



MANDALAY RESOURCES CORPORATION ANNOUNCES FINANCIAL RESULTS FOR THE THIRD QUARTER 2022

TORONTO, ON, November 9, 2022 -- Mandalay Resources Corporation ("Mandalay" or the "Company") (TSX: MND, OTCQB: MNDJF) is pleased to announce its financial results for the third quarter ended September 30, 2022.

The Company's condensed and consolidated interim financial results for the quarter ended September 30, 2022, 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.

Third Quarter 2022 Highlights:

- Strong balance sheet with a sustained net cash position, \$42.6 million of cash on hand and \$36.7 million in total interest-bearing debt outstanding;
- Consolidated quarterly revenue of \$46.0 million;
- \$7.5 million in net cash flow from operating activities;
- Consolidated quarterly adjusted EBITDA¹ of \$19.4 million;
- Adjusted net income¹ of \$2.5 million (\$0.03 or C\$0.04 per share); and
- Consolidated net income of \$9.3 million (\$0.10 or C\$0.13 per share).

Dominic Duffy, President and CEO of Mandalay, commented:

"Mandalay delivered healthy financial results during the third quarter of 2022 as it earned \$46.0 million in revenue and \$19.4 million in adjusted EBITDA¹ – a margin of 42%. The Company generated \$7.5 million in net cash flow from operating activities leading to adjusted net income¹ of \$2.5 million (\$0.03 or C\$0.04 per share). This marks our ninth consecutive quarter of profitability and was achieved despite net cash flow being impacted by Costerfield's final 2021 tax payment of \$11.5 million during the quarter.

"The Company has worked hard on controlling our costs while maintaining our focus of strategically investing in exploration programs at both sites to best capitalize on long-term growth opportunities. From a cash and all-in sustaining cost perspective, both per ounce cost metrics remained relatively in line as compared to the same period last year. For the third quarter of 2022, on a consolidated basis our cash cost¹ per ounce of saleable gold equivalent produced was \$846, while our all-in sustaining cost¹ was \$1,111. Year to date, we have been able to invest more than \$7.0 million in our exploration programs and are on pace to record our highest ever annual exploration expenditure amount.

"We are pleased to be able to continue momentum in achieving our long-term growth and value-creation objectives and in parallel, strengthening our balance sheet while sustaining our net cash

¹ Adjusted EBITDA, adjusted net income and cash and all-in sustaining costs 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.

position. As of the end of the third quarter of 2022, the Company had \$42.6 million of cash on hand and \$36.7 million in total interest-bearing debt outstanding. Year to date, Mandalay has generated \$34.6 million in free cash flow² and we expect our net cash position to grow by year end as we maintain our operational and capital cost controls.

“Costerfield continued its strong performance with \$28.2 million in revenue and \$15.3 million in adjusted EBITDA². During the third quarter of 2022, Costerfield processed grades of 11.9 g/t gold and 2.7% antimony and also improved its gold and antimony recovery rates as compared to the previous quarter to 94.3% and 93.2%, respectively. This ongoing performance is providing consistently strong margins owing to the quality of the Youle and Shepherd deposits.

“Björkdal generated stable sales of \$17.9 million and \$6.0 million in revenue and adjusted EBITDA², respectively, during the third quarter, which was broadly in line with the previous quarter’s figures. For the remainder of the year, we expect production to increase as a result of improved grades as we continue mining the lower levels of Aurora and initiate development in several higher-grade areas of the Eastern Central zone.

“For the first nine months of the year, Mandalay has been able to build upon its track record of success over the past two years and demonstrate the strength of our operations. The Company is well-positioned to build upon its sound financial state and looks forward to generating stronger positive free cash flow.”

Third Quarter 2022 Financial Summary

The following table summarizes the Company’s financial results for the three months and nine months ended September 30, 2022, and 2021:

	Three months ended September 30, 2022	Three months ended September 30, 2021	Nine months ended September 30, 2022	Nine months ended September 30, 2021
	\$'000	\$'000	\$'000	\$'000
Revenue	46,048	52,567	150,318	156,492
Cost of sales	24,690	25,695	74,932	78,244
Adjusted EBITDA ⁽¹⁾	19,408	25,115	71,042	74,312
Income from mine ops before depreciation, depletion	21,358	26,872	75,386	78,248
Adjusted net income ⁽¹⁾	2,512	10,090	21,769	27,211
Consolidated net income	9,275	9,255	22,463	39,545
Capital expenditure	9,094	12,449	29,658	38,053
Total assets	278,359	301,269	278,359	301,269
Total liabilities	105,038	136,561	105,038	136,561
Adjusted net income per share ⁽¹⁾	0.03	0.11	0.24	0.30
Consolidated net income per share	0.10	0.10	0.24	0.43

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 Q3 2022, Mandalay generated consolidated revenue of \$46.0 million, 13% lower than the \$52.6 million in the third quarter of 2021. This decrease was mainly due lower ounces sold at

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Björkdal and the absence of revenue from Cerro Bayo. The Company's realized gold price in the third quarter of 2022 decreased by 6% compared to the third quarter of 2021, and the realized price of antimony increased by 30%. In Q3 2022, Mandalay sold 2,958 fewer gold equivalent ounces than in Q3 2021.

Consolidated cash cost³ per ounce of \$846 was higher in the third quarter of 2022 compared to \$825 in the third quarter of 2021. Cost of sales during the third quarter of 2022 versus the third quarter of 2021 were \$4.4 million higher at Costerfield and \$1.9 million lower at Björkdal. Consolidated general and administrative costs were \$0.2 million higher compared to the prior year quarter.

