



MANDALAY RESOURCES CORPORATION ANNOUNCES RECENT DRILLING RESULTS FOR COSTERFIELD'S YOULE DEPOSIT, HIGHLIGHTING FURTHER HIGH-GRADE GOLD DEPTH EXTENSIONS

TORONTO, ON, January 26, 2021 – Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND, OTCQB: MNDJF) is pleased to provide an update on the Youle extension project at Costerfield, highlighting the delineation of the previously reported southern domain, and the discovery of a new high-grade extension to the northern trend of Youle.

Youle Drilling Highlights

Drill holes convey lateral continuity of current mine development area, linking to previously reported southern domain (Figure 4):

- **264.1 g/t gold and 19.7% antimony over a true width of 0.23 m** in BC162; and
- **94.7 g/t gold and 16.4% antimony over a true width of 0.05 m** in BC158.

New high-grade results north of Youle extending at depth:

- **345.1 g/t gold and 19.7% antimony over a true width of 0.11 m** in BC166W1;
- **316.1 g/t gold and 0.1% antimony over a true width of 0.22 m** in BC167; and
- **142.0 g/t gold and 0.0% antimony over a true width of 0.07 m** in BC157.

Note: Significant drill composites are given in Tables 1 and 2 in the Appendix to this document.

Dominic Duffy, President and Chief Executive Officer of Mandalay, commented, "We are encouraged by the development and confirmation of the recently discovered high-grade gold southern domain reported in October 2020. Recent drill intercepts convey a link to the current mining area, providing strong indications that the high-gold grades currently mined will continue through to this zone."

Mr. Duffy continued, "Moving to the north, a series of holes support a high-grade plunge extension in the northern extents of Youle, providing a clear target for further focused exploration efforts and are likely to provide additional growth to Costerfield's mine life."

Mr. Duffy concluded, "Costerfield's 2021 forecast exploration spend of US\$6.2 million is the site's highest budget to date as the team looks to follow up on recent successes at Youle and also regionally. Imperative to the growth of Costerfield, this year's exploration program will focus on targets below recent and historical mined deposits."

Youle Extension Drilling Results

Recent drilling has focused on delineating the southern high-grade zone as well as testing the northern plunge extension of Youle. The southern drilling demonstrated structural continuity of the veining below the southern high-grade domain although these intercepts (BC159 and BC165) did not carry the gold endowment noted above. Drilling above the gold domain confirms the gold content continues with composite grades recorded of **264 g/t gold over 0.23 m** (true width) in BC162 and **94.7 g/t gold over 0.05 m** (true width) in BC158. These intercepts also contain increased antimony grades alongside the gold adding to the known mineralization framework of Costerfield. Antimony grades for these intercepts are given in Tables 1 & 2 in the Appendix to this document.



Figure 1. Photograph of the Youle intercept within BC162.

Moving to the north, a series of holes confirmed the presence of the lode structure, but were not successful in extending higher grades along the shallow northern extension with quartz veining containing only trace amounts of gold and antimony. The steeper trend of mineralisation however showed promising grades in an extension to the currently mined veining with **345.1 g/t gold over 0.11 m** (true width) in BC166W1 and **316.1 g/t gold over 0.22 m** (true width) in BC167. The mineralisation character between the northern and southern domains are linked with antimony present within the BC166W1 and at trace level within the lower BC167.



Figure 2. Photographs of the Youle intercept within BC167.

