



Mandalay Resources Corporation Announces Production and Sales Results for the Second Quarter of 2020

TORONTO, ON, July 09, 2020 — Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND, OTCQB: MNDJF) announced today its production and sales results for the second quarter of 2020.

In the second quarter of 2020, Mandalay produced a consolidated 24,752 saleable ounces of gold equivalent and sold 24,916 ounces of gold equivalent.

Dominic Duffy, President and Chief Executive Officer of Mandalay, commented, "Both operations continued their strong start to the year with a quarter-over-quarter improvement in total ounces of gold equivalent sold. The second quarter production results were the Company's best quarterly consolidated gold production since the fourth quarter of 2017."

Mr. Duffy continued, "At Costerfield, the excellent results continued from the Youle vein, with the site producing 13,502 gold equivalent ounces. Antimony provided another solid quarter with 933 tonnes sold, the Company's highest tonnes sold since the second quarter of 2016. The plant processed an average head grade of 11.23 g/t and 4.2% of gold and antimony, respectively, over the quarter. These were significant achievements considering that lower grade Brunswick ore was still blended and milled and the first levels of development in Youle are reaching the lower grade extents of the deposit. We expect to mine out the rest of the Brunswick orebody in the third quarter of 2020, and anticipate a stable level of production from Costerfield for the third quarter and a lift in the fourth quarter as stoping in the Youle vein ramps up."

Mr. Duffy continued, "In June, we conducted a pilot plant test on improving tailing recoveries at Costerfield, with a trial installation of cavitation tube flotation columns. The majority of gold losses in the tails occur in ultra-fine fractions and the cavitation tubes have the capacity to recover these fine particles. Test results were excellent, showing gold recovery improvements greater than 3%. We have decided to advance this project and final engineering is currently underway with commissioning of the cavitation tube flotation columns expected by the fourth quarter of 2020. Total capital for this project is currently estimated to be less than \$300,000."

Mr. Duffy continued, "At Björkdal, the second quarter production showed improvements relative to the previous quarter, however, we still produced under our forecast rates as we resolved final issues related to the movement of ore from underground. Despite this, May and June were the best two months of production so far this year, demonstrating that we are on track for improved production in the final half of 2020. Aurora stoping was minimal for the quarter, however, we are now actively developing on six levels and constantly advancing the decline to the higher-grade lower levels of Aurora."

Mr. Duffy concluded, "Mandalay delivered another strong production and sales quarter, which we expect to lead to strong financial performance when combined with improvements in the gold price experienced during the quarter. Unfortunately, the COVID-19 pandemic continues to create potentially significant uncertainties and difficulties. The Company is continuing to closely monitor the situation in both Australia and Sweden and will make adjustments, if necessary. Business

continuity plans are in place with site-specific contingency considerations, should they be needed and as outlined in our March 20, 2020, press release.”

Saleable Production For The Quarter Ended June 30, 2020:

- In the second quarter of 2020, the Company produced a total of 21,603 ounces of gold and 946 tonnes of antimony, representing a total of 24,752 ounces of gold equivalent, versus 17,544 ounces of gold and 371 tonnes of antimony in the second quarter of 2019, representing a total of 19,500 ounces of gold equivalent.
- Production at Björkdal was 11,250 ounces of gold in the second quarter of 2020, as compared to 14,243 ounces of gold in the second quarter of 2019.
- Production at Costerfield was 10,353 ounces of gold and 946 tonnes of antimony in the second quarter of 2020, versus 3,301 ounces gold and 371 tonnes antimony in the second quarter of 2019.

Saleable Production For The Six Months Ended June 30, 2020:

- The Company produced a total of 42,973 ounces gold and 2,054 tonnes antimony, representing a total of 50,429 ounces of gold equivalent production, versus 36,034 ounces gold and 946 tonnes of antimony in the corresponding six months of 2019, representing a total of 41,440 ounces of gold equivalent.
- Production at Björkdal was 22,000 ounces gold.
- Production at Costerfield was 20,973 ounces gold and 2,054 tonnes antimony.

Table 1 – Second Quarter And Six Month Saleable Production for 2020 and 2019

| Metal | Source | Three months ended June 30 2020 | Three months ended June 30 2019 | Six months ended June 30 2020 | Six months ended June 30 2019 |
|----------------------------------|---------------|--|--|--------------------------------------|--------------------------------------|
| Gold (oz) | Björkdal | 11,250 | 14,243 | 22,000 | 28,628 |
| | Costerfield | 10,353 | 3,301 | 20,973 | 7,406 |
| | Total | 21,603 | 17,544 | 42,973 | 36,034 |
| Antimony (t) | Costerfield | 946 | 371 | 2,054 | 946 |
| Average quarterly prices: | | | | | |
| Gold US\$/oz | | 1,709 | 1,309 | | |
| Antimony US\$/t | | 5,688 | 6,894 | | |
| Au Eq. (oz) ⁽¹⁾ | Björkdal | 11,250 | 14,243 | 22,000 | 28,628 |
| | Costerfield | 13,502 | 5,257 | 28,429 | 12,812 |
| | Total | 24,752 | 19,500 | 50,429 | 41,440 |