Mandalay generated adjusted EBITDA³ of \$19.4 million in the third quarter of 2022, 23% lower compared to the Company's adjusted EBITDA³ of \$25.1 million in the year ago quarter. Adjusted net income³ was \$2.5 million in the third quarter of 2022, which excludes the \$4.9 million of unrealized gain on financial instruments and \$1.8 million of gain on sale of subsidiary, compared to an adjusted net income³ of \$10.1 million in the third quarter of 2021. During the quarter, the Company also paid Costerfield's final 2021 tax payment of \$11.5 million. This was a one-off large tax payment as the Company only commenced paying tax instalments part-way through the 2021 year.

Consolidated net income was \$9.3 million for the third quarter of 2022, which was similar to comparative period in 2021. Mandalay ended the third quarter of 2022 with \$42.6 million in cash and cash equivalents.

Third Quarter 2022 Operational Summary

The table below summarizes the Company's operations, capital expenditures and operational unit costs for the three months and nine months ended September 30, 2022, and 2021:

	Three months ended September 30, 2022	Three months ended September 30, 2021	Nine months ended September 30, 2022	Nine months ended September 30, 2021
	\$'000	\$'000	\$'000	\$'000
Costerfield				
Gold produced (oz)	12,526	13,315	35,802	34,356
Antimony produced (t)	582	860	1,788	2,550
Gold equivalent produced (oz)	16,996	18,946	49,232	49,222
Cash cost ⁽¹⁾ per oz gold eq. produced (\$)	669	546	629	608
All-in sustaining cost ⁽¹⁾ per oz gold eq. produced (\$)	838	837	840	920
Capital development	1,205	2,925	2,843	9,011
Property, plant and equipment purchases	1,085	1,648	5,113	3,578
Capitalized exploration	1,500	1,536	4,673	4,343

³ Adjusted EBITDA, adjusted net income and cash cost 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.

	Three months ended September 30, 2022	Three months ended September 30, 2021	Nine months ended September 30, 2022	Nine months ended September 30, 2021
	\$'000	\$'000	\$'000	\$'000
Björkdal				
Gold produced (oz)	10,291	11,250	30,991	34,046
Cash cost ⁽¹⁾ per oz gold produced (\$)	1,139	1,186	1,308	1,235
All-in sustaining cost ⁽¹⁾ per oz gold produced (\$)	1,362	1,440	1,617	1,578
Capital development	1,357	2,092	6,178	7,212
Property, plant and equipment purchases	2,997	3,461	7,765	11,583
Capitalized exploration	950	566	2,771	1,624
Cerro Bayo				
Gold produced (oz)	-	1,763	-	4,294
Silver produced (oz)	-	85,279	-	216,040
Gold equivalent produced (oz)	-	2,925	-	7,372
Cash cost ⁽¹⁾ per oz gold eq. produced (\$)	-	1,243	-	1,136
All-in sustaining cost ⁽¹⁾ per oz gold eq. produced (\$)	-	1,303	-	1,165
Consolidated				
Gold equivalent produced (oz)	27,287	33,121	80,223	90,640
Cash cost ⁽¹⁾ per oz gold eq. produced (\$)	846	825	891	886
All-in sustaining cost ⁽¹⁾ per oz gold eq. produced (\$)	1,111	1,135	1,194	1,230
Capital development	2,562	5,017	9,021	16,223
Property, plant and equipment purchases	4,082	5,109	12,878	15,161
Capitalized exploration ⁽²⁾	2,450	2,323	7,759	6,669

1. 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 12,526 ounces of gold and 582 tonnes of antimony for 16,996 gold equivalent ounces in the third quarter of 2022. Cash and all-in sustaining costs at Costerfield of \$669/oz and \$838/oz, respectively, compared to cash and all-in sustaining costs of \$546/oz and \$837/oz, respectively, in the third quarter of 2021.

Björkdal gold mine, Skellefteå, Sweden

Björkdal produced 10,291 ounces of gold in the third quarter of 2022 with cash and all-in sustaining costs of \$1,139/oz and \$1,362/oz, respectively, compared to cash and all-in sustaining costs of \$1,186/oz and \$1,440/oz, respectively, in the third quarter of 2021.

Lupin, Nunavut, Canada

Care and maintenance spending at Lupin was less than \$0.1 million during the third quarter of 2022, compared to \$0.2 million in the third quarter of 2021. Reclamation spending was \$1.2

million during the third quarter of 2022 compared to \$5.0 million during the third quarter of 2021. Lupin is currently in the process of final closure and reclamation activities mainly funded by progressive security reductions held by the Crown Indigenous Relations and Northern Affairs Canada.

Challacollo, Chile

On April 19, 2021, Aftermath Silver Ltd. ("Aftermath") 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. For the year ended December 31, 2021, Mandalay sold 678,794 shares of Aftermath at an average price of C\$0.57 per share.

On August 10, 2022, the Company completed the sale of Challacollo to Aftermath and received an additional purchase price instalment of C\$1.0 million in cash and 6,122,448 Aftermath shares with a fair value of C\$0.245 per share and will receive a final payment of C\$0.5 million plus interest in cash on or before December 31, 2022. The Company is also entitled to receive a 3% net smelter returns royalty on production at Challacollo, capped at US\$3.0 million as part of the consideration. The Company recognized a gain of US\$1.8 million related to sale of Challacollo.

La Quebrada, Chile

No work was carried out on the La Quebrada development property during Q3 2022.

Conference Call

Mandalay's management will be hosting a conference call for investors and analysts on November 10, 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
Conference ID:	13734270

A replay of the conference call will be available until 11:59 PM (Toronto time), November 24, 2022, and can be accessed using the following dial-in number:

Encore Toll Free Dial-in Number:	877 660 6853
Encore ID:	13734270

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 2022. 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.

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 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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