



MANDALAY RESOURCES CORPORATION ANNOUNCES RECORD FINANCIAL RESULTS FOR THE FOURTH QUARTER AND FULL-YEAR 2021

TORONTO, ON, February 24, 2022 -- Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND, OTCQB: MNDJF) is pleased to announce its financial results for the quarter and year ended December 31, 2021.

The Company's audited consolidated financial results for the year ended December 31, 2021, together with its Management's Discussion and Analysis ("MD&A") for the corresponding period, can be accessed under the Company's profile on www.sedar.com and on the Company's website at www.mandalayresources.com. All currency references in this press release are in U.S. dollars except as otherwise indicated.

Fourth Quarter 2021 Highlights:

- Consolidated quarterly revenue of \$72.9 million, highest ever quarterly result;
- Adjusted EBITDA¹ of \$40.6 million, highest ever quarterly result; and
- Consolidated net income of \$15.3 million (\$0.17 or C\$0.21 per share).

Full-Year 2021 Highlights:

- Record revenue of \$229.4 million;
- Record adjusted EBITDA¹ of \$115.0 million;
- Consolidated net income of \$54.9 million (\$0.60 or C\$0.75 per share);
- \$18.2 million in free cash flow¹ and \$62.0 million in net cash flows from operating activities; and
- \$30.7 million in cash on hand at the end of December 2021, \$47.2 million in cash on hand at the end of the January 2022.

Dominic Duffy, President and CEO of Mandalay, commented:

"Mandalay's strong results this quarter and for the full-year 2021 provides further evidence of the successful execution of our strategy. We achieved significant financial milestones in 2021 including a 28% year-over-year growth in revenue for a record \$229.4 million by year-end, resulting in over \$18 million in free cash flow. The Company is now in an excellent financial position with a strong balance sheet, and I would like to thank all of our employees and contractors for their continued commitment in making Mandalay a leading junior gold producer.

"The main driver behind this is Costerfield's continued operational strength, making it a lynchpin to Mandalay's success today and going forward given its growing Mineral Reserves and Resources as indicated in our February 16, 2022, press release. Costerfield generated \$33.0 million in quarterly adjusted EBITDA¹ and \$17.8 million in net income, bringing the site's year-end totals to \$88.9 million and \$47.8 million, respectively. While at Björkdal, its continued production

¹ Adjusted EBITDA and free cash flow are not standardized financial measures under IFRS and might not be comparable to similar financial measures disclosed by other issuers. Refer to "Non-IFRS Measures" at the end of this press release for further information.

improvements over the second half of the year sets the operation up for a much-improved 2022, while also investing in what is proving up to be a very successful exploration program. The site generated \$85.3 million, \$27.9 million and \$4.9 million in revenue, adjusted EBITDA¹ and net income, respectively, in 2021.

"In 2021, the Company also generated a consolidated \$115.0 million in adjusted EBITDA¹ for a margin of 50% – another Company record. We earned \$22.0 million (C\$0.30 per share) in adjusted net income and \$15.3 million (C\$0.21 per share) in net income during the fourth quarter, marking our eighth consecutive quarter of profitability. For the full-year, the Company generated \$49.2 million (C\$0.67 per share) in consolidated adjusted net income and \$54.9 million (C\$0.75 per share) in net income.

"Mandalay ended 2021 with a cash balance of \$30.7 million, a slight increase as compared to the third quarter of 2021, however, this does not consider approximately \$15 million in cash normally scheduled to be received in December but was pushed into January 2022 due to the ongoing global logistic challenges. As a result, at the end of January 2022, Mandalay had a cash balance of \$47.2 million. Moreover, during the first half of 2022, Mandalay anticipates the release of a minimum of C\$3.0 million as part-compensation for worked finalized at Lupin during 2021. During 2021, the Company repaid \$15.1 million towards its Syndicated Facility, leaving \$43.9 million owing.

"Our consolidated cash cost for 2021 was \$873 per saleable gold equivalent ounce produced; a 4% increase compared to the \$843 for full-year 2020. This increase was mainly associated with the startup costs of the processing facility at Cerro Bayo and the higher operating expenses at Björkdal. While our all-in sustaining cost per saleable gold equivalent ounce produced declined 3% year-over-year to \$1,212.

"2021 was a statement year for Mandalay, we've now demonstrated 24 months of operational execution and look to carry this momentum throughout 2022 by obtaining higher production numbers and better cash flows, which ultimately should lead to better shareholder returns."

