



Mandalay Resources Corporation Announces Production and Sales Results for the Second Quarter of 2022

TORONTO, ON, July 13, 2022 — Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND, OTCQB: MNDJF) announced today its production and sales results for the second quarter of 2022.

Second Quarter Production Highlights:

- Consolidated saleable gold equivalent production and sales of 23,305 and 26,781 ounces respectively; and
- Costerfield achieves an average processing gold equivalent head grade¹ of 17.1 g/t, resulting in 14,989 gold equivalent ounces produced.

Dominic Duffy, President and CEO of Mandalay, commented:

"The Company's second quarter production was below expectations as we mined areas that expanded the footprint and were beyond the planned development areas at both mines. Despite production being lower than our previous quarters, we expect to see improvements at both sites as we mine back into more centralized higher-grade areas during the second half of the year.

"Costerfield produced 14,989 saleable gold equivalent ounces in the second quarter – lower than in Q1 2022. Two major factors contributed to this. First, we were mining within the lower-level extremities of the Youle orebody, which continued out further than expected, but at lower grades than the central parts of Youle. Even though this material was at a lower grade than previously mined, it was still profitable and development continued so as to not sterilize the ore.

"Secondly, the site experienced an extremely high number of sick leaves during the quarter as COVID protocols prevented any persons with flu-like symptoms from entering the site. This affected our underground production rates, forcing the operation to process more lower grade stockpile than planned. That said, overall, we achieved another very profitable quarter with an average processing gold equivalent head grade of 17.1 g/t. This continued strength allowed Costerfield to produce 32,236 saleable gold equivalent ounces during the first half of the year, approximately 6% higher as compared to the six-month period ending in June 2021.

"Björkdal produced 8,316 saleable gold ounces during this quarter, which was less than planned due to lower throughput levels and feed grades at the processing plant. Processed grades declined relative to the previous quarter as we mined areas of lower grade in the mine plan and several key stopes underperformed in grade relative to the block model. Reconciliation work is underway to understand this underperformance. For the third quarter, mining activities will focus on production areas of high confidence. Grades were also impacted by pushing development drives in several areas past the planned stope limits as profitable grades continued, which ultimately delayed

¹ Quarterly gold equivalent head grade is calculated by dividing the gold equivalent metal entering the processing plant by the plant tonnage throughput for the month. The "gold equivalent head metal content" is calculated by multiplying the contained antimony tonnes entering the processing plant for the quarter, by the antimony market value then dividing by the market value of an ounce of gold then adding the contained ounces of gold entering the processing plant for the quarter.

production in these areas. Processing tonnes were also lower than the first quarter as the deeper Aurora material, which was brought into production in the second quarter, was harder than historically processed resulting in a lower mill throughput. We are considering options for lifting the processing rates; including converting the mills to grade discharge mills allowing for higher milling rates.

“As always, we are committed to delivering strong performance and remain confident that we will achieve our 2022 operational and financial guidance. We expect grades to improve over the remainder of 2022 at both sites and look forward to demonstrating the sustainability and growth potential of our operations.”

Saleable Production for the Quarter Ended June 30, 2022:

- In the second quarter of 2022, the Company produced a total of 19,395 ounces of gold and 523 tonnes of antimony representing a total of 23,305 ounces of gold equivalent, versus 22,707 ounces of gold, 858 tonnes of antimony and 87,062 ounces of silver in the second quarter of 2021, representing a total of 28,843 ounces of gold equivalent.
- Production at Björkdal was 8,316 ounces of gold in the second quarter of 2022 as compared to 10,941 ounces of gold in the second quarter of 2021.
- Production at Costerfield was 11,079 ounces of gold and 523 tonnes of antimony in the second quarter of 2022 versus 9,959 ounces gold and 858 tonnes antimony in the second quarter of 2021.

Saleable Production for the Six Months Ended June 30, 2022:

- The Company produced a total of 43,976 ounces gold and 1,206 tonnes antimony, representing a total of 52,936 ounces of gold equivalent production, versus 46,368 ounces gold, 1,690 tonnes of antimony and 130,761 ounces of silver in the corresponding six months of 2021, representing a total of 57,519 ounces of gold equivalent.
- Production at Björkdal was 20,700 ounces gold.
- Production at Costerfield was 23,276 ounces gold and 1,206 tonnes antimony.

