



MANDALAY RESOURCES CORPORATION INTERSECTS 0.11 METRES OF 460.5 G/T GOLD AND 0.20 METRES OF 165.1 G/T GOLD IN INITIAL STEPOUT DRILL HOLE UNDER THE YOULE DEPOSIT

TORONTO, ON, January 29, 2021 – Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND, OTCQB: MNDJF) is pleased to provide preliminary details on the initial intercepts into a newly discovered veining horizon underneath and related to the Youle deposit at its Costerfield operations (Victoria, Australia).

Highlights:

- **460.5 g/t gold over a partially recovered true width of 0.11 m** in BC176; and
- **165.1 g/t gold over a true width of 0.20 m** in BC176W1 wedge hole off BC176.

Notes:

1. True width of BC176 is quoted from only recovered core. There is approximately an additional 40% of veined core that was not recovered.
2. Further intercept details can be found in Table 1 in the Appendix to this document.

Dominic Duffy, President and Chief Executive Officer of Mandalay, commented, "We are excited by the initial drill hole underneath the Youle deposit as it returned a very significant intersection of high gold grades in both the parent hole and confirmatory wedge hole approximately one metre away. At approximately 90 metres below the last intercept on Youle, this discovery may indicate a new gold mineralized structure below and separate from the high-grade Youle deposit. This is a major milestone for our exploration program so early in the year and reinforces our planned 2021 program of deeper drilling below several of the known deposits."

The Initial Intercept

Study of the structural dynamics within and surrounding the Youle deposit highlighted the distinct probability of a continuation to auriferous veining within a subvertical geometry underneath the westerly-dipping Youle deposit. BC176 was the initial drill hole within the program to test this target. At approximately 90 metres below the deepest known intercept on Youle and 200 metres below current on vein development, BC176 intercepted a quartz structure with abundant visible gold (Figure 1 and 3). Unfortunately, the intercept was not fully recovered and it is estimated that approximately 40% of the intercept was ground away in the drilling process. 0.58 m (down hole length) of core containing the auriferous quartz vein was recovered assaying **460.5 g/t gold**.

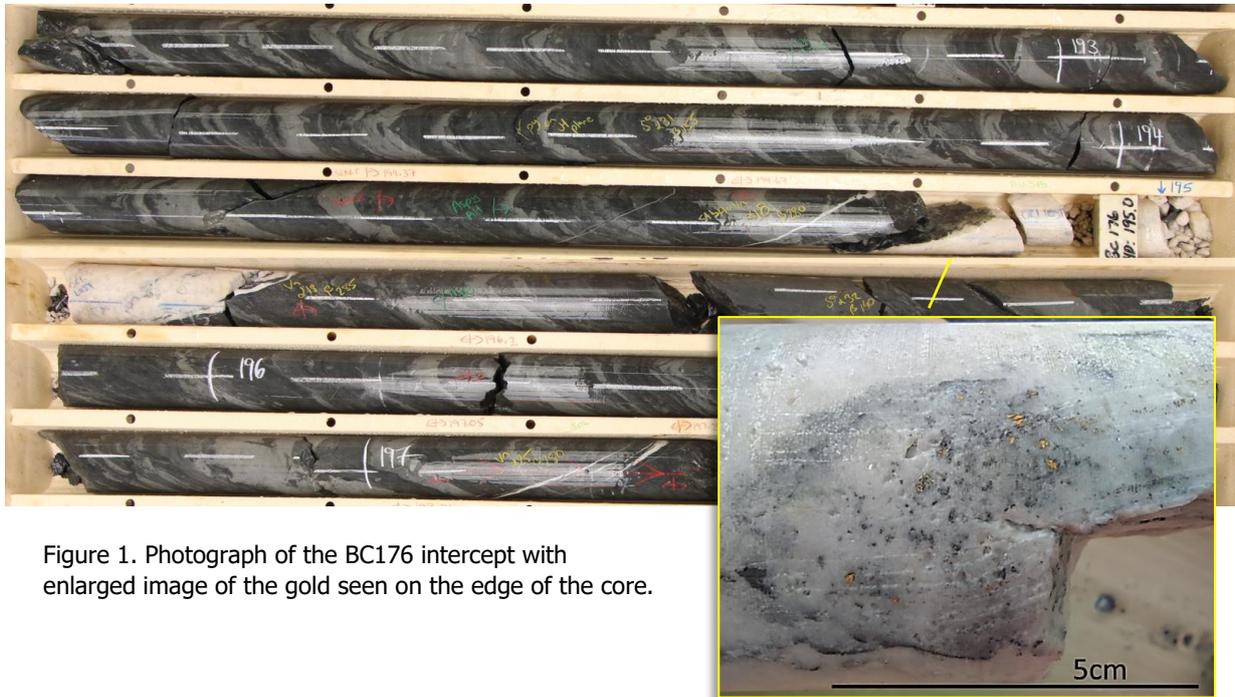


Figure 1. Photograph of the BC176 intercept with enlarged image of the gold seen on the edge of the core.