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Fourth Quarter and Full-Year 2021 Financial Summary

The following table summarizes the Company's financial results for the three months and year ended December 31, 2021, and 2020:

	Three months ended December 31, 2021	Three months ended December 31, 2020	Year ended December 31, 2021	Year ended December 31, 2020
	\$'000	\$'000	\$'000	\$'000
Revenue	72,904	45,320	229,396	178,974
Cost of sales	30,609	18,798	108,853	78,782
Adjusted EBITDA ⁽¹⁾	40,648	25,346	114,960	94,247
Income from mine ops before depreciation, depletion	42,295	26,522	120,543	100,192
Adjusted net income ⁽¹⁾	21,992	12,065	49,203	34,704
Consolidated net income	15,334	14,722	54,879	9,309
Capital expenditure	12,250	14,194	50,303	46,878
Total assets	317,843	301,284	317,843	301,284
Total liabilities	141,156	165,505	141,156	165,505
Adjusted net income per share ⁽¹⁾	0.24	0.13	0.54	0.38
Consolidated net income per share	0.17	0.16	0.60	0.10

1. Adjusted EBITDA, adjusted net income and adjusted net income per share are non-IFRS measures, defined at the end of this press release "Non-IFRS Measures".

In the fourth quarter of 2021, Mandalay generated consolidated revenue of \$72.9 million, 61% higher than in the fourth quarter of 2020. This increase is attributable to Mandalay selling 14,162 more gold equivalent ounces combined in the fourth quarter of 2021 compared to the fourth quarter of 2020. The Company's realized gold price in the fourth quarter of 2021 flat year-over-year, and the realized price of antimony increased by 254% compared to the fourth quarter of 2020.

Consolidated cash cost per ounce of \$836 was lower in the fourth quarter of 2021 compared to \$929 in the fourth quarter of 2020. Cost of sales during the fourth quarter of 2021 versus the fourth quarter of 2020 were \$9.9 million higher at Costerfield due to higher production. Consolidated general and administrative costs were \$0.5 million higher as compared to the prior year quarter.

Mandalay generated adjusted EBITDA of \$40.6 million in the fourth quarter of 2021, 60% higher compared to the Company's adjusted EBITDA of \$25.3 million in the year ago quarter. Adjusted net income was \$22.0 million in the fourth quarter of 2021, which excludes the \$4.1 million fair value loss related to the gold hedges associated with the Syndicated Facility, \$7.1 million gain on sale of subsidiary, \$6.7 million loss on revision of reclamation liability and \$0.7 million fair value loss related to mark to market adjustment, compared to an adjusted net income of \$12.1 million in the fourth quarter of 2020. Consolidated net income was \$15.3 million for the fourth quarter of 2021, versus \$14.7 million in the fourth quarter of 2020. Mandalay ended the fourth quarter of 2021 with \$30.7 million in cash and cash equivalents.

Fourth Quarter and Full-Year 2021 Operational Summary

The table below summarizes the Company's operations, capital expenditures and operational unit costs for the three months and year ended December 31, 2021 and 2020:

	Three months ended December 31, 2021	Three months ended December 31, 2020	Year ended December 31, 2021	Year ended December 31, 2020
	\$'000	\$'000	\$'000	\$'000
Costerfield				
Gold produced (oz)	13,397	12,236	47,753	44,958
Antimony produced (t)	830	858	3,380	3,903
Gold equivalent produced (oz)	19,507	15,099	68,729	58,148
Cash cost ⁽¹⁾ per oz gold eq. produced (\$)	557	668	593	634
All-in sustaining cost ⁽¹⁾ per oz gold eq. prod. (\$)	731	1,077	866	1,010
Capital development	1,415	3,599	10,426	14,231
Property, plant and equipment purchases	723	1,886	4,302	4,951
Capitalized exploration	1,597	937	5,940	4,245
Björkdal				
Gold produced (oz)	11,190	12,252	45,236	45,296
Cash cost ⁽¹⁾ per oz gold produced (\$)	1,227	1,251	1,233	1,112
All-in sustaining cost ⁽¹⁾ per oz gold produced (\$)	1,700	1,616	1,609	1,435
Capital development	2,803	2,337	10,015	9,341
Property, plant and equipment purchases	4,512	4,832	16,095	12,025
Capitalized exploration	753	586	2,376	1,929
Cerro Bayo				
Gold produced (oz)	1,009	-	5,303	-
Silver produced (oz)	50,556	-	266,596	-
Gold equivalent produced (oz)	1,666	-	9,037	-
Cash cost ⁽¹⁾ per oz gold eq. produced (\$)	1,476	-	1,199	-
All-in sustaining cost ⁽¹⁾ per oz gold eq. prod. (\$)	1,604	-	1,246	-
Consolidated				
Gold equivalent produced (oz)	32,362	27,351	123,002	103,444
Cash cost ⁽¹⁾ per oz gold eq. produced (\$)	836	929	873	843
All-in sustaining cost ⁽¹⁾ per oz gold eq. prod. (\$)	1,162	1,350	1,212	1,254
Capital development	4,218	5,936	20,441	23,572
Property, plant and equipment purchases	5,449	6,718	20,825	16,976
Capitalized exploration ⁽²⁾	2,583	1,540	9,037	6,330