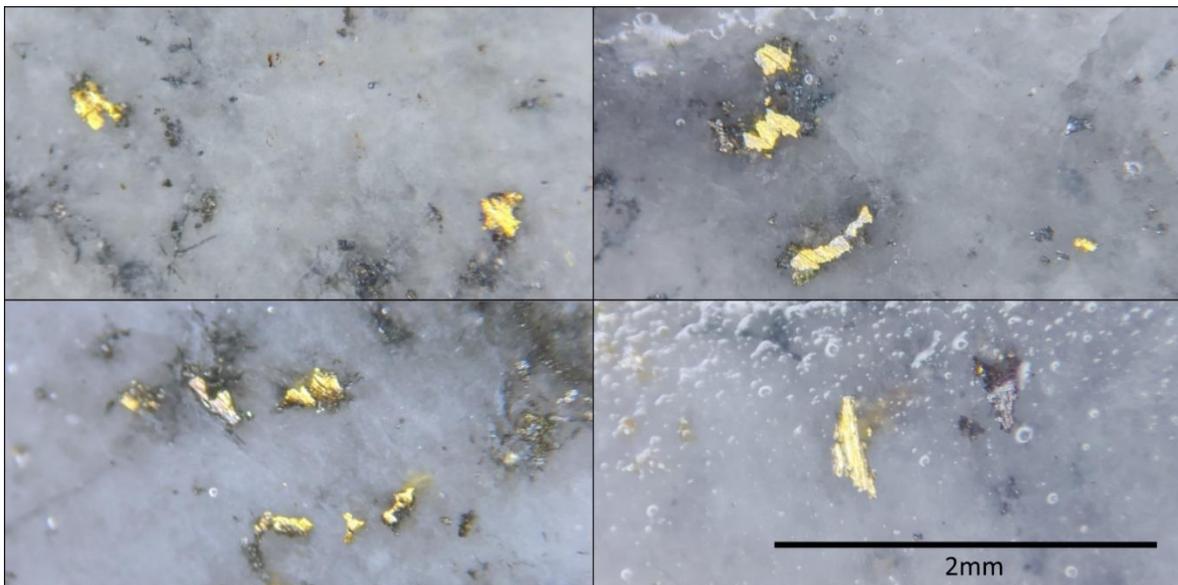


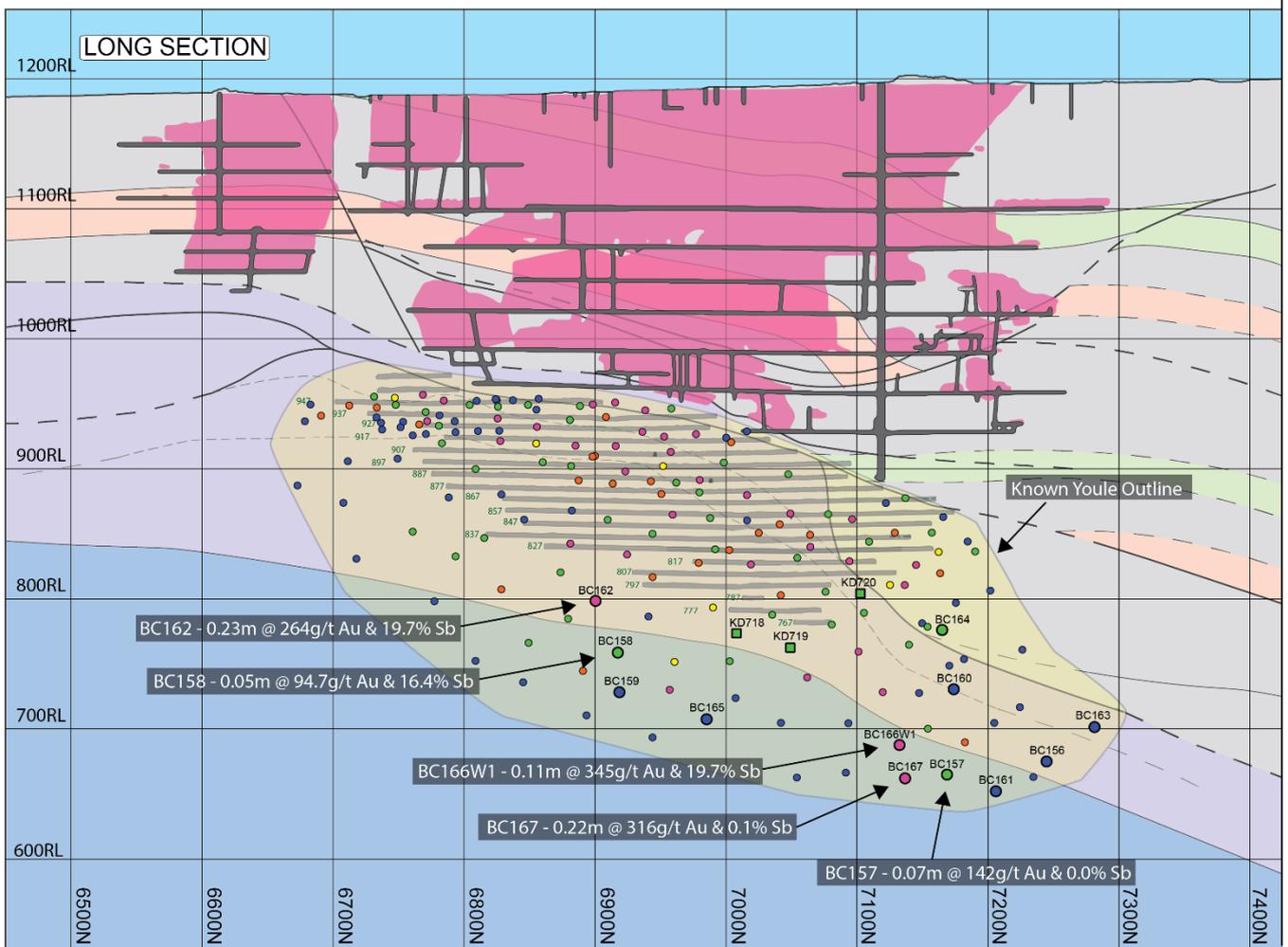