Table 1 – Second Quarter and Six Months Saleable Production for 2022 and 2021

Metal	Source	Three months ended June 30 2022	Three months ended June 30 2021	Six months ended June 30 2022	Six months ended June 30 2021
Gold (oz)	Björkdal	8,316	10,941	20,700	22,796
	Costerfield	11,079	9,959	23,276	21,041
	Cerro Bayo	-	1,807	-	2,531
	Total	19,395	22,707	43,976	46,368
Antimony (t)	Costerfield	523	858	1,206	1,690
Silver (oz)	Cerro Bayo	-	87,062	-	130,761

Metal	Source	Three months ended June 30 2022	Three months ended June 30 2021	Six months ended June 30 2022	Six months ended June 30 2021
Average quarterly prices:					
Gold US\$/oz		1,875	1,814		
Antimony US\$/t		14,018	10,272		
Total Gold Eq. (oz)⁽¹⁾					
	Björkdal	8,316	10,941	20,700	22,796
	Costerfield	14,989	14,818	32,236	30,276
	Cerro Bayo	-	3,084	-	4,447
	Total	23,305	28,843	52,936	57,519

1. Quarterly gold equivalent ounces ("Gold Eq. (oz)") produced is calculated by multiplying the saleable quantities of gold ("Au"), silver ("Ag") and antimony ("Sb") in the period by the respective average market prices of the commodities in the period, adding the 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 and Ag prices in the periods are 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 Au and Ag prices is www.transamine.com, and Sb price is www.metalbulletin.com.

Sales for the Quarter Ended June 30, 2022:

- In the second quarter of 2022, the Company sold a total of 21,189 ounces of gold and 748 tonnes of antimony, representing a total of 26,781 ounces of gold equivalent, versus 23,147 ounces of gold, 644 tonnes of antimony and 90,024 ounces of silver in the second quarter of 2021, representing a total of 28,115 ounces of gold equivalent.
- Björkdal sold 8,976 ounces of gold in the second quarter of 2022 versus 12,132 ounces of gold in the second quarter of 2021.
- Costerfield sold 12,213 ounces of gold and 748 tonnes of antimony in the second quarter of 2022 versus 9,287 ounces of gold and 644 tonnes of antimony in the second quarter of 2021.

Sales for the Six Months Ended June 30, 2022:

- The Company sold 45,572 ounces gold and 1,275 tonnes antimony, representing a total of 55,061 ounces of gold equivalent, versus 47,747 ounces gold, 1,616 tonnes antimony and 90,024 ounces of silver in the first six months of 2021, representing a total of 57,828 ounces of gold equivalent.
- Björkdal sold 21,110 ounces gold.
- Costerfield sold 24,462 ounces gold and 1,275 tonnes antimony.

Table 2 – Second Quarter and Six Months Sales for 2022 and 2021

Metal	Source	Three months ended June 30 2022	Three months ended June 30 2021	Six months ended June 30 2022	Six months ended June 30 2021
Gold (oz)	Björkdal	8,976	12,132	21,110	24,208
	Costerfield	12,213	9,287	24,462	21,811
	Cerro Bayo	-	1,728	-	1,728
	Total	21,189	23,147	45,572	47,747
Antimony (t)	Costerfield	748	644	1,275	1,616
Silver (oz)	Cerro Bayo	-	90,024	-	90,024
Average quarterly prices:					
Gold US\$/oz		1,875	1,814		
Antimony US\$/t		14,018	10,272		
Silver US\$/oz		22.71	26.61		
Total Gold Eq. (oz)¹					
	Björkdal	8,976	12,132	21,110	24,208
	Costerfield	17,805	12,934	33,951	30,571
	Cerro Bayo	-	3,049	-	3,049
	Total	26,781	28,115	55,061	57,828

1. Quarterly Gold Eq. (oz) sold is calculated by multiplying the saleable quantities of Au, Ag and Sb in the period by the respective average market prices of the commodities in the period, adding the 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 Au and Ag prices is www.transamine.com, and Sb price is www.metalbulletin.com, with price on weekend days and holidays taken of the last business day.

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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 expected production of gold and antimony and costs for the 2022 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 31, 2022, 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.