As the intercept was not fully recovered, a casing wedge was set 20 m above the initial intercept and another capture of the vein was achieved approximately 1 m to the south. This time the vein was fully recovered and a 0.20 m vein was observed. Again, the vein exhibited grains of gold through the quartz alongside blebs of stibnite (Figure 2). This vein was also sampled and assayed at **165.1 g/t gold over a true width of 0.20 m**.

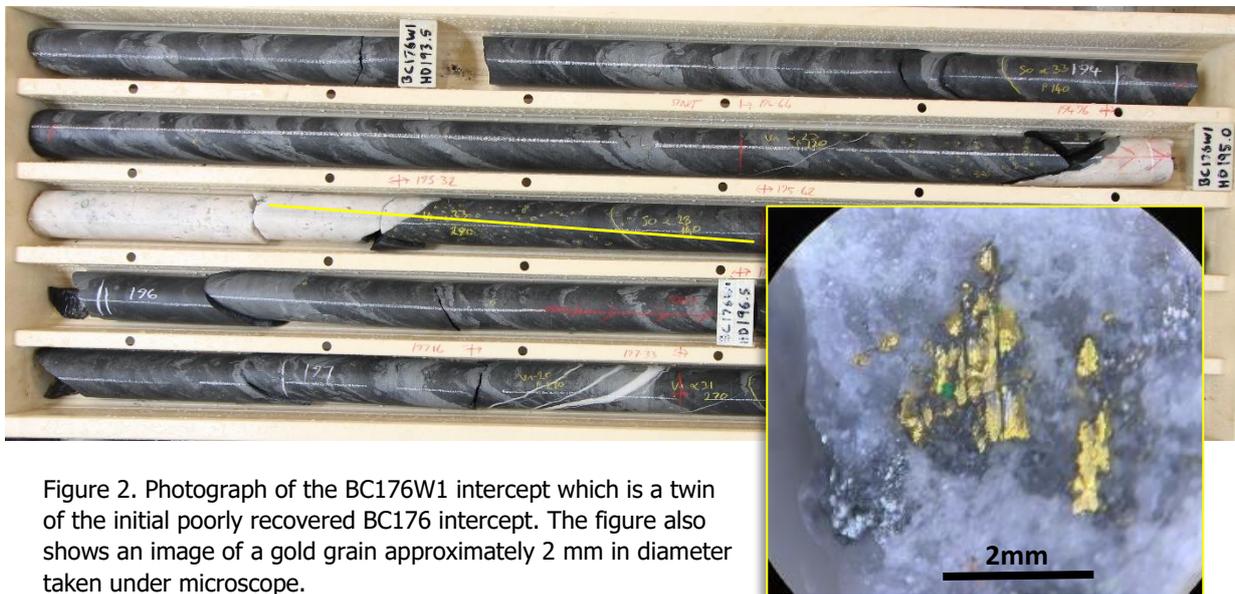


Figure 2. Photograph of the BC176W1 intercept which is a twin of the initial poorly recovered BC176 intercept. The figure also shows an image of a gold grain approximately 2 mm in diameter taken under microscope.

Measurements from the oriented core show this intercept to be subvertical to east dipping which is a stark contrast to the predominantly westerly dipping Youle vein, however, analogues can be found in the upper portions of Youle and the historic Costerfield mine where subvertical auriferous veining is prevalent. Within BC176 other quartz veining was intercepted including a west-dipping laminated quartz vein and another subvertical vein in the same orientation as the gold bearing vein. To date, gold has not been visually detected in the other veins and the remaining core has not yet been sampled. Structural interpretation and the relationship to Youle proper is also only preliminary at this time.

Drilling is ongoing to test the extent of the visually auriferous, veining and the parallel vein sets. Mandalay will continue to supply updates as more results become available.