1. Quarterly gold equivalent ounces (“Au Eq. oz”) produced is calculated by multiplying the saleable quantities of gold (“Au”), and antimony (“Sb”) in the period by the respective average market prices of the commodities in the period, adding the two amounts to get a “total contained value based on market price”, and then dividing that total contained value by the average market price of Au in the period. Average Au price in the period is calculated as the average of the daily LME PM fixes in the period, with price on weekend

days and holidays taken of the last business day; average Sb price in the period is calculated as the average of the daily average of the high and low Rotterdam warehouse prices for all days in the period, with price on weekend days and holidays taken from the last business day. The source for all prices is www.metalbulletin.com.

Sales For The Second Quarter Ended June 30, 2020:

- In the second quarter of 2020, the Company sold a total of 21,811 ounces of gold and 933 tonnes of antimony, representing a total of 24,916 ounces of gold equivalent, versus 17,761 ounces of gold and 424 tonnes of antimony in the second quarter of 2019, representing a total of 19,994 ounces of gold equivalent.
- Björkdal sold 11,290 ounces of gold in the second quarter of 2020, versus 14,376 ounces of gold in the second quarter of 2019.
- Costerfield sold 10,521 ounces of gold and 933 tonnes of antimony in the second quarter of 2020, versus 3,385 ounces of gold and 424 tonnes of antimony in the second quarter of 2019.

Sales For The Six Months Ended June 30, 2020:

- The Company sold 42,743 ounces gold and 1,793 tonnes antimony, representing a total of 49,192 ounces of gold equivalent, versus 37,618 ounces gold and 949 tonnes antimony in the second quarter of 2019, representing a total of 43,001 ounces of gold equivalent.
- Björkdal sold 23,055 ounces gold.
- Costerfield sold 19,688 ounces gold and 1,793 tonnes antimony.

Table 2 – Second Quarter Sales for 2020 and 2019, and Fourth Quarter of 2019

| Metal | Source | Three months ended June 30 2020 | Three months ended June 30 2019 | Six months ended June 30 2020 | Six months ended June 30 2019 |
|----------------------------------|---------------|--|--|--------------------------------------|--------------------------------------|
| Gold (oz) | Björkdal | 11,290 | 14,376 | 23,055 | 30,154 |
| | Costerfield | 10,521 | 3,385 | 19,688 | 7,464 |
| | Total | 21,811 | 17,761 | 42,743 | 37,618 |
| Antimony (t) | Costerfield | 933 | 424 | 1,793 | 949 |
| Average quarterly prices: | | | | | |
| Gold US\$/oz | | 1,709 | 1,309 | | |
| Antimony US\$/t | | 5,688 | 6,894 | | |
| Au Eq. (oz) ¹ | Björkdal | 11,290 | 14,376 | 23,055 | 30,154 |
| | Costerfield | 13,626 | 5,618 | 26,137 | 12,847 |
| | Total | 24,916 | 19,994 | 49,192 | 43,001 |

1. Quarterly Au Eq. oz sold is calculated by multiplying the saleable quantities of Au, and Sb in the period by the respective average market prices of the commodities in the period, adding the two amounts to get a "total contained value based on market price", and then dividing that total contained value by the average market price of Au for the period. The source for all prices is www.metalbulletin.com with price on weekend days and holidays taken of the last business day.

For Further Information:

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About Mandalay Resources Corporation:

Mandalay Resources is a Canadian-based natural resource company with producing assets in Australia and Sweden, and care and maintenance and development projects in Chile. The Company is focused on growing production at its gold and antimony operation in Australia, and gold production from its operation in Sweden to generate near-term cash flow.

Forward-Looking Statements:

This news release contains "forward-looking statements" within the meaning of applicable securities laws, including statements regarding the Company's production of gold and antimony for the 2020 fiscal year. Readers are cautioned not to place undue reliance on forward-looking statements. Actual results and developments may differ materially from those contemplated by these statements depending on, among other things, changes in commodity prices and general market and economic conditions. The factors identified above are not intended to represent a complete list of the factors that could affect Mandalay. A description of additional risks that could result in actual results and developments differing from those contemplated by forward-looking statements in this news release can be found under the heading "Risk Factors" in Mandalay's annual information form dated March 30, 2020, a copy of which is available under Mandalay's profile at www.sedar.com. In addition, there can be no assurance that any inferred resources that are discovered as a result of additional drilling will ever be upgraded to proven or probable reserves. Although Mandalay has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. 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, readers should not place undue reliance on forward-looking statements.