1. The Company has restated consolidated all-in sustaining costs to exclude care and maintenance expenses in the comparative periods. Cash cost and all-in sustaining cost are non-IFRS measures. See "Non-IFRS Measures" at the end of this press release.
2. Includes capitalized exploration relating to other non-core assets.

Costerfield gold-antimony mine, Victoria, Australia

Costerfield produced 13,397 ounces of gold and 830 tonnes of antimony for 19,507 gold equivalent ounces in the fourth quarter of 2021. Cash and all-in sustaining costs at Costerfield of

\$557/oz and \$731/oz, respectively, compared to cash and all-in sustaining costs of \$668/oz and \$1,077/oz, respectively, in the fourth quarter of 2020.

Björkdal gold mine, Skellefteå, Sweden

Björkdal produced 11,190 ounces of gold in the fourth quarter of 2021 with cash and all-in sustaining costs of \$1,227/oz and \$1,700/oz, respectively, compared to cash and all-in sustaining costs of \$1,251/oz and \$1,616/oz, respectively, in the fourth quarter of 2020.

Cerro Bayo silver-gold mine, Patagonia, Chile

In the fourth quarter of 2021, the Company spent nil on care and maintenance expenses at Cerro Bayo, compared to \$0.6 million in the fourth quarter of 2020. During the fourth quarter of 2021, Cerro Bayo produced 1,009 ounces of gold and 50,556 ounces of silver for 1,666 gold equivalent ounces in the fourth quarter of 2021 at a cash cost of \$1,476/oz.

On December 1, 2021, the Company completed the sale of its Cerro Bayo mine to Equus Mining Ltd. The Company recognized a gain of \$7.1 million from the sale.

Lupin, Nunavut, Canada

Care and maintenance spending at Lupin was \$0.1 million during the fourth quarter of 2021, compared to \$0.1 million in the fourth quarter of 2020. Reclamation spending at Lupin was \$6.1 million during 2021 compared to \$10.5 million during 2020. The full closure of Lupin will continue in the 2022 season funded by ongoing progressive security reductions held by the Crown-Indigenous Relations and Northern Affairs Canada.

Challacollo, Chile

On April 19, 2021, Aftermath Silver Ltd. ("Aftermath Silver") paid C\$1.5 million in cash and issued 2,054,794 common shares at fair value of C\$0.73 per share to the Company on May 5, 2021, in satisfaction of a purchase price instalment. As at December 31, 2021, the Company is holding these shares for sale. Further information regarding the definitive agreement signed with Aftermath Silver for the sale of Challacollo can be found in the Company's November 12, 2019, press release.

La Quebrada, Chile

No work was carried out on the La Quebrada development property during Q4 2021.

Conference Call

Mandalay's management will be hosting a conference call for investors and analysts on February 25, 2022, at 8:00 AM (Toronto time).

Analysts and interested investors are invited to participate using the following dial-in numbers:

Participant Number (Toll free):	877 407 8289
Participant Number:	201 689 8341
Conference ID:	13727325

A replay of the conference call will be available until 11:59 PM (Toronto time), March 11, 2022, and can be accessed using the following dial-in number:

Encore Toll Free Dial-in Number: 877 660 6853
Encore ID: 13727325

About Mandalay Resources Corporation:

Mandalay Resources is a Canadian-based natural resource company with producing assets in Australia (Costerfield gold-antimony mine) and Sweden (Björkdal gold mine). The Company is focused on growing its production and reducing costs to generate significant positive cashflow. Mandalay is committed to operating safely and in an environmentally responsible manner, while developing a high level of community and employee engagement.

Mandalay's mission is to create shareholder value through the profitable operation and continuing the regional exploration program, at both its Costerfield and Björkdal mines. Currently, the Company's main objectives are to continue mining the high-grade Youle vein at Costerfield, bring online the deeper Shepherd veins, both of which will continue to supply high-grade ore to the processing plant, and to extend Youle Mineral Reserves. At Björkdal, the Company will aim to increase production from the Aurora zone and other higher-grade areas in the coming years, in order to maximize profit margins from the mine.

Forward-Looking Statements

This news release contains "forward-looking statements" within the meaning of applicable securities laws, including statements regarding the Company's anticipated performance in 2021. 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 31, 2021, 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.