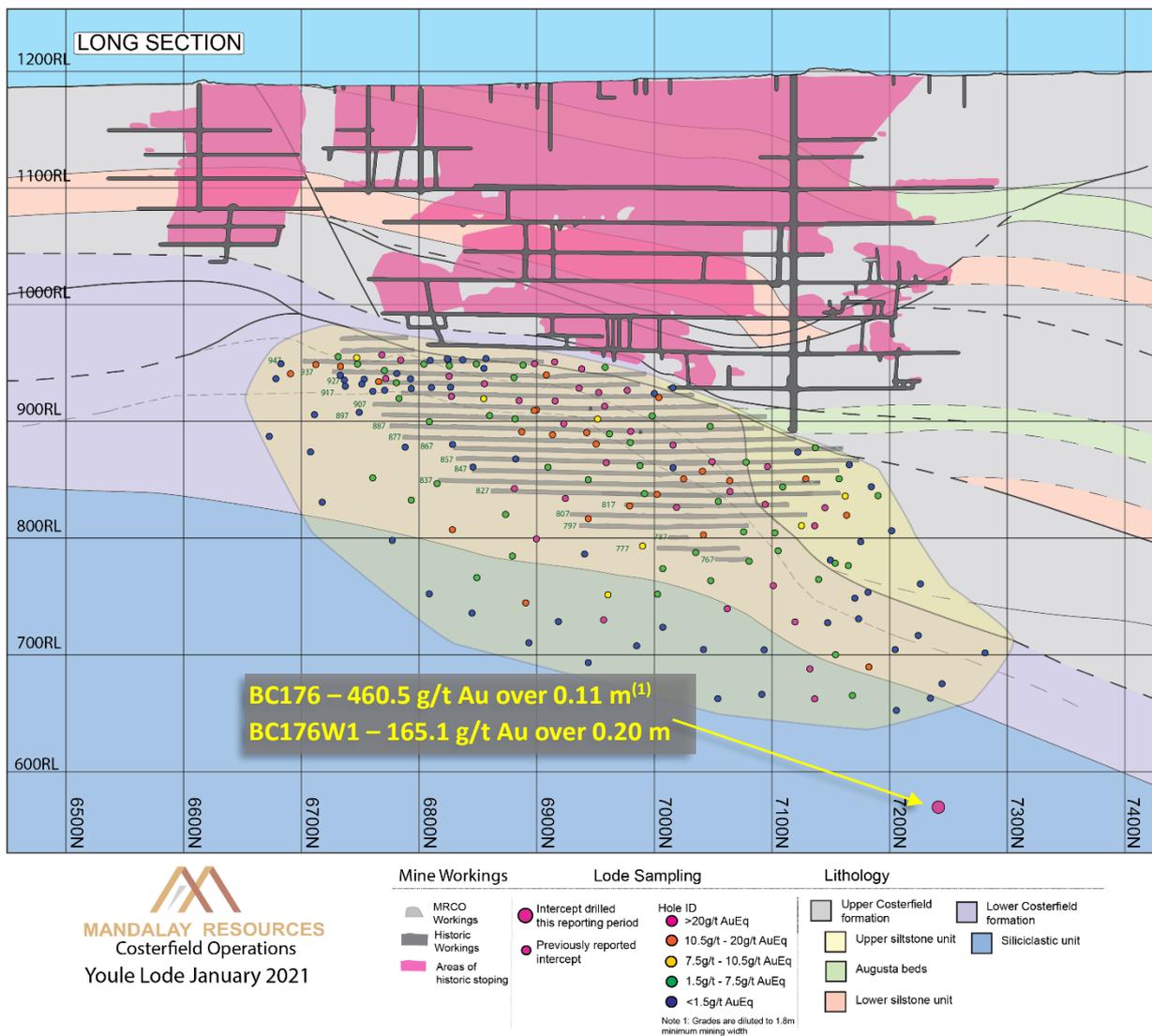


Figure 3. Longitudinal section of Youle illustrating the location of the BC176 and BC176W1 intercept. As the intercepts are within 1m of each, one dot portrays both intercepts.

Notes:

1. True width of BC176 is quoted from only recovered core. There is approximately an additional 40% of veined core that was not recovered.

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

<i>Drill Hole ID</i>	<i>From (m)</i>	<i>To (m)</i>	<i>Drill Width (m)</i>	<i>True Width (m)</i>	<i>Au Grade (g/t)</i>	<i>Sb Grade (%)</i>	<i>AuEq (g/t)</i>	<i>AuEq (g/t) over min. 1.8m mining width</i>
BC176	194.67	195.25	0.58	0.11	460.5	0.1	460.6	28.1
BC076W1	194.96	195.32	0.36	0.20	165.1	0.0	165.1	18.3

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%

- True width of BC176 is quoted from only recovered core. There is approximately an additional 40% of veined core that was not recovered.