



Mandalay Resources Corporation Completes the Sale of the Challacollo Silver-Gold Project in Chile to Aftermath Silver Limited

TORONTO, ON, August 11, 2022 — Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND, OTCQB: MNDJF) is pleased to announce that yesterday it completed the previously announced definitive agreement with Aftermath Silver Ltd. ("Aftermath") (TSX-V:AAG.H) on November 12, 2019, in which Aftermath will acquire Minera Mandalay Challacollo Limitada ("MMC"), which currently owns the Challacollo silver-gold project located in Region I (Tarapaca) of Chile.

Pursuant to the terms of the transaction, Aftermath will purchase 100% of MMC in exchange for total consideration consisting of C\$8.0 million in non-contingent consideration (the "Non-Contingent Consideration") plus a 3% net smelter returns royalty on production at Challacollo, capped at US\$3.0 million.

The Non-Contingent Consideration is payable as follows:

- C\$1.0 million in cash payable on or before December 30, 2019 (received in Q4 2019);
- C\$1.0 million in cash payable on or before December 30, 2020 (received in Q4 2020);
- C\$3.0 million in cash or shares payable on or before April 30, 2021 (received in Q2 2021);
- C\$1.5 million in shares and \$1.0 million in cash payable on closing, August 10, 2022; and
- C\$0.5 million plus interest in cash on or before December 31, 2022.

Dominic Duffy, President and CEO of Mandalay, commented:

"Mandalay is pleased to have successfully closed the sale of Challacollo to Aftermath. This transaction aligns with Mandalay's objective with creating value from its non-core assets. We wish Aftermath further success on the restart of exploration in the region and look forward to a strong and mutually beneficial relationship with Aftermath."

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 (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.

About Aftermath Silver Ltd:

Aftermath Silver Ltd. is a Canadian junior exploration company engaged in acquiring, exploring, and developing mineral properties with an emphasis on silver in Chile. The Company is focused on growth through the discovery and acquisition of quality projects in stable jurisdictions. Aftermath continues to seek new opportunities to take advantage of the relatively low silver price.

Forward-Looking Statements:

This news release contains "forward-looking statements" within the meaning of applicable securities laws, including statements regarding the sale of MMC to Aftermath Silver. 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.