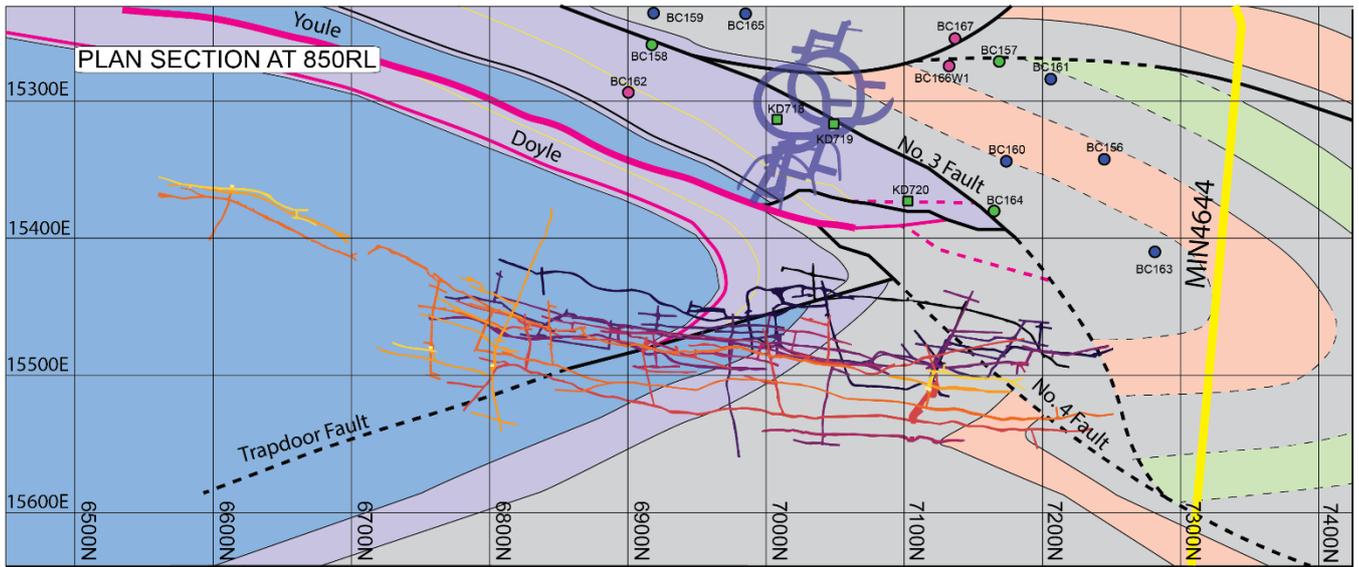
Figure 3. Enlarged images of gold grains seen within Youle veining on BC167.

