



Mandalay Resources Corporation Announces Production and Sales Results for the Third Quarter of 2020 and Revised Full-Year 2020 Guidance

TORONTO, ON, October 14, 2020 — Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND, OTCQB: MNDJF) announced today its production and sales results for the third quarter of 2020.

Third Quarter 2020 Production Highlights:

- 22,793 saleable gold ounces produced during Q3 2020, the Company's best quarterly consolidated saleable gold production since Q4 2017
- Fourth consecutive quarter-over-quarter improvement in consolidated saleable gold production
- 26,001 ounces of gold equivalent sold during Q3 2020, the Company's highest amount since Q1 2018
- Expect to fulfil or outperform our original consolidated 2020 production guidance on a gold equivalent ounce basis

In the third quarter of 2020, Mandalay produced a consolidated 25,664 saleable ounces of gold equivalent and sold 26,001 ounces of gold equivalent.

Dominic Duffy, President and Chief Executive Officer of Mandalay, commented, "The third quarter gold production of 22,793 saleable ounces was the Company's best quarterly consolidated production since the fourth quarter of 2017, and also marked the fourth consecutive quarter-over-quarter improvement in saleable gold production. This was driven by another strong quarter from Costerfield and supported by the consistent performance at the Björkdal operation."

Mr. Duffy continued, "At Costerfield, Youle continued to deliver excellent results as the third quarter head grades averaged 11.54 g/t and 4.1% for gold and antimony processed, respectively. The improvement in processed gold grades relative to the 11.17 g/t last quarter is a significant achievement as the site continued to blend its mill feed with the lower grade Brunswick ore. Overall, the site produced 14,620 saleable gold equivalent ounces – 11,749 saleable gold ounces and 991 tonnes of salable antimony. The 1,036 tonnes of antimony sold during this quarter was the Company's highest quarterly level since the first quarter of 2014. This is despite developing on comparatively lower grade extents of the ore body on several levels of Youle during the third quarter. For the remainder of the year, we are anticipating an increase in production as more stopes are scheduled to come online in Youle."

Mr. Duffy continued, "At Björkdal, third quarter production of 11,044 saleable gold ounces was in-line with the previous quarter. However, due to dilution challenges that we are still addressing, the site is tracking below our forecast production levels year-to-date. Production for the remainder of the year is expected to see some improvements and the focus will remain on capital development to advance further down into the Aurora zone's higher-grades lower levels. Aurora's capital

development and definition drilling highlighting multiple vein structures parallel to Aurora sets up Björkdal for a significantly stronger 2021.”

Mr. Duffy concluded, “Mandalay continues to build upon the momentum generated during the first half of year by delivering another strong production and sales quarter. We expect to fulfil or outperform our consolidated 2020 production guidance on a gold equivalent ounces basis, however, we are providing an update on production and costs guidance to better reflect the variability and the overall performance at each site. Moreover, due to the excellent capital development progress made at Costerfield, that site has accelerated capital development originally planned for 2021 into this year, increasing the development metres and investment at Costerfield. We also intend on increasing exploration spend by approximately \$1 million at Costerfield for the remainder of the year to follow up on the encouraging results seen to date. For more details, please see the table below.”

Saleable Production For The Quarter Ended September 30, 2020:

- In the third quarter of 2020, the Company produced a total of 22,793 ounces of gold and 991 tonnes of antimony, representing a total of 25,664 ounces of gold equivalent, versus 14,983 ounces of gold and 402 tonnes of antimony in the third quarter of 2019, representing a total of 16,625 ounces of gold equivalent.
- Production at Björkdal was 11,044 ounces of gold in the third quarter of 2020, as compared to 11,880 ounces of gold in the third quarter of 2019.
- Production at Costerfield was 11,749 ounces of gold and 991 tonnes of antimony in the third quarter of 2020, versus 3,103 ounces gold and 402 tonnes antimony in the third quarter of 2019.

Saleable Production For The Nine Months Ended September 30, 2020:

- The Company produced a total of 65,766 ounces gold and 3,045 tonnes antimony, representing a total of 76,093 ounces of gold equivalent production, versus 51,017 ounces gold and 1,348 tonnes of antimony in the corresponding nine months of 2019, representing a total of 58,065 ounces of gold equivalent.
- Production at Björkdal was 33,044 ounces gold.
- Production at Costerfield was 32,722 ounces gold and 3,045 tonnes antimony.

