisitions are part of the ongoing operation strategy of the company which is carried out with the objective of ensuring business synergies in terms of increase in revenue and operational efficiencies.
- The capital expenditures of \$9.0 million made in Q3 2024 at tailings dam project will increase dam capacity.

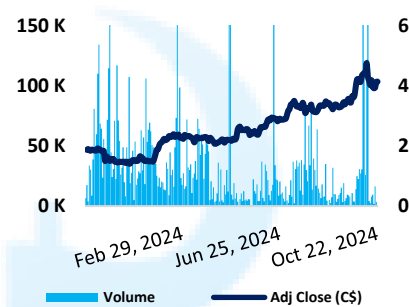
Key Risk

- The company has credit risk which is the risk of an unexpected loss if a customer or third party fails to meet its contractual obligations and impacts accounts receivable and derivative financial instruments.
- The company's business is exposed to commodity price volatility and a substantial decline in the prices of these commodities could adversely affect its financial results.

Stock Information

Ticker	TSX: MND
Mkt Cap	\$388.8 Mn
52-Week H/L	\$4.85 - \$1.38
Beta (x)-5Y Monthly	0.38x
Div. Yield (%)	N/A
Outstanding Shares	93.90 Mn
Duration	9 to 12 months

Stock Performance



Company Overview

Incorporated in 1997 and is based in Toronto, Canada, Mandalay Resources Corp (TSX: MND) engages in the acquisition, exploration, extraction, processing, and reclamation of mineral properties in Canada, Australia, Sweden, and Chile. It explores for gold, silver, and antimony deposits, as well as other base metal. The company primarily holds 100% interests in the Costerfield gold-antimony mine covering an area of 1,219 hectares located in Victoria, Australia and the Bjorkdal gold mine covering an area of 12,949 located in Skelleftea, Sweden.

Technical Overview (Daily)



Source: investing.com

On the daily chart, the stock is in uptrend, trading above 50, 100, 200 EMAs demonstrating strength in uptrend. It rose from the low of \$1.39 and made a high of \$4.85 from the high, it took a minor correction to the level of \$3.76 at major trendline. In the past two trading sessions, it has been showing signs of rebounding. Intact given the fact that the stock trades above all key EMAs. The uptrend in the stock is getting further supported by technical indicators such as RSI with a reading of 51, suggesting neutral momentum.

Going ahead, the stock may face an initial resistance around 38.20% Fibonacci extension level of \$5.11 and beyond that it may find strong resistance around 61.80% Fibonacci trend-based extension of \$5.94. On the flip side, if the stock retraces down, it may take initial support at the level of \$3.76 and below that it may take support at the level of \$3.20. Investors with a risk appetite may buy the stock at the closed market price of \$4.04 with a stop-loss placed at \$3.00 for the target price of \$5.94.

Stock Name & Code: Mandalay Resources Corp (TSX: MND)				
Resistance 1	Resistance 2	Support 1	Support 2	Stop Loss
\$5.11	\$5.94	\$3.76	\$3.20	\$3.00
Note: We assume that the position will be taken along with resistance and support level with stop-loss placed. On triggering of the support level, it will be assumed that the Buy position has been built while on triggering of the resistance level (confirming the target price), the Sell position will be assumed to have been built.				

Technical Indicators Defined: -

Support: A level at which a downward-trending asset attracts buying interest, preventing the price from falling further.

Resistance: A level at which an upward-trending asset experiences selling pressure, preventing the price from continuing to rise.

Stop-loss: It is a level that prevents further losses caused by adverse changes in stock prices.

Bollinger band: The Bollinger band is a technical indicator that indicates a financial asset is about to enter an overbought or oversold state. There are three lines that make up a Bollinger Band on a price chart. The first line is the simple moving average (SMA), which is usually a 20-period moving average of the asset's price. It takes price data over a specific time frame and averages it out so you can see the big picture. Second is, upper band, which is defined as the band located above the middle band, often two standard deviations higher. Finally, there is the lower band, which is situated a specific number of standard deviations (usually 2) below the middle band and signifies possible overbought situations when prices approach or surpass it. Prices that go close to or go below this zone can be a sign of possible oversold situations.

RSI: The Relative Strength Index (RSI) measures the speed and strength of price fluctuations over a specific time period (typically 14 days). It analyzes the internal strength of a price movement, allowing traders to spot market momentum.

EMA: Exponential Moving Average (EMA) is a type of moving average that gives more weight and importance to the most recent data points. It is used to evaluate the bullish and bearish trends in securities over a specific timeframe.

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