



Mandalay Resources Corporation Announces Production and Sales Results for the Third Quarter of 2022 and Revised Full-Year 2022 Guidance

TORONTO, ON, October 14, 2022 — Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND, OTCQB: MNDJF) announced today its production and sales results for the third quarter of 2022.

Third Quarter Production Highlights:

- Consolidated saleable gold equivalent production and sales of 27,287 and 26,551 ounces respectively.

Revised 2022 Guidance:

- Revised 2022 production guidance to 106,000 – 115,000 gold equivalent ounces, from 118,000 – 130,000;
- Cash and all-in sustaining cost guidance remains unchanged due to cost savings and the stronger US Dollar; and
- Reduction in capital expenditure guidance by \$9 – \$13 million to a consolidated \$41 – \$45 million.

Dominic Duffy, President and CEO of Mandalay, commented:

"The Company had previously expected full-year 2022 production to be between 118,000 to 130,000 gold equivalent ounces, however, due to COVID-related labour shortages at both operations and temporary lower grades, Mandalay is revising its 2022 production guidance to 106,000 – 115,000 gold equivalent ounces. Despite this lower production, our cost per ounce metrics have stayed comparatively in line with the previously stated guidance and will remain unchanged due to tight cost controls and the strengthening of the US Dollar relative to the Australian Dollar and Swedish Krona, both of which help offset the lower consolidated production rates. We also expect to reduce capital spending by approximately \$9 – \$13 million due to cost saving measures and delaying purchases of capital items. For a more detailed breakdown, please refer to Table 3 in this press release.

"At Costerfield, the site experienced a significant increase in sick leave year-over-year as flu season was in effect and any personnel with flu or COVID-like symptoms were not permitted to be on site. Unfortunately, this impacted our underground production rates, consequently resulting in a higher-than-expected utilization of the lower grade stockpile in the processing feed. This trend increased during the second quarter and has continued since; however, we expect this to improve as we leave the flu season in Australia and the Australian government moves towards reducing the mandated COVID self-isolation period.

"Additionally at Costerfield, mined gold grades during the third quarter were below budget, mainly due to several development drives continuing further than expected in the Youle ore body at lower

but still profitable grades. Whilst the decision to continue the development in these drives is causing a short-term reduction in grades, it improves the long-term economics of the mine and expected future cash flows.

"For the fourth quarter, we expect grades to lift as sickness absenteeism stabilize and additional development on the extremities of Youle is completed, allowing us to focus on developing the higher-grade central area of the deposit.

"At Björkdal, we were pleased to see a major increase in production in the third quarter as compared to the second quarter of this year as we continue to work on overcoming some operational issues mainly related to reduced haulage rates from COVID absenteeism, resulting in more of the lower grade stockpile material being processed. Underground grades have also been slightly below expectations as we continue to improve dilution controls.

"For the remainder of the year, we expect Björkdal's production to continue increasing as compared to the third quarter as we will continue mining the lower levels of Aurora and initiate development in several higher-grade areas of the Eastern Central zone.

"We are very pleased that despite the lower production forecast, our continued focus on cost controls are expected to ensure that we will remain on track to achieve our previously stated unit costs guidance.

"Expected fourth quarter operational improvements, combined with operational and capital cost controls will ensure that the Company continues with the trend of generating positive free cash flow for 2022."

Saleable Production for the Quarter Ended September 30, 2022:

- In the third quarter of 2022, the Company produced a total of 22,817 ounces of gold and 582 tonnes of antimony representing a total of 27,287 ounces of gold equivalent, versus 26,328 ounces of gold, 860 tonnes of antimony and 85,279 ounces of silver in the third quarter of 2021, representing a total of 33,121 ounces of gold equivalent.
- Production at Björkdal was 10,291 ounces of gold in the third quarter of 2022 as compared to 11,250 ounces of gold in the third quarter of 2021.
- Production at Costerfield was 12,526 ounces of gold and 582 tonnes of antimony in the third quarter of 2022 versus 13,315 ounces gold and 860 tonnes antimony in the third quarter of 2021.

Saleable Production for the Nine Months Ended September 30, 2022:

- The Company produced a total of 66,793 ounces gold and 1,788 tonnes antimony, representing a total of 80,223 ounces of gold equivalent production, versus 72,696 ounces gold, 2,550 tonnes of antimony and 216,040 ounces of silver in the corresponding nine months of 2021, representing a total of 90,640 ounces of gold equivalent.
- Production at Björkdal was 30,991 ounces gold.

- Production at Costerfield was 35,802 ounces gold and 1,788 tonnes antimony.