Table 1 – Third Quarter And Nine Month Saleable Production for 2020 and 2019

Metal	Source	Three months ended September 30 2020	Three months ended September 30 2019	Nine months ended September 30 2020	Nine months ended September 30 2019
Gold (oz)	Björkdal	11,044	11,880	33,044	40,508
	Costerfield	11,749	3,103	32,722	10,509
	Total	22,793	14,983	65,766	51,017
Antimony (t)	Costerfield	991	402	3,045	1,348
Average quarterly prices:					
Gold US\$/oz		1,907	1,473		
Antimony US\$/t		5,524	6,015		
Total Gold Eq. (oz)⁽¹⁾					
	Björkdal	11,044	11,880	33,044	40,508
	Costerfield	14,620	4,745	43,049	17,557
	Total	25,664	16,625	76,093	58,065

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 Quarter Ended September 30, 2020:

- In the third quarter of 2020, the Company sold a total of 23,000 ounces of gold and 1,036 tonnes of antimony, representing a total of 26,001 ounces of gold equivalent, versus 16,132 ounces of gold and 412 tonnes of antimony in the third quarter of 2019, representing a total of 17,814 ounces of gold equivalent.
- Björkdal sold 11,511 ounces of gold in the third quarter of 2020, versus 13,006 ounces of gold in the third quarter of 2019.
- Costerfield sold 11,489 ounces of gold and 1,036 tonnes of antimony in the third quarter of 2020, versus 3,126 ounces of gold and 412 tonnes of antimony in the third quarter of 2019.

Sales For The Nine Months Ended September 30, 2020:

- The Company sold 65,743 ounces gold and 2,829 tonnes antimony, representing a total of 75,193 ounces of gold equivalent, versus 53,750 ounces gold and 1,361 tonnes antimony in the third quarter of 2019, representing a total of 60,815 ounces of gold equivalent.
- Björkdal sold 34,566 ounces gold.
- Costerfield sold 31,177 ounces gold and 2,829 tonnes antimony.

Table 2 – Third Quarter And Nine Month Sales for 2020 and 2019

Metal	Source	Three months ended September 30 2020	Three months ended September 30 2019	Nine months ended September 30 2020	Nine months ended September 30 2019
Gold (oz)	Björkdal	11,511	13,006	34,566	43,160
	Costerfield	11,489	3,126	31,177	10,590
	Total	23,000	16,132	65,743	53,750
Antimony (t)	Costerfield	1,036	412	2,829	1,361
Average quarterly prices:					
Gold US\$/oz		1,907	1,473		
Antimony US\$/t		5,524	6,015		
Total Gold Eq. (oz)¹					
	Björkdal	11,511	13,006	34,566	43,160
	Costerfield	14,490	4,808	40,627	17,655
	Total	26,001	17,814	75,193	60,815

- 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.

Table 3 – Revised and Original 2020 Full-Year Guidance

	2020E Revised	2020 Original
Björkdal		
Gold produced (oz)	43,000 – 47,000	51,000 – 57,000
Cash cost ⁽¹⁾ per oz gold produced	\$950 – \$1,100	\$750 – \$900
All-in sustaining cost ⁽¹⁾ per oz gold produced	\$1,400 – \$1,640	\$1,110 – \$1,340
Capital expenditures	\$22M – \$27M	\$22M – \$27M
Costerfield		
Gold produced (oz)	44,000 – 48,000	32,000 – 38,000
Antimony produced (t)	4,000 – 4,300	3,000 – 3,500
Gold equivalent produced ⁽²⁾ (oz) – revised prices	57,000 – 62,000	42,000 – 49,000
Gold equivalent ⁽³⁾ (oz) – original prices	n/a	44,000 – 52,000
Cash cost ⁽¹⁾ per oz gold eq. produced	\$575 – \$725	\$725 – \$875
All-in sustaining cost ⁽¹⁾ per oz gold eq. produced	\$950 – \$1,160	\$1,010 – \$1,220
Capital expenditures	\$21M – \$26M	\$17M – \$21M
Consolidated		
Gold equivalent ⁽²⁾ produced (oz) – revised prices	100,000 – 109,000	93,000 – 106,000
Gold equivalent ⁽³⁾ produced (oz) – original prices	n/a	95,000 – 109,000
Average cash cost ⁽⁴⁾ per oz gold eq.	\$765 – \$915	\$765 – \$915
Average all-in sustaining cost ⁽⁴⁾ per oz gold eq.	\$1,090 – \$1,360	\$1,090 – \$1,360
Capital expenditures	\$43M – \$52M	\$39M – \$48M

- Cash cost and all-in sustaining costs are non-IFRS measures. See "Non-IFRS Measures" at the end of this press release
- Assumes average metal prices of: Au \$1,775/oz, Sb \$5,792/t
- Original metal prices used in the January 16, 2020 press release were Au \$1,478/oz, Sb \$5,931/t
- Consolidated costs per Au Eq. oz includes corporate overhead spending and total care and maintenance costs at Cerro Bayo

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, cash costs and all-in sustaining costs and capital expenditures 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.