Non-IFRS Measures

This news release may contain references to adjusted EBITDA, adjusted net income, free cash flow, cash cost per saleable ounce of gold equivalent produced and all-in sustaining cost all of which are non-IFRS measures and do not have standardized meanings under IFRS. Therefore, these measures may not be comparable to similar measures presented by other issuers.

Management uses adjusted EBITDA and free cash flow as measures of operating performance to assist in assessing the Company's ability to generate liquidity through operating cash flow to fund future working capital needs and to fund future capital expenditures, as well as to assist in comparing financial performance from period to period on a consistent basis. Management uses adjusted net income in order to facilitate an understanding of the Company's financial performance prior to the impact of non-recurring or special items. The Company believes that these measures are used by and are useful to investors and other users of the Company's financial statements in evaluating the Company's operating and cash performance because they allow for analysis of its financial results without regard to special, non-cash and other non-core items, which can vary substantially from company to company and over different periods.

The Company defines adjusted EBITDA as income from mine operations, net of administration costs, and before interest, taxes, non-cash charges/(income), intercompany charges and finance costs. The Company defines adjusted net income as net income before special items. Special items are items of income and expense that are presented separately due to their nature and, in some cases, expected infrequency of the events giving rise to them. A reconciliation between adjusted EBITDA and adjusted net income, on the one hand, and consolidated net income, on the other hand, is included in the MD&A.

The Company defines free cash flow as a measure of the Corporation's ability to generate and manage liquidity. It is calculated starting with the net cash flows from operating activities (as per IFRS) and then subtracting capital expenditures and lease payments. Refer to Section 1.2 of MD&A for a reconciliation between free cash flow and net cash flows from operating activities.

For Costerfield, saleable equivalent gold ounces produced is calculated by adding to saleable gold ounces produced, the saleable antimony tonnes produced times the average antimony price in the period divided by the average gold price in the period. The total cash operating cost associated with the production of these saleable equivalent ounces produced in the period is then divided by the saleable equivalent gold ounces produced to yield the cash cost per saleable equivalent ounce produced. The cash cost excludes royalty expenses. Site all-in sustaining costs include total cash operating costs, sustaining mining capital, royalty expense, accretion and depletion. Sustaining capital reflects the capital required to maintain each site's current level of operations. The site's all-in sustaining cost per ounce of saleable gold equivalent in a period equals the all-in sustaining cost divided by the saleable equivalent gold ounces produced in the period.

For Cerro Bayo, saleable equivalent gold ounces produced is calculated by adding to saleable gold ounces produced, the saleable silver ounces produced times the average silver price in the period divided by the average gold price in the period. The total cash operating cost associated with the production of these saleable equivalent ounces produced in the period is then divided by the saleable equivalent gold ounces produced to yield the cash cost per saleable equivalent ounce produced. The cash cost excludes royalty expenses. Site all-in sustaining costs include total cash operating costs, sustaining mining capital, royalty expense, accretion and depletion. Sustaining capital reflects the capital required to maintain each site's current level of operations. The site's all-in sustaining cost per ounce of saleable gold equivalent in a period equals the all-in sustaining cost divided by the saleable equivalent gold ounces produced in the period.

For Björkdal, the total cash operating cost associated with the production of saleable gold ounces produced in the period is then divided by the saleable gold ounces produced to yield the cash cost per saleable gold ounce produced. The cash cost excludes royalty expenses. Site all-in costs include total cash operating costs, royalty expense, accretion, depletion, depreciation and

amortization. Site all-in sustaining costs include total cash operating costs, sustaining mining capital, royalty expense, accretion and depletion. Sustaining capital reflects the capital required to maintain each site's current level of operations. The site's all-in sustaining cost per ounce of saleable gold equivalent in a period equals the all-in sustaining cost divided by the saleable equivalent gold ounces produced in the period.

For the Company as a whole, cash cost per saleable gold equivalent ounce is calculated by summing the gold equivalent ounces produced by each site and dividing the total by the sum of cash operating costs at the sites. Consolidated cash cost excludes royalty and corporate level general and administrative expenses. This definition was updated in the third quarter of 2020 to exclude corporate general and administrative expenses to better align with industry standard. All-in sustaining cost per saleable ounce gold equivalent in the period equals the sum of cash costs associated with the production of gold equivalent ounces at all operating sites in the period plus corporate overhead expense in the period plus sustaining mining capital, royalty expense, accretion, depletion, depreciation and amortization, divided by the total saleable gold equivalent ounces produced in the period. A reconciliation between cost of sales and cash costs, and also cash cost to all-in sustaining costs are included in the MD&A.

For Further Information:

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