Table 1 – Third Quarter and Nine Months Saleable Production for 2022 and 2021

Metal	Source	Three months ended September 30 2022	Three months ended September 30 2021	Nine months ended September 30 2022	Nine months ended September 30 2021
Gold (oz)	Björkdal	10,291	11,250	30,991	34,046
	Costerfield	12,526	13,315	35,802	34,356
	Cerro Bayo	-	1,763	-	4,294
	Total	22,817	26,328	66,793	72,696
Antimony (t)	Costerfield	582	860	1,788	2,550
Silver (oz)	Cerro Bayo	-	85,279	-	216,040
Average quarterly prices:					
Gold US\$/oz		1,730	1,790		
Antimony US\$/t		13,286	11,720		
Total Gold Eq. (oz)⁽¹⁾					
	Björkdal	10,291	11,250	30,991	34,046
	Costerfield	16,996	18,946	49,232	49,222
	Cerro Bayo	-	2,925	-	7,372
	Total	27,287	33,121	80,223	90,640

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 September 30, 2022:

- In the third quarter of 2022, the Company sold a total of 22,273 ounces of gold and 557 tonnes of antimony, representing a total of 26,551 ounces of gold equivalent, versus 23,886 ounces of gold, 677 tonnes of antimony and 87,396 ounces of silver in the third quarter of 2021, representing a total of 29,509 ounces of gold equivalent.
- Björkdal sold 10,001 ounces of gold in the third quarter of 2022 versus 11,297 ounces of gold in the third quarter of 2021.
- Costerfield sold 12,272 ounces of gold and 557 tonnes of antimony in the third quarter of 2022 versus 10,717 ounces of gold and 677 tonnes of antimony in the third quarter of 2021.

Sales for the Nine Months Ended September 30, 2022:

- The Company sold 67,845 ounces gold and 1,832 tonnes antimony, representing a total of 81,612 ounces of gold equivalent, versus 71,633 ounces gold, 2,293 tonnes antimony and 177,420 ounces of silver in the first nine months of 2021, representing a total of 87,337 ounces of gold equivalent.
- Björkdal sold 31,111 ounces gold.

- Costerfield sold 36,734 ounces gold and 1,832 tonnes antimony.

Table 2 – Third Quarter and Nine Months Sales for 2022 and 2021

Metal	Source	Three months ended September 30 2022	Three months ended September 30 2021	Nine months ended September 30 2022	Nine months ended September 30 2021
Gold (oz)	Björkdal	10,001	11,297	31,111	35,505
	Costerfield	12,272	10,717	36,734	32,528
	Cerro Bayo	-	1,872	-	3,600
	Total	22,273	23,886	67,845	71,633
Antimony (t)	Costerfield	557	677	1,832	2,293
Silver (oz)	Cerro Bayo	-	87,396	-	177,420
Average quarterly prices:					
Gold US\$/oz		1,730	1,790		
Antimony US\$/t		13,286	11,720		
Total Gold Eq. (oz)¹					
	Björkdal	10,001	11,297	31,111	35,505
	Costerfield	16,550	15,150	50,501	45,721
	Cerro Bayo	-	3,062	-	6,111
	Total	26,551	29,509	81,612	87,337

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.

Mandalay's updated guidance for 2022 production and capital expenditures are set out below together with the original guidance amounts.

Table 3 – Revised 2022 Full-Year Guidance

	2022E
Björkdal	
Gold produced (oz)	42,000 – 45,000
Costerfield	
Gold produced (oz)	45,000 – 48,000
Antimony produced (t)	2,500 – 3,000
Gold equivalent produced ⁽²⁾ (oz)	64,000 – 70,000
Consolidated	
Gold equivalent ⁽²⁾ produced (oz)	106,000 – 115,000
Capital expenditures	\$41M – \$45M

1. Cash cost and all-in sustaining costs are non-IFRS measures. See "Non-IFRS Measures" at the end of this press release
2. Assumes average metal prices of: Au \$1,750/oz, Sb \$13,000/t
3. Consolidated all-in sustaining costs per Au Eq. oz includes corporate overhead spending
4. Revised 2022 guidance assumes foreign exchange rates of: AUD/USD 0.69 and USD/SEK 10.26

Table 4 – Original 2022 Full-Year Guidance

	2022E
Björkdal	
Gold produced (oz)	51,000 – 56,000
Cash cost ⁽¹⁾ per oz gold produced	\$980 – \$1,130
All-in sustaining cost ⁽¹⁾ per oz gold produced	\$1,400 – \$1,550
Capital expenditures	\$29M – \$33M
Costerfield	
Gold produced (oz)	50,000 – 55,000
Antimony produced (t)	2,100 – 2,700
Gold equivalent produced ⁽²⁾ (oz)	67,000 – 74,000
Cash cost ⁽¹⁾ per oz gold eq. produced	\$560 – \$710
All-in sustaining cost ⁽¹⁾ per oz gold eq. produced	\$830 – \$980
Capital expenditures	\$21M – \$25M
Consolidated	
Gold equivalent ⁽²⁾ produced (oz)	118,000 – 130,000
Average cash cost per oz gold eq.	\$700 – \$900
Average all-in sustaining cost ⁽³⁾ per oz gold eq.	\$1,100 – \$1,300
Capital expenditures	\$50M – \$58M

1. Cash cost and all-in sustaining costs are non-IFRS measures. See “Non-IFRS Measures” at the end of this press release
2. Assumes average metal prices of: Au \$1,750/oz, Sb \$13,000/t
3. Consolidated all-in sustaining costs per Au Eq. oz includes corporate overhead spending
4. Assumes foreign exchange rates of: AUD/USD 0.730 and USD/SEK 8.79

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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.