Exploration efforts on Youle are now focused on depth and lateral extensions to this steep north plunge as well as covering a possible change in mineralisation setting replicating the subvertical veining seen at the top of the Youle deposit.

The Youle Setting Unlocked Throughout Costerfield

Recent drill intercepts at depth alongside information gained from mining throughout 2020, has provided a more detailed understanding of the dynamics at play in the formation of the enriched Youle deposit. There are strong indicators that many of the mineralogical variations at Youle are representative of a deeper emplacement setting to that of previously mined orebodies along the central Costerfield corridor. Data from the Brunswick, Augusta and Cuffley production areas and drilling programs have been reassessed with multiple Youle analogue targets being identified at depth below these deposits.

In 2016, one such target was intercepted in a Cuffley depth extension drilling campaign. The intercept graded at **11.1 g/t gold and 3.8% antimony over 2.7 m** (down hole) within hole AD146 120 m below the Cuffley development. Without the current context of Youle, this mineralization was not deemed of high priority at that time. This target, along with others in similar settings, are a major part of the exploration activities scheduled in 2021.




MANDALAY RESOURCES
 Costerfield Operations
 Youle Lode January 2021

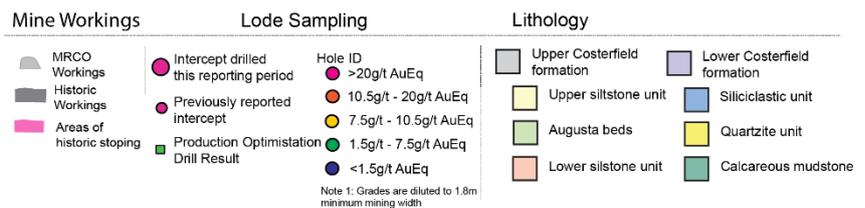


Figure 4. Longitudinal section of Youle illustrating the location of recent Youle extension and optimization intercepts as well as extent of current workings.

Drilling and Assaying

All diamond drill core was logged and sampled by Costerfield geologists. All samples were sent to OnSite Laboratory Services in Bendigo, Victoria, Australia, for sample preparation and analysis by fire assay for gold, and Atomic Absorption Spectroscopy (AAS) for antimony. Site geological and metallurgical personnel have implemented a QA/QC procedure that includes systematic submission of standard reference materials and blanks within batches of drill and face samples submitted for assay. Costerfield specific reference materials produced from Costerfield ore have been prepared and certified by Geostats Pty Ltd., a specialist laboratory quality control consultancy. See Technical Report entitled "Costerfield Operation, Victoria, Australia NI 43-101 Report" dated March 30, 2020, available on SEDAR (www.sedar.com) for a complete description of drilling, sampling, and assaying procedures.

Qualified Person:

Chris Davis, Vice President of Operational Geology and Exploration at Mandalay Resources, is a Chartered Professional of the Australasian Institute of Mining and Metallurgy (MAusIMM CP(Geo)), and a Qualified Person as defined by NI 43-101. He has reviewed and approved the technical and scientific information provided in this release.

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 exploration and development potential of the Youle deposit (Costerfield). 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.

Appendix

Table 1. Youle Extensional Drilling Composites

Drill Hole ID	From (m)	To (m)	Drill Width (m)	True Width (m)	Au Grade (g/t)	Sb Grade (%)	AuEq (g/t)	AuEq (g/t) over min. 1.8m mining width
BC156	196.20	196.49	0.29	0.09	0.0	0.0	0.0	0.0
BC157	150.66	150.79	0.13	0.07	142.0	0.0	142.0	5.5
BC158	149.52	149.60	0.08	0.05	94.7	16.4	111.4	3.1
BC159	178.80	178.95	0.15	0.08	0.2	0.0	0.2	0.0
BC160	119.66	119.88	0.22	0.11	1.3	1.4	2.7	0.2
BC161	177.90	178.60	0.70	0.27	1.0	0.0	1.0	0.2
BC162	134.25	134.55	0.30	0.23	264.0	19.7	284.1	36.3
BC163	238.49	238.73	0.24	0.06	0.0	0.0	0.1	0.0
BC164	123.54	123.64	0.10	0.04	40.4	31.4	72.4	1.6
BC165	121.39	121.75	0.36	0.29	0.0	0.0	0.0	0.0
BC166W1	128.91	129.07	0.16	0.11	345.0	19.7	365.1	22.3
BC167	140.71	141.06	0.35	0.22	316.0	0.1	316.1	38.6

Notes

- The AuEq (gold equivalent) grade is calculated using the following formula:

$$\text{AuEq g per t} = \text{Au g per t} + \text{Sb\%} \times \frac{\text{Au price per g} \times \text{Au processing recovery}}{\text{Sb price per 10kg} \times \text{Sb processing recovery}}$$

Figures used are based on a 9-month average from April through December of 2020: Au \$/oz = 1,834
Sb \$/t = 5,672 Au Recovery = 91.2% and Sb Recovery = 96.6%

Table 2. Youle Production Optimisation Drilling Composites

Drill Hole ID	From (m)	To (m)	Drill Width (m)	True Width (m)	Au Grade (g/t)	Sb Grade (%)	AuEq (g/t)	AuEq (g/t) over min. 1.8m mining width
KD718	31.23	31.48	0.25	0.23	24.6	5.0	29.6	3.8
KD719	41.73	42.00	0.27	0.18	24.3	11.7	36.2	3.6
KD720	56.57	56.85	0.28	0.20	12.2	18.1	30.6	3.4

Notes

- The AuEq (gold equivalent) grade is calculated using the following formula:

$$\text{AuEq g per t} = \text{Au g per t} + \text{Sb\%} \times \frac{\text{Au price per g} \times \text{Au processing recovery}}{\text{Sb price per 10kg} \times \text{Sb processing recovery}}$$

Figures used are based on a 9-month average from April through December of 2020: Au \$/oz = 1,834
Sb \$/t = 5,672 Au Recovery = 91.2% and Sb Recovery = 96.6%